
An Introduction

Anchorage: Performance. Value. Results.

**Accountability to Citizens
for
Results that Matter**



Dan Sullivan, Mayor
Municipality of Anchorage
February 2010

MUNICIPALITY OF ANCHORAGE



Office of the Mayor

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Mayor Dan Sullivan

February 23, 2010

Dear Anchorage Residents,

Each day I think about how great Anchorage is as a place for families to raise children and for the opportunities we each have to achieve our hopes and dreams. I also think about the hard work it takes by Municipal employees to make our community a place in which this can happen.

But the fiscal realities in which we developed the Municipality's 2010 budget will continue into 2011. Tough choices will continue to be required in order to achieve a stable level of spending that the Municipality can annually afford.

Compounding this challenge will be the expectation that the Municipality will deliver quality service at the best price. It will be important for each program to clearly communicate to citizens the level of service they can expect and the results being achieved.

Over the next few months each municipal department and division will develop a strategic framework that will serve as the tool to communicate the purpose and value of the work we do on their behalf.

In advance of the opportunity to review the completed frameworks, I want to recognize for the good work that municipal employees do every day on behalf of Anchorage. We will do our best to be accountable to you for delivering results that matter with your tax dollars.

Sincerely,

A handwritten signature in cursive script that reads "Dan A. Sullivan". The signature is written in black ink and is positioned above the printed name.

Dan A. Sullivan
Mayor

“Anchorage: Performance. Value. Results.”

Accountability to Citizens
for
Results that Matter

Public sector management involves a unique set of challenges, especially when the one constant is change. Increasing demands for services, shrinking resources, and greater expectations for service all combine to form a dynamic environment.

The “*Anchorage: Performance. Value. Results.*” (PVR) initiative is a framework designed to communicate to citizens the services currently being delivered and the results being achieved. The anticipated results from this include:

Communicate “bang for the buck.”

Municipal programs will report to taxpayers how well services are being delivered—and at what cost.

What gets managed gets measured.

Managers will have a more disciplined approach to set priorities and track progress in achieving them.

Resources associated with levels of service.

Results will get integrated into the budget process and associate allocation of resources with expected levels of service.

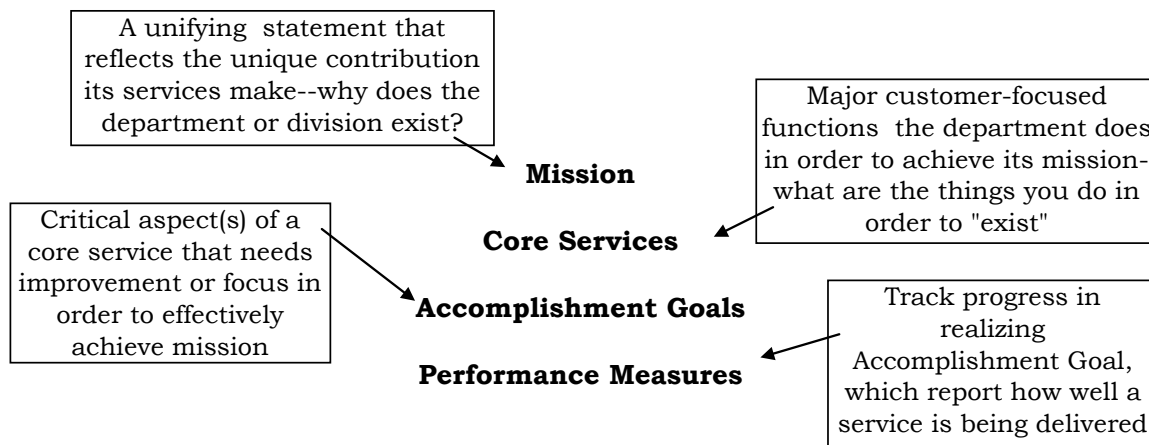
Development of strategic frameworks that align department and program purposes with key services and measures by which citizens can evaluate program results is phase one of Anchorage’s accountability initiative.

About the Strategic Framework

Each department and division will create a strategic framework that will succinctly communicate to citizens and decisions makers information about what a department does, how it does it, and how well it is doing it (i.e. results).

Alignment

Each framework will have four primary elements—mission, core services, key accomplishment goals, and performance measures. Within the framework there is alignment in that each element has a relationship to the other:



Framework Elements

Mission

This is a concise statement of why a department exists, how it uniquely contributes to the whole, and unifies the department's core services. For

Example: Department Mission Statement
The mission of the Street Maintenance Department is to improve the rideability, useful life, and safety of Municipal streets.

divisions, a "purpose" statement will take the place of a mission statement.

A mission statement should *not* be a list of everything a department or division does, include statements of value (quality, excellence), and contain vague or unclear language.

Department Core Services/Division Direct Services

Each department offers services to internal and/or external customers. For the framework, a "core service" is provided at the department level; direct services are provided at a division level. The description of such a service should be easily understandable to both insiders and outsiders of government.

Department Core Service: Describes a department’s customer-oriented major function(s) that aligns with the department’s mission (i.e. what the department does in order to achieve its mission). This is not a list of everything the department does.

<p><u>Example: Core / Direct Service</u> Department Core Service: Hazardous street surface condition mitigation Division Direct Service: Pothole repair in Anchorage Bowl area</p>
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Division Direct Service: Describes specific service(s) delivered at the division level directly to the customer. A direct service is the division’s “contribution” toward the department’s Core Service.

Accomplishment Goals

This identifies functions that are critical to improving and/or maintaining that service. There should be an accomplishment goal identified for each core or direct service.

Performance Measures

Performance measures track and communicate how well a department or division is doing in providing core/direct services.

<p><u>Example: Service / Accomplishment Goal</u> Department Core Service: Mitigate hazardous street surface conditions < Accomplishment Goal: Pavement Condition as measured by Pavement Condition Index (PCI) standards Division Direct Service: Pothole repair in Anchorage Bowl < Accomplishment Goal: Responsiveness in repair of potholes reported</p>

Why Measure Performance?

Performance measures are an important element in the framework. It is important that measures be meaningful to both program managers as well as citizens for the following are reasons:

Measuring performance gives citizens a report on the “ROI” of their tax dollars.

Performance measures are a powerful tool that provide meaningful information to citizens regarding the “bang for the buck” being delivered with their tax dollars.

Measuring performance is good management.

Establishing performance measures provides accountability for results at each level of the Municipality. It also enables a manager to evaluate if improvements are being made in terms of effectiveness and efficiency (cost-effectiveness).

Provides feedback on how well things are working.

Most employees want to do a good job. Appropriate performance measures help managers and employees focus

on what is important as identified in the framework and provide feedback on if efforts are achieving intended goals.

Measuring performance assists budget development and review.

Traditional budgeting focuses on inputs—how much more or less money a program will spend—and not on outcomes, or the results being achieved with the dollars spent. PVR is a paradigm shift. Performance measures will provide insight into the results being delivered at the current level of investment and the cost to produce these results. Both pieces of information can assist in deciding to increase investment to improve results, the expected impact if fewer resources are available, and help determine if the cost outweighs the benefit.

Criteria for Selecting Performance Measures

The goal is to have measures that can be consistently used to analyze—and improve—service. Therefore it is important that measures be meaningful, useful, and sustainable:

Is the performance measure meaningful?

- Does the measure describe information in a way that can be understood by both internal and external stakeholders?
- Does it convey how efficiently or effectively services are performed?
- Is the measure based on goals related to the organization’s mission or purpose?
- Does it focus on a controllable facet of performance?

Is the performance measure useful?

- Does the measure describe information in a way that facilitates decision-making about managing the service?
- Is it based on reliable data? Will it accurately assess performance? Comparable to other periods or targets?

Is the measure sustainable?

- Is the data for this measure difficult to collect?
- Does the value of this data meet or exceed the efforts to collect the data?

Measuring Outcomes—Not Outputs

Performance measures can focus on inputs, outputs, efficiency, outcomes or results, and quality. Too often governments focus on outputs—how much of something they do such as workload measures or the quantity of the delivered services to the user. Such output measures do not evaluate if the activity is effective in addressing a problem or achieving a quality level of service. For example, the following are examples of output and results-focused measures:

Outputs	Results-Focused (Outcomes)
1. Number of staff counseling hours	1. Percent of clients whose situation improved
2. Lane miles of road repaired	2. Percent of lane miles in good condition
3. Number of job training sessions held	3. Number of trainees placed in a job
4. Number of crimes investigated	4. Conviction rates for serious crimes
5. Number of calls answered	5. Number of calls that led to adequate response

PVR Measures: Effectiveness and Efficiency

For PVR we will develop effectiveness and efficiency measures (preferably one of each) that align with each accomplishment goal. Data for each measure also may be accompanied by explanatory information that gives context to the data.

Effectiveness Measures

These measures focus on results (outcomes) and communicate how successful a department or division is in achieving intended results.

Efficiency Measures

These measures communicate a service or program's cost-effectiveness by relating inputs (usually dollars spent) to outputs (units of product or service delivered) to establish the cost per unit of output or outcome.

<u>Example: Service / Accomplishment Goals</u> <u>Measures</u>
<p><u>Core Service:</u> Mitigate hazardous street surface conditions < Key Area of Focus: Pavement Condition as measured by Pavement Condition Index (PCI) standards Effectiveness Measure: % lane miles with a PCI of 80% or higher Efficiency Measure: Cost/lane mile serviced</p>
<p><u>Direct Service:</u> Pothole repair in Anchorage Bowl < Key Area of Focus: Responsiveness in repair of potholes reported Effectiveness Measure: Potholes repaired within 24 hours of being reported Efficiency Measure: Amount spent to fill potholes</p>

Explanatory and Comparison Information

In addition to the measurement data, it may be appropriate to provide additional information that gives context to the information, such as:

- *Explanatory information*, which provides supplemental information about a performance measure or its data. This type of information can vary and often includes physical and climatic characteristics that impact performance over which the department did not have control.
- *Comparison information* should be included as often as available and applicable. At a minimum this should include performance data for a prior period. In addition, it is helpful to include data for the same service provided by a similar local government, or standards that have been set by a national or other organization regarding (i.e. "national average").

Performance Measure Methodology Sheet

Performance measures are of key importance to the strategic framework. As a result, it is important that details regarding each performance measure be documented to ensure accurate data and quality information is collected and used. This methodology sheet will include:

Department/Division

- List the department and division the performance measure supports.

Measure Title

- For consistency purposes, use the same performance measure title listed under the “Performance Measures” section of the Strategic Framework.

Type

- What aspect is being measured—efficiency or effectiveness?

Accomplishment Goal Supported

- List the specific result that is supported by this measure.

Definition

- Briefly define the performance measure by describing what is being measured and for what purpose.

Data Collection Method

- Explain specifically how the measurement process will be carried out, what methodologies or formulas will be used, and why those methodologies were chosen.

Frequency

- How often will the measurement take place—what are the intervals?

Measured By

- Who will conduct the measurement and compile the data? How will the data be stored (spreadsheets, Word documents, on paper forms, etc.)?

Reporting

- Who will create the performance measure reports? How often? Will the information be reported via graphical displays or only in a text/numerical format?

Used By

- Who will use the performance measurement information?

2010 Implementation / Timeline

PVR is taking an incremental approach in building and using the frameworks to improve service and accountability to citizens.

For calendar year 2010, the goal is to have frameworks and measurement data available for the Mayor's Fiscal Year 2011 budget decisions during late summer. To that end, the following is our working schedule for framework development:

February	Rollout with internal and external stakeholders
February- April	Departments develop frameworks; OMB available to assist
Mid-May	Draft frameworks completed
June	Mayor reviews draft frameworks with departments
July	Final frameworks completed
August	Departments use frameworks and measures to explain impact of FY 11 budget proposals
October	Mayor's Proposed FY 11 budget includes frameworks, measures, and data

PVR Phases

Phase one will be *performance reporting*. After the frameworks are completed there will be periodic reviews of the data with the Mayor and departments. Future phases will include *performance budgeting* in which the performance information is the basis for allocating the budget. Phase 3 will be *performance management* in which the data is used as a tool to improve service.

Example Frameworks

The following is an example of a department- and division-level framework and reporting of performance measure data.

Example - Department Level Framework

Department of Street Maintenance

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Mission

To provide services that maintains the rideability, useful life, and safety of Municipal streets and roads

Core Services

- Maintenance and improvement of Municipal streets
- Snow removal from Municipal streets
- Support for community special events

Accomplishment Goals

- Repair and improve surface conditions on all Municipal streets with a Pavement Condition Index (PCI) below 50 on a scale of 1-100 with 100 being the best condition
- Clear hazardous conditions from Municipal streets

Performance Measures

Explanatory Information

The frequent freeze and thaw cycles that occurred during the 2009-2010 winter season have resulted in higher than normal deterioration of Municipal street surfaces. The winter season combined with rising costs of repair materials will present a great challenge of repairing all road damage in a cost efficient manner. We anticipate a cost increase per lane mile repaired.

Performance Measures

Progress in achieving goals shall be measured by:

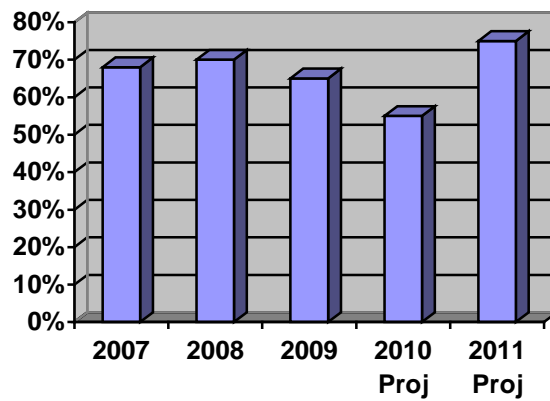
- Percent of Municipal streets with a PCI of 50 or hire (scale of 1-100; 1 = very poor; 100 = excellent)
- Cost per lane-mile serviced within Anchorage Road & Drainage Service Area (ARDSA)

The following measures provide data for years 2007-2009 and projections for 2010 and 2011.

Measure: % of streets and roads with a PCI of 85 or higher

<u>2009 Actuals</u>	<u>2010 Projected</u>	<u>2011 Projected</u>
65%	55%	75%

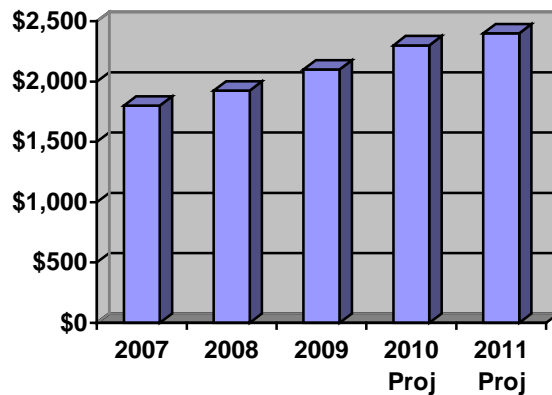
% of Streets with PCI of 85 or Higher



Measure: Cost per lane-mile serviced

<u>2009 Actuals</u>	<u>2010 Projected</u>	<u>2011 Projected</u>
\$2,100	\$2,300	\$2,400

Cost Per Lane-Mile Serviced



Performance Measure Methodology Sheet
Department of Street Maintenance

Measure: % of streets and roads with a PCI of 85 or higher

Type

Effectiveness

Accomplishment Goal Supported

To maintain Municipal streets and roads at a pavement condition index (PCI) of 85 or higher on a scale of 1-100

Definition

This measure reports the percentage of streets and roads that are considered to be in a safe, drivable condition as indicated by a ranking of 85 or higher on a condition index of 1-100 where one is the worst condition possible. (Index was developed by the Army Corps of Engineers)

Data Collection Method

Randomly selected sections of road will be pulled from each district for inspection by a trained observer. The trained observer will perform the inspections under the guidelines established for the Pavement Condition Index system. This methodology will give a fair and relevant representation of the total population of all streets and roads within the Municipality.

Frequency

The measurement will be performed at the beginning of each quarter.

Measured By

Privately contracted trained observer. Data will be stored and compiled in an Excel spreadsheet by the contractor and emailed to the department's administrative officer each by the end of the first week of each quarter.

Reporting

The department's administrative officer will create and maintain a quarterly report in Excel that will display the information both numerically and graphically.

Used By

The department director will use the report to prioritize street repair by district and to gain a sense of how effective collectively the programs have been. Resources will be reallocated to those areas in greatest need of repair. The report will be presented to the Municipal Manager at staff meetings and the public via the Municipal Website.

Performance Measure Methodology Sheet
Department of Street Maintenance

Measure: Cost per lane-mile serviced

Type

Efficiency

Accomplishment Goal Supported

To maintain Municipal streets and roads at a pavement condition index (PCI) of 85 or higher on a scale of 1-100

Definition

This measure reports the cost for each mile of street and road maintained. All surface-related services performed are included in the calculation (i.e. surface repairs, snowplowing, street sweeping, and resurfacing).

Data Collection Method

The calculation is performed by dividing total dollars spent on surface-related services by total miles in the Municipal inventory.

Frequency

The measurement will be performed at the beginning of each quarter.

Measured By

The administrative officer will pull the appropriate cost information from PeopleSoft at the beginning of each month for the previous month and store it in an Excel spreadsheet, along with the current inventory of miles maintained.

Reporting

The administrative officer will create a report in Excel that performs the appropriate calculations and displays the results numerically and graphically.

Used By

The department director will use the report to gain a clearer understanding of how program costs are behaving given the level of activity and whether or not cost cutting initiatives are working. The report will be presented to the Municipal Manager at staff meetings and the public via the Municipal Website.

Example - Division Level Framework
Pothole Repair Division
Department of Street Maintenance
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Purpose

To improve the surface conditions of Municipal streets and roads

Division Direct Services

- Pothole repair in the Anchorage Bowl area
- Municipal street and road condition inspections

Key Accomplishments

- Responsiveness in the repair of potholes reported

Performance Measures

Progress in achieving goals shall be measured by:

- Number of pothole-related property damage complaints
- Cost per pothole repaired

Explanatory Information:

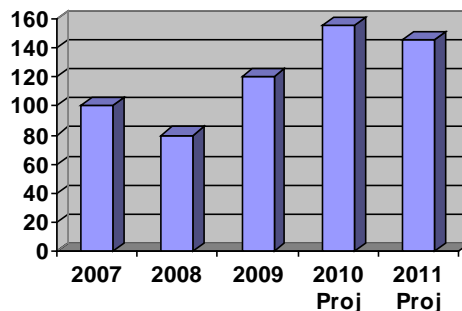
The frequent freeze and thaw cycles and associated drainage problems that occurred during the 2009-2010 winter season have resulted in a record number of potholes on Municipal streets and roads. The personnel overtime coupled with rising costs of repair materials will present a great challenge of repairing all potholes in a cost efficient manner. We anticipate a cost increase per pothole repaired.

The following measures provide actual data for year 2009 and projections for 2010 and 2011.

Measure: Number of pothole-related property damage complaints

<u>2009 Actuals</u>	<u>2010 Projected</u>	<u>2011 Projected</u>
120	155	145

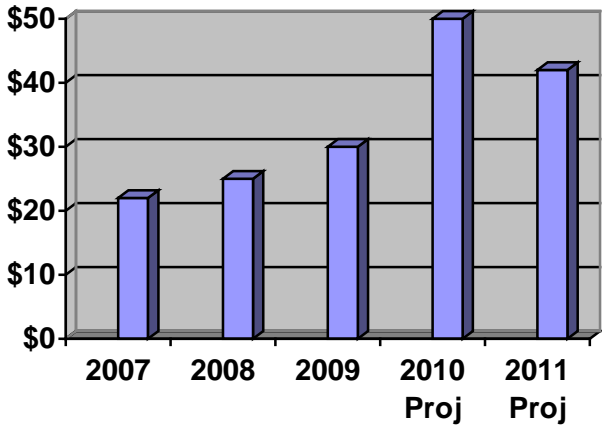
Number of Pothole Damage Complaints



Measure: Cost per pothole repaired

<u>2009 Actuals</u>	<u>2010 Projected</u>	<u>2011 Projected</u>
\$30	\$50	\$42

Cost Per Pothole Repaired



Performance Measure Methodology Sheet
Pothole Repair Division

Measure: Number of pothole-related property damage complaints

Type

Effectiveness

Accomplishment Goal Supported

To reduce physical and property damage caused by the presence of potholes

Definition

Measures the effectiveness of pothole repair programs in reducing property damage and accidents caused by potholes on Municipal streets and roads. Success will be determined by comparing the number of complaints received on a quarterly and annual basis.

Data Collection Method

Complaints received by telephone and in writing will be categorized by cause.

Frequency

Complaints will be totaled monthly and consolidated for quarterly and annual reporting.

Measured By

The Street Maintenance customer service center is the point of reception for all complaints. The categorized data will be stored in an Excel spreadsheet.

Reporting

The division manager will create and maintain a quarterly and annual report in Excel from the data received from customer service. The information will be displayed numerically and graphically.

Used By

The division manager and department director will use the information to gain a clearer understanding of whether or not the pothole repair programs have been successful in achieving the intended results and to take corrective action as necessary. The report will be presented to the Municipal Manager at staff meetings and the public via the Municipal Website.

Performance Measure Methodology Sheet
Pothole Repair Division

Measure: Cost per pothole repaired

Type

Efficiency

Accomplishment Goal Supported

To reduce physical and property damage caused by the presence of potholes

Definition

Measures the efficiency of the pothole repair programs by focusing on fluctuations in the cost per pothole repaired.

Data Collection Method

The calculation is performed by dividing total dollars spent on pothole repair programs by the number of potholes repaired to arrive at an average cost.

Frequency

The measurement will be performed at the beginning of each quarter.

Measured By

The division office associate will pull the appropriate cost information from PeopleSoft at the beginning of each month for the previous month and store the data in an Excel spreadsheet, along with the count of potholes repaired as reported by the repair crews.

Reporting

The division manager will create and maintain a quarterly and annual report in Excel from the data received from the office associate. The information will be displayed numerically and graphically.

Used By

The division manager and department director will use the information to gain a clearer understanding of cost behavior at different levels of activity and determine if cost saving initiatives implemented have been effective. The report will be presented to the Municipal Manager at staff meetings and the public via the Municipal Website.

Resources

Municipality of Anchorage Contact

Cheryl Frasca, Director
Office of Management and Budget
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Organizations

GASB – Service Efforts & Accomplishments (www.seagov.org)
GFOA - National Performance Management Advisory Commission

Local and Governments

There are a number of resources available for reference. The following is a good place to start to learn what other organizations are reporting:

Local

- Savannah, GA “Citizens Report”
(<http://www.savannahga.gov/cityweb/SavannahGaGOV.nsf>)
- City of Charlotte, NC (<http://www.charmeck.org/living/home.htm>)
- San Jose, CA “Service Efforts & Accomplishments”
(<http://www.sanjoseca.gov/auditor/SEA.asp>)
- Prince William County, VA
(<http://www.pwcgov.org/docLibrary/PDF/002458.pdf>)
- Coral Springs, FL
(http://www.coral springs.org/Publications/Budget_FY2010/FY2010AnnualBudgetAdopted.pdf)
- Phoenix, AZ (<http://phoenix.gov/MGRREPT/backgrd.html>)

State

- State of Alaska (<http://www.gov.state.ak.us/omb/results/index.php>)
- Oregon Benchmarks (www.benchmarks.oregon.gov)

If you should come across a good resource, please let OMB know and we’ll share it with others.