As always, we want to hear from you. We're eager to hear what management innovations have worked for your city or county government so that those ideas and strategies can be shared with other government managers grappling with the same kinds of issues. Please send me an email at carl_demaio@performanceweb.org if you have innovations you'd like to share.

This month we're also unveiling the agenda for the 2005 City and County Innovations Summit, which will be held March 21-23 in Phoenix. We're really excited about it... so take a look!

Happy Holidays!

-Carl DeMaio

December 2004

If you find this newsletter useful and informative, please forward it to your friends and colleagues!

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INTRODUCING

2005 City and County Innovations Summit

Surviving the Budget Crunch and Improving Citizen Services through Innovation

March 21-23, 2005 | Phoenix, Arizona
www.cityandcounty.org

Featuring Six Tracks!

Track 1:
PERFORMANCE MANAGEMENT AND STRATEGIC PLANNING
Develop a short and measurable strategic plan that links activities, outputs and intermediate outcomes with overall agency mission

Track 2:
BUDGET AND FINANCE
Integrate performance data into your budget and increase overall transparency for cost of government service

Track 3:
PERFORMANCE BASED CONTRACTING
Implement performance-based contracting and public-private partnerships for better service delivery for citizens and higher quality services at a reduced cost

Track 4:
MODEL PERFORMANCE MEASURES
Leverage best practices in performance measurement in the areas of neighborhood services, public safety operations, social services/public health and environmental services

Track 5:
STRATEGIC MANAGEMENT OF HUMAN CAPITAL
Align human capital strategies with mission, goals, and organizational objectives to improve performance and citizen satisfaction.

Track 6:
INFORMATION TECHNOLOGY AND E-GOVERNMENT
Emerge with the latest updates from leading municipalities on IT budget justification and e-government

View the Full Agenda Online at: www.cityandcounty.org

Managing for Results: Strategic Planning and Performance Budgeting

NLC: Cities Do Matter

At the recent National League of Cities 81st Annual Congress of Cities and Exposition in Indianapolis, local elected officials said they are ready, willing, and more than able to build partnerships with the

federal government to support programs that benefit America's cities and towns. Mayors from across the country have spoken out to petition the Bush Administration and the 109th Congress to pay more attention to the needs of the nation's cities. They call for increased communication and funding, as well as a sharing of best practices to improve city management. For more information, go to: http://www.nlc.org/Newsroom/Nation_s_Cities_Weekly/Weekly_NCW/2004_12_06/1161.cfm

Metro Economy Report on Gross Metropolitan Product

The United States Conference of Mayors and the Council for the New American City released the U.S. Metro Economies: GMP - The Engines of America's Growth. The report includes Gross Metropolitan Product (GMP) numbers for the nation's 318 metro areas as well as forecasts for 2004 GMP and employment numbers. The report found that in 2003, metro areas were responsible for 85.4 percent ($9.4 trillion) of U.S. Gross Domestic Product (GDP), 88.6 percent of the nation's labor income, and 84 percent of U.S. employment. By 2029, the report forecasts that 87 percent of GDP will be generated by metro areas, totaling $39.5 trillion. Furthermore, in 30 states, the combined metro areas contribute 75 percent or more of the state's total economic output, and the combined GMP of the top 10 metro areas ($2.7 trillion) was greater than the combined Gross State Product (GSP) of 31 states ($2.6 trillion). To access the report, go to: http://www.usmayors.org/metroeconomies/1004/metroeconomies_1004.pdf

Pittsburgh, PA, City Council Reluctantly Approves Budget

The Pittsburgh City Council unanimously approved the city's 2005 budget, but with some hesitation concerning spending cuts, particularly those to the capital budget, which funds long-term improvements to the city's roads, bridges, sidewalks and other infrastructure. The $417.5 million operating budget includes a new $52-a-year occupation tax, a new employer payroll tax and more than $30 million in spending cuts. For more information, go to: http://www.post-gazette.com/pg/04350/427034.stm

Chicago Budget Adds New Taxes and Fees

Another reluctant City Council approved Chicago's $5.1 billion budget after a brief standoff with Mayor Richard Daley's office that marked the first time Mayor Daley's budget was not approved unanimously. Dissenting votes were due to a $85.7 million tax and fee package, which is the largest in the Mayor's 16-year tenure. Shoppers in Chicago will now experience the highest sales tax in the nation at 9 percent and visitors will pay a 15.4 percent hotel tax starting July 1. Taxes were also increased for parking, cigarettes, hard liquor, amusements and natural gas. Chicago faces a $1.82 billion deficit. For more information, go to: http://www.suntimes.com/output/news/cst-nws-city16.html

Federal Omnibus 2005 Spending Bill Affects Domestic Spending

The recently passed 2005 omnibus federal spending bill greatly affects local governments. In order to meet the agreement with the Bush Administration on total spending levels in the bill, Congress chose to make an "across-the-board" spending reduction of 0.83 percent on all programs. For a breakdown on how this bill will affect local government programs, go to: http://www.naco.org/CountyNewsTemplate.cfm?template=/ContentManagement/ContentDisplay.cfm&ContentID=14374

Getting Results: A Guide for Leaders and Managers

"Getting Results" is an integrated compilation of practical advice on how career and appointed leaders and managers can better manage for results, and how Congress, the media and the public can support and critique performance. While focused on the federal government, the advice provided in this

compilation is applicable to all levels of government. The essays are non-political and non-partisan, reflecting the time-tested judgments of a broad cross section of experienced government leaders, and include the personal views of senior leaders on strategic approaches to achieving results, critical human capital management issues, using IT, leading organizational change, working with state and local governments and with contractors, communicating results to congress, the media, and the public, linking performance and budgeting, and evaluating results The Performance Institute's Carl DeMaio and Ian Koski authored to two chapters: Chapter 9 Achieving Results with Contractors, and Chapter 13 Communicating Results to Congress and the Public. For more information, go to: http://www.mgmtconcepts.com/publications/management/gettingresults.asp

Budget-Performance Integration in Government
(February 24-25, 2005, Arlington, VA)

Performance-Based Budgeting is the integration and aligning of an agency's budget allocations with their performance through the use of predetermined performance measures. Program managers need to know and understand what they are truly trying to achieve - end outcomes - and then budget accordingly. Apply the methodology from this training to learn how to utilize performance measures to communicate how a program is efficiently allocating funds to achieve results. For more information or to register, go to: http://www.performanceweb.org/pi/training/courses/p435/p435_web.pdf

Government Asset Management Summit
(February 10-11, 2005, Las Vegas, Nevada)

The field of asset management in government is rapidly evolving through new legislative mandates and increased scrutiny on asset managers. Proper asset management will help agencies organize, structure and optimize their assets to give managers the tools needed to serve the taxpayer and align with the agency mission. Improved asset management will advance an agency's performance and help find cost savings. Learn to manage assets for results to improve the transparency and accountability in your asset management approach by attending this conference. For more information or to register, go to: http://www.performanceweb.org/stateandlocal/P394/P394_index.htm

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Workforce: Strategic Management of Human Capital

Michigan Governments Alter Pension Plans

In order to cut costs, local governments throughout Michigan are switching pension plans for employees from "defined benefit" plans to a "defined contribution" plan similar to private sector 401(k) plans. In the City of Warren, older employees have the option of staying in the old plan or switching to the new one. New employees can only join the 401-style plan, however. This has lead to older employees having a better deal where they contribute 3 percent of their salaries, and the city puts in an amount equal to 15 percent of their pay. New employees put in 4 percent and the city contributes 10 percent of pay. The new plan saves the city 12 percent on its pension costs. For more information, go to: http://www.freep.com/news/mich/pension14e_20041214.htm

Strategic Human Capital Planning in Government
(February 22-23, 2005, Arlington, VA)

Those that say the "Human Capital Crisis" has already been averted are overlooking one crucial detail:

half of the civilian workforce will still be eligible to retire in a few months. That fact is still a reality unaffected by economic state. Developing and implementing a strategic approach to human capital management ensures that government human capital policies and systems are aligned with strategic goals, providing the ability to motivate the best and brightest to join public service. This training will focus on developing a performance-based human capital plan by applying the seven-step methodology as a template for developing a results-oriented human capital plan for government programs. For more information or to register, go to: http://www.performanceweb.org/pi/training/courses/p383/p383_web.pdf

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Technology: E-Government and Information Technology

New NLC President Seeks to Connect Cities to Citizens

The newly elected National League of Cities (NLC) President Anthony Williams, the mayor of Washington, DC, has pledged to use the latest technology to build a network that will connect city officials to each other and with citizens. He said he would reach out to city officials through e-mails, surveys and online chats to learn about innovative uses of technology, to collect information and resources and to build a powerful network that meets local needs. A focus group of 50 local leaders and state league directors met to talk about specifics of the National City Network, which, in addition to the new NLC website and webcasting capacity, will eventually include cable programming and regular online chats. The long-term potential of the National City Network as a vital tool to strengthen cities as centers of opportunity, leadership, and governance depends heavily on broad involvement from city leaders across the country. For more information, go to:
http://www.nlc.org/Newsroom/Nation_s_Cities_Weekly/Weekly_NCW/2004_12_13/1224.cfm

County Finding Benefits by Aligning IT Purchases with Enterprise Architecture

Arlington County, VA, is at the forefront of a trend sweeping state and local governments who are using their enterprise architectures to purchase IT more intelligently and effectively. Following the recently released review of enterprise architectures from 12 state governments, three county governments and one federal agency by the National Association of State CIOs, where the group evaluated the maturity of each state and county modernization blueprint and collected best practices and lessons learned, the county developed a simplified version of the architecture so non-technical workers can understand it. Also, the IT procurement official will now report to the county CIO, and work that office to oversee all IT contracts. This step is expected to end delays and expenses that can occur without communication. For more information, go to:
http://www.gcn.com/23_33/state-local/27907-1.html

Open Source Software Can Save Funds and Reduce Duplicative Efforts

Local government IT executives are finding that utilizing open source software reduces costs and gives governments the ability to collaborate and leverage each others resources. For example, governments can manage Web content using a free open-source application developed by the Labor Department called Workforce Connections. Moving to open source operating systems has saved the City of Largo, FL, (whose IT budget amounts to about $1 million a year) about $500,000 annually. For more information, go to: http://www.fcw.com/geb/articles/2004/1115/web-open-11-15-04.asp

Computer Security Training Essential for Employees

Teaching basic computer security has become an essential part of training local government employees. To help educate employees in Arlington County, VA, the chief information security officer spends 15 to 20 minutes with all new county government employees talking to them about cybersecurity. The employees are also sent computer and network security information to employees on a biweekly basis via the county's electronic newsletter. Proper training in security helps to ensure that sensitive information is not accessed and security breaches do not affect government operations. For more information, go to: http://www.fcw.com/geb/articles/2004/1129/web-secure-11-30-04.asp

Government Technology Performance Summit
(February 7-9, 2005, Arlington, VA)

There has been a clear emphasis on results and the importance of performance management in the area of IT and e-Government. The only way to effectively justify budgets and obtain funding for your IT projects is through proper performance planning, project management and linking agency mission to outcomes and results. Attendees at this comprehensive conference will learn: budget justifications to achieve full funding for IT projects; project management to improve technology performance; effective capital planning that links to agency strategic goals; and how to manage IT security and architecture for results.
For more information or to register, go to: http://www.performanceweb.org/gtps/t165_web.pdf

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Procurement: Competitive Sourcing and Contracting

Advice on Outsourcing Vehicle Maintenance

Outsourcing fleet maintenance has both upsides - cost cutting - and downsides - loss of jobs and maintenance control and response time issues. Some communities are examining their operations to determine if they would be better served to contract some, if not all, of their fleet maintenance needs. Fleet management operations should be evaluated to determine if they are competitive with local dealerships, small maintenance shops, larger truck repair and specialty equipment repair facilities. For advice and information on vehicle maintenance outsourcing, go to: http://americancityandcounty.com/mag/government_wrenching_decisions/

The Debate Over Outsourcing Moves to Colorado Municipalities

Outsourcing has moved forward significantly in Colorado, with local governments following the lead of the state. The arguments pro and against outsourcing out-of-state are familiar throughout the country: save money by going with the lowest bidder, no matter where they are located; or support local firms who pay local taxes and employ local citizens. To support the latter argument, for example, one county government puts every significant purchase out to bid with out-of-county firms were welcome, but the county gave a 5 percent edge to locals. It helps to keep local taxpayers from being gouged while encouraging local enterprise. For more information, go to: http://www.denverpost.com/Stories/0,1413,36%257E73%257E2572705,00.html?search=filter

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Program Spotlight: Denver, CO, Office of Accountability and Reform

Denver Mayor John Hickenlooper was elected in 2003 under the promise of change and reform. He inherited a $70 million budget deficit and a citizenry that was significantly losing faith in the effectiveness of the city government. Mayor Hickenlooper campaigned to:

- To tackle parking meter issues
- Bolster economic development
- Reform the city's personnel system
- Forge ties with Denver Public Schools
- Establish regional ties with competing cities
- Push for reforms in city government while slashing costs

To fulfill that final promise, Mayor Hickenlooper created the Denver Office of Accountability and Reform (OAR) to serve as a catalyst for positive change in Denver City government. OAR is specifically tasked with improving internal business processes and overall City customer service. The Office operates under five goals:

- Best Customer Service
- 25,000 New Jobs
- Make Denver a Better Place
- Better Place to Work
- Live Within Our Means

OAR is working to make Mayor Hickenlooper's commitment to transforming Denver into a high performing government with a high rating of customer service that spurs local businesses and makes Denver a better place a reality by embarking on several new programs over the last year.

311

OAR has been evaluating successful customer service programs in the public and private sector. The goal is to identify practices that will best coincide with Denver's needs. In order to be on the leading edge of improving customer service, OAR is focusing on technology and process improvements. One method identified is a 311 operating system. 311 is a centralized customer service number for city services that has been implemented in nearly 30 cities across the country. Cities that have created 311 systems have experienced vast monetary savings through increased efficiency and improved accountability.

Improved Performance Contracting

Performance contracts are a documented guide for Mayor Hickenlooper and his administration. Every

contract outlines performance goals agreed upon by the Mayor and the agency manager. The contract specifies outcomes that work towards accomplishing the City's five goals. Agency managers determine and recommend the objectives for each goal and the indicators of success. The Office is responsible for coordinating, analyzing the compiled data provided from each agency. OAR also reviews and revisits contract indicators to support agency/department efforts to ensure success. It is working in conjunction with the City Attorney's Office and the Denver Office Information Technology (DOIT) to improve the process. They first solicited input from city agencies and identified bottlenecks within the process. One result of this input was DOIT roll out of the new electronic contract request Form 42 (eFORM 42). The eFORM 42 will reduce the time and unnecessary paperwork required under the old system to request a contract. The Office is also working on training each agency in an effort to create an efficient process.

Denver Listens

OAR sponsored seven community feedback sessions, entitled "Denver Listens," during March 2004. Over 600 community residents met to discuss Denver's future and explore ideas about how the city should prioritize services. Participants identified desired results from Denver city government and voted on priorities using interactive touch-pad technology. The feedback received has been used in the development of the FY 2005 city budget and individual departmental performance contracts.

For more information on Denver's Office of Accountability and Reform, visit the Office's website at: http://www.denvergov.org/dephome.asp?depid=1731

President: Carl DeMaio
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City and County Management Innovations Newsletter is provided as an informational newsletter to all city and county government employees about the latest news from the local government and independent news media on performance management.

The Performance Institute is a private think tank that serves as the nation's leading authority and repository on performance-based management practices for government organizations. Its mission is to identify, study and disseminate the leading management innovations pioneered by "best-in-class" government programs at federal, state and local levels. Through its national conferences on pressing issues, interactive executive training programs, and best practice research projects, the Institute provides cutting-edge expertise in the design, implementation and evaluation of strategies to solve operational challenges and enhance government performance.

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