

Office of the City Auditor
City of San Diego

Bid To Goal:
**Although Gainsharing Goals Do Not
Measure Outcomes, They Appear
Challenging And Benefit Ratepayers**

Audit Committee Meeting,
May 2, 2011



Independent • Objective • Accurate

Objectives

Audit Committee Questions

1. Which of the goals contained in the Bid to Goal Program have:
 - a. Clearly identified outcomes that benefit rate payers;
 - b. Specific and measurable performance measures that relate to the outcome of the goal; and
 - c. Clear targets that will indicate that exceptional performance will be achieved?
2. Of all the goals, which can be determined to have met criteria a, b, and c?

Scope and Methodology

- Reviewed Fiscal Year 2011 gainsharing goals.
- Researched performance measurement.
- Reviewed the Consultant Report (Brown and Caldwell).
- Discussed gainsharing goals and Audit Committee criteria with Public Utilities officials.
- Assessed the gainsharing goals.

Goal Assessment Methodology

- Approach #1 - Gainsharing goal has:
 - ♦ An outcome that benefits ratepayers
 - ♦ A performance measure that relates to outcome
 - ♦ A target that indicates that the goal is challenging

- Approach #2 – Gainsharing goal has:
 - ♦ A **specific** outcome
 - ♦ A **direct** benefit to ratepayers
 - ♦ A performance measure that **closely relates** to the outcome
 - ♦ A target that indicates that the goal is challenging

Audit Results

Gainsharing Goals Measure Activities and Outputs

- Public Utilities expresses goal outcomes broadly.
- Goal outcomes benefit ratepayers.
- The benefit to ratepayers is direct for 38 percent of goals and indirect for 62 percent of goals.

Audit Results

Gainsharing Goals Have Specific Performance Measures That Relate To Goal Outcomes

- Performance measures for gainsharing goals relate closely to outcomes for 40 percent of goals, and do not closely relate to outcomes for 60 percent of goals.
- The relationship between outcomes and measures varied by branch/division and type of goal.

Audit Results

Gainsharing Goals Have Targets

- Gainsharing goals were developed to be challenging.
- Gainsharing goals incorporated improvements recommended by Brown & Caldwell.
- A technical review of gainsharing goals and workload levels is needed to determine whether goal targets are indicative of exceptional performance.

Conclusion

Public Utilities Has Expended Significant Efforts in Developing Gainsharing Goals

- Depending on the assessment approach, between 29 percent and 95 percent of gainsharing goals meet the Audit Committee Criteria.
- The Bid to Goal Program is ending, but its performance measurement and benchmarking elements are beneficial.