



STAFF REPORT

Performance Budgeting Results for Fiscal Year 2002-2003

Honorable Mayor and Council Members

Summary

The City Council adopted performance budgeting in 2001 as part of the Service Delivery Initiative. The first set of City operations to be converted to this new way of presenting and thinking about budgeting became operational on July 1, 2002. This report presents the results of the first year performance measures for Police, Finance and Parks, which become the baseline for comparison in future years. Staff recommends Council accept the report or provide any alternative direction at this key milestone for the implementation of performance budgeting.

Background

The Service Delivery Initiative (SDI) was adopted by the City Council in May, 2001. The overall goal of SDI is for the City to be more of a customer-driven, results-oriented organization. It is intended to help clarify the appropriate roles of Council and staff and bring about alignment of policies, procedures and resource allocations. It will enable the City Council and staff alike to focus on outcomes and results, rather than dollars and inputs. SDI gives the City Council, the voice of the community, the tools they need to do their job effectively: complete information and sound recommendations from staff. From that, they can provide clear policy direction to staff. Staff's job is then to implement their policies and report to Council and the community on the organization's achievements.

Performance budgeting is at the core of SDI and it entails the restructuring of the City's operations into budgetary Service Areas and Service Centers. Each Service Area and Center is structured to answer three fundamental questions: *Why*, *How* and *How Well*. They each have an overall mission or purpose statement and a series of specific performance measures. The mission is intended to be a high-level outcome or statement of the desired results. The measures are intended to be outcome-oriented, focusing on the end result level of service.

Four Service Areas were implemented in the first phase of performance budgeting for fiscal year 2002-03: Police Services, Financial Management, Parks and Open Space, and Building Services. The rest of the city operations implemented performance budgeting in FY 2003-04.

Discussion

On the following pages you will find the results of the Service Area measures from fiscal year 2002-03. The more detailed, management-oriented Service Centers, can be found in Attachment A. When adopted by Council, the measures had an "X" in them for the service level. Now that we have a year's data, the "X" is replaced with the actual performance. This then becomes the baseline against which future years are compared. The exception to this rule is the "budget/cost ratio" measure, which will be reset at 1 each year. If, in the future, Council would like either higher or lower levels of service, a policy discussion can occur as to the appropriate change in resources.

What is reported below are simply the final results. However, behind each measure, there is a "standard operating procedure" that explains exactly how the data is collected and calculated. There are a few exceptions noted in later pages where data was not available so the "X" remains.

As this is the first year of data for the "early adopters" staff is providing a simple report. Next year, once there is data to compare against the baseline, indices will be created for each measure and each Service Area to show changes in performance from the previous year. Performance budgeting is most beneficial after several years of data is available and trends can be established and analyzed. It is staff's expectation that next year a more formal "annual performance report" will be created.

The entire Police Department was reorganized into one Service Area, Police Services, focused on the ultimate purpose of providing a safe environment. It has four Service Centers (found in Attachment A) for the distinct services provided.

Service Area: Police Services

Mission

Provide the community with a safe environment and a feeling of safety by providing quality community-oriented police services, *through*:

- The impartial enforcement of laws
- The prevention and deterrence of crime
- The apprehension and prosecution of offenders
- Responding to emergency and non-emergency calls in a timely manner
- Managing a safe flow of traffic
- Collaborative resolution of public safety problems
- Coordinating Emergency Preparedness services, and
- Quality and timely support services; *so that*:

Measures

1. The customer satisfaction rating is X%. *
2. The three-year rolling average weighted crime rate is 133% of that of comparable cities, and 63% of the San Mateo County rate. **
3. The perception of safety rating is 96% . ***
4. The three-year rolling average accident rate will be maintained at or below 257 .
5. The budget/cost ratio is at least 1.09 . ****
6. The average response time is 6.0 minutes for emergency calls and 8.9 minutes for non-emergency calls.
7. The three-year rolling average weighted clearance rate is 18% . *****

* This is based on a survey mailed to “users” of police services and data was not collected for the full year, so no results are being reported this year.

** The main reason the crime rate appears to be high relative to “comparable cities” is due to the assault category. With a high school, as well as a number of bars and motels, there is a higher occurrence of these events compared to Foster City and San Carlos.

*** This is based on the citizen satisfaction survey conducted in 2002.

**** This is a measure of the bottom line: how well the department stays under budget.

***** Staff recommends this measure be changed in the future to compare to other cities and the county, like measure 2 in order to get a better sense of how we do relative to others.

The Finance Department was organized into one Service Area focused on supporting City services by sound financial management. There are three Service Centers.

Service Area: Financial Management

Mission

Support the delivery of City services by managing financial resources in a thorough, responsive and accurate way that safeguards assets, promotes a system of internal controls, complies with laws and regulations, and maintains the public trust, *through*:

- The generation, billing, collection and investment of cash receipts
- The purchase of, and payment for, goods, services and capital projects
- Strategic financial planning and the maintenance of financial records that facilitate the preparation of the budget, required reports, and requested information
- The prevention and mitigation of risk of loss from liability exposure and property damage; *so that*:

Measures

1. The average time for depositing receipts is X days *
2. X% of payments are made within 30 days *
3. 100% of audit opinions are unqualified and the average time for publishing reports is 28 days.
4. The customer satisfaction rating is 84% **
5. The budget/cost ratio is at least 1.08
6. The three-year rolling average claim payment as a percent of claim demands is 10% and the rolling three-year average total claims is 17

* This data is not readily available until the financial system is fully upgraded.

** This is based on a survey of employees.

The Parks and Recreation Department was reorganized into three Service Areas: Parks and Open Space, Building Services, and Recreation Services. The first two were implemented in FY 02-03 and have no Service Centers.

Service Area - Parks and Open Space

Mission

Enhance the physical well-being and aesthetics of the community with hazard free, usable and attractively maintained parks and open space, *through*:

- The maintenance, replacement and repair of 31 acres of developed park grounds;
- The maintenance, replacement and repair of 11.3 acres of City athletic fields and 16.1 acres of School District athletic fields;
- The maintenance, replacement and repair of 302 acres of open space and trail system
- The maintenance, replacement and repair of landscaping in the form of trees, shrubs, and groundcover of 21.8 acres of rights-of-way and 5.6 acres of developed medians, *so that*:

Measures

1. A customer satisfaction rating of 64% is achieved. *
2. The developed park usability, attractiveness and safety index is at least 69 . **
3. The athletic field usability and safety index is at least 73 . **
4. The budget/cost ratio is at least 1.05 .
5. The landscaped median and right-of-way attractiveness and safety index is at least 74 . **
6. The Open Space Maintenance Index is at least 75 . **

* This is based on a combined score from the 2002 citizen satisfaction survey and a survey of field users (coaches).

** These are based in evaluations conducted by staff, using set standards.

Service Area - Building Services

Mission

Support the effective conduct of City business and programs and provide public gathering places in safe and well-maintained buildings, *through*:

- The maintenance and repair of the various structural and mechanical systems that make up our buildings, including, but not limited to, elevators, generators, roofs, fire safety equipment and HVAC systems
- The facilitation and supervision of regular and routine custodial services
- The timely provision of meeting space and setups
- The efficient and effective management of natural gas and electricity
- The management of leases of City owned buildings, *so that*:

Measures

1. Preventative maintenance is completed on schedule 100% of the time.
2. A building user customer satisfaction rating of 84% is achieved.
3. Repairs are completed as scheduled 100% of the time.
4. Custodial Services meet 85% of City standards. *
5. The Budget/Cost Ratio is at least 1.05 .
6. The consumption of natural gas is maintained at 1.32 btu's per occupied square feet and electricity consumption is maintained at 15.98 kwh's per occupied square feet, based on a three year rolling average.
7. The percentage of leased City space as a proportion of available space is 100% .

* Based on evaluations conducted by staff, using set standards.

Next Steps

As noted when the final reorganization was presented to Council last December, performance budgeting is a means, not an end. The ultimate goal is to be a performance *organization*. The original SDI concept approved by Council emphasized “alignment” as a critical component of the system.



Simply developing missions and reporting measures does not change the organization, or the culture. We now have to work to ensure all our systems are aligned and actions of the Council and staff are centered on being customer-driven and results oriented.

The “priority calendar” process creates a planning and prioritization system that dovetails well with performance budgeting and SDI. Other elements of staff work-planning should be considered. Staff has been examining the City’s performance evaluation system to see if it should be reformed to further the goals of SDI. Budget decisions in the future should be based on the impact on Service Area measures and missions. Management decisions and decision-making processes should change in light of new clarity on what is important to the community. Staff envisions using performance data to help the Council set annual goals and priorities, and be a catalyst for policy discussions.

Next year, staff anticipates producing an “annual report” of performance that shows the service levels achieved for all operations and the index (charts showing the change from the previous year) for the “early adopters” discussed in this report. The same report could be used to highlight other organizational achievements of the year.

The most critical step in the Belmont Service Delivery Initiative is to *act*. Performance budgeting and the related on-going alignment efforts afford our organization an opportunity to place a sharpened focus on service delivery, to establish a foundation for continuous improvement activities, and to increase accountability. This customer-oriented approach, if properly supported and implemented, can result in a substantial increase in quality of service while at the same time enabling service efficiencies.

The Service Delivery Initiative will not necessarily result in quick fixes, though some may occur, but rather systemic long-term sustainable change. With Council’s support, staff intends to continue toward that end.

Fiscal Impact

There is no fiscal impact to this report. The performance levels reported are based on current funding and staffing levels. Should Council desire higher or lower levels of service (performance), resources would need to be adjusted accordingly.

Recommendation

Staff recommends Council accept this report and direct staff to continue the implementation of performance budgeting and the Service Delivery Initiative.

Alternatives

1. Provide alternative direction

Attachments

- A. Service Centers

Respectfully submitted,

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Attachment A

Service Area – Police Services

Service Center - Crime Control and Order Maintenance

Purpose:

Reduce crime and maintain order in the community, *through*:

- Apprehending and prosecuting offenders
- Investigating crimes to the fullest extent possible
- Providing alternatives to prosecution through juvenile diversion services
- Providing community awareness through education and prevention
- Responding to emergency and non-emergency calls for service
- Actively solicit input and involvement from the community; *so that*:

Measures

1. The three-year rolling average weighted persons crime rate is 179% of that of comparable cities and 47% of the San Mateo County rate.
2. The three-year rolling average weighted property crime rate is 85% of that of comparable cities and 78% of the San Mateo County rate.
3. The three-year rolling average weighted persons crime clearance rate is 24% . *
4. The three-year rolling average weighted property crimes clearance rate is 6% . *
5. The average response time (from dispatch to arrival on scene) is 3.1 minutes for emergency calls.
6. The average response time (from dispatch to arrival on scene) is 3.6 minutes for non-emergency calls.
7. 100% of diverted juveniles do not repeat offend within 3 years. **

* While these numbers are low, looking at the data from other communities shows that clearance rates range anywhere from 10-70%, so staff recommends changing the measures to be comparisons, like measures 1 and 2.

** REVISED WORDING. Previously was: **The three-year-rolling average juvenile recidivism rate is X%**. Since zero diverted youth reoffended, the result would be 0%, which would make comparison calculations difficult.

Service Center - Traffic

Purpose:

Facilitate a safe and orderly flow of traffic to minimize accidents and injuries, *through:*

- Enforcing state vehicle code and City parking regulations
- Coordinating with other City departments for traffic calming and accident reduction
- Educating the community through a variety of traffic safety programs
- Marking and towing abandoned vehicles
- Soliciting and responding to traffic enforcement concerns; *so that:*

Measures

1. The three-year rolling average number of injury accidents will be maintained at or below 73 .
2. The three-year rolling average number of property traffic accidents will be maintained at or below 184 .
3. 82% of abandoned/inoperable vehicles are moved within 96 hours of receipt of call.
4. The three-year rolling average number of parking complaints is 381 .

Service Center - Emergency Preparedness

Purpose:

Minimize loss of life and property due to man-made and natural disasters, *through:*

- Training City staff and school district staff, and training with County agencies
- Coordinating response of City staff and with state and federal agencies
- Coordinating recovery activities at a City level
- Providing mutual aid support to other agencies; *so that:*

Measures

1. 89% of employees participate in required SEMS training
2. 100% of the pre-established training exercise objectives are met, as determined by the director of emergency services. *
3. Annual training exercises receive an evaluation rating of 78% by participants

* REVISED WORDING: Previously this measure was an evaluation by an outside monitor, but one is not present at all trainings.

Service Center - Support Services

Purpose:

Support the delivery of effective core Police services, *through*:

- Timely dispatch of calls for service
- Securely storing and organizing property and evidence
- Enhancing professional standards and controlling liability through the effective delivery of training services
- Maintaining public confidence by adhering to professional management and standards
- Safeguarding, maintaining and reporting police records in compliance with the law
- Providing animal control services; *so that*:

Measures

1. The average dispatch time (from receipt of call to dispatch) is 2.9 minutes for emergency calls. *
2. The average dispatch time (from receipt of call to dispatch) is 5.3 minutes for non-emergency calls. *
3. 100% of officers and dispatchers meet or exceed State training standards.
4. Reporting errors that are discovered on the monthly NCIC Validations will be corrected within 72 working hours, 100% of the time.
5. The average response time for the Peninsula Humane Society to “Category 1” animal control calls is 21 minutes.

* Staff believes it is actually a shorter time from when the call is received before an officer is “rolling” but there are a number of steps by the dispatcher than make happen prior to the computer being formally inputted as “dispatched.”

Service Area: Financial Management

Service Center - Financial Operations

Purpose:

Ensure that sufficient working capital is available to support the delivery of City services, *through:*

- Prudent management and investment of the City’s financial resources
- Identification and analysis of revenue streams
- Billing, collecting and monitoring cash receipts
- Cost-effective purchase of quality goods and services
- Timely and accurate payment for goods and services; *so that:*

Measures

1. The average time for processing receipts is X days *
2. X% of receipts are deposited within 30 days *
3. X% of payments are make within 30 days *
4. X% of bids transactions are competitively bid *
5. The liquidity ratio is X **
6. The three-year rolling average return from revenue audits is \$21,286

* The SOPs for these measures were developed with the expectation that the upgraded financial system would be in place. As the implementation is in progress but not yet complete, interim methodologies were just developed in FY03-04 for these SOPs, and results calculation will begin in FY03-04.

** This measure was DROPPED, as there was no way to calculate meaningful data more than once per year.

Service Center - Financial Planning And Reporting

Purpose:

Enable informed decision-making by applying Generally Accepted Accounting Procedures, analyzing alternatives, reporting results and projecting information in a manner that facilitates fiscal stewardship and the attainment of a strong financial position, *through:*

- Safeguarding assets by maintaining a system of internal controls
- Preparing reports responsive to the needs of management and external users
- Support strategic finance planning by facilitating the preparation of an annual budget and other financial documents; *so that:*

Measures

1. 100% of audit opinions are unqualified
2. The average time for publishing reports is 28 days
3. A customer satisfaction rating of 78%
4. 100% of staff-proposed budget fund balances meet or exceed Council-adopted reserve policies *

* NEW WORDING: previously said “The long-term financial plan submitted to Council meets or exceeds Council-adopted reserve policies.”

Service Center - Risk Management

Purpose:

Minimize the City’s financial loss from liability, exposure and property damage, *through:*

- The establishment and implementation of a loss prevention program
- The transfer of risk by the purchase of insurance coverage, the use of risk pools, or contractual agreements
- The management and administration of claims arising from the self-insured, risk retention program, *so that:*

Measures

1. The three-year rolling average claim payment as a percent of claim demands is 10%
2. The rolling three-year average total claims is 17
3. The three-year rolling average percent of claims denied and sustained is 67%
4. Any findings from annual audit are processed within an average of 10 days *
5. 100% of policies competitively bid

* MODIFIED WORDING: previously said “cleared within X days.”

Note: There are no Service Centers for Parks and Open Space or Building Services.