I'm enclosing this month's CCMI Newsletter for your review. As you can see, many cities and counties are responding well to the tight budget cycle through improved planning, performance management and streamlining. In this issue, we have highlighted Hamilton County's efforts to ensure transparent government through its innovative performance-based budgeting system.

If your city or county government agency has begun implementing reforms and you want to share the results, please send me an email with some of the details and I'll have my research staff get in touch with you. We need to highlight and share management innovations at all levels!

-Carl DeMaio

June 2004

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

NEWS FLASH: San Diego Citizens' Budget Plan: 10 Citizens' Budget Reforms

As the City Council meets today to allow for the last round of public comment on the City's budget, the Performance Institute will unveil the San Diego Citizens' Budget Plan outlining 10 reform recommendations that mix long-term structural reforms in the city's budget process with management reforms to achieve an immediate cost savings of $26 million in FY 2005. The budget reform package being presented builds on the best ideas contained in the project's earlier reports that detailed 226 "Options" for potential cost savings of between $45-120 million.

The 10 reforms include: a Balanced Budget Accountability Initiative, the launch of an independent audit of city Enterprise and Special Funds, reorganization and consolidation of city operations for cost efficiencies, creation of a "311" Citizen Service Center, competitive sourcing on city support services to produce $10 million in cost savings, reform of the city's employee incentive and Optimization programs, and a modification of the City's Charter to require an annual Appropriations Limit. The plan also calls for $40 million in savings by reducing by roughly half the employee salary increases planned during FY 2005. Those savings would be directly credited towards a comprehensive pension reform package. Finally, in a move sure to upset some City Hall insiders, the plan calls for a $5 million reduction in subsidies to special interests and a $4.5 million cut in the personal staff of the Mayor and Council Members. The Institute's plan provides a balance of $3.5 million in additional funding to reverse some cuts in library hours and park and recreation programs.

"There has been a lot of talk at Council over the past few weeks about accountability, transparency and reform. Reform has to be more than rhetoric - it has to be real. The San Diego Citizens' Budget Plan being released will result in real reform in the way the city budgets and accounts for taxpayer funds, as well as the way city departments are managed," noted Carl DeMaio, President of the Performance Institute.

At the same City Council meeting, City Manager Lamont Ewell will unveil his proposed solutions to the state's cuts of $22.5 million in FY 2005. Unfortunately, the proposal only addresses $17.5 million of the state's anticipated cuts and relies on $10.3 million in new revenues and reserve funds the Manager is only now disclosing to the Council. The Manager's plan also proposes a $3.1 million increase in the Business Tax Processing Fee, a $1 million raid on the Mission Bay Improvement and Parking Meter District Funds, and $3 million in management reform savings.

"The revelation that City bureaucrats have been sitting on more than $10 million in available funds this whole time is shocking. It questions whether the funds they claim are actually going to be available or are just gimmicks to balance the budget on paper," questioned DeMaio.

For more information on the San Diego Citizens' Budget Project go to:
www.sandiegobudget.org

Managing for Results: Strategic Planning and Performance Budgeting

Creating a Shared and Common Vision in Rawlins

When John Darrington became the first city manager of Rawlins, Wyoming, he wanted to turn the city into a dynamic and visionary organization that looks for better ways of doing business. With a widely held and well-defined community vision for the city, goals could be set that make that vision a reality. He also wanted to create an environment where employees have a clear understanding of the mission and feel aligned with and a strong commitment to it. To view this article go to:
http://www2.icma.org/pm/8601/darrington.htm

Cache County Implements Unique Planning Process

Cache County, Utah, has developed a planning process that looks to the future, while working with yearly budget constraints. Cache County uses a streamlined version of compact planning to develop its annual budget and to focus on critical needs for the future. Compact planning is an alternative to traditional strategic planning. Based on a small set of well-defined goals by an organization, individual units propose initiatives they plan to complete over the next one or two years. These initiatives are then reviewed with the supervisor until mutual agreement - a compact - is achieved. From the initiatives proposed by all of its units, the institution's leaders select those that will be funded each year. To view this article go to:
http://www.naco.org/CountyNewsTemplate.cfm?template=/ContentManagement/ContentDisplay.cfm&ContentID=12544

Measuring Fleet Performance

Given the current economy, there is increasing pressure for municipal fleets to run their operations more like businesses. In an effort to help improve performance, a team of fleet managers created a list of the "Top 10" performance measures for fleet management. These were selected from the hundreds of benchmarking standards used to manage fleet operations. To view this article go to:
http://americancityandcounty.com/mag/government_measuring_fleet_performance/

Making Effective Use of Results-Oriented Information

A reoccurring struggle for most states and cities has been the use of information they gather to make important decisions, especially in budgeting scarce resources. A new book titled "Legislating for Results" has now come out outlining ways to help legislators make effective use of results-oriented information. While originally this book was designed to help legislators, it can also be of great help to agency heads and other executive branch leaders who want to figure out how to use performance measures to improve communications with their legislators. To view this article go to:
http://www.governing.com/articles/5manage.htm

Innovations Recognized Across Local Government Areas

At this year's Innovation in American Government Awards, 15 programs from all levels of government were recognized for their creative approach to seeking improvement in government. There were innovations presented in various areas including: education, child care, environment, and neighborhoods and housing. To view this article go to:
http://www.governing.com/manage/edge.htm

2004 Best Practice Forum: Show Me The Measures! (July 19-20, Arlington, VA)

This forum will focus on developing performance goals and measures by applying the Government Performance Logic Model framework as a template for program management. Through the establishment of outcome-oriented performance measures, program managers will be able to communicate and monitor the success of annual and long-term performance goals. Moreover, you will have an opportunity to review "Best-in-Class" performance measures for government, and return to your office with a set of measures designed to improve your program's performance. For more information go to:
http://www.performanceweb.org/performancemanagement/p191/p191.htm

Government Performance Management Certification Program

Program performance measures, strategic plans, IT capital plans, performance-based contracts, competitive sourcing studies, employee performance evaluations...the list goes on and on! Government agencies at all levels are increasingly under pressure to measure the performance of their programs and report the results to policymakers and the general public. To help government agencies achieve successful implementation of performance-based management reforms, the Performance Institute provides comprehensive education programs through its "Government Performance Management Certification Program." For more information go to:
http://www.performanceweb.org/pi/training/perfmgmt_index.htm

Workforce: Strategic Management of Human Capital

New Recruitment Handbook Released for Local Governments

The International City/County Management Association has recently released a recruitment handbook that offers assistance in recruiting and selecting local government managers or administrators. The handbook includes valuable best practices on reviewing applications, interviewing finalists and negotiating compensation. To view this handbook go to:
http://www2.jobs.icma.org/documents/recruitmentguidelines.pdf

Teleworking Offers Great Benefits to Counties

Tulare County, CA, is one of many county governments that have opened up to the idea of allowing employees to work from a remote location. Since introducing teleworking, Tulare County has enjoyed increases in productivity, morale and employee retention, environmental improvements, and cost savings. To view this article go to:
http://www.naco.org/CountyNewsTemplate.cfm?template=/ContentManagement/ContentDisplay.cfm&ContentID=12311

2004 National Forum on Strategic Recruitment for Government Agencies

Federal agencies have traditionally engaged in a "spray and pray" approach to recruiting staff, wherein the age-old practice of filling empty seats has been the focus of recruitment and hiring initiatives. Successful recruitment in government boils down to a complex formula: get the right people, in the right position, at the right time, with the right skills to perform the right role, to achieve the agency's mission. That's a lot of rights to get right. To get equipped with the latest best practices in strategic recruitment, you are invited to attend the National Summit on Strategic Recruitment for Government Agencies. This is part of the Human Capital Management Certification Program. For more information go to:

http://www.performanceweb.org/humancapital/p287/p287.htm

For more information on the Certification Program go to:
http://www.performanceweb.org/pi/training/humancapital_index.htm

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Technology: E-Government and Information Technology

Survey Shows More Counties Are Managing Online

A recent county government survey found that counties are now using the Internet to manage costs and services. In response to the increased citizen demand for local government services and easier access to those services, e-Government is growing across the country. More and more government managers now understand how effective e-Government projects can benefits their communities by allowing increased access to government services online. To view this article go to:
http://www.naco.org/CountyNewsTemplate.cfm?template=/ContentManagement/ContentDisplay.cfm&ContentID=12538

Newport Beach Finds Ways to Increase Revenues

Last year, Newport Beach, CA, launched a system that allows residents and businesses to pay municipal bills through the city's website or through a "one-stop" phone call center. The end result has been an overall increase in city revenues without raising taxes. The system is based on a centralized database that provides departments one-stop access to a resident or business's billable account information at once. To view this article go to:
http://americancityandcounty.com/mag/government_increasing_revenues/

Local Governments Struggle with IT Investment

For many years, local governments have struggled to determine where technology fits into their budgets. As a result, when it is time to plan yearly budgets, cities and counties often decide that the expense and complexity of information technology management outweighs the benefit. However, a sound technology infrastructure is not merely a critical component of a healthy organization, it is one of the most financially demanding. As a result, technology invariably gets pushed to the back burner while other programs competing for the same funding are allowed to move forward. While paying for and implementing IT processes are indeed challenges, they are issues that must be addressed to ensure long-term organizational health. To view this article go to:
http://americancityandcounty.com/mag/government_financing_tech_assets/

2004 National City & County Technology Summit - Reducing Costs and Improving Citizen Services Through Innovations in Information Technology (September 22-24, Chicago, IL)

Cities and counties across the country share your funding pains! Municipalities nationwide are currently facing dramatic budget shortfalls and rising citizen expectations. Unfortunately, local governments have not effectively utilized IT to cut costs and improve citizen services. To help you survive the budget crunch and better serve your citizens, The Performance Institute is organizing this event. An assembly of top IT professionals from across the nation will deliver a combination of best-practice scenarios and hands-on workshops to help your organization

achieve results. Discover the most effective tools and innovations for your organization to reduce IT spending, develop sound investment practices, improve citizen services, and achieve mission goals. For more information go to:
http://www.performanceweb.org/technology/t166/t166_brochure.pdf

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Procurement: Competitive Sourcing and Contracting

Outsourcing Beyond Typical Government Service Delivery

In addition to outsourcing typical service delivery areas of government, there has also been an increasing push to outsource areas related to policy making and program design. For example, Texas wants to use a "call center" approach to qualify citizens for public benefits. When seeking public assistance, a client would simply dial up a call center staffed by private sector operators rather than visit a local government public assistance office,. To view this article go to:
http://www.governing.com/articles/5private.htm

City and County Government Performance-Based Contracting (September 20-21, Chicago, IL)

Discover innovations in performance-based contracting by examining best-in-class performance-based contracts from state and local governments. Enhance your agency's opportunity for success through a seven-step process. Create a performance-based culture. Address how to best implement performance-based contracting strategies in your agency. Motivate and manage with effective performance measures. Acquire innovative strategies for developing performance measures for service contracts. For more information go to:
http://www.performanceweb.org/contracting/c143/c143.htm

Program Spotlight: Hamilton County's Performance Budgeting

The Department of Administrative Services is responsible for the development and implementation of Hamilton County's $2 billion budget. The department has come up with a budget that, for the past eight consecutive years, has earned Hamilton County the Government Finance Officers Association's Distinguished Budget Presentation Award, the highest recognition possible for local governmental budgeting.

Hamilton County's budget document is organized by function and by program activity with performance data integrated throughout. By concentrating on the important information -accountability and quality service- this approach increases the transparency of the budget presentation, thus making it easier for readers to understand and follow. In addition, the county makes the budget document readily available to the public.

The budget document provides ample background and puts the budget in context by providing information on long range planning, the local economy and its impact on the budget, and a detailed description of the budget development process. It includes a page immediately inside the front cover entitled "How to Use this Book," which helps the reader understand the functional organization of the budget document. Another section, entitled "Budget Guidelines," outlines county policies affecting budget preparation and formulation.

The "Budget Summaries" section of the budget includes numerous reports providing both functional and historical revenue and spending figures. The budget detail is presented according to major category of activity (e.g., Social Services). Then each category has pertinent agency budgets for each program with description of functional and historical revenue and spending figures. In this way, readers are provided with overall information as well as specific details at the program level.

Performance measures are an integral part of the county's budget process. Departments develop goals and corresponding measures. The setting of goals and measures requires departments to review their mission each year and assess how their goals link to the county's overall vision. Budget allocations are based on program outcomes.

Hamilton County's approach to performance budgeting -integrating performance data to the budget document- offers the general public insight into the process of public service and the challenges faced by county employees in addressing public demands to run an effective county government.

To view the county's budget go to:
http://www.hamilton-co.org/DAS/Budget.Asp

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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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