



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Review of the City's FY 2015 Key Performance Indicators

OVERVIEW

In February 2012, the IBA recommended that Council identify a set of 50-60 performance measures, for key service categories, that are understandable and relevant to our citizens, management and policy makers. The intent was not to replace other important performance measures reported in the annual budget documents, which are tracked by City departments for operational and budgetary purposes. Rather, the intent was to create a manageable set of measures for key City service delivery areas that could be easily accessed by our residents on the City's website.

Since 2012, City staff have done extensive work in the general area of performance measures and have incorporated many of the Council recommended measures into the City's annual budget process and budget documents. The City's portfolio of performance measures and tracking of related data continue to improve each year.

Consistent with the "FY 2015 Budget Process Key Dates", City staff recently issued Report No. 14-014 "Update on Performance Measures for the FY 2015 Proposed Budget" for review by the Budget and Government Efficiency Committee on February 26, 2014. Our office has reviewed this report and is providing comments on the City's FY 2015 performance measurement program as proposed in this report.

FISCAL/POLICY DISCUSSION

Incorporation of Council-Adopted Performance Measures From 2012

The Council adopted a set of 66 performance measures in February 2012 across five broad service areas rather than department silos:

- Community Services
- Infrastructure Maintenance and Expansion

- Business and Economic Development
- Environment and Sustainability
- Efficient and Effective Government

In the FY 2013 Budget Priorities Resolution, adopted by Council on March 18, 2012, Council requested the Mayor to:

“Embrace these measures by consistently tracking them, along with other departmental measures, and making them highly visible to the public by publishing them in the Executive Summary of the budget document, the City’s website and other public areas.”

A significant number of the 66 Council recommended measures are now being tracked; and since FY 2013, have been added to the departmental sections in Volume 2 of the budget, resulting in the 199 performance measures reflected in the staff report. Twenty-two additional measures included in the report for Publishing Services and Street Sweeping are being tracked on a monthly basis as part of the Managed Competition Program. These actions have been very valuable and responsive to the City Council’s requests. Some of the Council and IBA suggested measures, however, which we believe to be relevant, of interest to the public and commonly used in other municipalities, have not been accepted. Examples include:

- General Fund Bond Ratings
- Public Utility Bond Ratings
- City’s Debt Capacity Ratio
- Percent increase in the number of visits to the City’s public website
- Number of new businesses permitted
- Number of jobs created through Economic Development activities
- Direct spending attributable to Conventions
- Savings from use of volunteers
- Capital projects completed on time and on budget
- Miles of streets repaired
- Miles of sidewalks repaired

Primary reasons provided for not including them are staff view them as statistics, not measures; multiple departments are responsible for their performance, therefore, no single department is fully responsible; and results are out of their control due to the economy, City policies or other factors.

Additionally, seven measures that track progress of the deferred capital and infrastructure program appear in Volume 3 of the annual budget (Capital Improvements Program) and the annual State of the CIP reports. However, they are not included in Volume 1 with the other 199 performance measures, nor are they included in the staff report on FY 2015 Key Performance measures. In the staff report, the Infrastructure/Public Works section refers solely to ADA projects and activities. This could be confusing for the public as well as an omission of one of the City’s most critical service delivery areas from its Key Performance Measures Report. The seven CIP measures also currently do not include tracking for the percent of scheduled capital projects completed on time and on budget which we believe is a critical measure.

We recommend the following: 1) the CIP performance measures be added to the City's FY 2015 Key Performance Indicators for transparency and accessibility, while remaining in the other documents as well; and 2) a measure be added regarding project delivery on time and on budget. Given the pending discussions regarding the need for a larger infrastructure bond program in the near future to address the city's vast capital needs, performance measures on project completion will be key for developing credibility with the community. In reviewing the City of San Antonio's Quarterly Performance Report, we noted that their key performance measures include "completing projects 100% on time and on budget."

We also continue to recommend that a subset of measures be compiled from the larger set of 199 measures to achieve the following original objectives: 1) provide measures that are most relevant and of interest to our residents on the website; 2) facilitate more frequent performance updates on the website (at least quarterly); 3) provide a transparent snapshot of how the City is doing relative to performance in the major service delivery categories; and 4) provide greater accessibility and transparency regarding key City service performance.

Attachment 1 provides an example of a monthly performance measurement dashboard report, available to the public on the City of Phoenix website, which identifies 31 specific measures across six key service areas; provides monthly and year-to-date data and information about each measure by clicking on the service area; and allows citizens to make direct inquiries to City staff regarding performance data.

We would emphasize that all 199 measures continue to be vital for operational and budgetary purposes and should be maintained as proposed by management.

Finally, the Economic Development and Intergovernmental Relations Committee (formerly the Rules Committee), along with the IBA and the City Auditor, have been extensively studying City hiring processes to identify potential efficiency improvements and address concerns about the significant number of vacancies. *We recommend that performance measures for the Personnel Department be included in the FY 2015 budget. Possible measures could include number of days it takes for the recruitment process to begin from the departmental request; number of days from the request to fill to hiring; number of training activities for departmental staff; and cost per hire.*

Review of Performance Measure Results

The vast majority of the performance data in the staff report demonstrate maintenance of service levels when comparing FY 2015 over FY 2014. Some areas that show a potential for decline in service that Council may want to inquire about include the following:

- Percent of audit recommendations management agrees to implement, from 95% to 90% (City Auditor)
- Percent of hotline investigation recommendations management agrees to implement, from 100% to 90% (City Auditor)
- Percent of plan reviews completed in two cycles or less, from 89% to 80% (DSD)
- Percent of plan reviews achieved within stake holder group-established turnaround times, from 87% to 80% (DSD)
- Annual library circulation per capita, from 5.4 to 5.0 (Library)

- Dollar amount of public/private partnerships, from \$5.0 million to \$3.0 million (ACOO)
- Lineal feet of storm drains cleaned annually, from 14,000 to 11,000 (Transportation and Storm Water)

Examples of substantial increases in service levels that are expected over FY 2013, FY 2014 and FY 2015 include: managed competition cost savings; invoices paid on time; City services available on line; collection services complaint rate; average number of days to respond to and resolve Public Utilities customer-initiated service investigations; average number of days from Purchasing and Contracting Request for Proposal issuance to contract; and number of trees trimmed. Additional service improvements may result from implementing recommendations included in the Mid-Year Budget Monitoring Report, if approved by the City Council next week, as well as from any service enhancements included in the FY 2015 Budget. All measures will be updated at the appropriate time to reflect any such changes.

Performance Measure Recommendations Resulting from Recent Audits

Over the past several months, seven audits performed by the City Auditor have included various recommendations regarding the City's performance measures in the following areas: Economic Development; Real Estate; PUD-Valve Maintenance; Streets-Potholes; Park and Recreation-Playground Maintenance; PUD-Customer Support; and Patrol Operations (see Attachment 2). It does not appear that these recommendations have been incorporated into the FY 2015 Key Performance Measures Report. It is possible these recommendations have been addressed through other means or were not agreed to by the department. *We recommend the Committee request management to follow up on the audit recommendations as appropriate and determine if further changes to the proposed performance measures should occur before inclusion in the FY 2015 budget.*

Quarterly Performance Reporting Expected in FY 2015

In the fall of 2012 the City Council adopted "Fundamental Principles for an Effective, Cooperative and Transparent Mayor-Council form of Government." Principle 5 called for the following:

"Beginning in FY 2015, annual performance reporting will be supplemented with quarterly reporting through issuance of a stand-alone "City of San Diego Quarterly Performance Report" to the City Council, also to be made available on the City's website."

Management may want to consider a website design and format, similar to that used by the City of Phoenix for their monthly dashboard, that is concise, transparent and allows for feedback from residents.

CONCLUSION

A summary of our recommendations are as follows:

- 1) The CIP performance measures be added to the City's FY 2015 Key Performance Indicators for transparency and accessibility, while remaining in the other documents as well
- 2) A measure be added regarding project delivery on time and on budget
- 3) A subset of measures be compiled from the larger set of 199 measures to achieve the following original objectives:
 - Provide measures that are most relevant and of interest to our residents on the website
 - Facilitate more frequent performance updates on the website (at least quarterly)
 - Provide a transparent snapshot of how the City is doing relative to performance in the major service delivery categories
 - Provide greater accessibility and transparency regarding key City service performance
- 4) Performance measures for the Personnel Department be included in the FY 2015 budget
- 5) Committee request management to follow up on the audit recommendations as appropriate and determine if further changes to the proposed performance measures should occur before inclusion in the FY 2015 budget



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Attachment 1: City of Phoenix Performance Measurement Dashboard

Attachment 2: Summary of City Auditor Reports and Recommendations Re: Performance Measures