Moderator/Speakers:

Malisa Files
Finance Director, City of Redmond, WA

John Gross
Finance Director, City of Long Beach, CA

Patrice Impey
General Manager of Finance, Risk & Supply Chain Management/Chief Financial Officer, City of Vancouver, BC

Performance Management and Budget Monitoring
Budget Monitoring
Best Practice
The budget is a political plan that provides for services, and identifies how limited resources will be used to accomplish that plan.

The budget has financial, operational, and capital facets.
Monitoring helps ensure the budget plan is implemented

- Monitoring identifies deviations and trends
- Monitoring provides accountability
- Monitoring provides time for making adjustments
- Monitoring provides transparency
GFOA recommends formal monitoring processes

- **Monitor financial results** - budget vs. actual, financial status
- **Monitor service delivery** - are services provided as expected
- **Timing of monitoring** - should have a regular pattern
- **Monitoring timeliness** - provides time and ability to adjust for variances
- **Monitoring measures/indicators** - should evaluate government performance
Monitoring should be for all facets of the budget

- Revenues
- Expenditures
- Financial status and outcome
- Operations
- Capital
Revenue monitoring

Factors to consider

- Seasonality
- Volatility
- Trends
- One-time impacts
- Timing of receipt
- Economic factors
- Changes in policy and practice
Expenditure monitoring

Factors to consider

• Personnel costs: hiring and vacancy patterns, part-time, overtime, steps, reclass, promotions, etc.

• Non-personnel costs: major contracts, encumbrances, debt service, capital items, upcoming costs, etc.
Financial outcome monitoring

Factors to consider

- Monitoring the “bottom line” is an implicit requirement
- Monitor the change in fund balance or funds available
- Monitor other aspects of overall financial status, including external factors
Operations monitoring

Factors to consider

- Report on whether operations are being provided as planned and authorized
- Identify performance of operations and services
- Identify services that have been added or deleted, or changed
- Identify trends and issues potentially impacting operations
Performance measures should be used in budget monitoring and not just for financial monitoring.

- Revenue and expenditure monitoring already uses performance measures in the form of variance reporting.
- Incorporate performance measures into all aspects of monitoring, including services and capital.
- Monitor changes to the adopted budget, financial or otherwise.
Analysis and performance measures should address various factors:

- The causes of (major) deviations
- The impact on future performance
- Whether legal or other requirements are being met
- Comparisons to provide an additional level of analysis
The level of analysis should be appropriate to both the purpose and the audience.

- Levels include: fund, department, division, revenue or expenditure object, function or program.
- May need different levels and reports for different purposes and audiences.
- Design and approach should minimize work effort.
Responsibilities and tools should be clear

- Identify responsibilities, including for production, analysis and research
- The Budget Office or Finance Department does not have to always be the responsible party
- Collaboration and consistency should be built into the processes
- The systems, tools, and methods used should be described, but may change over time
Communications should be customized for each audience

- There are likely different approaches for each audience
- Audiences could include internal (departments), manager, council/commission/mayor, citizen boards, and the public
- Determine the frequency, how communication occurs (delivery), format, and approach to achieving transparency or other goals
A Budget Monitoring Example

Aurora, Colorado uses many best practices
Aurora’s Quarterly Financial Performance Report incorporates many excellent practices.
Economic Update

Throughout the economic recovery the United States has been a key driver of growth worldwide but recently the U.S. economy has lost momentum. Economic indicators are mixed, with the national unemployment rate at an eight year low, which typically supports growth in consumer spending, while headwinds brought on by weak global growth and the downturn in the oil industry continue to dampen exports and business investments. Early third quarter estimates are pointing to a moderation in consumer spending and diminishing expectations for a rebound in the second half of the year.

Colorado’s economy has remained fairly resilient to developments nationwide. Full employment and above national average personal income growth have supported a continuously healthy expansion. The state unemployment rate is among the lowest in the US, which has presented a challenge to many businesses in finding qualified personnel. The construction sector has seen the largest increase for employment gains year-to-date, reflecting the state’s booming housing market. Despite strong employment figures, both state and Aurora sales tax collections appear to remain below their potential. In addition to heightened political uncertainties and decreasing consumer confidence, rising housing costs may also have contributed to reduced consumer spending on taxable products.

Colorado’s business community remains optimistic towards the remainder of 2016 and 2017, though uncertainties associated with the presidential election and a worker shortage have caused yet another decline in expectations from last quarter. Consumer confidence in the mountain region decreased by 9.3 percent over-the-year, reflecting slower economic growth. Nonetheless, the consumer confidence index remains at healthy levels as consumers appear to remain cautiously optimistic.

New apartment and single family housing construction has boosted capital-related use tax revenue through the third quarter of 2016, offsetting the anticipated decline in revenue from permits issued for existing structure improvements. In 2015 there was a surge in demand for roofing permits due to the 2014 hailstorms that has not occurred in 2016.

Marijuana sales and excise tax revenues are tracking closely to projection, reaching $44.4 million through the third quarter of 2016 with 18 stores and four cultivation facilities in operation. Although average prices in Colorado have fallen significantly due to increasing competition, growing demand has kept City marijuana sales tax revenue stable.

### Local Economic Indicators

<table>
<thead>
<tr>
<th>Current Mo Data/ % Chg to Prior Mo</th>
<th>Year-to-Date Avg % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>AURORA BUILDING PERMITS</td>
<td></td>
</tr>
<tr>
<td>New housing and commercial permits</td>
<td></td>
</tr>
<tr>
<td><strong>130</strong> (Sep) + 13.0%</td>
<td><strong>25.7%</strong></td>
</tr>
<tr>
<td>Misc. (existing structure) permit valuation</td>
<td></td>
</tr>
<tr>
<td><strong>$25.7M</strong> (Sep) + 21.4%</td>
<td><strong>-30.5%</strong></td>
</tr>
<tr>
<td>CONSUMER CONFIDENCE INDEX (CCI)</td>
<td></td>
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<tr>
<td>MOUNTAIN REGION</td>
<td></td>
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<tr>
<td><strong>106.0</strong> (Sep) - 3.9%</td>
<td><strong>-9.3%</strong></td>
</tr>
<tr>
<td>LEEDS BUSINESS CONFIDENCE INDEX CO</td>
<td></td>
</tr>
<tr>
<td>(values above 50 indicate expansion)</td>
<td></td>
</tr>
<tr>
<td>Q4 2016</td>
<td>Q3 2016</td>
</tr>
<tr>
<td>53.0</td>
<td>54.6</td>
</tr>
<tr>
<td><strong>3.5%</strong> (Aug)</td>
<td><strong>-19.3%</strong></td>
</tr>
</tbody>
</table>

Note: All indicator data is most current available.

### MARIJUANA SALES TAX REVENUE

<table>
<thead>
<tr>
<th># stores/ cultiv. open</th>
<th>September</th>
<th>2016 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>18/4 (Aug)</td>
<td><strong>$608,538</strong></td>
<td><strong>$4.4M</strong></td>
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</table>
General Fund

Revenue (Sources of Funds)
The mid-year revenue projection includes an additional $2.0 million in collections compared to the 2016 budget. This increase is driven primarily by stronger than budgeted auto and capital-related use tax results, offset in part by lower revenue results from sales tax, franchise fees and taxes, and fines and forfeitures. Revenue performance for the remainder of the year will be compared to the projection.

Sales tax collections through September 2016 are $5.1 million (4.2 percent) higher than during the same period in 2015, slightly exceeding projection by $410,400 (10.2 percent). Following anemic growth in the first half of 2016, sales tax revenue has begun to demonstrate moderate year-over-year increases in the third quarter of the year as shown on the sales tax graph below. However, these growth rates are somewhat misleading, as the City began collecting sales tax revenue from online retailer Amazon in March 2016. As the top taxpaying by industry category table shows, decreased utility collections have continued to hamper year-to-date growth. Despite recent improvements, energy prices have yet to recover from their 2015 decline.

Franchise fees and taxes exceed projection by $506,600 (1.2 percent). Though energy prices have remained low, a hot and dry summer has caused an increase in electricity usage. In addition, cable TV franchise fees have seen a significant year-to-date increase, potentially the result of improved income conditions. The projected impact of low oil prices on severance tax and federal mineral lease revenue has proven to be slightly conservative. Stronger collections in these categories have helped push other intergovernmental revenue $113,900 (4.7 percent) over projection. In addition, wildlife reimbursements of $60,000 were not projected.

Capital-related use tax revenue is falling behind projection by $415,700 (2.4 percent), resulting in a lower than projected year-to-date transfer to the Capital Projects Fund. While strong demand for both single and multi-family housing projects has continued through the third quarter, equipment use tax revenue has seen significant year-over-year declines as the current expansion matures and economic uncertainty heightens. This is in line with slower business investments nationwide.

<table>
<thead>
<tr>
<th>2016 Revenue Performance by Type</th>
<th>2015 YTD Projected</th>
<th>2015 YTD Actual</th>
<th>% Change</th>
</tr>
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<tbody>
<tr>
<td>General Sales Tax</td>
<td>$137,632.7</td>
<td>$140.4</td>
<td>2.9%</td>
</tr>
<tr>
<td>Capital Related Use Tax</td>
<td>17,412.5</td>
<td>(451.7)</td>
<td>2.4%</td>
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<tr>
<td>Admin Fee Tax</td>
<td>14,248.8</td>
<td>(85.3)</td>
<td>9.9%</td>
</tr>
<tr>
<td>Franchise fees and taxes</td>
<td>8,724.9</td>
<td>109.9</td>
<td>1.2%</td>
</tr>
<tr>
<td>Fines &amp; Forfeitures</td>
<td>3,664.4</td>
<td>(39.5)</td>
<td>1.1%</td>
</tr>
<tr>
<td>Highway user fees &amp; Taxes</td>
<td>7,468.2</td>
<td>(54.9)</td>
<td>2.8%</td>
</tr>
<tr>
<td>Audit Revenue</td>
<td>1,803.2</td>
<td>(231.3)</td>
<td>11.3%</td>
</tr>
<tr>
<td>All Other Fund Revenue</td>
<td>62,325.7</td>
<td>672.8</td>
<td>2.7%</td>
</tr>
<tr>
<td>Total Revenue Overall</td>
<td>$243,201.9</td>
<td>$245.0</td>
<td>0.7%</td>
</tr>
<tr>
<td>Less Capital Transfer</td>
<td>22,392.3</td>
<td>(371.3)</td>
<td>1.6%</td>
</tr>
<tr>
<td>Less Fines and Forfeitures</td>
<td>4,118.5</td>
<td>200.0</td>
<td>5.0%</td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>$166,745.5</td>
<td>$165.2</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Top Taxpayers by Industry Category

<table>
<thead>
<tr>
<th>Industry category</th>
<th>2016 Projected</th>
<th>2015 Actual</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$140.4</td>
<td>$137,632.7</td>
<td>2.9%</td>
</tr>
<tr>
<td>Housing</td>
<td>15,599.1</td>
<td>15,596.2</td>
<td>0.2%</td>
</tr>
<tr>
<td>Sales and Services</td>
<td>14,248.8</td>
<td>14,254.5</td>
<td>0.4%</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>3,664.4</td>
<td>3,664.4</td>
<td>0.0%</td>
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<td>62,325.7</td>
<td>62,325.7</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

There’s more not shown here
High level, easy to follow, expenditure analysis, with two variance performance measures. There's more not shown here.
High level, easy to follow, operating performance measures for the Finance Department

No other operations are reported

Other reports provide monthly reporting of the performance measures in the budget

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**Finance Dept Indicators**

(for MONTH ending 09/30/16)

**Accounts Payable**

By making payments within the standard 30 days or less timeframe, the City can capture vendor discount terms, avoid penalties and interest charges and save taxpayer money. The majority of invoices have terms that range from 30 to 90 days.

**Business Licensing**

Net new licenses are lower across all sectors in the third quarter 2016 compared to third quarter 2015. There is still positive growth in all sectors with the exception of retail trade which was nearly stagnant and only had a net growth of two licenses.

**Delinquent Tax Collections**

Tax collections remain at average pace for the third quarter. Some of the collections are attributable to a large balance owed on a single account. September 2016 collections dipped as a result of staff turnover.

**Investments**

Portfolio duration has increased steadily since 2015 through the reinvestment of matured and/or called funds longer out on the curve.

The portfolio balance has increased in both held positions and cash balances primarily due to growth in sales and use tax revenue as well as increased Water revenue due to drier weather.

**Financing Transactions Over Previous 12 Months**

Pending future transactions include financing of a Tax and Licensing System ($1.3 million), District 2 Police - Phase 2 ($11.3 million), three new Fire Stations ($24.0 million), Aurora Wastewater refinancing ($28.5 million), Golf refinancing ($6.0 million) and a new Recreation Center ($30 million).
The City Manager’s Monthly Newsletter provides selective performance monitoring of programs.

**FORESTRY DIVISION**

**Administration**
- 24 inspections were requested and 29 inspections were completed for the week of 04/08/2018-04/15/2018. 251 total inspections have been completed YTD for 2018.

**Field Staff**
- Staff continues to focus on pruning city trees that are outside of the current grid area as time allows.

![2018 Forestry Progress](image-url)
Performance Measures
Best Practice
Performance measures improve understanding of the status of both financial and operational activities

- Should identify status of finances and activities and factors impacting those finances and activities
- Provide important for operational, managerial, policy-making, and community input
- Should be part of the information provided in decision-making processes
- Different levels of performance measurement groupings may be appropriate for different audiences
GFOA recommends performance measures

• For all types of government activities, including external factors that impact the activities
• Includes: financial activities and condition, services, programs, community conditions, economic and environmental factors, etc.
Performance measures should have certain characteristics:

- Useful
- Relevant
- Adequate
- Collectible
- Reliable
- Identified responsibility and sources
- Measurement of external factors
Comparisons are important, but can be problematic

- Comparing measures with other organizations are usually not a good idea – many problems and much misinterpretation
- Problems include unique environments, different measurement approaches, and different ways of measuring
- Time series comparisons are usually much more valuable and meaningful
- But not always....
Communications should be customized for each audience

- Performance measure communications approaches are similar to budget monitoring
- Additional considerations include identifying the purpose of the measures and what they are intended to show
Tips, Tricks, and Traps
Simple financial monitoring can be very good:

- Variance is a performance measure
- Percent of budget expended vs. last year’s percent
- Budget vs. end of year projection
- Budget percentage increase over last year’s budget
- Fund balance compared to expectation (budget)
- Percent increase in revenues year over year compared to cost of living
Simple operations monitoring is a good way to start getting measures used.

- Report measures at the department level for a detailed function within the department.
- Basic input and output measures, e.g., number of visitors to parks or number of potholes filled.
- Qualitative status of special projects.
- Police and fire response times and UCR FBI crime stats.
- Vacancies as a percent of staffing. 
Adjust to the real world

Full application of theory or best practices may not always be appropriate

- Politics and dissention are a part of government
- Candidates want to win elections
- Misuse (unintentional or purposeful)
- Many will not pay attention
- Looks like good management
- A propensity to spend first, ask whether a good idea later
- Work load associated with maintaining measures
Implementation practices to consider (ways to succeed)

- Move cautiously
- Do not create headlines or make it a budget book main feature
- Accept input and output measures as well as pure performance
- Use existing measures wherever possible
- Avoid overemphasis; suggest it is just a tool
- Keep it simple
- Carefully promote usefulness
Implementation practices to avoid (ways to fail)

• Performance measures used in a way that damage reputations
• Misuse or misinterpretation
• Use of “internal only” (management) measures in a public environment
• Implementation for the sake of appearances
It may not be obvious what performance measures should be used (even for potholes)

- How many have been filled
- How long they last
- Time it takes to fill a pothole
- Road surface smoothness after filling
- Number of potholes
- Time to respond to a complaint
- Hot or cold patch and weather conditions

“Be careful – you may get what you wish for”
Interweaving budget monitoring and performance measures is not that difficult.

- Remind everyone that budget variances are already performance measures in use.
- Integrate, wherever practical, financial monitoring and monitoring of services and capital.
- Include in a budget status report both financial status information and operational and capital information.
Great performance measures and excellent performance are not always good enough.
Example 1

Ambulance Performance (1)

(Long Beach, CA)

• Rapid Medical Deployment (RMD)
• An innovative pilot program that used a unique combination of sworn and non-sworn staff
• Advanced Life Support (ALS) ambulances went from 2 sworn personnel to 1 sworn and 1 non-sworn
• Increased city-wide ALS ambulances from 8 to 11
• Reduced annual costs by $1.4 million
• Decreased overall ambulance response time by over 60 seconds, a huge improvement
• Patient outcomes, based on various performance measures, substantially increased
• Fire union complained to county oversight board
• Oversight board said there was a safety problem, but did not substantiate that concern
• Council discussions about safety did not include a review of available performance measures
• Pilot program terminated by County board and City Council
Performance Measures
Example 2

Performance measures helped with a significant productivity improvement, and may have helped implementation over time.
Example 2

Forestry Performance (1)

Aurora, CO

2005-2006 Forestry detail presentation

A start – budget at a program level
Forestry Performance (2)

2005 Forestry description and crude measure at function level

Another good starting point
Forestry Performance (3)

2007 Forestry – tree maintenance description and performance measures expanded

Program listing at department level is dropped

Department level reporting now a brief, easy summary
Forestry Performance (4)

2009 Forestry – combined city and community tree functions
Forestry Performance (5)

2010 Forestry – description and performance measures expanded to include a pure performance measure

Performance measures better integrated into budget reporting

Forestry
Net Cost: $525,583

This program provides for the maintenance of all city owned trees including street trees, trees along residential right of ways, in parks and medians, and at public properties. Maintenance activities include: tree trimming, tree removal, stump removal, sign clearance, insect and disease inspections and treatments, inventories and tree watering and storm damage clearance and planting. In addition, this program assists with snow removal and promotes the merits of the urban forest in the community. Administrative staff is responsible for plans review, tree preservation, arborist licensing, education outreach and coordination of special projects such as Arbor Day.

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<tbody>
<tr>
<td>Abatement Fund</td>
<td>21,673</td>
<td>68,873</td>
<td>80,000</td>
<td>77,660</td>
<td>0</td>
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<tr>
<td>Designated Revenues Fund</td>
<td>179,114</td>
<td>241,803</td>
<td>492,959</td>
<td>277,487</td>
<td>617,202</td>
</tr>
<tr>
<td>General Fund</td>
<td>1,121,813</td>
<td>973,347</td>
<td>1,060,244</td>
<td>913,094</td>
<td>528,608</td>
</tr>
<tr>
<td><strong>Expenditures Total</strong></td>
<td><strong>$1,322,600</strong></td>
<td><strong>$1,284,023</strong></td>
<td><strong>$1,633,203</strong></td>
<td><strong>$1,268,241</strong></td>
<td><strong>$1,145,810</strong></td>
</tr>
</tbody>
</table>

| STAFFING SUMMARY | | | | | |
| Designated Revenues Fund | 5.00 | 5.00 | 5.00 | 5.00 | 7.00 |
| General Fund | 14.00 | 14.00 | 13.00 | 13.00 | 5.00 |
| **Staffing Total** | **19.00** | **19.00** | **18.00** | **18.00** | **12.00** |

| PERFORMANCE MEASURE SUMMARY | | | | | |
| Estimated Number of Trees Serviced | 1,453 | 1,545 | 1,600 | 2,075 | 2,000 |
| Estimated Number of Trees Serviced per FTE | 76.5 | 81.3 | 88.9 | 115.3 | 166.7 |
Forestry Performance (6)

2010 Forestry – budget cut and change of policy to grid pruning to increase efficiency

Availability in the budget of a simple performance measure was a significant factor

Forestry Program Service Reductions Including the Elimination of 3.0 Filled and 1.0 Vacant FTE

Program affected: Forestry
This reduction will change and reduce the scope of services that Forestry will provide and includes the layoff of 3.0 FTE and the elimination of 1.0 FTE vacant which reduces the Forestry maintenance staff by 25 percent. All City owned street trees will be maintained on a rigid grid pruning schedule which will take approximately 10 to 15 years to complete the first cycle of pruning of all trees within the City. The interval for subsequent cycles will decrease as this systematic approach for pruning city trees becomes established. Only hazard trees will be pruned outside of the grid schedule through the new limited work order system. In addition, the tree abatement program will be eliminated and current participants will be phased out. This amendment also reduces the number of employees available for emergency snow plowing.

The amendment includes the elimination of 2.0 filled and 1.0 vacant FTE from the General Fund, a transfer of 1.0 filled FTE from the General Fund to the Golf Fund, and a subsequent elimination of 1.0 filled FTE from the Golf Fund.
Forestry Performance (7)

2011 Forestry Performance and productivity has dramatically improved

Forestry
Net Cost: $502,859

This program helps create a healthy, natural environment for the Aurora community by maintaining and planting trees throughout the city. These trees are planted on city streets, rights of way, on public building grounds and in Park and Open Space properties. Trees provide many essential benefits to the community; they clean the air, they provide shade for homes which results in reduced utility bills, and they increase property values.

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</tr>
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<tr>
<td>Expenditures Total</td>
<td>$1,284,023</td>
<td>$1,232,259</td>
<td>$1,146,840</td>
<td>$991,681</td>
<td>$1,138,573</td>
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<td>Abatement Fund</td>
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<td>52,996</td>
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<td>-28,435</td>
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<td>Designated Revenues Fund</td>
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<td>277,067</td>
<td>617,561</td>
<td>490,816</td>
<td>633,375</td>
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<td>General Fund</td>
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<td>902,196</td>
<td>529,279</td>
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<tr>
<td>Designated Revenues Fund</td>
<td>5.00</td>
<td>5.00</td>
<td>7.00</td>
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<tr>
<td>General Fund</td>
<td>14.00</td>
<td>13.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Staffing Total</td>
<td>19.00</td>
<td>18.00</td>
<td>12.00</td>
<td>12.00</td>
<td>12.00</td>
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<table>
<thead>
<tr>
<th>Performance Measure Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Number of Trees Serviced</td>
</tr>
<tr>
<td>Estimated Number of Trees Serviced per FTE</td>
</tr>
</tbody>
</table>
Forestry Performance (8)

2012 Forestry

Very high FTE efficiency reported

Last year for a pure efficiency measure

Cost per tree is still not reported (a potentially important measure)
Forestry Performance (9)

2018 Forestry

Since 2013, performance measure used has been a fixed number of trees.
Forestry Performance (10)

Forestry report in City Manager’s Monthly Newsletter allows monitoring
Contacts

- John Gross, Finance Director and CFO, Long Beach, CA
  john.gross@longbeach.gov

- Greg Hays, Budget Manager, Aurora, Colorado (for Aurora information)
  ghays@auroragov.org
  https://www.auroragov.org/cms/one.aspx?pageId=2021469
Performance Measurement and Budget Management

City of Vancouver’s Approach

April 2018
What we’ll talk about today

• Our approach to Performance Measurement and Budget Management:
  • How we embed Performance Measurement to make decisions and link to financial discussions
  • How we approach monthly, quarterly, and annual financial reviews
  • Overview of our financial health metrics and how these are used
Strategic approach to Performance Measurement and Budget Management

- Our Performance Measurement and Budget Management process has evolved over the past several years.

- Strategic linkage between Civic Satisfaction, department Service Planning, Performance Measurement, and Budget Management.

- New for 2018, public consultation will be broken into two phases:
  
  1. Civic satisfaction survey (June) – gauges satisfaction with city services and departments and will be incorporated into our service planning process
  2. Budget validation survey (October/November) - used to validate budget and gauge tolerance for tax increase.
Performance Measurement Overview

- Performance Measurement process has evolved over the past several years.
- Performance Measurement and our Service Planning Process goes hand in hand.
- From annual performance measures incorporated into our budget process on an annual basis, to quarterly and monthly performance reviews incorporated into our internal financial review process with GM’s.
- New for 2018 budget, annual metrics presented using infographic format.
We have different tiers of performance measurement and reporting.

<table>
<thead>
<tr>
<th>METRIC TYPE</th>
<th>DESCRIPTION</th>
<th>AUDIENCE</th>
<th>REPORTS or DOCUMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Service Plan Metrics</td>
<td>Department metrics that are reported on an annual basis. Some of these metrics are for internal use only, while some are published in the Budget Book.</td>
<td>Internal &amp; External</td>
<td>GM Dashboard, Budget Book, Corporate Plan</td>
</tr>
<tr>
<td>Annual Budget Book Metrics</td>
<td>Select annual Department metrics that are published in the budget book. The are categorized by service and indicative of performance.</td>
<td>External</td>
<td>Budget Book, Annual Service Plan</td>
</tr>
<tr>
<td>Quarterly/Monthly Metrics</td>
<td>These metrics help GM’s manage their business throughout the year. They also provide the CFO/FP&amp;A picture of how Dpt. is performing on high-level.</td>
<td>GM, CFO and Director FP&amp;A (financial review)</td>
<td>GM Dashboard</td>
</tr>
<tr>
<td>GM Workplan Metrics</td>
<td>Metrics selected by the GM of each Department to represent their performance to the City Manager. Includes 3 service plan, 4 financial and 4 HR metrics pulled from existing annual or quarterly/monthly metrics.</td>
<td>GM, City Manager</td>
<td>GM Workplan</td>
</tr>
<tr>
<td>Short-Term Focus /Investment Metrics</td>
<td>Metrics that track performance on specific initiatives and are typically only relevant only for a specified period of time. These often arise from significant investments (investment metrics, benefits realization), deep-dive analyses, or hot-topic issues.</td>
<td>Varies</td>
<td>Benefits Realization Plan, GM Dashboard, Budget Book Investments Section</td>
</tr>
</tbody>
</table>
Performance Measurement Overview

- Our GM Quarterly financial reviews start with a review of performance measures enabling a strategic business conversation.
- Balanced approach with key service/operational performance measures; human resources metrics; financial metrics.
Performance Measurement – Other noteworthy items

• Our work on Performance Measurement links directly to our CPI program. Results on our performance metrics generate CPI projects and vice versa.

• Commenced work on development of a Public Facing dashboard for the City. This City will use this to:
  
  • Help Citizen’s learn more about the City’s performance. 
  • Learn how programs and services contribute to the City’s ultimate goals. 
  • Drive transparency and internal accountability.

• Leveraging our data analytics strategy, moving from manual dashboard reporting in excel to potential daily reporting using BI technology. Have piloted permitting metrics, work-order management in facilities, and others.

  • Allows for more timely reporting. 
  • Allows departments to have direct access at multiple levels of the organization. 
  • Allows for multi-dimensional slicing and dicing of data. 
  • Allows for more timely decision making.
Example: Permitting metrics using BI technology
Approach to monthly, quarterly, and annual financial reviews

- First and foremost a business conversation vs. a financial conversation, linked to service metrics
- Forward looking focus: implications and actions, risks and opportunities
- Link current results to service planning, budgeting and long term financial planning

<table>
<thead>
<tr>
<th>MONTH</th>
<th>YEAR-TO-DATE</th>
<th>QUARTER 2 FORECAST</th>
<th>YEAR END FORECAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues Expenditures</td>
<td>Variance %</td>
<td>Category</td>
<td>Explanation</td>
</tr>
<tr>
<td>Revenue</td>
<td>Actuals</td>
<td>Budget</td>
<td>Variance</td>
</tr>
<tr>
<td>Revenues Recovery Expenditures</td>
<td>19.1</td>
<td>17.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Debt &amp; Transfers</td>
<td>30.0</td>
<td>29.3</td>
<td>(0.7)</td>
</tr>
<tr>
<td>NET BUDGET POSITION</td>
<td>60.1</td>
<td>56.4</td>
<td>3.7</td>
</tr>
</tbody>
</table>

SUMMARY OF EXPLANATIONS AND ACTION ITEMS 2017 QUARTER 1 RESULTS
Case study: transition to monthly financial reporting

• Pre-work: process improvements to achieve timely invoice processing (Procure to Pay) and revenue collection (Revenue to Cash).
  • Ensures that monthly financial results accurately reflect monthly run rates and reduces need for manual accrual processes.

Manual monthly accruals reduced by 30%
Case study: transition to monthly financial reporting

• Phase 1 (Jan-April 2016) – Monthly close process improvement project
  • Inventory of all manual processes related to monthly close (getting data from other systems, manual accrual processes).
  • Automate processes and streamline accruals
  • Engage all staff involved in the monthly close process, communicate objectives, and work collaboratively to resolve issues (high degree of internal support for process improvements that result in less manual work)
Case study: transition to monthly financial reporting

• Phase 2 (April – July 2016) Automation / streamlining of reporting templates for efficient consolidation of forecasts and variance analyses

• Phase 3 (July 2016) – Developed streamline executive summary reports for internal management reporting, new format for reporting to public and Council

• Reduced monthly cycle time from 20 to 11 days (45% reduction)

<table>
<thead>
<tr>
<th>Previously (20 days month-end)</th>
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</thead>
<tbody>
<tr>
<td>Department JV</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Currently (11 days month-end)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department JV</td>
</tr>
</tbody>
</table>
Financial Health Metrics

- Reviewed quarterly / annually and presented publicly:
  - Fiscal prudence measures
    - Credit rating
    - Debt per capita
    - Debt as a % of operating expenses
  - Affordability measures
  - Asset management measures
Data Driven City

• Performance measure alignment
• Dashboard
• Programmatic performance Measures
• Monitoring
  – Operating Budget
  – Capital Budget
Priority Alignment

Our 6 Priorities are

- Vibrant Economy
- Clean and green
- Diverse and Connected Community
- Infrastructure
- Responsible Government
- Safety

Performance measures and budget align with the City’s six priorities
Community Indicators
City Dashboard

Twenty-five dashboard measures used to assess the success of the City’s priorities

**Water main breaks**
increased to 13; the target is less than 12. Any failure that requires immediate action is considered a main break.

**Travel safety**
Redmond’s traffic-related injury and fatality rate rose slightly to 2.4 per 1,000 daytime population.

**Mode share**
38% of commutes within Redmond are completed using an alternative to driving alone. The goal for 2030 is 45%.

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**Tree Canopy**
Description: Percentage of Redmond land area covered by tree foliage

Results 2015: 37.2% coverage or 4,093 acres

**Importance:** An indicator of environmental health and of high interest to people who live and work in Redmond; trees clean air and water, protect streams and wetlands, and provide habitat for wildlife; trees provide visual beauty that is part of Redmond’s character.

Target: 2056: 45% = 22 acres/yr; 2036: 40% = 15 acres/yr (TBD)

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*Performance measure mapping:* this measure has previously been reported in Community Indicators, and within Budgeting by Priorities documentation.
Redmond’s Logic Models

• Explaining what you do and why you do it
• Connecting people doing the work to the results
• Identifying what to measure and where to focus
Logic Models

- Redmond’s performance measures are based on logic models
Performance Reports
PUBLIC SAFETY at a glance

Safety Dashboard

Feeling safe in neighborhood at night

Police

IBR Crime Rates per 1,000 population

Case clearance rates

PRR response within 5 days

Fire and Police

Satisfaction with services

Fire

Fire and Life safety inspections

Response times

First unit response

Understanding the Symbols
Each symbol answers the question:

How are we doing now?
Target Met
Progress continuing
Performance gaps

Where are we headed?
Maintaining
Improving
Worsening
Safety Dashboard
Citizens Feeling Safe in the Community

Compared to our target:
- 98% surveyed said they feel safe walking alone in their neighborhood during the day
- 84% surveyed said they feel safe walking alone in the neighborhood at night

Why is this topic important?
The satisfaction rating is a direct indicator of the quality of life and level of services provided to the community.

What influences this topic?
A variety of issues influence this rating including, crime rates, solvability rates, response times and interactions with staff.

What is the Department doing about this?
The Police Department continually tracks crime and clearance rates. The City deploys resources to target areas to decrease response times and conduct ongoing customer service surveys to measure how we are doing.

How do we measure progress on this?
Ongoing customer service feedback through phone and email survey with random police contacts.

„How Safe Do You Feel Walking Alone…”

- Redmond Police maintains high overall customer satisfaction rating for police services within the community.
- Survey changed in 2013 to include question regarding daytime safety in neighborhoods.
Process Improvement Measurement

Procure to Pay Lean Process

The Results

5 weeks saved
Reduced data entry time by five weeks for both staff and Procurement.

750 less invoices overprocessed
Overprocessing was eliminated on 750 invoices annually, resulting in 180 hours of added capacity in Procurement.

70% reduction in waste
Waste was reduced by 70% by eliminating defects, overprocessing and wait times.
Monitoring the Numbers

Sequence of Events

• Monthly with Council Committees
• Quarterly with full Council/Community
• Mid-biennium
• Year-end
Monitoring Major Funds

Monthly monitoring includes:

- General Fund major revenue and department expenditures
- Special revenue
- Utilities
- Capital Investment Program (CIP)

The Water / Wastewater O&M Fund accounts for the operations of the city's water and wastewater utilities. A transfer from these revenues is made to support the capital improvements necessary to maintain and develop related facilities. These improvements are accounted for in Fund 403.
Capital Investment Monitoring

• City takes a portfolio management approach

• CIP projects are monitored monthly by the CIP Governance Committee, including:
  – Dollars
  – Project stage
  – Project status
  – Project challenges
Questions:
Speakers will take questions and comments. This session is being recorded, please utilize the microphone in the aisle to ask all questions.

Provide Feedback:
Please take a few minutes to provide your feedback at www.gfoa.org/conf-eval

Discuss/Comment:
Join the discussion at #GFOA2018

Contact GFOA:
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