

A person in a Star Wars costume, possibly Chewbacca, is visible in the background on the left side of the slide.

# GUARDIANS OF THE FINANCE GALAXY

THE 2019 CSMFO ANNUAL CONFERENCE

## GFOA Best Practices on Budget Monitoring, Performance Measures, and Sustainability

*Shayne Kavanagh and John Gross*

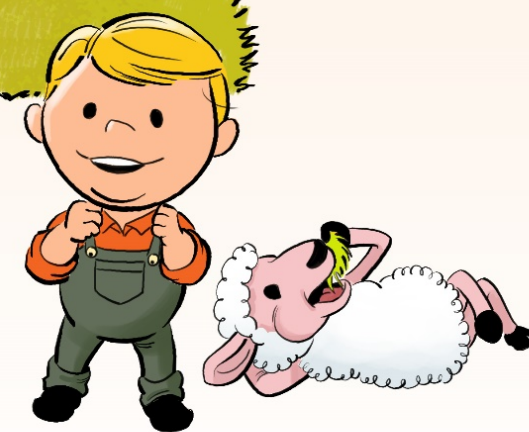
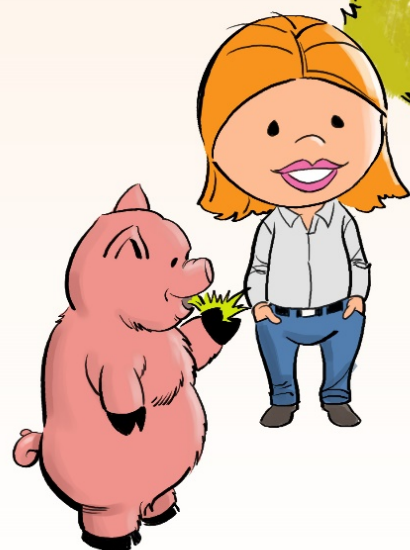
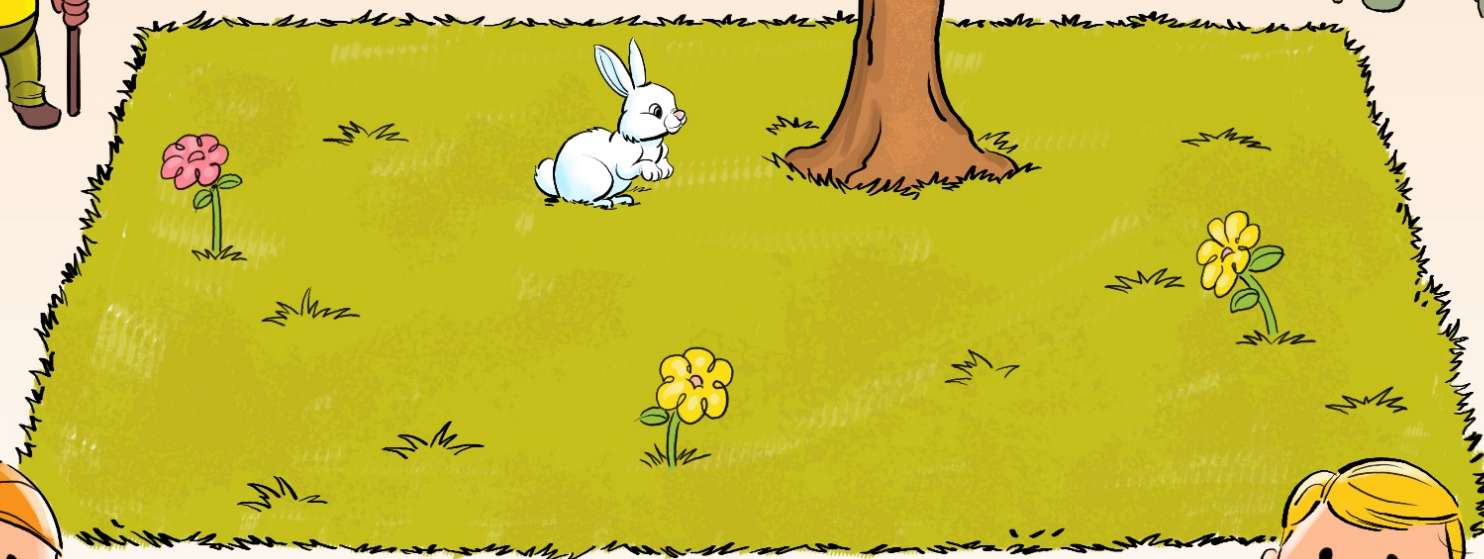
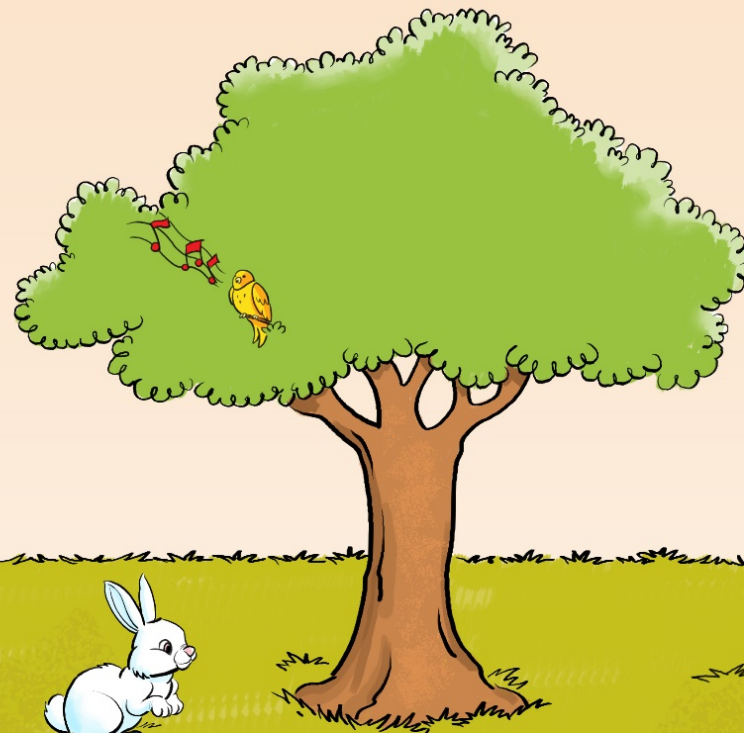


# Monitoring:

Designing Your Organization  
for Financial Sustainability

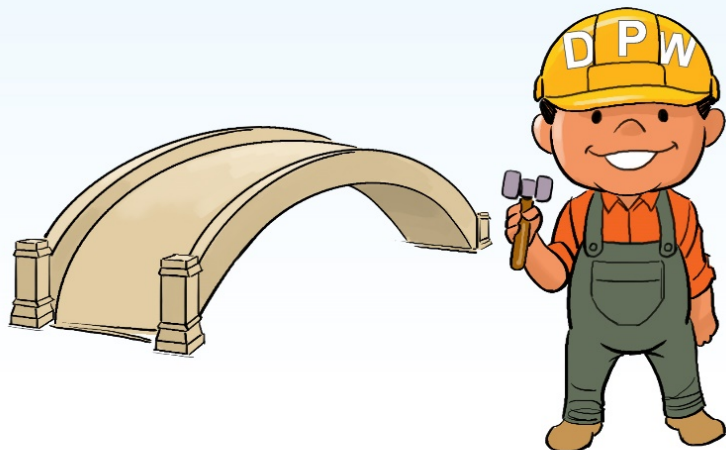
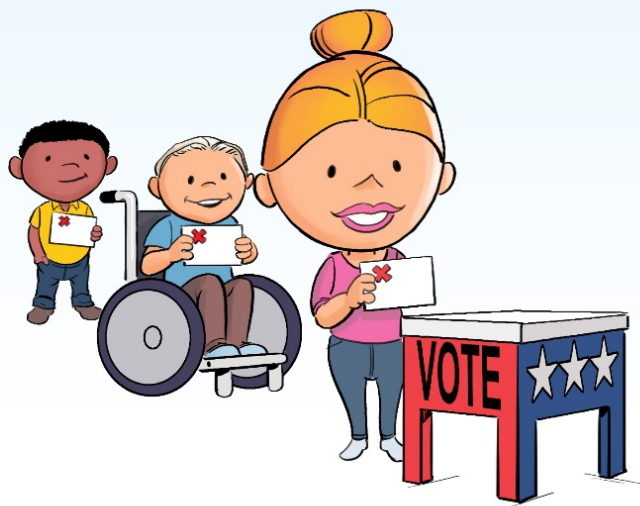




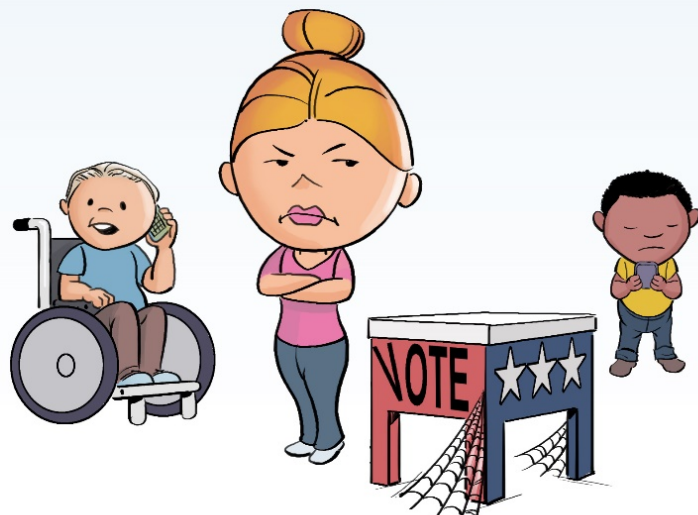




















# Institutional Design Principle #1

## Well-defined boundaries

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- Well-defined boundaries encourage people to take into account the impact of their actions
  - Locally defined boundaries are often more effective
- Two important types of boundaries are
  - Decision-rights
  - Temporal boundaries













# Institutional Design Principle #4: Monitoring

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- Effective monitoring encourages people to play by the rules set to preserve financial sustainability
  
- Two important implications are:
  - Develop a system of internal monitoring
  - Develop shared fiscal fluency



# City of Tempe Case Study







# Big Picture Monitoring

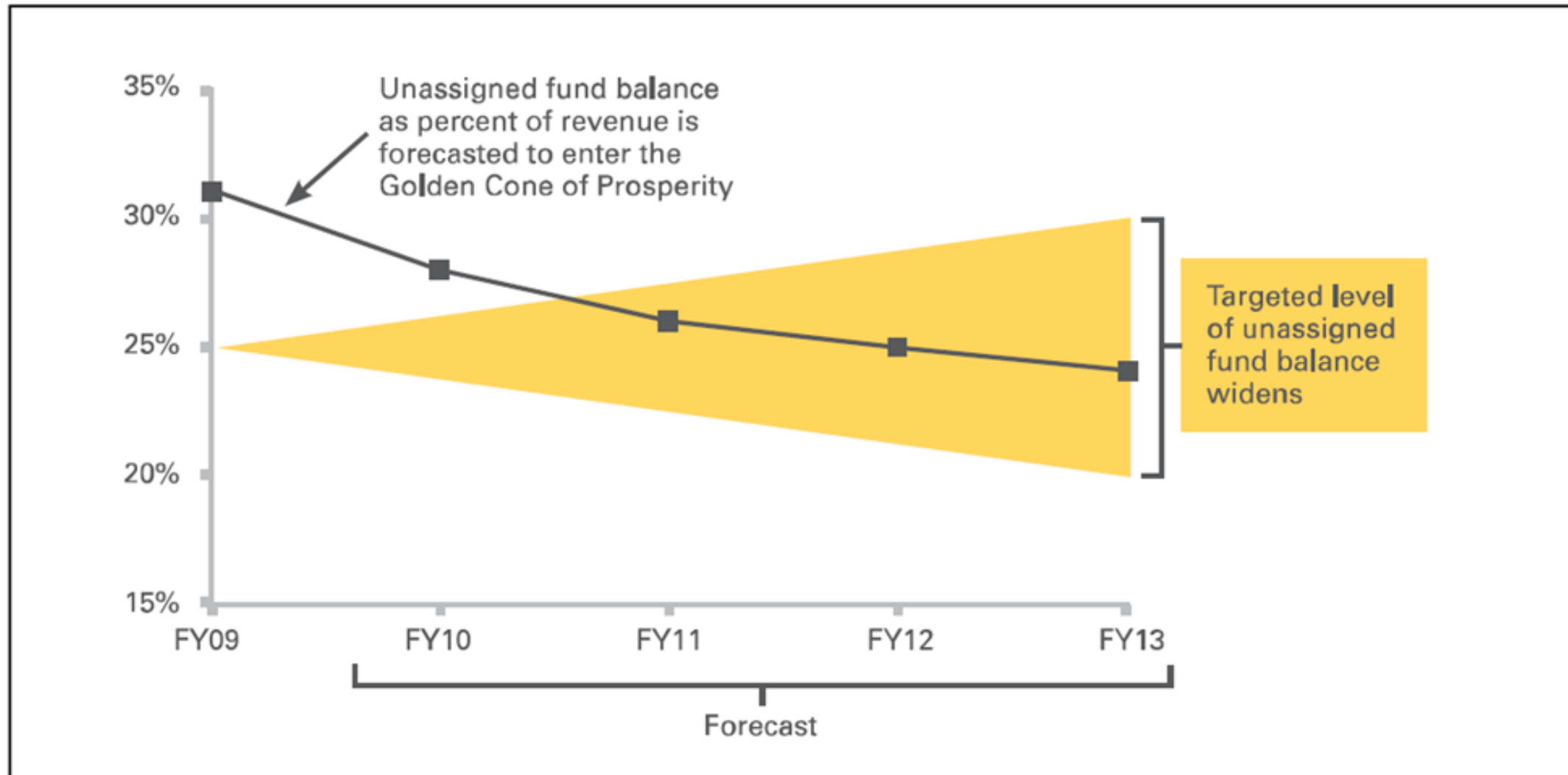


# Reserves and Long-Term Forecasts

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- The starting point: A reserve policy
  - Target is between 20% and 30%
  
- Reserve target is combined with long-term forecasts to monitor the big picture financial position

# The Golden Cone of Prosperity





# The Council's Goals

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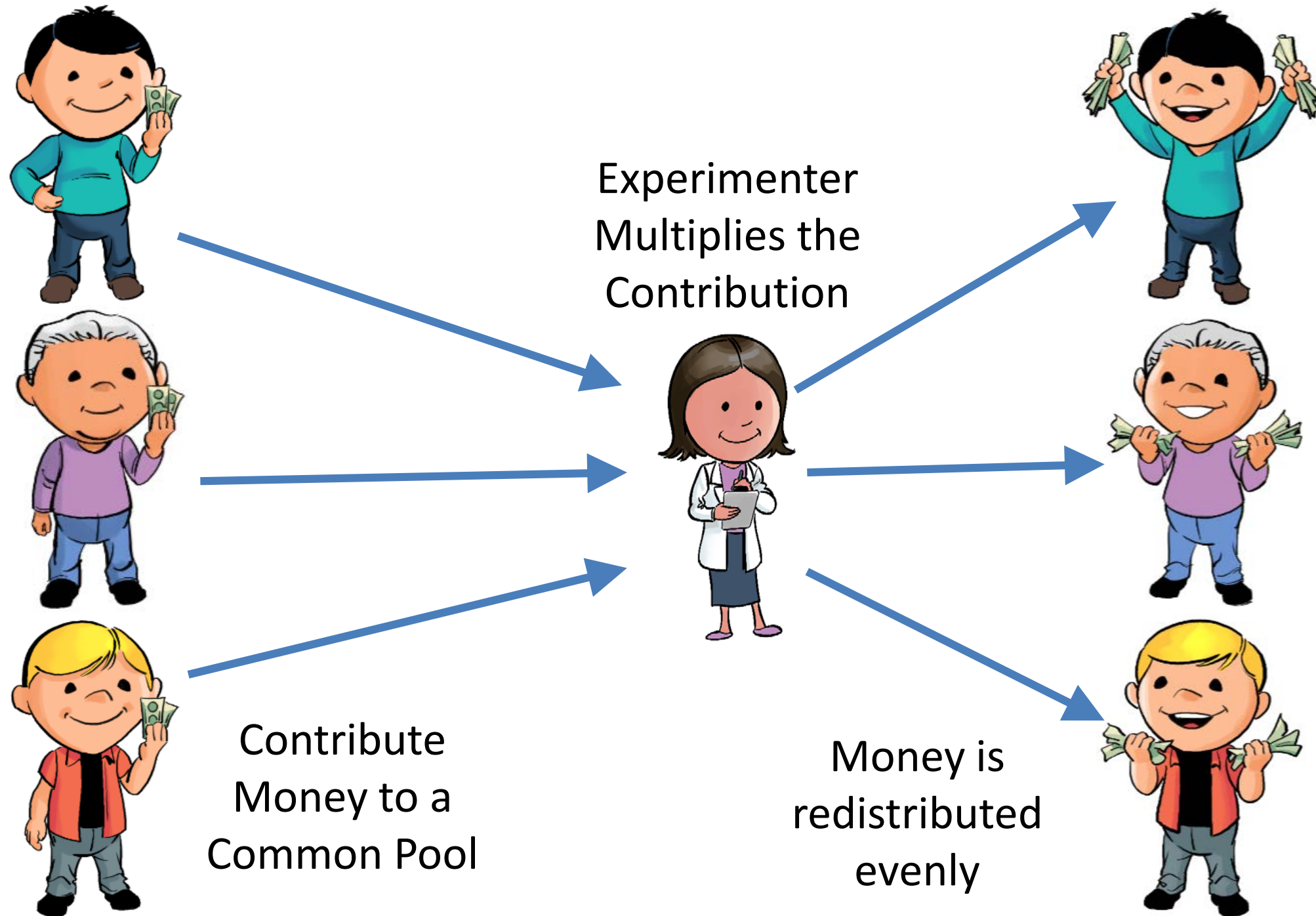
- Only five goals for the City
  - Quality of life
  - Strong community connections
  - Financial stability and vitality
  - Sustainable growth and development
  - Safe and secure communities

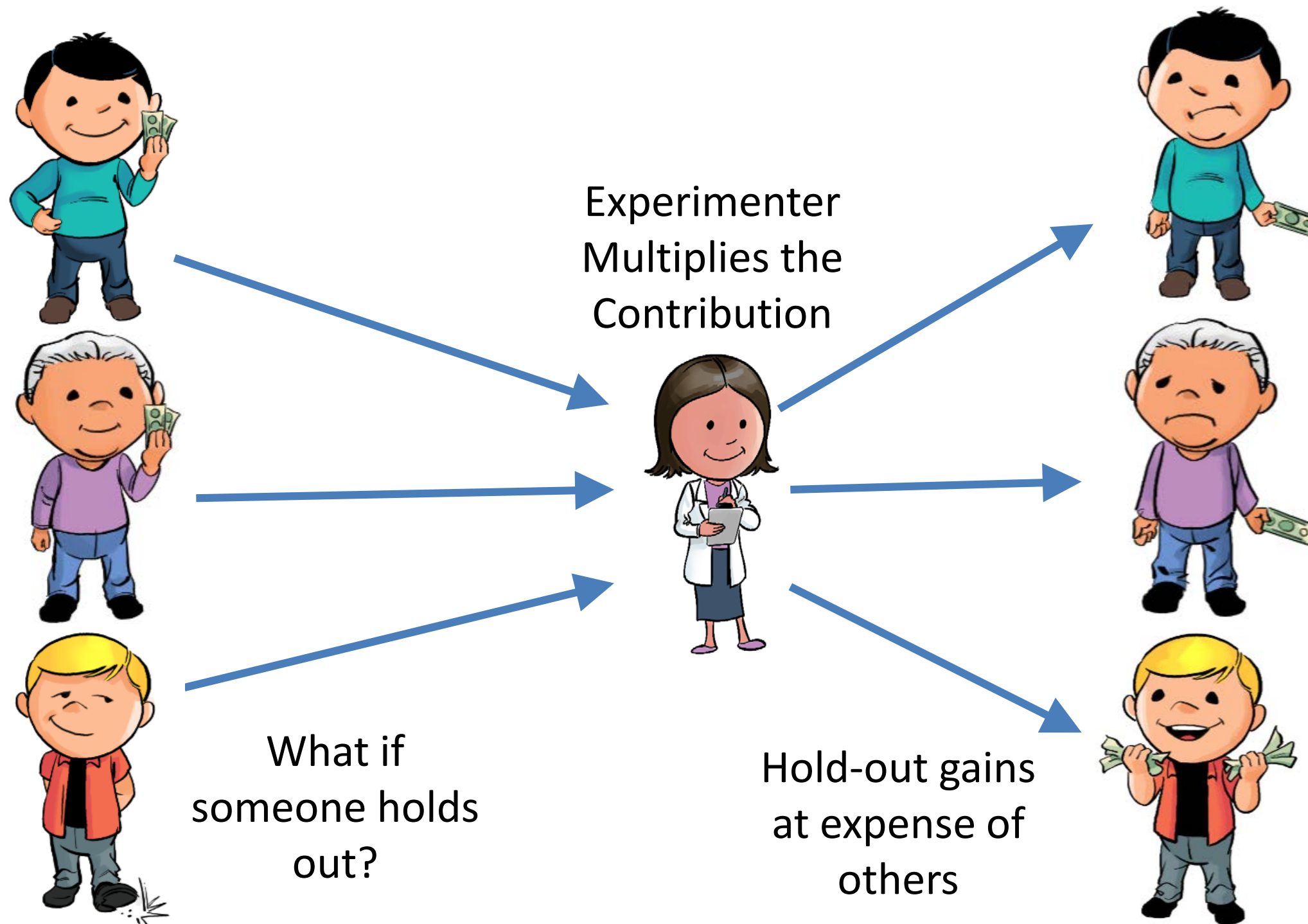


# Detailed Monitoring











# An Incremental Budget

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**Danger!**

*Departments may try to capture funds to build it into their base budget to insulate themselves from future competition*

# Tempe's Solution

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- Base budget: Same amount from year to year
- Supplemental: Any additional funding

*All supplementals reviewed by the entire City Management team using agreed upon criteria*



# Budget Controls

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- Each department's budget has two parts:
  - Personnel budget
  - Everything else
  
- ERP automates controls so all departments must respect this boundary

# Monitoring During the Year

- Distribute budgets across the year and monitor variances quarterly

General Fund Revenue	Rating
All General Fund	Positive
Sales Tax	Negative
Property Tax	Positive
Bed Tax	Negative
Franchise Fees	Watch
Intergovernmental	Positive



# Tempe Take-Aways

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- What is your “Golden Cone of Prosperity”?
- Has your board enshrined financial sustainability as an organizational goal?
- Is your budget decision-making transparent?
- Is monitoring frequent and intuitive enough?

# 1-2-All

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Take 1 minute to think about:

“What is your ‘Golden Cone of Prosperity?’  
(or what could it be?)”

2 minutes to talk with a  
neighbor about your answer





# Budget Monitoring Best Practice

Key aspects of  
Shayne's  
presentation re  
monitoring and  
performance  
measures

- Financial sustainability requires monitoring
- Boundaries (measurable limits) help to keep people focused on financial sustainability
- Boundaries set a standard for which performance can be compared
- Monitoring in a clear, simple way can be effective for budgetary control



A budget is  
“a plan for the  
provision of  
services and  
capital assets”

NACSLB

- The budget is a political plan that provides for services, and identifies how limited resources will be used to accomplish that plan
- The budget has financial, operational, and capital facets

## Monitoring helps ensure the budget plan is implemented

- Monitoring identifies deviations and trends
- Monitoring provides accountability
- Monitoring provides transparency
- Monitoring provides time for making adjustments
- Monitoring keeps people looking and keeps goals “up-front”

## GFOA recommends formal monitoring processes

- Monitor financial results - budget vs. actual, financial status
- Monitor service delivery - are services and capital provided as expected
- Timing of monitoring - should have a regular pattern
- Monitoring timeliness - provides time and ability to adjust for variances
- Monitoring measures/indicators - should evaluate government performance



Monitoring  
should be for  
all facets of  
the budget

- Revenues
- Expenditures
- Financial condition and outcomes
- Operations
- Capital

## Revenue monitoring

### Factors to consider

- Seasonality
- Volatility
- Trends
- One-time impacts
- Timing of receipt
- Economic factors
- Changes in policy and practice

## Expenditure monitoring

### Factors to consider

- Personnel costs: hiring and vacancy patterns, part-time, overtime, steps, reclass, promotions, etc.
- Non-personnel costs: major contracts, encumbrances, debt service, capital items, upcoming costs, etc.
- Monitor changes to the adopted budget, financial or otherwise



## Financial outcome monitoring

### Factors to consider

- Monitoring the “bottom line” is an implicit requirement
- Monitor the change in fund balance or funds available
- Monitor other aspects of overall financial condition, including external factors

## Operations monitoring

### Factors to consider

- Report on whether operations are being provided as planned and authorized
- Identify performance of operations and services
- Identify services that have been added or deleted, or changed
- Identify trends and issues potentially impacting operations

Performance  
measures  
should be used  
in budget  
monitoring  
  
and not just  
for financial  
monitoring

- Revenue and expenditure monitoring already uses performance measures in the form of variance reporting
- Incorporate performance measures into all aspects of monitoring, including services, capital and financial condition



Analysis and performance measures should address various factors

- The causes of (major) deviations
- The impact on future performance
- Whether legal or other requirements are being met
- Comparisons to provide an additional level of analysis

The level of analysis should be appropriate to both the purpose and the audience

- Levels include: fund, department, division, revenue or expenditure object, function or program
- May need different levels and reports for different purposes and audiences
- Design and approach should minimize work effort
- Simple and brief with up/down indicators can often strengthen the usefulness and attention getting abilities

## Responsibilities and tools should be clear

- Identify responsibilities, including for production, analysis and research
- The Budget Office or Finance Department does not have to always be the responsible party
- Collaboration and consistency should be built into the processes
- The systems, tools, and methods used should be described, but may change over time



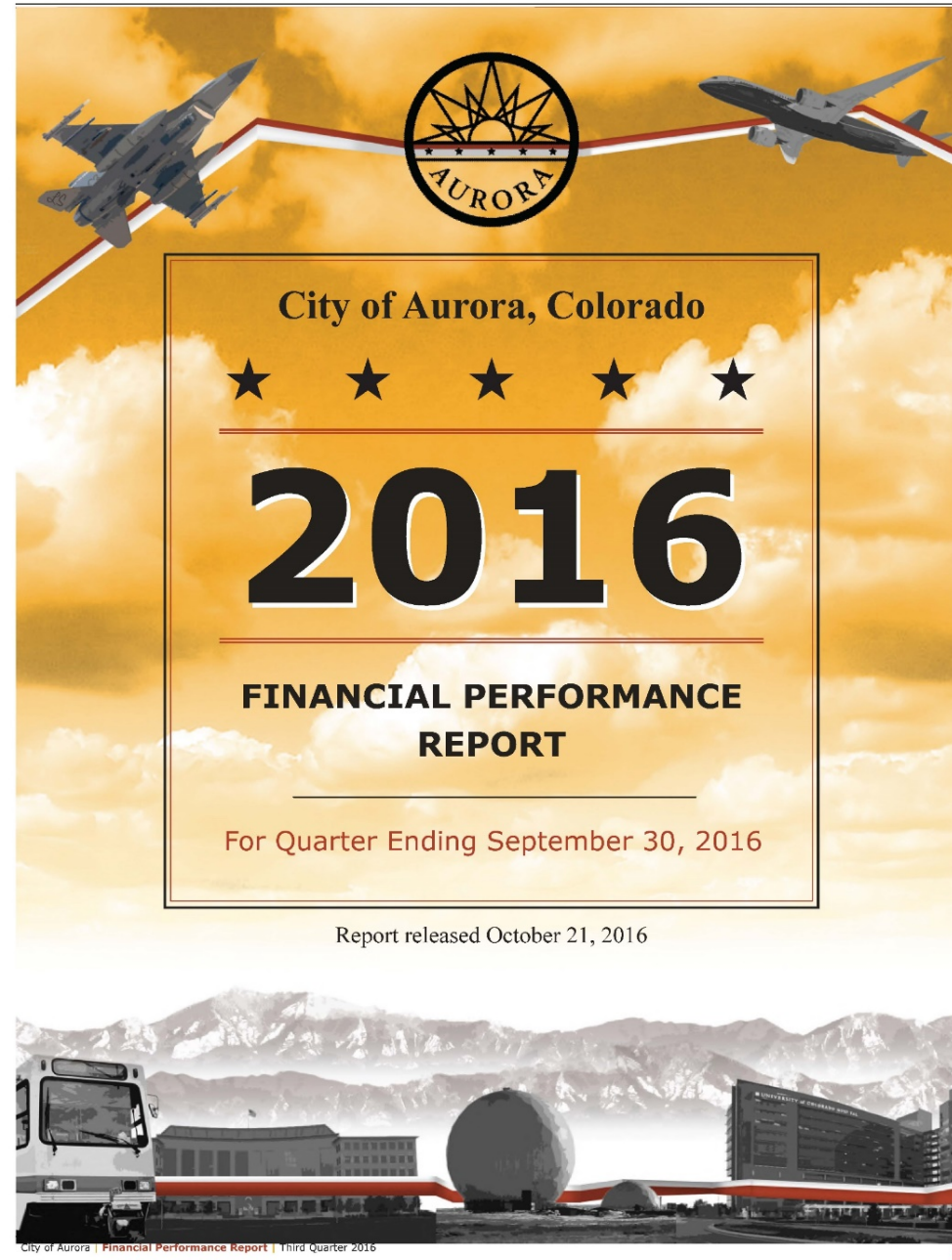
## Communications should be customized for each audience

- There are likely different approaches for each audience
- Audiences could include internal (departments), manager, council/commission/mayor, citizen boards, and the public
- Determine the frequency, how communication occurs (delivery), format, and approach to achieving transparency or other goals

# A Budget Monitoring Example

Aurora, Colorado uses many best practices

Aurora's  
Quarterly  
Financial  
Performance  
Report  
incorporates  
many excellent  
practices



Economic performance measures

Dashboard summary








Up/down indicators

Summary analysis

## Economic Update

Throughout the economic recovery the United States has been a key driver of growth worldwide but recently the U.S. economy has lost momentum. Economic indicators are mixed,

### Local Economic Indicators

Current Mo Data/ % Chg to Prior Mo		Year-to-Date Avg % Change	
AURORA BUILDING PERMITS			
New housing and commercial permits			
	<b>130</b> (Sep) + 13.0%	<b>+ 25.7%</b>	
Misc. (existing structure) permit valuation			
	<b>\$25.7M</b> (Sep) + 21.4%	<b>- 30.5%</b>	
CONSUMER CONFIDENCE INDEX (CCI) MOUNTAIN REGION			
	<b>106.0</b> (Sep) - 3.9%	<b>- 9.3%</b>	
LEEDS BUSINESS CONFIDENCE INDEX CO (values above 50 indicate expansion)			
	<b>Q4</b> <b>2016</b> 53.0	<b>Q3</b> <b>2016</b> 54.6	<b>Q4</b> <b>2015</b> 53.5
<b>3.5%</b> (Aug)	AURORA UNEMPLOYMENT RATE		<b>- 19.3%</b>

Note: All indicator data is most current available.

<b>MARIJUANA SALES TAX REVENUE*</b>		
# stores/ cultiv. open	September	2016 YTD
<b>18/4</b> (Aug)	<b>\$608,538</b>	<b>\$4.4M</b>

\*Includes City of Aurora sales and excise taxes and state sales tax shareback.

with the national unemployment rate at an eight year low, which typically supports growth in consumer spending, while headwinds brought on by weak global growth and the downturn in the oil industry continue to dampen exports and business investments. Early third quarter estimates are pointing to a moderation in consumer spending and diminishing expectations for a rebound in the second half of the year.

Colorado's economy has remained fairly resilient to developments nationwide. Full employment and above national average personal income growth have supported a continuously healthy expansion. The state unemployment rate is among the lowest in the U.S, which has presented a challenge to many businesses in finding qualified personnel. The construction sector has seen the largest increase for employment gains year-to-date, reflecting the state's booming housing market. Despite strong employment figures, both state and Aurora sales tax collections appear to remain below their potential. In addition to heightened political uncertainties and decreasing consumer confidence, rising housing costs may also have contributed to reduced consumer spending on taxable products.

Colorado's business community remains optimistic towards the remainder of 2016 and 2017, though uncertainties associated with the presidential election and a worker shortage have caused yet another decline in expectations from last quarter. Consumer confidence in the mountain region decreased by 9.3 percent over-the-year, reflecting slower economic growth. Nonetheless, the consumer confidence index remains at healthy levels as consumers appear to remain cautiously optimistic.

New apartment and single family housing construction has boosted capital-related use tax revenue through the third quarter of 2016, offsetting the anticipated decline in revenue from permits issued for existing structure improvements. In 2015 there was a surge in demand for roofing permits due to the 2014 hailstorms that has not recurred in 2016.

Marijuana sales and excise tax revenues are tracking closely to projection, reaching \$4.4 million through the third quarter of 2016 with 18 stores and four cultivation facilities in operation. Although average prices in Colorado have fallen significantly due to increasing competition, growing demand has kept City marijuana sales tax revenue stable.



High level, easy to follow, revenue analysis, with two variance performance measures

Graphical indicators for a key revenue source over time

## General Fund

### Revenue (Sources of Funds)

The mid-year revenue projection includes an additional \$2.0 million in collections compared to the 2016 budget. This increase is driven primarily by stronger than budgeted auto and capital-related use tax results, offset in part by lower revenue results from sales tax, franchise fees and taxes, and fines and forfeitures. Revenue performance for the remainder of the year will be compared to the projection.

Sales tax collections through September 2016 are \$5.1 million (4.2 percent) higher than during the same period in 2015, slightly exceeding projection by \$410,400 (0.3 percent). Following anemic growth in the first half of 2016, sales tax revenue has begun to demonstrate moderate year-over-year increases in the third quarter of the year as shown on the sales tax graph below. However, these growth rates are somewhat misleading, as the City began collecting sales tax revenue from online retailer Amazon in March 2016. As the top taxpayers by industry category table shows, decreased utility collections have continued to hamper year-to-date growth. Despite recent improvements, energy prices have yet to recover from their 2015 decline.

Franchise fees and taxes exceed projection by \$106,600 (1.2 percent). Though energy prices have remained low, a hot and dry summer has caused an increase in electricity usage. In addition, cable TV franchise fees have seen a significant year-to-date increase, potentially the result of improved income conditions.

The projected impact of low oil prices on severance tax and federal mineral lease revenue has proven to be slightly conservative. Stronger collections in these categories have helped push other intergovernmental revenue \$113,900 (4.7 percent) over projection. In addition, wildfire reimbursements of \$60,000 were not projected.

Capital-related use tax revenue is falling behind projection by \$415,700 (2.4 percent), resulting in a lower than projected year-to-date transfer to the Capital Projects Fund. While

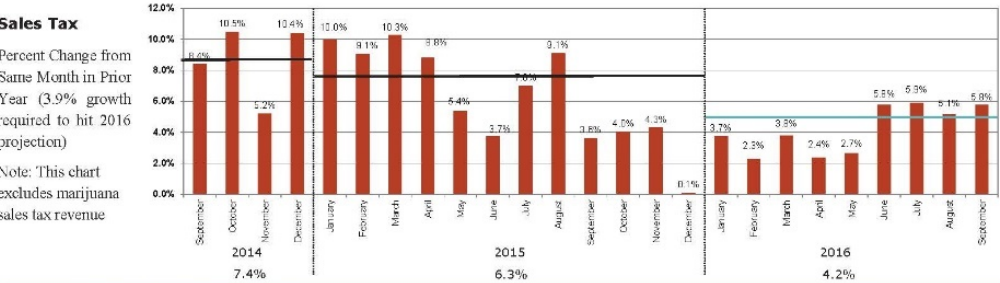
strong demand for both single and multi-family housing projects has continued through the third quarter, equipment use tax revenue has seen significant year-over-year declines as the current expansion matures and economic uncertainty heightens. This is in line with slowing business investments nationwide.

### 2016 Revenue Performance by Type

Revenue Category (\$ in thousands)	2016 YTD Projection	Actuals (Under)/ Over Projection	
		\$	%
General Sales Tax	\$127,631.7	\$410.4	0.3%
Capital Related Use Tax	17,412.1	(415.7)	(2.4%)
Auto Use Tax	14,245.6	(85.3)	(0.6%)
Franchise Fees and Taxes	8,724.0	106.6	1.2%
Fines & Forfeitures	3,604.4	(39.0)	(1.1%)
Highway User's Fees & Taxes	7,665.2	(3.4)	(0.0%)
Audit Revenue	1,993.2	(225.3)	(11.3%)
All Other Gen Fund Revenue	61,925.7	671.8	1.1%
Total Revenue (including marijuana)	\$243,201.9	\$420.0	0.2%
Less Capital Transfer	22,592.9	(372.2)	(1.6%)
Less Marijuana Sales and Excise Taxes	4,158.5	288.0	6.9%
Operating Revenue	\$216,450.5	\$504.2	0.2%

### Top Taxpayers by Industry Category

Industry Category (\$ in thousands)	2016 YTD Sep	2015 YTD Sep	\$ Variance	% Change
Eating & Drinking Places	\$18,134.7	\$17,385.5	\$749.2	4.3%
Discount Stores	15,331.9	15,006.9	325.0	2.2%
Building Materials	8,268.1	7,824.8	443.3	5.7%
Utilities	8,137.8	8,538.3	(400.6)	(4.7%)
Telecommunication/Cellular	7,673.5	7,855.4	(181.9)	(2.3%)
Auto Dealers and Parts	6,743.1	6,615.3	127.9	1.9%
Department Stores	3,737.2	3,798.2	(61.0)	(1.6%)
Beer, Wine, and Liquor Stores	3,501.8	3,241.7	260.1	8.0%
Grocery Stores	3,160.5	3,026.7	133.8	4.4%
Clothing and Clothing Accessories	3,135.1	2,993.4	141.8	4.7%
Sport Goods, Hobby, Books, Music	2,246.2	2,053.3	192.9	9.4%
Electronics/Computers	2,233.6	1,970.2	263.4	13.4%
Furniture and Home Furnishings	1,622.5	1,574.6	47.9	3.0%
Other Top Taxpayers	7,413.7	6,784.7	629.0	9.3%
TOTAL TOP TAXPAYERS (excl. marij)	\$91,443.7	\$88,669.0	\$2,774.7	3.1%
Total of All Other Taxpayers	38,601.9	36,204.2	2,397.7	6.6%
Less Sales Tax Incentives	2,002.5	1,973.4	29.1	1.5%
TOTAL SALES TAX (excl. marij)	\$128,042.1	\$122,899.8	\$5,142.2	4.2%
Marijuana Stores (5.75% sales tax)	3,249.8	1,415.4	1,834.3	129.1%
TOTAL REPORTED SALES TAX	\$131,291.9	\$124,315.3	\$6,976.6	5.6%



High level, easy to follow, expenditure analysis, with two variance performance measures

## General Fund

### Expenditures (Uses of Funds)

The mid-year expenditure projection for 2016 is \$10.5 million higher than the 2016 budget. The variance is driven by an \$11.5 million increase in transfers out to other funds. This includes an \$8.5 million transfer from the General Fund to AURA related to the redevelopment of Regatta Plaza. In addition, stronger than budgeted construction growth in the City has allowed for a transfer increase to the Capital Projects Fund. The increase in fund uses is only partially offset by the projected increase in revenue collections and results in a decrease in funds available for the fund.

General Fund operating expenditures through the third quarter of 2016 are \$248,400 (0.1 percent) under the year-to-date projection. The 2016 Expenditure Performance chart shows the year-to-date projection and how actual expenditures and transfers compare to the plan through the third quarter of the year.

Personnel-related expenditures are tracking closely to budget. A closer look reveals employee salary and benefits have generated \$528,300 in year-to-date savings, driven by 78.7 vacant career service positions. The unusually high number of vacancies has helped offset overages in overtime, special pay, and temporary compensation.

Utility costs through the third quarter of 2016 are slightly under projection by \$94,600. The 2016 utility projection takes into account budget savings stemming from consistently low energy prices and a wetter than average spring resulting in decreased water usage by the Parks, Recreation and Open Space Department. Additional savings in the energy and water/sewer categories are offset in part by higher expenses for street light maintenance.

The transfer out of capital-related revenue is under budget by \$372,200 due to lower than projected construction-related revenues. This results in a zero-dollar bottom line impact to the fund.

Variances in the other categories, such as operating supplies and debt/equipment purchases, are likely timing related. Currently there is no indication of specific savings or issues that would cause these variances to flow through to year end results.

### 2016 Expenditure Performance

Expenditure Category (\$ in thousands)	2016 YTD Proj	Actuals Under/ (Over) Proj	
		\$	%
Personal Services	\$143,153.5	\$97.9	0.1%
Temp Compensation	1,903.9	(51.4)	(2.7%)
Professional/Technical	8,988.6	(2.9)	(0.0%)
Operating Supplies	14,101.1	23.5	0.2%
Utilities	7,676.9	94.6	1.2%
Fleet/Risk Interfund	10,339.0	(0.8)	(0.0%)
Debt/Equip Purchases	3,251.2	87.6	2.7%
Total Operating Exp.	\$189,414.2	\$248.4	0.1%
Capital Rev Transfer	22,592.9	372.2	1.6%
Other Transfers Out	3,831.1	0.0	0.0%
Total Uses of Funds	\$212,007.0	\$620.6	0.3%

### Q3 2016 Personnel Expenditures

Personnel Category (\$ in thousands)	YTD Sep Proj	YTD Sep Actuals	Actuals Under/(Over) Budget
Regular Employee Salary & Benefits	\$137,328.9	\$136,800.6	\$528.3
Special Pay	2,450.0	2,485.4	(36.4)
Overtime Compensation	3,374.6	3,768.6	(394.0)
Temporary Compensation	1,903.9	1,955.4	(51.4)
Total Salary & Other Compensation	\$145,057.4	\$145,011.0	\$46.4

Vacancies	Q1	Q2	Q3
Total Career Service	89.2 FTE	91.7 FTE	78.7 FTE

### 2016 Citywide Utilities

Utility (\$ in thousands)	YTD Sep Proj	YTD Sep Actuals	Actuals Under/ (Over) Proj.
Electricity	\$1,105.8	\$1,073.9	\$31.9
Natural Gas	164.8	161.0	3.7
Non-Routine Maint	625.4	585.8	39.6
Street Lights-XCEL	2,890.0	2,930.4	(40.4)
Traffic Lights, Signs	71.2	69.7	1.5
Water/Sewer	2,796.1	2,737.9	58.2
Other Utilities	23.6	23.6	0.0
Total Sep YTD	\$7,676.9	\$7,582.3	\$94.6

High level, easy to follow, operating performance measures for the Finance Department

## Finance Dept Indicators (for MONTH ending 09/30/16)

### Accounts Payable

By making payments within the standard 30 days or less timeframe, the City can capture vendor discount terms, avoid penalties and interest charges and save taxpayer money. The majority of invoices have terms that range from 30 to 90 days.

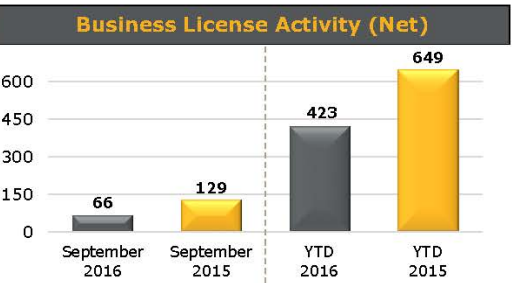
Target: 30 Days for 85% of Vendor Payments

86% (September)

86% (YTD)

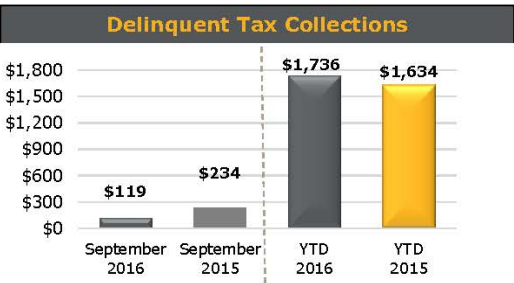
### Business Licensing

Net new licenses are lower across all sectors in the third quarter 2016 compared to third quarter 2015. There is still positive growth in all sectors with the exception of retail trade which was nearly stagnant and only had a net growth of two licenses.



### Delinquent Tax Collections

Tax collections remain above average pace for the third quarter. Some of the collections are attributable to a large balance owed on a single account. September 2016 collections dipped as a result of staff turnover.



### Investments

Portfolio duration has increased steadily since 2015 through the reinvestment of matured and/or called funds longer out on the curve.

The portfolio balance has increased in both held positions and cash balances primarily due to growth in sales and use tax revenue as well as increased Water revenue due to drier weather.

September	2016	2015	2014
Cash & investment portfolio	\$394.7 M	\$354.1 M	\$332.3 M
Weighted avg. yield	1.17%	1.10%	1.14%
Duration (months)	19.9	15.6	25.3

### Financing Transactions Over Previous 12 Months

Pending future transactions include financing of a Tax and Licensing System (\$1.3 million), District 2 Police - Phase 2 (\$11.3 million), three new Fire Stations (\$24.0 million), Aurora Wastewater refinancing (\$28.5 million), Golf refinancing (\$4.0 million) and a new Recreation Center (\$30 million).

Purpose	Amount	Closed	Rate	Term (yrs.)	Lender/Banker
District 2 Police	\$3.79 M	12/15	2.13%	10	JPMC
AW Refinancing	\$437.0 M	8/16	3.12%	30	Morgan Stanley
MLK/Moorehead	\$8.6 M	8/16	1.25%	6.5	Key
2016 Fleet	\$2.0 M	9/16	1.46%	7.5	Key



City Manager's  
monthly  
newsletter  
provides  
selective  
performance  
monitoring of  
programs

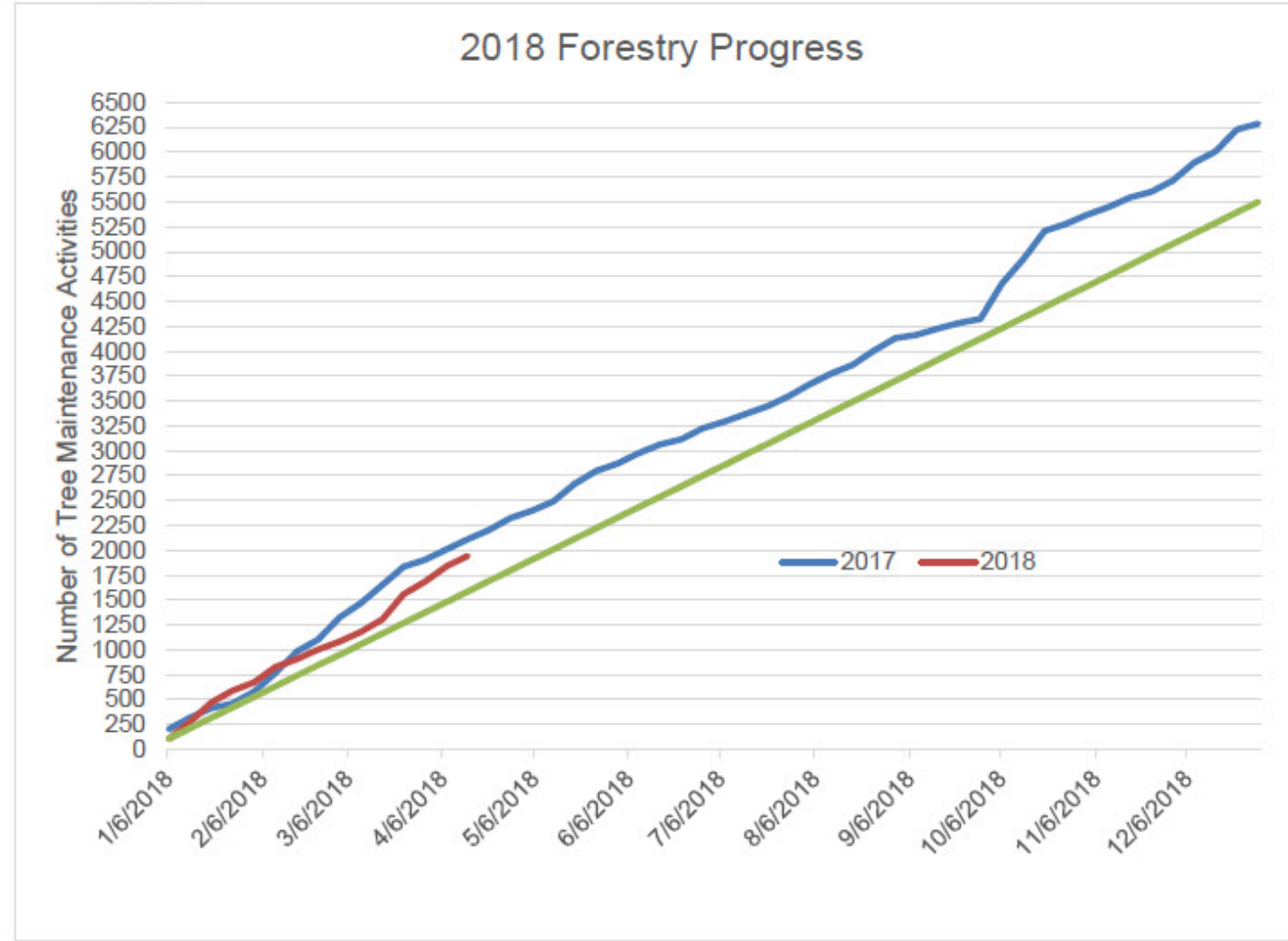
## FORESTRY DIVISION

### Administration

- 24 inspections were requested and 29 inspections were completed for the week of 04/08/2018-04/15/2018. 251 total inspections have been completed YTD for 2018.

### Field Staff

- Staff continues to focus on pruning city trees that are outside of the current grid area as time allows.





Is Aurora's  
reporting too  
much, too little  
or just right?

- Has a summary, some detail, and a written explanation; looks great
- But does it work?
- What does “work” even mean?
- Is it to impress?
- Who is the audience; what is purpose?
- What is the least work that can be done to accomplish purpose?

# Performance Measures Best Practice

Performance  
measures  
improve  
understanding of  
the status of  
both financial  
and operational  
activities

- Identifies status of finances and activities, and factors impacting those finances and activities
- Provides important information for operational, managerial, policy-making, and community input
- Part of the information provided in decision-making processes
- Different levels of performance measurement groupings may be appropriate for different audiences

## GFOA recommends performance measures

- For all types of government activities, including external factors that impact the activities
- Includes: financial activities and condition, services, programs, community conditions, economic and environmental factors, etc.



Performance  
measures should  
have certain  
characteristics

- Useful
- Relevant
- Adequate
- Collectible
- Reliable
- Identified responsibility and sources
- Measurement of external factors

Comparisons are  
important, but  
can be  
problematic

- Comparing measures with other organizations is usually not a good idea – many problems and misinterpretation
- Problems include unique environments, different measurement approaches, and different ways of measuring
- Time series comparisons are usually much more valuable and meaningful
- But not always....

Communications  
should be  
customized for  
each audience

- Performance measure communications approaches are similar to budget monitoring
- Additional considerations include identifying the purpose of the measures and what they are intended to show

# Tips, Tricks, and Traps



Simple financial  
performance  
monitoring can  
be effective

- Variance is a performance measure
- Percent of budget expended vs. last year's percent
- Budget vs. end of year projection
- Budget percentage increase over last year's budget
- Fund balance compared to budgeted expectation
- Reserves compared to policy
- Percent increase in revenues year over year compared to cost of living

Simple  
operations  
performance  
monitoring is  
good way to  
start getting  
measures used

- Report measures at the department level for a detailed function within the department
- Basic input and output measures. e.g., number of visitors to parks or number of potholes filled
- Qualitative status of special projects
- Police and fire response times and UCR FBI crime stats
- Vacancies as a percent of staffing

Adjust  
to the real world

Full application  
of theory or best  
practices may  
not always be  
appropriate

- Politics and dissention are a part of government
- Candidates want to win elections
- Misuse (unintentional or intentional)
- Many will not pay attention
- Appearances - looks like good management
- A propensity to spend first, ask whether it was a good idea later
- Work load associated with maintaining measures

## Implementation practices to consider (ways to succeed)

- Move cautiously
- Do not create headlines or make it a budget book main feature
- Accept input and output measures as well as pure performance
- Use existing measures wherever possible
- Avoid overemphasis; suggest performance measures are just a tool
- Keep it simple
- Carefully promote usefulness

## Implementation practices to avoid (ways to fail)

- Performance measures used in a way that damage reputations
- Misuse or misinterpretation
- Use of “internal only” (management) measures in a public environment
- Implementation for the sake of appearances



It may not be obvious what performance measures should be used (even for potholes)

- How many have been filled
- How long they last
- Time it takes to fill a pothole
- Road surface smoothness after filling
- Number of potholes
- Time to respond to a complaint
- Hot or cold patch, and weather conditions

“Be careful – you may get what you wish for”

Interweaving  
budget  
monitoring  
and  
performance  
measures  
is not difficult

- Remind everyone that budget variances are already performance measures in use
- Integrate, wherever practical, financial monitoring and monitoring of services and capital
- Include in a budget status report both financial status information and operational and capital information

# Performance Measures Example 1

Great performance measures and excellent performance  
are not always enough

## Ambulance Performance (1) (Long Beach, CA)

- Rapid Medical Deployment (RMD)
- An innovative pilot program that used a unique combination of sworn and non-sworn staff
- Advanced Life Support (ALS) ambulances went from 2 sworn personnel to 1 sworn and 1 non-sworn
- Increased city-wide ALS ambulances from 8 to 11

## Ambulance Performance (2)

- Reduced annual costs by \$1.4 million
- Decreased overall ambulance response time by over 60 seconds, a huge improvement
- Patient outcomes, based on various performance measures, substantially increased



## Ambulance Performance (3)

- Fire union complained to County oversight board
- Oversight board said there was a safety problem, but did not substantiate that concern
- Council discussions about safety did not include a review of related available performance measures
- Pilot program terminated by County board and City Council

# Performance Measures Example 2

Performance measures helped with a significant productivity improvement,  
and  
encouraged future performance measure use

# Forestry performance measures integrated into budget document

## Forestry

**Net Cost: \$525,583**

This program provides for the maintenance of all city owned trees including street trees, trees along residential right of ways, in parks and medians, and at public properties. Maintenance activities include: tree trimming, tree removal, stump removal, sign clearance, insect and disease inspections and treatments, inventories and tree watering and storm damage clearance and planting. In addition, this program assists with snow removal and promotes the merits of the urban forest in the community. Administrative staff is responsible for plans review, tree preservation, arborist licensing, education outreach and coordination of special projects such as Arbor Day.

	2007 Actual	2008 Actual	2009 Original	2009 Projection	2010 Adopted
<b><u>EXPENDITURE SUMMARY</u></b>					
Abatement Fund	21,673	68,873	80,000	77,660	0
Designated Revenues Fund	179,114	241,803	492,959	277,487	617,202
General Fund	1,121,813	973,347	1,060,244	913,094	528,608
<b>Expenditures Total</b>	<b>\$1,322,600</b>	<b>\$1,284,023</b>	<b>\$1,633,203</b>	<b>\$1,268,241</b>	<b>\$1,145,810</b>
<b><u>STAFFING SUMMARY</u></b>					
Designated Revenues Fund	5.00	5.00	5.00	5.00	7.00
General Fund	14.00	14.00	13.00	13.00	5.00
<b>Staffing Total</b>	<b>19.00</b>	<b>19.00</b>	<b>18.00</b>	<b>18.00</b>	<b>12.00</b>
<b><u>PERFORMANCE MEASURE SUMMARY</u></b>					
Estimated Number of Trees Serviced	1,453	1,545	1,600	2,075	2,000
Estimated Number of Trees Serviced per FTE	76.5	81.3	88.9	115.3	166.7

Performance measures helped City Council to make a policy decision to go to grid pruning to reduce staffing and increase efficiency

### Forestry Program Service Reductions Including the Elimination of 3.0 Filled and 1.0 Vacant FTE

Program affected: Forestry

This reduction will change and reduce the scope of services that Forestry will provide and includes the layoff of 3.0 FTE and the elimination of 1.0 FTE vacant which reduces the Forestry

maintenance staff by 25 percent. All City owned street trees will be maintained on a rigid grid pruning schedule which will take approximately 10 to 15 years to complete the first cycle of pruning of all trees within the City. The interval for subsequent cycles will decrease as this systematic approach for pruning city trees becomes established. Only hazard trees will be pruned outside of the grid schedule through the new limited work order system. In addition, the tree abatement program will be eliminated and current participants will be phased out. This amendment also reduces the number of employees available for emergency snow plowing.

The amendment includes the elimination of 2.0 filled and 1.0 vacant FTE from the General Fund, a transfer of 1.0 filled FTE from the General Fund to the Golf Fund, and a subsequent elimination of 1.0 filled FTE from the Golf Fund.

Performance  
and productivity  
dramatically  
improved  
(doubled)

## Forestry

**Net Cost: \$502,859**

This program helps create a healthy, natural environment for the Aurora community by maintaining and planting trees throughout the city. These trees are planted on city streets, rights of way, on public building grounds and in Park and Open Space properties. Trees provide many essential benefits to the community; they clean the air, they provide shade for homes which results in reduced utility bills, and they increase property values.

	2008 Actual	2009 Actual	2010 Original	2010 Projection	2011 Adopted
<b><u>EXPENDITURE SUMMARY</u></b>					
Abatement Fund	68,873	52,996	0	-28,435	0
Designated Revenues Fund	241,803	277,067	617,561	490,816	633,375
General Fund	973,347	902,196	529,279	529,300	505,198
<b>Expenditures Total</b>	<b>\$1,284,023</b>	<b>\$1,232,259</b>	<b>\$1,146,840</b>	<b>\$991,681</b>	<b>\$1,138,573</b>
<b><u>STAFFING SUMMARY</u></b>					
Designated Revenues Fund	5.00	5.00	7.00	7.00	7.00
General Fund	14.00	13.00	5.00	5.00	5.00
<b>Staffing Total</b>	<b>19.00</b>	<b>18.00</b>	<b>12.00</b>	<b>12.00</b>	<b>12.00</b>
<b><u>PERFORMANCE MEASURE SUMMARY</u></b>					
Estimated Number of Trees Serviced	1,545	3,530	2,000	4,000	4,000
Estimated Number of Trees Serviced per FTE	81.3	196.1	166.7	333.3	333.3



Forestry reporting periodically in City Manager's monthly newsletter focuses attention

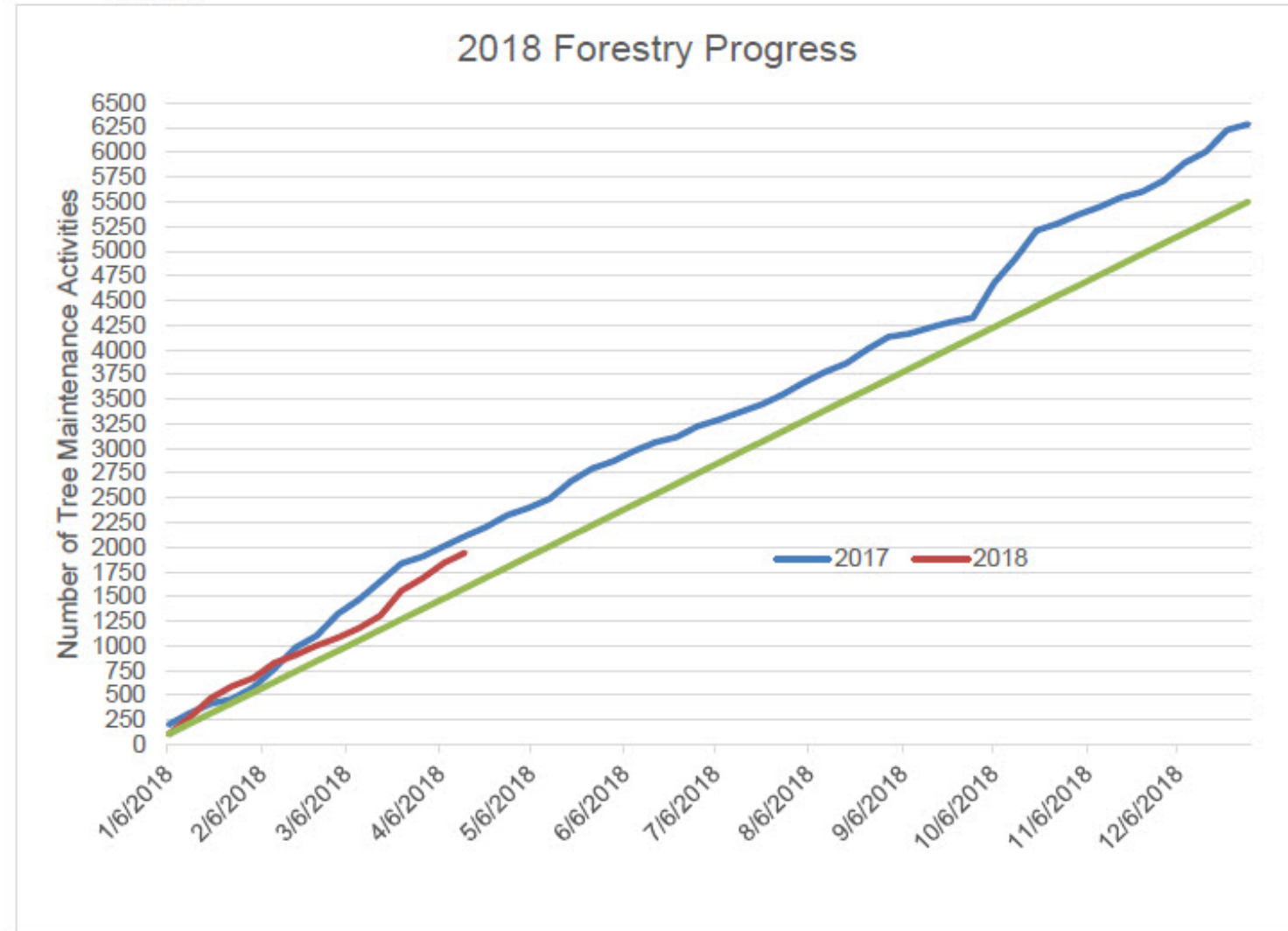
## FORESTRY DIVISION

### Administration

- 24 inspections were requested and 29 inspections were completed for the week of 04/08/2018-04/15/2018. 251 total inspections have been completed YTD for 2018.

### Field Staff

- Staff continues to focus on pruning city trees that are outside of the current grid area as time allows.



## Summary

- Monitoring is a key to budget and financial management
- Regular monitoring, even very simple monitoring can be a strong control approach
- Performance measures are an important part of monitoring
- Performance measures are already used; they just need to be expanded and improved
- Monitoring is essential to financial sustainability
- Various approaches available to improve monitoring and measures

# Questions

