

PERFORMANCE MANAGEMENT

A Guide for City Leaders



ABOUT THE NATIONAL LEAGUE OF CITIES

The National League of Cities (NLC) is the nation's leading advocacy organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. Through its membership and partnerships with state municipal leagues, NLC serves as a resource and advocate for more than 19,000 cities and towns and more than 218 million Americans. NLC's Center for City Solutions and Applied Research provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

ABOUT THE AUTHORS

Emily Robbins is the Senior Associate of Finance and Economic Development and **Christiana McFarland** is Research Director at the National League of Cities.

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FOREWORD

We are pleased to present, *Performance Management: A Guide for City Leaders*, a report written and published as a service to NLC members and all cities. This guide presents an overview of existing performance management best practices with an eye toward the future of service delivery in cities. We also aim to empower more city leaders to launch performance management programs in their own cities.

Performance management and data analytics in general are key aspects of the continued shift toward data-driven decision-making in cities nationwide. Data-driven decisions help local governments provide city services that are efficient, effective and driven by community priorities. The value of making data-driven decisions is imperative as many cities continue to face the post-recession realities of decreased city revenues, limited intergovernmental aid and reduced municipal workforces. At the same time, there is a growing trend towards openness and making the inner workings of municipal governments more accountable and transparent.

Looking to the future, as advanced data analytics and open data become more prevalent in cities, there will be more opportunities to prepare and predict service needs of constituents. We plan to continue highlighting the importance of this epochal shift in city governance through our City of the Future initiative that seeks to advise cities on coming trends and opportunities. Within the Center for City Solutions and Applied Research we strive to strengthen communities, transform and improve cities and assist city leaders.

Performance Management: A Guide for City Leaders was developed through staff interviews and surveys with a cross-section of large cities across the United States. This work was supported financially by a grant to the National League of Cities Institute by The Pew Charitable Trusts. We join the authors in thanking the city officials who helped make this work possible, and welcome comments and thoughts from readers, as we continue to work to help city leaders lead.

Clarence Anthony
CEO and Executive Director
National League of Cities

Brooks Rainwater
Director, Center for City Solutions
and Applied Research
National League of Cities

INTRODUCTION

Performance management – the process of consistently reviewing performance data to inform decision-making – is a strategy emerging in cities across the country. Performance management provides cities with the tools to make informed program and process improvements, to spend scarce budget resources more wisely and to ensure that the community’s needs are being prioritized. Although anecdotally we know that performance management holds promise and produces results, little is known about how performance management programs are operating at the local level.

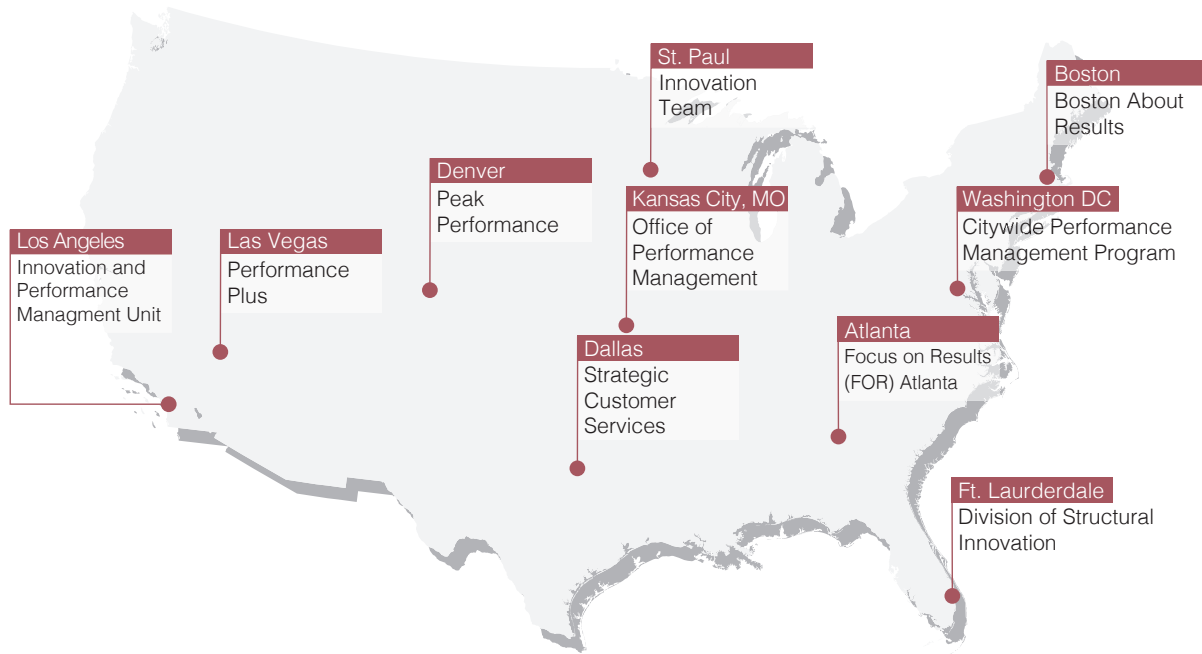
To this end, NLC studied existing performance management systems in 10 U.S. cities through staff interviews and surveys. The study revealed that performance management has been adapted to the unique circumstances within each city but that there are key components common to all systems. This report identifies those components, discusses the various adaptations within the cities and the experiences of staff involved in their implementation and provides strategies for those cities interested in pursuing a more data-driven approach.

Specifically, we shed light on how cities launched their programs, and we provide insights into office structures, staff skills and ways in which leaders cultivated buy-in across city departments. We also explore the basics of performance management: data collection, analysis and informed decision-making. The cities we studied provided guidance on how to track metrics that accurately measure the performance of city services and how to use performance management to make critical decisions about the management and financing of city services.

This report also provides an example of predictive analytics to indicate how the future of performance management is evolving. This emerging practice holds the potential to make city services even more effective by empowering performance management teams to proactively pinpoint potential problem areas and intervene before problems become costly and time-consuming to fix. We conclude with recommendations for city leaders to champion these efforts in their communities. An executive-level champion is a primary factor, and often the impetus, for effective performance management and is critical to infusing and sustaining a culture of performance in the city government.

We know that cities nationwide are still reeling from post-recession realities of decreased city revenues, limited intergovernmental aid and smaller municipal workforces. At the same time, with the advancement of new technologies, there is greater public pressure to make the inner workings of municipal government more accountable and transparent. Within this governing environment, the value of making data-driven decisions is greater than ever, and with the help of this guide, also more attainable.

Profiles: Performance Management Programs in 10 U.S. Cities



Atlanta, GA – Focus on Results (FOR) Atlanta

Mission Statement: The Focus on Results program enables tangible and lasting improvements in city operations through departmental collaboration and capacity building, analysis, and project and performance management support.

Launched: 2012

Annual Program Budget: \$545,000

Staffing: 6 full-time equivalent (FTE)

Results: The city reduced a backlog of uninspected housing code violation complaints by 70 percent and increased the percentage of cases inspected within target time frames from 17 percent to 77 percent.

Boston, MA – Boston About Results (BAR)

Mission Statement: The Boston About Results program uses data analytics and performance measurement to track, evaluate and enhance the city services provided to all of Boston.

Launched: 2008

Annual Program Budget: \$135,000

Staffing: 2 FTE, 1 dedicated information technology FTE and 10 budget office partners

Results: The city implemented performance meetings in the permitting department, and as a result, decreased the number of days permitting applications spend in review by nearly 30 percent, or by 6 days. These performance meetings helped identify workflow bottlenecks and provided an opportunity for increased interdepartmental communication and collaboration. The Boston About Results team is also currently in the process of using data to improve operations and increase hours in the city's registry department without adding additional resources.

Dallas, TX – Strategic Customer Services

Mission Statement: The city's performance measurement system, Dallas Measures, is housed within the city's Strategic Customer Services department. Strategic Customer Services was created to help improve city services by focusing on customer needs, benchmarking and the performance of city services in relation to accountability, responsiveness and the quality of the service experience for the Dallas community.

Launched: 2005

Annual Program Budget: \$421,000

Staffing: 2 FTEs, 10 budget office partners

Results: In 2005, the city began an aggressive campaign designed to promote continued excellence in customer service. This campaign included conducting community surveys, employee award programs, customer service training classes for all employees, a Customer Service Initiative Team to continuously develop new initiatives and incentives and the development of a 311 Customer Service Call Center. The results of these efforts are reflected in a 20 percent increase in the number of citizens reporting that they receive excellent/good customer service from city employees.

Denver, CO – Peak Performance

Mission Statement: The mission of Peak Performance is to achieve greater performance and efficiency within Denver's city government. Peak Performance empowers staff to embrace a culture of innovation and continuous improvement by providing them with tools to identify and solve city problems and support innovation in the mayor's priority areas.

Launched: 2011

Annual Program Budget: \$1 million

Staffing: 11 FTE

Results: The city saves \$10 million annually through employee-driven process improvements. For example, the city's emergency response team achieved a total annual savings of \$145,000 in 2013 by reducing the number of times police officers responded to false burglary alarms.

Fort Lauderdale, FL – Division of Structural Innovation

Mission Statement: The goal of Fort Lauderdale's Division of Structural Innovation is to support organizational transformation through strategic planning, performance management and process improvement.

Launched: 2011

Annual Program Budget: \$618,000

Staffing: 4 FTE, 1 senior management fellow from ICMA

Results: The city developed a multiyear storm water management plan after residents flagged it as a capital spending priority in a 2013 survey, in which 54 percent of respondents reported seeing an increase in flooding and only 27 percent reported being satisfied with the city's prevention of storm water-related flooding.

Kansas City, MO – Office of Performance Management

Mission Statement: The Office of Performance Management in Kansas City, and its KCStat program, encourage the provision of effective and efficient city services that are oriented toward citizens' needs and priorities and aligned with resource realities, in the present and the future.

Launched: 2009

Annual Program Budget: \$400,000

Staffing: 3 FTE, 1 management fellow

Results: By identifying and tracking the time frame for completing initial inspections for code enforcement, the city significantly reduced outliers without adding additional resources, increasing completed inspections from 90 percent in 120 days to 90 percent in 10 days.

Las Vegas, NV – Performance Plus

Mission Statement: The Office of Administration Services' Performance Plus program ensures alignment of performance measures to council priorities. The office reports on performance measures to elected officials and city departments so they can readily evaluate performance and make decisions on existing and future city programs.

Launched: 2007

Annual Program Budget: Approximately \$100,000 for one paid position; other paid staff on loan from city departments

Staffing: 2 FTE

Results: The city reduced the number of automobile accidents at targeted intersections by 23 percent by re-engineering the 50 intersections with the most crashes in a specific year.

Los Angeles, CA – Innovation and Performance Management Unit

Mission Statement: The Innovation and Performance Management Unit (iPMU) oversees performance management, strategic planning and other data-driven processes both citywide and within individual city departments. The core functions of the iPMU are to act as expert consultants to city departments, working with department leadership to create and oversee performance systems and processes. The unit also provides support to the mayor's budget team regarding metrics, and helps instill a culture of innovation, collaboration and excellence within Los Angeles City Hall.

Launched: Re-launched in 2013

Annual Program Budget: Approximately \$100,000 for one paid position; other paid staff on loan from city departments

Staffing: 5 FTE

Results: By tracking and analyzing data from the city's 311 call center (including staff schedules, sick time, call volumes, call wait times and call abandonment rates), the city maximized staff resources and dramatically improved service. The average 311 call wait time dropped from 5.9 minutes in February 2013 to 0.6 minutes in February 2014.

St. Paul, MN – Innovation Team

Mission Statement: The Innovation Team in St. Paul's Office of Financial Services creates a culture of innovation by facilitating opportunities to improve service delivery through business practice reviews and process reengineering. The unit also develops transparent and collaborative governance processes for implementation of large projects.

Launched: 2014

Annual Program Budget: \$350,000

Staffing: 3.5 FTE, support from budget staff

Results: The city's pilot project resulted in \$500,000 in annual savings as a result of centralizing payroll staff and re-engineering business processes by automating and streamlining payroll workflows. The city is currently evaluating business processes in the police department records division, with the goal of minimizing redundant work, eliminating low priority services and streamlining document management. Also, the city is tracking weekly building trade inspections to evaluate the impact of a new business process related to how inspectors use technology in the field. Both projects are expected to yield significant and measurable productivity gains.

Washington, DC – Citywide Performance Management Program

Mission Statement: The Citywide Performance Management program consists of four main components: the Citywide Performance Management team within the Office of the City Administrator; the DCStat program within the Office of the City Administrator; the Citywide Data Warehouse team within the Office of the Chief Technology Officer; and the Performance Management specialists within each government agency. The mission of the Office of the City Administrator is to facilitate the effective and efficient implementation of the mayor's policies by providing leadership, support and oversight of government agencies.

Launched: 2008

Annual Program Budget: \$1 million

Staffing: 7 FTE, 1 performance management specialist within each of the city's 73 agencies/offices

Results: The city's health department increased access to health care services for individuals diagnosed with HIV/AIDS by tracking patient data (including lab tests, number of clients not receiving care and prescription fill dates) to identify, re-engage and treat outpatients.

BUILDING A PERFORMANCE MANAGEMENT PROGRAM

Putting performance management into action at the local government level is an iterative, ongoing process that takes many forms. But there are several consistent factors that can help promote the growth of a program. First, is structure, or the presence of a performance management office within city hall. Next, is buy-in from city department staff, those on the front lines of service delivery. Lastly, is understanding the appropriate skill set for performance management staff and hiring or transitioning a performance management team. This section of the report describes how the 10 cities in this study tackled these issues during the development of their programs.

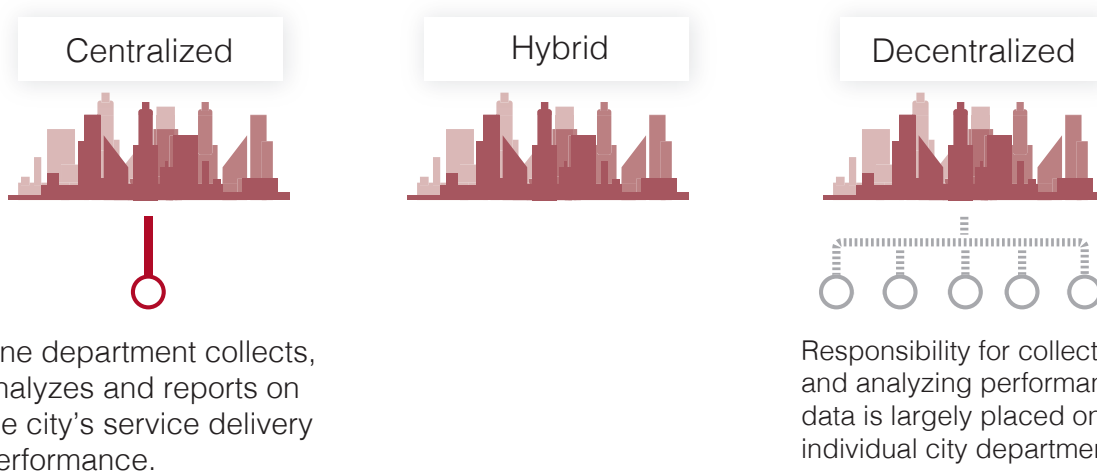
Office Structure: Centralized, Decentralized and Hybrid

We evaluated the structure of performance management offices in terms of staffing, data collection and analysis

and the data-driven decision-making process. Through this evaluation we developed a typology of performance management structures with three distinct models: centralized, decentralized and hybrid.

The centralized model for performance management consists of an independent department staffed with city employees who are responsible for collecting, analyzing and reporting out on the city's service delivery performance. We observed that centralized systems operate in Atlanta, Boston, Dallas, Kansas City, Las Vegas and St. Paul. In these six cities, the performance management staff is consolidated within one central department that guides the data collection, analysis and reporting processes. Department-level city employees are engaged in the process by assisting with the selection of metrics to track, providing access to performance data and collaborating with performance management teams to make data-driven decisions that improve service delivery.

PERFORMANCE MANAGEMENT OFFICE STRUCTURES



The decentralized model for performance management varies from the centralized model in that the responsibility for collecting and analyzing performance data is largely placed on the individual city departments. Performance management staff members provide guidance and training to department employees to help them identify and implement needed improvements in city service delivery. The performance management systems in Denver and Fort Lauderdale are more decentralized than those in the other cities we studied. In Denver, department heads are in charge of analyzing performance with an emphasis on achieving strategic goals at the departmental level. At the same time, the city's Peak Academy trains city employees on how to pinpoint and eliminate inefficiencies in their departments. Fort Lauderdale is launching a similar program called the Structural Innovation Academy, which is designed to provide continuous improvement training on project management and performance management to departmental employees.

The hybrid model combines elements of both the centralized and decentralized models. While this model does have a centralized office of staff dedicated to performance management, there are systematic efforts that also diffuse these responsibilities to individual city departments. Hybrid performance management systems are used in Los Angeles and Washington, D.C. In Los Angeles, the Innovation and Performance Management Unit oversees performance management, strategic planning and other data-driven processes both citywide and within city departments. The core function of this team is to act as "expert consultants" to city departments on how to track, analyze and report data as they develop their own performance systems and processes. The ultimate goal in Los Angeles is for each city department to manage its own performance management operations in the near future. The Citywide Performance Management program in Washington is a centralized office that oversees the city's DCStat program, data warehouse team and performance management specialists. The performance management specialists housed within each of the city's 73 agencies help coordinate departmental performance management activities and also constitute the city's Performance Management Council.

Cultivating Buy-In Across Departments

Performance management programs rely on the problem identification, operational expertise and collection of data from city departments. That doesn't mean, however, that city departments are always immediately onboard with new performance management programs. An initial barrier that new programs may face is pushback from city department staff who are already occupied with the demands of their current programs and agendas.

Developing a collaborative working relationship between performance management staff and city departments is a critical step in building a performance management program. This particular challenge was cited frequently by interviewees in the 10 cities we surveyed. In our conversations, they shared methods for overcoming departmental resistance and getting city staff onboard, including developing personal relationships with staff and alleviating fear through communication.

Atlanta overcame resistance from city departments by developing relationships with department staff. The Focus on Results team cultivated trust and buy-in by helping departments with data analysis projects (projects unrelated to performance management) to demonstrate the value of the office. Team members said that they really turned a corner with getting buy-in after about six months, when they were able to show a measurable improvement in service delivery performance.

Washington, D.C., developed relationships with city departments by creating the Performance Management Council. The council is made up of at least one employee from each participating city agency who serves as a liaison between their department and the performance management team. Through the council's partnership, the performance management team is able to educate city departments on the benefits of using data to drive decisions and daily operations.

Denver's Peak Academy relies on the Lean methodology of identifying and eliminating waste for processes. Initially, city staff were concerned that "lean" referred

to their jobs — that the city was going to cut positions. The Denver team reassured staff that while jobs might change through the process of innovating, no jobs would be lost as a result of their efforts at innovation, and the team has been able to keep that promise. Denver was also able to overcome individual fear of change by creating a module within the Peak Academy called “I Want to Innovate BUT.” The module was a 1.5-hour closed-door session in which city staff had the opportunity to voice their concerns and the Peak Academy trainers offered tools for removing barriers to innovation.

Kansas City’s Office of Performance Management holds weekly meetings with the city manager to discuss data. Through these regular meetings, which rotate through departments, the departments have come to realize that the KCSStat program is not just a short-lived fad but that data collection and analysis are now a part of the city culture. Over time, the departments have become engaged and proactive in the process.

Staff Skills

We asked the 10 cities to identify the types of skills and qualities that they look for in performance management staff. What we heard is that hard technical skills, such as the ability to crunch large amounts of data, are just as important as the so-called soft skills of communicating and building relationships with other city departments. The four key skills that performance management

staff should possess are quantitative data analysis and statistics, communication and data visualization, a general understanding of city operations throughout all departments and an interest in improving operational efficiency.

The performance management staff in Kansas City said, “The data analysis wasn’t worth anything if we couldn’t communicate out what it said effectively. We really honed our visualization skills, both in terms of charts but also just how to structure [the data] into a good PowerPoint presentation.” Many of the performance management staff we interviewed also noted the value of understanding general city operations. For these reasons, rather than bringing on entirely new employees, several cities have hired from within to capitalize on the institutional knowledge of their staff.

Above all, performance management staff must be interested in problem solving and improving government operations. For the Las Vegas performance management staff, “One of the biggest qualities... is general curiosity. You’ve got to want to learn about all the departments and their operations and what data is going to help them make better management decisions.”

PERFORMANCE MANAGEMENT: THE BASICS

A performance management system is only as strong as the data it is based upon. Our analysis of the 10 local government performance management systems uncovered key lessons from the cities on data sources and data quality. Additionally, because performance management systems go beyond just simply measuring the performance of a city program to actually driving improvements in the program's performance, our analysis offers insights on other imperative aspects of the performance management process: performance targets, performance metrics, data analysis and data-driven decision-making about city service delivery.

Data Sources and Data Quality

Performance management systems collect and analyze data from a variety of sources, including city departments, their employees and residents.

City employees themselves, given their unique vantage point as the actual providers of city services, can offer information about how processes for service delivery can

be improved. In fact, the Peak Academy in Denver and the Structural Innovation Academy in Fort Lauderdale are programs that train city employees on how to identify and fix inefficiencies in service delivery.

Cities are also collecting information directly from residents. One key approach to gathering data from residents is through community surveys, such as those administered in Fort Lauderdale, Kansas City and Dallas. These surveys are administered annually to gauge the communities' concerns, priorities and satisfaction levels with city services. Another method for collecting data from residents is through 311 call centers. Residents call their 311 centers to make public service requests that get transferred to the appropriate city department. These requests, and the amount of time it takes to complete them, are logged into a database that is accessible to the performance management team.

Lastly, data points from city departments are the bulk of what performance management programs review and analyze. This departmental data captures the

**Data
Collection**



Analysis



**Data-Driven
Decisions**



**Improved
Service
Delivery**

day-to-day functions of city programs and offices. As discussed in the next section, departments don't hand over all of their data, but only what is related to the specific performance targets the city is striving to meet. For example, a public works department could provide information about pothole requests and removals; a parks department might share information about the number of residents that visit a municipal pool or ice skating rink; and a housing department may track the number of requests for senior housing that are addressed within a certain time period.

However, the process by which departments collect and transfer data is not always perfect. Some of the cities we interviewed identified potential problems with the quality of the data they collect from city departments. Boston, Los Angeles and Kansas City mentioned that a pen-and-paperwork order system is still in place in some departments, which can cause data quality issues if orders get lost. To address this problem, some of those cities hope to transfer more of their departmental processes to smart phones and tablets to eliminate the "human error" aspect of data collection.

Another data quality issue is the need for more granular-level data from city departments. For example, in one city, the departments provide the performance management team with high-level information about monthly trash pickup citywide. While that information is useful, the performance management office is striving to obtain more detailed data on daily trash pickup broken down by neighborhood in order to conduct a more robust analysis of waste-removal services in the city. Getting access to a more specific level of information will allow the performance management team to see if more trash trucks need to be dispatched to certain neighborhoods where the on-time pickup rate is lagging.

Setting Performance Targets

A performance target is the level of performance that the city is aiming to achieve. We observed that the 10 cities use two methods for identifying performance targets. The first approach is to set specific service delivery performance targets (e.g., improve on-time track pickup by 25 percent) during a systematic strategic planning

or budgeting process. The other approach is not tied to a structured process; rather, when a problem area in service delivery is identified through either employee or resident feedback (e.g., a backlog in building permits), the city sets a general goal to increase performance through a process improvement intervention. Both approaches for setting performance targets are effective, and many cities use a combination to give them the flexibility to work on performance issues as they arise.

Among the cities we surveyed, the more common approach is for cities to set specific service delivery performance targets. In Kansas City, Dallas and Boston, each department establishes performance targets during the budget process. Similarly, in Las Vegas, each department has developed a business plan that maps out service delivery goals. The performance management programs in these cities track the progress toward these performance targets throughout the year.

Fort Lauderdale takes a community-centric approach to setting performance targets. The city staff created Fast Forward Fort Lauderdale, a community-developed long-term vision plan, and also Press Play Fort Lauderdale, a five-year strategic plan for achieving this vision. Annual priorities are established through community survey results and the city council's prioritization of strategic initiatives.

Meanwhile, several of the cities we surveyed also set performance targets separately from strategic planning and budget processes. For example, St. Paul established a process in which city employees can request assistance from the Innovation Team in solving chronic service delivery problems. City departments submit a problem statement and a goal for improvement, and the Innovation Team structures a data collection and analysis plan to address that specific issue.

Identifying Performance Metrics

Performance metrics are the specific data points, or "indicators," that a performance management program collects and analyzes. The cities we surveyed offered insight and advice into how to select the appropriate metrics to measure service delivery performance accurately.

First, many of the cities suggested collaborating with city departments as a first step in identifying which performance metrics to use. Sitting down with department heads to understand their day-to-day operations and goals is a critical part of this process. The practice of selecting metrics is often iterative, with performance management staff meeting annually with department heads to make sure that those metrics accurately capture the department's work. The methods that performance management teams use to collaborate with city department staff range from one-on-one informal conversations to formal meetings that are part of the city's budget process.

Second, the cities provided guidance on choosing the appropriate metrics or data points to track in order to effectively measure the performance of city services. A key distinction they made is that metrics should measure outcomes as well as outputs. The difference is that an "output" simply measures actions taken or completed, while an "outcome" measures the long-term impact of an action. An example of an output is the "number of repairs made to city vehicles" while a related outcome is the "percentage of functioning city vehicles in the fleet."

To help illustrate the difference between outputs and outcomes, and to demonstrate what is considered a "good metric," we've compiled the advice below from the city performance management staff.

- **Atlanta:** A good metric is something that is an accurate proxy for performance. The best metrics measure the most important inputs, activities and outcomes that define performance – for example, "percentage of 911 calls answered within 10 seconds." This measures a key outcome in the 911 center, is a good proxy for overall efficiency and indicates a critical part of the 911 call center's success.
- **Boston:** The ideal metrics are operational metrics that don't just count things but actually enable a city or department to gauge whether it is reaching its goal. If the goal is to keep city streets in good condition, just measuring the "number of sidewalk repairs" doesn't indicate

whether that goal is being achieved. Instead, a performance management team has to look at such things as "percentage of sidewalks rated safe," according to customer service ratings, or "percentage change in number of sidewalk repair requests."

- **Dallas:** An example of a bad metric is "number of videos produced to market the city on social media." The measure is not specific, and the goal of the videos is unclear. A better metric would be "percentage increase in viewership of marketing videos posted to the website and social media." This measure is more specific and provides insight into the outcome.
- **Kansas City:** A good metric can be measured without excessive effort, is relevant to city managers and staff, and is focused on the bigger picture. The best metrics are outcome-oriented – for example, a street condition index or a citizen satisfaction rating for a particular service area. Bad metrics are arbitrary, do not produce anything meaningful and sometimes require more effort to collect data than yield value from the information – for instance, meetings held or phone calls received.
- **Las Vegas:** A good metric provides information that management can use to make decisions, such as whether to change existing internal procedures or the direction of focus, or whether to invest in new or improved technology. An example of a good metric is "number of recreation programs at minimum registration capacity." Minimum registration capacity might be set at the number of people needed in a class to fully pay for the cost of the class. If a parks and recreation department offers classes that don't meet this cost-recovery level, the people who run the centers have to make a decision: Do a better job promoting or marketing the class, or cancel the class altogether and offer something that will be more popular.
- **St. Paul:** A good metric should measure something meaningful and make progress

from an intervention (process improvement, technology enhancement, etc.) apparent. For example, in a project currently under way to implement live-in-the-field data for building inspectors, a metric being used is the “number of inspections per inspector per day.” On the basis of calculations made before and after the intervention, this metric will clearly show how the intervention moved the needle. An example of a bad metric, as it relates to this issue, is the amount of building permit revenue collected each year. This metric has sometimes been used to justify the need for more inspectors, but it has nothing to do with measuring the efficiency and effectiveness of an inspector or the inspection process.

Types of Data Analysis

After the performance data is collected, cities can analyze them using several common types of data analyses. The data analysis process paves the way for city leaders to use the information to reprioritize spending, improve processes, and make data-driven budgeting decisions. Although certainly not an exhaustive list, common types of data analysis are time series analysis, comparative analysis and frequency analysis.

A *time-series analysis* looks at how well service delivery programs are performing on selected performance metrics at regular intervals in time, usually monthly or quarterly. The consistent collection and review of this data lets city leaders know whether departments are performing above or below their performance targets. Atlanta, for example, uses time-series analysis to focus on year-over-year performance and percentage changes in service levels. Tracking fluctuations in city service delivery can help pinpoint underperforming areas that either need an intervention – for example, increased staffing or funding – or should be eliminated.

A *comparative analysis*, on the other hand, helps uncover how city service delivery might vary across geographic regions or demographic groups. Comparing the performance data across different neighborhoods in a city, for example, might reveal that city services are lacking in specific communities. Comparative analysis

is particularly useful for data from community surveys because it can reveal whether certain segments of the population are less satisfied with particular city services or whether service delivery in a specific neighborhood could be improved. Dallas’ performance management office conducts a comparative analysis of its citizen survey data to identify specific neighborhoods where services are lagging and extra resources might be needed.

Service delivery performance can also be examined through a frequency analysis. A frequency analysis examines how long, on average, it takes to complete a specific service request. The Kansas City performance management team ran a *frequency analysis* on the number of days it took to complete initial code enforcement inspections and found that it sometimes took up to 150 days. The frequency analysis helped identify these outliers and prompted the city to change its operational tactics to prevent such delays in the future. By identifying and tracking the time frame for completing initial inspections for code enforcement, the city significantly reduced outliers without adding additional resources, moving from completing 90 percent of inspections in 120 days to completing 90 percent of inspections in 10 days.

Data-Driven Decisions on Priority-Setting, Process Improvements and Budgeting Decisions

The goal of performance management programs in local government is to help city leaders maximize their city service delivery budgets, reduce inefficiencies in local government and improve the overall quality of city service delivery. The final and most important step of the performance management process is using performance data to drive decision-making related to funding and managing city service delivery.

Our analysis found that there are three types of decisions driven by the performance management programs: setting priorities, making process improvements and budgeting.

Both Dallas and Fort Lauderdale used community surveys to prioritize funding for specific city service areas. In Dallas, survey responses indicated that

residents' number one priority was street maintenance and infrastructure. This prompted the city to develop a 10-year commitment to improve the city's road conditions. Similarly in Fort Lauderdale, a recent survey highlighted citizens' low levels of satisfaction regarding the availability of bike paths and amenities (34 percent) and feelings of safety for walking (43 percent) and biking (30 percent) in the city. As a result, the city council prioritized a number of improvement projects, including a Connecting the Blocks Plan, a Downtown Walkability Plan and a Sidewalk Program. The city routinely collects and examines performance data in this area, from pedestrian injuries to public transit usage to bike rental ridership.

The analysis of performance data can shed light on challenges in government operations and create opportunities to intervene with process improvements. City staff in Los Angeles monitored information from the city's 311 call center (e.g., call volumes, call wait times and staff schedules) and determined how to maximize staff resources to dramatically improve the center's performance. As a result, the average 311 call center wait time dropped from about six minutes to under one minute.

Denver's Peak Performance program aims to achieve greater efficiency across all city programs and saves \$10

million annually by empowering city staff to create process improvements. The city's emergency response team led a process improvement to save \$145,000 last year by reducing the number of times police officers responded to false burglary alarms. In Las Vegas, the city monitored transit data and discovered the 50 city intersections with the highest number of automobile accidents. The city intervened by re-engineering these intersections, and the total number of accidents decreased by 23 percent.

Performance management also informs the budgeting process. The analysis of performance data can help cities project future funding needs for city programs and departments. The Boston About Results team works side-by-side with budget analysts and departments every spring to plan for the next fiscal year. The performance data collected from prior years can be used to show changes in demand and departmental capacity, along with maintenance of service-level agreements, all of which factor into decisions on funding requests. For example, a funding request for more public works staff is more likely to be approved if there is data showing an increase in the number of pothole repair requests and an associated decrease in the number of requests responded to in a timely manner.

THE FUTURE OF PERFORMANCE MANAGEMENT: PREDICTIVE ANALYTICS

As the field of performance management continues to develop, along with technological advances in city data infrastructures, there will be new opportunities to improve service delivery. An area of performance management that some cities are beginning to explore is predictive analytics. This emerging area of data analysis helps forecast potential service delivery needs and empowers city leaders to intervene proactively.

The process used by the city of Boston to address problem properties sheds light on the power of predictive analytics. Several years ago city leaders noticed a growing problem with properties that were blighted, targets for criminal activity and often owned by absentee landlords. The city formed a Problem Properties Task Force to examine this issue with the help of the Boston About Results team.

In partnership with the Mayor's Office, the Boston Police Department, the Boston Housing Authority and the Department of Neighborhood Development

the performance management team began to quantify the problem by tracking – in real time – the number of crimes reported, police incidents, code enforcement violations and citizen service request calls associated with these problem properties. Once the city determined which indicators are associated with properties that are susceptible to crime, the task force began to work with the Boston About Results team to pinpoint potential problem areas and intervene before issues escalated to a point where they were costly and time-consuming to fix.

In the past two years, the task force saw a 70 percent reduction in 911 calls to designated problem properties. The city also passed the Problem Properties Ordinances, which codifies a “problem property” as one that receives four complaints within a 12-month period. The legislation empowers the city to take legal action against problem-property owners with fines and other corrective action.

CONCLUSION AND RECOMMENDATIONS

Performance management systems in cities clearly take on many forms – from centralized to decentralized to hybrid offices; from structured processes for setting performance targets to individual problem-focused processes; from data gathered from handwritten inspectors’ notes to responses to community surveys to 311 call center logs. These variations underscore the organic evolution of performance management in cities across the country, the problem-solving culture innate in many local governments and the need to better understand the experiences of early leaders of performance management.

Despite their differences, the cities in this report consistently note the imperative of city leadership in ensuring the long-term sustainability of performance management and service delivery improvements. Often, performance management has difficulty gaining traction among city staff because it can be viewed as a punitive review exercise instead of an exercise focused on holistic improvement. Support from the mayor, city manager and city council can help launch performance management programs, change the culture of performance management and maintain the momentum and commitment to the process. In several cities, programs were initiated after a new mayor or city manager came into office and spearheaded the process.

Several recommendations for mayors, managers and city councils to champion performance management emerged from the cities in the study, including the following:

- **Connect performance management to community vision:** In Fort Lauderdale, the commission uses performance management data and information from community surveys to prioritize community projects.
 - **Commit political and financial capital:** The mayor of St. Paul discussed performance management in a budget speech to highlight it as a priority for his administration and one to which he is committing resources.
 - **Make the budget process transparent:** In Washington, city departments develop their own performance management metrics to support the broader city vision. Annually, the city council meets with each department to review measures and objectives, each tied to specific budget codes, to assess performance and prioritize budget requests.
- With leadership, the right team and structure, and a commitment to data-driven decision-making, performance management can become the new way of doing business in cities across the country.
- **Lead by example:** In Kansas City, the mayor and council used an ordinance to establish measurable council priorities, which were tied to indicators and metrics.

METHODOLOGY

NLC examined the performance management systems in 10 cities that represent a cross-section of regions and population sizes with demonstrated success in creating operational efficiencies, improving resident satisfaction with service delivery or identifying cost savings through performance management. Using a case study approach, NLC administered a survey and conducted semi-structured phone interviews with staff from the performance management offices in each city. The survey and interview questions were designed to extract information about the key characteristics and functionalities of each performance management program that can be adapted to other cities.

APPENDIX A – SURVEY QUESTIONS

QUESTION 1: City Name? (Open ended)

QUESTION 2: Does your city evaluate the performance of city services? (Yes/No)

QUESTION 3: What is the name of the department that is responsible for evaluating city services? (Open ended)

QUESTION 4: What is the goal or mission of this department? (Open ended)

QUESTION 5: When was the performance management department created? (Open ended)

QUESTION 6: How much did it cost to launch the department (including staff hires, new equipment, etc.)? (Open ended)

QUESTION 7: Has the department received private or public grant funding? (Yes/No)

QUESTION 8: What is the annual operating budget for the department? (Open ended)

QUESTION 9: What method(s) does your city use to collect data about city services? (Check all that apply: Staff in the Field; Sensors (ex: GPS on taxis); Web applications; Social media)

QUESTION 10: What software program(s) or data system(s) does your city use to store data on city service performance? (Open ended)

QUESTION 11: What software program(s) or data system(s) does your city use to conduct data analytics? (Open ended)

QUESTION 12: Are there local policies in your city that impact the evaluation of city services (e.g., data collection policies or evaluation frameworks)? (Open ended)

QUESTION 13: Does your city share data in an open data portal? (Yes/No)

QUESTION 14: Please briefly describe one example of how your city reduced spending and/or improved service delivery performance by analyzing data about city services. (Open ended)

QUESTION 15: In the example you provided above, what indicators/metrics were tracked and why? (Open ended)

QUESTION 16: Does your city have a case study on performance management or data analytics that you can share? (Yes/No)

QUESTION 17: Has your city observed any of the following benefits from the performance management and/or data analytics program? (Check all that apply: Increase in accountability; Increase in transparency; Improved customer service; Increase in citizen engagement; More cost efficient city services; Improved service delivery performance; Other-please specify)

QUESTION 18: Thank you for completing this survey! May we use your answers to help create a profile on your city's achievements in evaluating city services that may be used in an upcoming NLC publication? (Yes/No)

APPENDIX B – INTERVIEW QUESTIONS

QUESTION 1: What was the motivation for creating the office? Was there a particular event, problem, or opportunity that was a catalyst?

QUESTION 2: Were there any challenges in getting the office established? (e.g., accessing data from departments, getting buy in)? If yes, how did we address these challenges?

QUESTION 3: [If answered “yes” on survey] What external grant money has the department received?

QUESTION 4: How many staff currently work in the office? What skill sets do you look for in staff (data analysis, program management, etc.)?

QUESTION 5: You mentioned that your department collects data from [staff in field, sensors, web apps, social media] – can you provide a brief overview of these processes?

QUESTION 6: [If answered “yes” on survey] What are the local policies in your city that impact the evaluation of city services?

QUESTION 7: What type of analysis do you do on the data (e.g. predictive analytics, benchmarking against a strategic framework, etc.)?

QUESTION 8: How is the information that you gather shared with public officials? What do officials do with the information? Is there any form of accountability?

QUESTION 9: You mentioned that your city has seen an increase in [accountability, transparency, customer service, citizen engagement, cost-efficiency, service delivery performance] – can you walk us through one or two examples in more detail?

QUESTION 10: How do you measure the benefits/success of the department?

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1301 Pennsylvania Avenue, NW
Suite 550
Washington, D.C. 20004
202.626.3000 | www.nlc.org

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