City of Vancouver
WASHINGTON

City of Vancouver

Business Planning for Municipal Government

Or:

You <u>can</u> do it!

June 2009

To: City Department Heads and Division Managers
From: Pat McDonnell, City Manager
Subject: Departmental Business Planning

Slightly over seven years ago I sent you a memorandum to begin business planning. Although the process has been slower than I had originally hoped, we have made good progress. My support for business planning and our approach remains unchanged.

We must constantly strive to improve our *value* to the citizens. The business planning process is a basic step to understand how a department operates and provides a framework to move from "business as usual".

As leaders, I want your focus to lift from everyday activities and short term budget requests and look 4-6 years out for what is really needed. Your decisions need to reflect not just short term gains in staff or funding but longer term organizational changes to meet strategic community needs in a more effective manner. I don't just want "more of the same" but thoughtful and well planned change. This tool can help you with that focus.

You are the leaders, the CEOs of your organizations. Tell me how you are going to be successful in your area **with the resources you have available.** Show me how you are going to do it. If the financial part of your business plan isn't good enough to go to the public in the current financial climate, you should reconsider what you are proposing and how to make it viable.

For those of you who completed an initial plan – keep it relevant! Focus on your major issues that must be addressed and build around the options and analysis required to make good business decisions for those specific issues. I expect you to ask the hard questions, see what other successful organizations are doing, and come to me with viable solutions. You should plan to report your progress to the public and Council at least annually.

Attached to this memo are guidance and the key questions and answers for you as managers, as well as the planning steps you can use to develop a plan. Do not get hung up on the plan format or on making it a "pretty" presentation. Focus on the issues.

If you have not yet completed a business plan, put together a **performance snapshot** using what you think you are supposed to be doing and how to measure your success. Your performance snapshot is a good point to start visualizing your objectives and some basic performance measures.

I will make sure you have the assumptions needed to do your work. You will have guidance from city council, specific performance expectations from the City Manager, and internal issues that you identify to focus your efforts and analysis. This means there will be a great deal of diversity within the plans based on your specific focus and chosen approach. I expect and encourage diversity.

You are not alone. We have some resources to assist you in the *process* of planning and additional resources will be used where they are truly needed. As issues arise, we will help sort them out and develop solutions with you – but not for you. We will use external controls and oversight where appropriate, but will focus on giving you the autonomy to operate your department as businesses.

Keep up the good work!

Pat

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Vancouver's Vision

In 1999, Vancouver City Council and the City Manager decided to adopt performance management a key management practice throughout the city.

Our city leadership faced a significant challenge: how do we establish the practices of meaningful measurement, and objective analysis and accountable leadership? They knew that it would take fundamental change in our approach to work and it would be significantly different for traditional city management practices.

We recognized it would require work at multiple levels and on diverse issues within the organization to become permanent.

At city level, leadership had to "own" the various programs and continue to support positive change as well as hold us accountable for consistent progress. This is being accomplished through regular progress reports to Council and the City Manager emphasizing his support of the program with City level goals and

At the department level and with enterprise activities, organizations needed to change their focus from a service provider who worked within their budget each year to a business that was in a competitive market for their customers. They had to make sure they had identified the market, were providing the correct services and were doing so at a competitive cost – while providing clear value to their stakeholders. This is the impetus for the business planning process that places the department director as CEO of their company and supports the transformation of their organization to a competitive, focused business.

At the individual level, employees needed to understand the basics of performance measurement and have annual appraisals of their performance toward clear goals that are linked to the organization's success. This is being accomplished through the City's phase-in of the eAppraisal® system, with annual goal setting and performance evaluations.

This document is provided as a guide; each organization is different and will require an approach tailored to its mission, values and leadership. **Your first business plan will not be perfect, and probably only answer 70%-80% of the questions you want; business planning is an iterative process and your produce will improve with each update.**

Business Planning Concept

It is not enough to simply provide good customer service as we have in the past - we must constantly strive to improve our overall *value* to the citizens. Business planning is a basic step to understanding how your department operates, and provides a framework to examine alternatives to "business as usual".

Although it has been a slower process than originally envisioned, the business planning model has been extremely successful. The work done by the initial organizations in 2001 through 2002 made navigating through tough budget decisions significantly easier, and have helped us make much more informed business decisions. We will continue the process.

We have decentralized a significant amount of responsibility to the department level. That means Directors

are the leaders, the CEOs of their organizations. As such, you must tell us how your organization is going to be successful in the market with the resources available. You must present a viable plan, and be ready to execute it as approved.

Once you have completed the initial process, you will establish update reviews to keep your plan fresh and to keep their organizations informed about progress you are making toward your objectives.

Why Business Planning?

The Vancouver City Manager articulated three clear reasons to embark on the business planning process:

a. To provide a communications tool for the citizens of Vancouver (our shareholders) helping them understand how we critically examine and prioritize our business processes.

b. To provide a consistent context for the city manager, mayor, and council supporting policy decisions about programs and services.

c. To give city business manager a tool to critically analyze their major business practices and how they provide services; quantify their performance against external benchmarks; and develop sound solutions to the challenges presented to them. In essence: to fully own their functional area and manage it as a business.

Eight frequently asked questions about business planning

1. How long is a business plan "good"?
Our plans will look out to a 5-6 year planning horizon, with financial planning out 2-3 years. Depending on the stability of your organization and the type of issues you need to address, it would be updated at least in part every 1-3 years. The performance measures would be updated annually, other areas less often.

2. When should I begin this process?
Some of you are already planning and, to a certain extent operating like commercial businesses, and should continue to do so.

Culmination of plan development is a presentation to City Council for review, discussion and acceptance. Success is defined as a workable plan accepted by the council.

3. What do I do with it when the plan is done and accepted by Council?
First, disseminate it to your department and customers. They need to know the plan if you want them to support it!
Second, use it as the basis to develop work plans and prioritize projects within your "business".
Third, execute it consistent with the resources available and refer to it regularly. Update it as your business or market changes. It will be an excellent road map to keep you on track with your core businesses!

4. What resources are available?
The city will provide process consulting and assistance with the planning process, identifying potential performance measures and helping to identify sources of benchmark data.

5. What is the entire process?

It happens in three distinct phases:

Phase 1: Gather all Input
You will start the process with input from four sources identified below. (For a flow chart, see Appendix B)

a. City council may provide specific focus areas or issues as a result of their offsite workshop or other forums.

b. The City Manager will meet with you one-on-one to discuss what he believes are the major issues to address from his viewpoint. (If you are a support service, this may be done by the Assistant City Manager). You should also expect to develop specific outcomes or objectives and ways to measure success related to those issues.

c. The City's Chief Financial Officer will provide general financial assumptions for planning, as well as a specific multi-year financial scenario to use for the process

d. You will have internally developed issues that are important to you or your organization that may differ from the focus the City Manager or Council provides.

Phase 2: The Planning Process

With these inputs, you will develop your business plan. While there are many ways to do business planning.

Our recommended process is described on the next page (see "How do I begin planning?") with ten general questions. While the order provided is logical, it is not required. Developing detailed answers to each question will provide

you everything necessary to put together your initial business plan. Remember that this is a guide - not all questions will be applicable to your organization.

See Appendix D for the complete process.

Phase 3: Completing the Plan
When you think the plan is complete, you will return to the City Manager and discuss it in detail. If there are additional areas to address or more analysis is required, this is when it will be identified.

When the plan is acceptable to the City Manager, you will present it to the City Council, focusing on the major issues and solutions. Budget implications and related issues will be available to the council through staff members at the same time to make sure the plan is supportable. When the business plan is acceptable to the council, it will be published on a city web page. The plan will then be used by the city as the basis for the next budget cycle development, and the performance measures will be used to represent your department's success as a business.

6. How do I begin planning?

a. Read this guide thoroughly.

b. Set up a consultation session with Tom Nosack to plan your approach and timeline.

c. Communicate with your organization what you intend to do with business planning. They need to be part of it.

c. Follow the general checklist in Appendix D.

d. Include the latest version of the city's guidance in appendix J.

7. Where do I go when I have questions?

Contact Tom Nosack, Performance Analyst at Financial & Management Services (360-619-1074) or email at: **tom.nosack@ci.vancouver.wa.us**

8. I completed the business planning process in the past. Now what is the recommended process for updating my Business Plan?

See Appendix I: BUSINESS PLAN SUSTAINMENT PROCESS NOTES for some ideas on how to update your plan with minimum pain and maximum value.

a. Establish a "performance snapshot" of your business that includes outcomes and high-level performance measures if you have not already done so.

b. Update these measures and your performance snapshot at least annually

c. Update the business plan to include all of the elements currently recommended in a new business plan (the recommendations were significantly updated in 2006)

d. Briefly review your business plan with staff leadership annually and ask critical questions:

- Are the major outcomes still valid?

- Are the issues still the same, or have they changed? Are they still as important?

- What progress are we making on the issues we identified?

- Are major assumptions or conditions changing?

- Do we have significant changes in our resources or our business model that should be captured?

- Are there issues we identified in the future that should be addressed now?

- If this is your first update, it is a good time to address how your business interacts with other departments. Which processes do you participate in that span multiple departments? Is it time to examine these processes and improve them?

- What aspects of your business participate in processes that are external to the city – either with other municipal entities (governments, school, library, fire protection districts or private enterprise? Is it time to identify and improve these processes?

- How well does your organization and business meet the diverse needs of our community? Are there issues with getting representation of their needs? How do you perform outreach?

Appendix A: PLANNING AND PLANS: HOW IT ALLFITS TOGETHER

Establish Community Direction
Comprehensive and Master Plans
VERY LONG TERM Planning Policy Framework

*8-15 Years

Capital Investment Plan
Informed by Comprehensive Plan

*6 Years

City of Vancouver Strategic Plan
Strategic Commitments and
Key Indicators for LONG TERM Outcomes

*5-10 Years

Business Plans
(Includes Capital Plans) by Function or
Department for NEAR-TERM Outcomes

*2-6 Years

Adjust Focus & Effort
City Manager Annual Goals
Issue-Focused Project Teams
VANSTAT-type sessions
Performance Appraisal Goals

*Annual or more frequent

PLAN

ACT

DO

CHECK

Allocate Resources
Budget Process

*1-2 Year

Set Work Plans
Group and Individual Plans
Performance Appraisal Goals
for FOCUSED PERFORMANCE

*Annual

Evaluate Progress
Community Surveys
City Manager Accomplishments
Performance Snapshots
CAFR & Quarterly Financial Reports
Internal & External Audits
Annual Performance Appraisals

*Annual or more frequent

Key Question for "PLAN" Phase:
"What are we trying to accomplish?"

Key Question for "DO" Phase:
"How will we do it?"

Key Question for "CHECK" Phase:
"How well did we do what we were trying to do?"

Key Question for "ACT" Phase:
"What adjustments are needed to do it better?"

City of Vancouver, WA
Planning and Operations:
"How it all fits together"

* Indicates expected planning
horizon or update cycle

"Planning and Operations - How it All Fits Together"

In Vancouver, We tend to follow the "Deming Cycle" or "PDCA Cycle" with our planning and allocation process. Defined most simply, it is a "Plan – Do – Check – Act" cycle of continuous improvement. Here is the concept for each cycle and the tools we are currently using:

Plan:

Key Question: What are we trying to accomplish?

What is done during this cycle?

Extract general direction and key outcomes from long range guidance documents.

Tools:
- Comprehensive and Master Plans provide framework for general policy decisions
- Strategic Plans establish specific policy focus and long term outcomes we want with defined measures of success
- Capital Investment Plan (CIP) +for major infrastructure

Do:

Key Question: How will we do it?

What is done during this cycle?

Prioritize needs and budget for progress toward the outcomes.

Tools:

- Business plans identify specific needs, technical directions, and intermediate outcomes with definitions of progress (look at 6 yrs, plan for 2)
- Budget process determines likely resources available for near term (look at 6 yrs, plan 2) and allocates them to funds, functions, departments and projects
- Work plans define near term allocation of resources and goals within departments (1 year)
- Performance appraisal goals are used to establish individual level expectations

Check:

Key Question: How well did we do what we were trying to do?

What is done during this cycle?

Gather data about how effective we are with the resources that we are using.

Tools:

- Community Surveys
- City Manager's list of annual accomplishments
- Performance Snapshots
- CAFR (Comprehensive Annual Financial Report) plus quarterly and monthly financial reporting
- Audits, both internal and external (Annual, Compliance, Performance)
- Annual or more often performance appraisal evaluation of progress against goals

Act:

Key Question: What adjustments are needed to do it better?

What is done during this cycle?

Make adjustments in the near term to increase effectiveness and efficiency.

Tools:
- City Manager Annual Goals
- Issue –focused teams established to solve specific problems
- VANSTAT – type operational review sessions to look at short term progress & trends
- Performance appraisal goals are adjusted to refocus (up to quarterly)
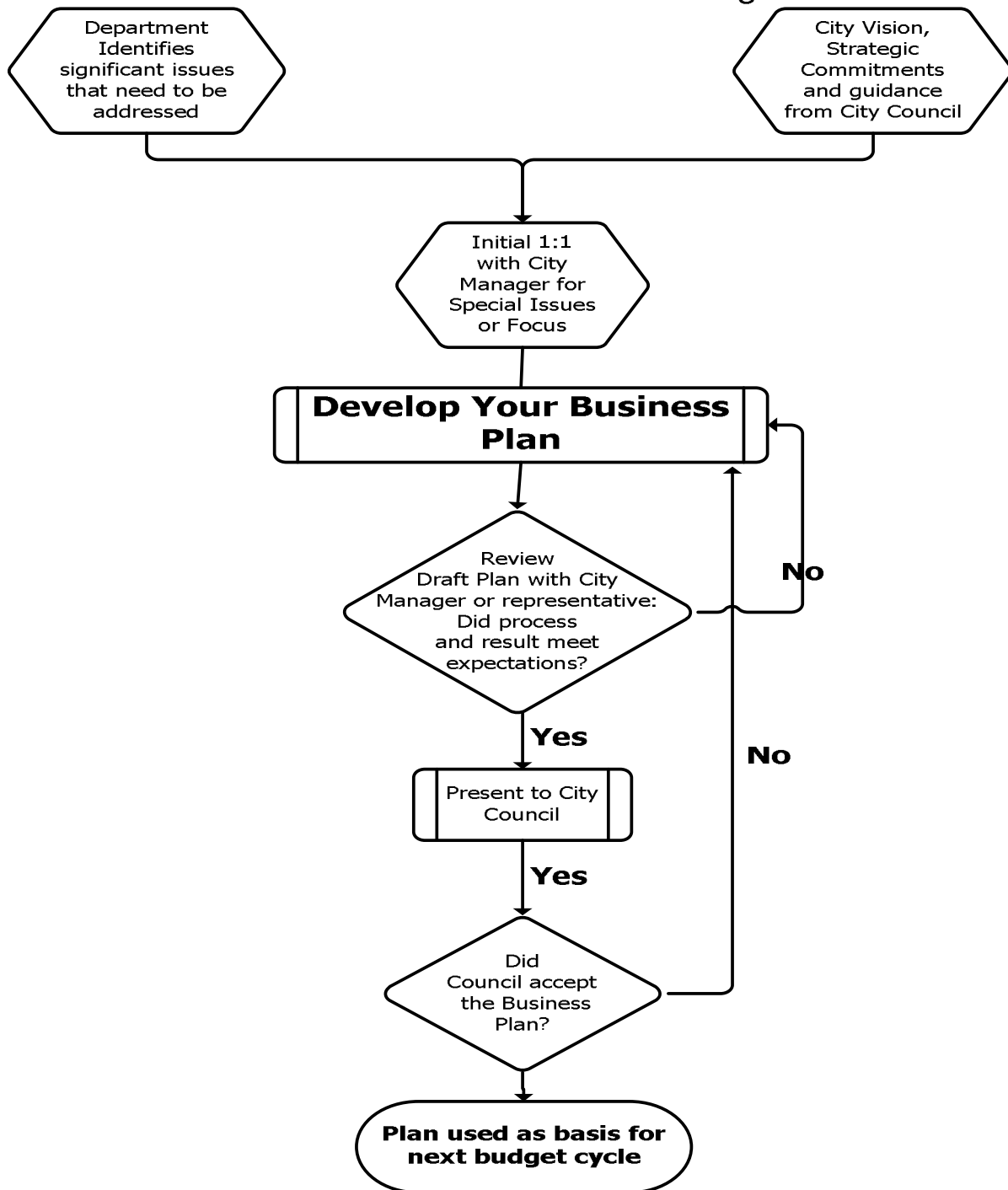

Plan Characteristics

Master Plans and Comprehensive Plans normally provide general direction with a planning horizon of 15 to 20 years, and are updated in 4-8 year cycles. By their nature, they usually cover more than a single jurisdiction or municipality. They may include high-level outcomes but normally do not address resource details or specific performance objectives or measures.

Strategic Plans usually provide direction out to 10-12 years, and are updated about every 2-6 years. They should have general community-level outcomes they wish to achieve and may have objectives performance indicators to track and report upon. They may address resources in a general sense but usually do not have specific funding sources identified by year.
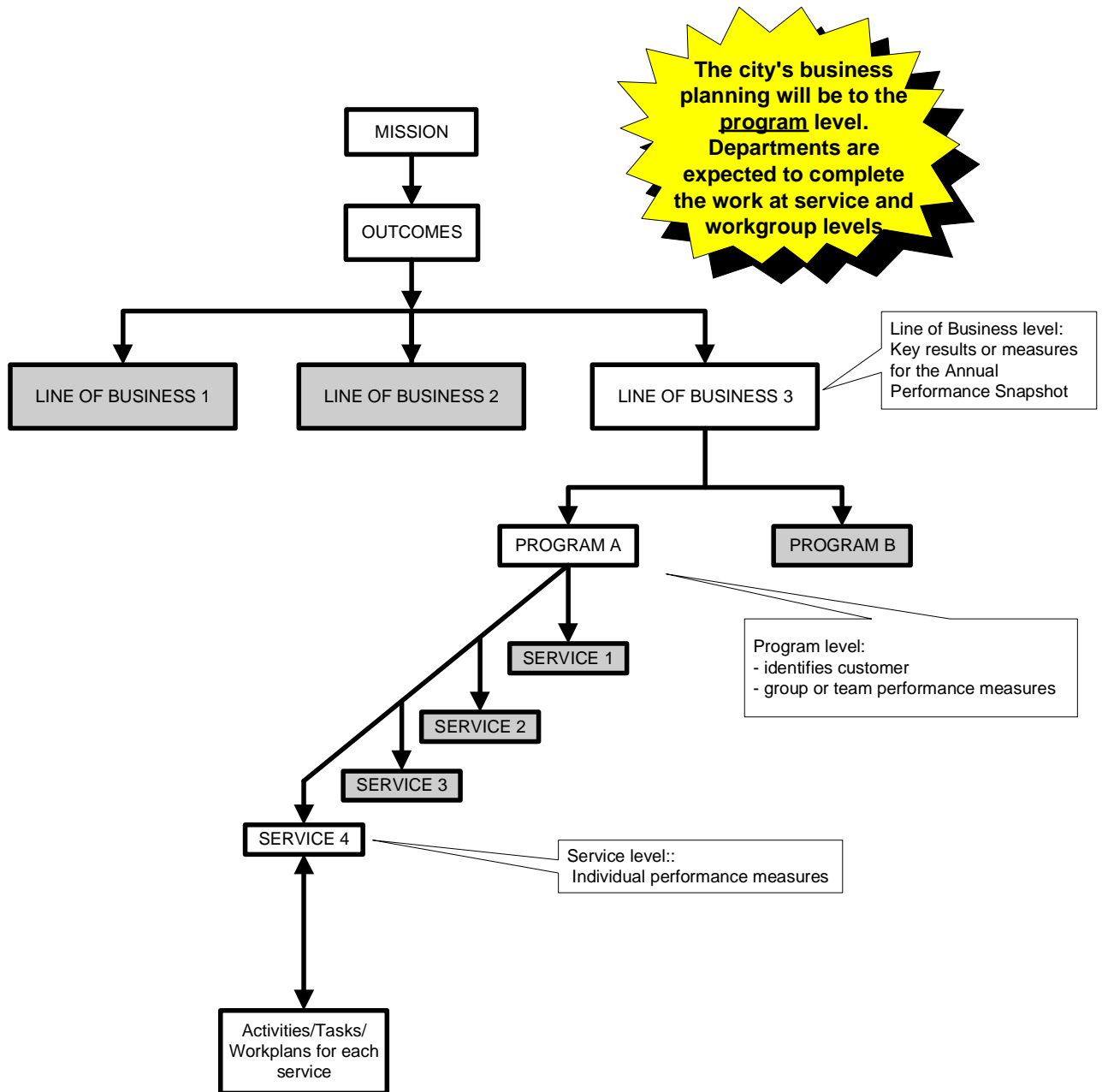
Business Plans provide a general plan five to six years in the future, very good details for 2-3 years. They include performance objectives and specific measures of success, cost detail, and funding sources. They are updated every 1-3 years.

Flow chart view of Business Planning Process

Department Identifies significant issues that need to be addressed

City Vision, Strategic Commitments and guidance from City Council

Initial 1:1 with City Manager for Special Issues or Focus

Develop Your Business Plan

Review Draft Plan with City Manager or representative: Did process and result meet expectations?

No

Yes

Present to City Council

Yes

Did Council accept the Business Plan?

No

Plan used as basis for next budget cycle

The city's business planning will be to the _program_ level. Departments are expected to complete the work at service and workgroup levels

MISSION

OUTCOMES

LINE OF BUSINESS 1

LINE OF BUSINESS 2

LINE OF BUSINESS 3

Line of Business level:
Key results or measures for the Annual Performance Snapshot

PROGRAM A

PROGRAM B

SERVICE 1

SERVICE 2

SERVICE 3

SERVICE 4

Program level:
- identifies customer
- group or team performance measures

Service level::
Individual performance measures

Activities/Tasks/ Workplans for each service

Appendix D: STEPS TO DEVELOP A BUSINESS PLAN

This process is intended as a guide; it is not the only way to business plan, but if you follow the sequence and gather the information at each step you will have all of the key answers needed. Some questions may not be applicable to your organization.

1. **Who are we? Assemble an overview of your department. Include "background items:**
   a. Any vision, mission and goals you already have as an organization
   b. What are we –
      1. Organization of department - include an organizational chart
      2. Total number of employees, (FTEs plus "head count") management to employee ratio, other employee demographics as appropriate.
      3. A description of major capital assets (number and location of facilities, square feet of office/admin space by location, major equipment)
   c. How do we fit in - How we support or tie into the City's strategic plan, vision and direction?
   d. What are the key or special issues we need to address?
   e. How did we develop the plan (process, sources of information, etc)

2. **Who are my customers and market over the next five to six years?**
   a. Demographic changes as projected by State and County
   b. Market Analysis of customers to include survey results
   c. Competitors and potential competitors
   d. Strategic partnerships that affect market (current and potential)
   e. Other plans that drive my requirements and process

3. **What do I do – what are my lines of business, programs, and major services provided? How do I know which things I am doing are most important to my customers?**
   a. Core programs and services
      1. Mandated
      2. Essential
      3. Optional

4. **What are my key performance measures that quantify the impact of my businesses on our customers?**
   a. Internal customers
   b. External customers

5. **What resources are required to meet current service levels?**
   a. Identify requirements initially; funding source(s) are a later discussion
   b. Describe budget used by major fund
   c. Include non-fiscal resources such as personnel, equipment, facilities
   d. Compare/discuss resource allocation to core vs. non-core businesses

6. **How do we currently fund the services?**
   a. Budget
   b. Fees
   c. Sources of grants and matching funds
   d. Partnerships
   e. Alternative income sources
   f. Other

7. **What are my future goals and the strategy to achieve them?**
   a. Specific: Expressed as performance measures I paragraph 4, plus any new ones
   b. Short term concept
   c. Long term plan (if different from short term)
   d. Can include an overall strategy of service delivery, if new or different
   e. Can include milestones, intermediate goals
   f. May include how to decrement business if revenue a problem

8. **What resources do I need to meet the future service goals?**
   a. Include guidance you have been given by leadership and city staff
   b. Identify assumptions and planning guidance you want to include
   c. Provide clear documentation how you developed the answer. Include:
      1. Funding (include technology upgrades) by major fund
      2. FTE increases and their basis
      3. Capital requirements (New facilities, leases, or remodels over $5000 and furniture or equipment purchases over $5000 for a single project or location and IT/computer equipment purchases over $800)

9. **How will we fund the resources to meet our service level goals?**
   a. Overall strategy (if applicable)
   b. Savings from efficiencies, reduction, or divestiture of services
   c. Budget
   d. Fees
   e. Sources of grants and matching funds
   f. Partnerships
   g. Alternative income sources
   h. Other organizational improvements or internal initiatives

10. **What are the major risks to our plan and how will we minimize them?**

1. Background

As part of the City's efforts to focus on quantifying performance, we developed Departmental Performance Snapshots. While these Snapshots have been in use since 2002 by Fire, Police, and Parks & Recreation, they initially became required for all departments in 2005. Using a standard format, each department developed their snapshot. They have been published in the budget book, on the CityNet internal performance site, and most recently on the City's external web site.

Vancouver's external performance web site is at *(click on "performance snapshot" link)*:
http://www.cityofvancouver.us/performance.asp?menuid=10462&submenuid=17767

2. Purpose & Concept

To inform the community about our performance as an organization, department leaders discuss their performance snapshot information with City Council during short workshops beginning in 2006. This is expected to become an annual or semi-annual report of progress depending on Council's desires.

3. The Presentation

Using performance the snapshot developed in early 2005, each department director will update their measures and data as of December 31st using end of year data.

Directors will be scheduled for a 30 to 45 minute session to present their snapshot to City Council at the beginning of a workshop period. Intent of the presentation will be a discussion of the department's performance against their major performance measures identified in part 2 of the snapshot.

There should be no presentation material except copies of the performance snapshot and the PowerPoint extract of the snapshot to aid viewers at home in following the presentation.
Each presentation should:

- Identify the **key outcomes** the department is working toward.
- Discuss the **major performance measures** supporting those outcomes and why they are important.
- **Describe the data** collected against those measures and what it means; if you have past year data, discuss the comparison.
- **Identify the action(s)** being taken over the next two years as a result of this analysis.

4. Format of Performance Snapshots

Why We Exist. Your organization's succinct, formal mission statement: What do you do in plain English? See *Appendix F* for a definition of "mission".

Part 1: Accomplishments and Challenges. This area is intended to note specific improvements you have already made in service delivery, cost containment or other effectiveness/efficiency accomplishments not covered in the performance chart. It can also include where you deviated from your plan based on significant unexpected events.

Part 2: Key Performance Measures. This includes the three or four major outcomes that indicate your organization is being successful in the highest level measures. It is intended for communication to your customers and the community. Within each outcome you should choose the two to five (maximum) measures that quantify success best for that outcome. The measures of success that you choose are expected to stay relatively stable for 2-3 years so that trend data can be developed and shown to the community, so they should be chosen carefully. In 2008 we began using a color coded system using the "traffic light" colors of red, yellow & green to indicate how well we are doing at a glance.

If you have past data for your measures, include it here. If you do not have past year data to support the measures, begin with the current year.

Part 3: Sample Costs. One or two representative costs to provide one of your major services. It should be one that you believe the community would find useful as an indicator and would easily identify with your department. Document how you calculate this number.

Part 4: Major issues to address over the next two years. These are the issues you know must be dealt with and will significantly affect your business in the near term; it should cover three years in the future by year.

Part 5: Department Contact. Who you should contact if you have questions. It includes both email and telephone information.

A sample performance snapshot is included on the next two pages; more can be viewed from the city's web site at:

www.cityofvancouver.us\performance

Reading a Performance Snapshot

While the compilation of reports is significant, each report is intentionally brief and limited in scope. It does not include all performance measures that are needed to tell a complete story of the organization, but gives a good feel for key reporting measures. With only a few exceptions for very diverse organizations, it is a two page document.

City of Vancouver, Washington Performance Reports

Page 1 (Front)

2008 Financial & Management Services Performance Snapshot
Chief Financial Officer: Lloyd Tyler

Why We Exist: We provide timely, high quality, financial and analytical services for our external and internal customers in a positive, professional, and cooperative manner. We will establish and maintain a high level of trust, and always be sensitive to our customers' needs.

1. Accomplishments and Challenges
a. All audits completed successfully ("unqualified") for the city in 2008.
   - Performance Audits: Two areas tested, numerous leading practices identified in both reports
   - Federal Single Audit: 1 finding for a contract that didn't comply with Davis-Bacon requirements
   - Accountability Audit: Unqualified, but need to improve multi-department project documentation
   - Financial Audits: Unqualified, no issues.
b. Completed the Strategic Plan Indicators and added "traffic light" color coding to departmental snapshots
c. The parking permit process and associated web payment solution projects were delayed until 2009.
d. The City issued $14,570,000 in LTGO bonds in June 2008 to fund Fire Station 810, an evidence building for Police, and for the west Police Precinct. This issue has a true interest cost of 4.51% and is structured to mature in 20 years. LTGO Bond rating upgraded to AA- by Standard & Poor's (S&P) rating agency.
e. The City also issued $20,230,000 in Water/Sewer Revenue Refunding Bonds in June 2008 to refund the callable maturities of the 1998 Water/Sewer Revenue Bond. This issue has a true interest cost of 3.55% and matures in 8 years. Refunding Bond rating upgraded to AA- by S&P.
f. Phase II of utility billing project. In 2008 there was not a dramatic change in work practices done by FMS for this project. We continue to send daily ACH files for direct payments, and reconcile all of the credit card and banking activity associated with utility payments. The volume of work for the back office increased from this project, with savings realized by other staff in the city.
g. Comprehensive Annual Financial Report (CAFR) was completed on time and with fewer GFOA comments than at any time in the past three years.

2. Key Performance Measures

Performance Measures & Outcomes	Current Goal	2006	2007	2008		Comment or Analysis
The City is recognized for high standards of fiscal reliability, accuracy, and professionalism						
Formal, external recognition for financial excellence	3 area minimum	1	1	4	☝	Budget (GFOA) & CAFR (GFOA); Performance (CMA and ???)
The City has high bond ratings for GO debt	A1 or A+	A1 (moody) A+ (s&p)	A1 (moody) A+ (s&p)	A1 (moody) AA- (s&p)	☝	S&P "AA-" represents an upgrade in 2008
All external audits "unqualified" results with no findings	Unqualified No finding	Unqualified No finding	Unqualified No finding	Unqualified 1 finding	?	See note "a" in paragraph 1
FMS operating expenses as a % of City operating expenses	< 1.8%	NA	1.0%	1.07%	☝	All funds, and all funds included; 3.6% of GF
We report timely, accurate, and useful financial information to customers						
CAFR is to public w/in 195 days of year's end	195d	19-Jul	26-Jun	27 June		178 days
1, 2 & 3 Qtr financial report to public w/in 60 days of end	3 quarters < 60 days	3	3	3		All quarters met time requirements
4Qtr FY financial report to public w/in 90 days of end	30-Mar	23-Mar	20-Feb	20-Feb		
Accurate revenue forecast for General Fund	± 2%	2.0%	1.7%	0.2%		
Accurate revenue forecast for all operating funds	± 2%	6.0%	2.7%	-1.3%	☝	

The TITLE includes the organization name as well as who is in charge and their title.

"Why We Exist" is the mission expressed in first person, and comes from the organization's business plan.

ACCOMPLISHMENTS AND CHALLENGES includes one-time events or achievements for the year that are noteworthy.

This gray areas are ORGANIZATIONAL OUTCOMES. Performance measures listed under them should support these outcomes clearly. We express them in first person where possible.

The PERFORMANCE MEASURES section contains data that is tracked over many years. All measures include a goal. (unless they are a display of workload)

COMMENTS OR ANALYSIS is where short notes identify why changes occur or clarify potentially inconsistent data.

City of Vancouver, Washington Performance Reports

The City is fiscally well managed and responsible						
ROI is better than the Merrill Lynch custom benchmark	≥ 5%	-0.47%	+0.45	±2.31%	👍	Index=1.6%, ours = 3.9%. We outperformed the index significantly
Total purchasing card transactions vs purchase orders	increase FPY	10,687	13,294	14,101	👍	
Dollar value of average purchasing card transaction	≥ $200	$200	$265	$271	👍	
Purchasing card was used for goods/service purchase orders	increase FPY	15.0%	19.7%	15.79%	👎	Fewer, higher value purchases made
Total dollar purchase per procurement FTE in $millions	≤ $10.0M	$11.5M	$11.8M	$8.96M	👍	Purchase volume high but manageable
Consolidated, multi-year and piggy-back contracts increase	increase FPY	91	95	120	👍	These are more cost effective; increase them
Percent of payments that are processed through the remittance processor	Increase each year	New for 2007	8.7%	12%	👍	Remittance processor costs less than 1/20th of a walk-in payment
Internal audit items with savings or mitigated risks	≥ 10	10	0	15	👍	Includes published recommendations only
Budgeted management ratio on Dec 31 (managers: full-time staff)	≥ 1:7	1:5.7	1:5.7	1:6.5	👍	1:6.6 rounds up to 1:7
Our customers are satisfied						
Customer satisfaction 3 or better on 4 pt scale	≥ 3	Due in 2007	3.2	Due in 2009		Biannual support services survey
Customer service comment cards, % "excellent" score	> 90%	98%	98%	97.8%		61 customer cards collected this year

*Note 1: The Government Finance Officers Association (GFOA) Budget award is given once every 2 years for a biennial budget and counts as an annual award for each year.

3. Sample Costs   2007   2008

a. Cost to process a walk-in cash payment to the City: $1.40 to $5.16 $2.97 to $4.16
(Cost varies with complexity – approximately 82,000 payments in 2007, 3.5 to 10 min per transaction in 2007. In 2008, 73,000 transactions processed, with an average processing time of 5 – 7 minutes).

b. Cost to process a mail-in payment to the City: $0.22 $0.22
(Using the automated remittance processor – approximately 302,000 payments per year, of these 10,200 were related to items invoiced in FMS, the rest are utility payments. The cost per item is $0.11 per check and $0.11 per stub for clean mail. If the items kick out of the machine for any reason, the cost increases to $0.18 per item or $0.36 if the payment includes both a check and a stub).

4. Major issues to address over the next two years

a. Complete more IT projects to support direct links in back office software and eliminate manual data formatting and loading. They are funded at a very low level and progress is not quick. Projects are queued for parking citation on-line payments, on-line parking permits (with a larger scope), Oracle I-Receivables, etc.

b. Determine solutions for new financial processes by direct service agencies that increase support requirements without additional staffing or software purchases/integration. This includes red light camera citations, fire inspection fees, and other processes.

c. We need a plan to reduce paper archives and go to a more efficient electronic storage system. It would provide better access for searching and be far quicker to implement. We are exploring options with IT and Media Services.

d. We need to improve the ways we communicate the financial situation of the city to Council, unions, the public and other stakeholders.

5. Department Contact
Name: Tom Nosack   Email: tom.nosack@ci.vancouver.wa.us   Telephone: 360.619.1074

2008 FMS Performance Snapshot.doc/ Vancouver, WA/ 12/18/2008   2

COLOR CODE measures to show how successful they have been at a glance.

SAMPLE COSTS are one or two examples of costs to provide a service, or other cost-related example of potential interest. It should be one that you believe the community would find useful as an indicator and would easily identify with the department. Document clearly how you calculate this number.

MAJOR ISSUES TO ADDRESS OVER THE NEXT TWO YEARS are the issues each organization must be deal with and will significantly affect their business in the near term. It is recommended that they break it down by year.

DEPARTMENT CONTACT if the reader has questions.

Appendix F: HELPFUL BUSINESS PLANNING DEFINITIONS

Business Planning	The process of critically examining your customers, organization, internal processes and finances to understand your organization and take advantage of changes in the business environment
Business Plan	A document that quantifies and identifies your business current status and how you plan to react to the expected business environment within the planning horizon. It describes the organization in terms of lines of business, programs, services and activities.
Guidance and Focus Hierarchy	The "stair step" sequence of an organization's focus from the highest level (vision) to the most direct and immediate level (tasks)
Vision	Vision defines a desired future and helps guide all who accept and understand it. Define where the group is heading. Make the vision long term, bold but achievable if we stretch.
	The vision should inspire the organization and its customers (external and internal) while creating a framework for the enterprise to thrive.
Mission	Generally defines "the box" we will work within clearly and concisely
	Identifies the purpose of program/service/department (What we provide)
	Identifies the primary customer and desired results
	Seldom changes and is a communication tool for all stakeholders
Outcomes (AKA "Goals")	Relate directly to elements of the mission statement – how mission will be accomplished
	Identify specific and measurable results that directly relate to the desired outcomes of programs and services
	Should be action oriented with a verb as the first word
	Establish expectations for a 2-6 year period
	Should be able to identify which resources are available to support each goal
Strategies	Should have a set of strategies for each outcome or goal
	Are more specific than goals - tell how we are going to do it
	Outline specific steps to be taken over a biennium
	Relate to specific programs or initiatives that are funded
	Department level strategies may be program mission statements
	At program level, strategies may be specific action items
	Should be able to identify budget dollars
	Should be action oriented with a verb as the first word
Line of Business	It is a group of programs and/or services that share common results or customers. It would be a major product line or service of your organization; Normally only about three to five in an organization
	Provide services to the direct customer
	Use majority of your resources (time, FTEs, funding)
	Have a significant number of programs and/or services below it.
	A group of programs or services that share common results or customers.
	Each has key results or outcome measures
	Collectively, a department's lines of business are all of their major operations.
Programs	A group of services that share a common purpose.
	Serves direct customers
	Usually has a number of services within it

	Specific result and set of performance measures for it.
	The customer and cost of each program should be identified.
	Involves multiple people and resources across the organization
	Involves significant resources
Services	A logical grouping of related activities with a common purpose.
	Involves multiple people usually at a workgroup level
	May include a number of activities
	Usually rolls up into a program; may be identified on individual workplans.
Activities	A logical grouping of related tasks that an individual or small team does with a common purpose.
	Can be a single person or small group
	May not directly involve main customers
	Uses few resources; rolls up into a service
	Identified on an individual workplan
Workplans (Team or individual)	A plan how various tasks and activities will be done, to what standard in an effort to accomplish specific strategies or goals.
	Identifies specific actions/work plan tasks for each strategy
	Assigns responsibilities to an individual or team
	Defines timeframes, milestones and resources
	Identify what will be considered success
Tasks	Individual level work
Performance Measures	Relate directly to specific program objectives or goals
	Should be a small, balanced group of metrics applicable for 1-6 years
	Types of measures include:
Demand	Level of service expected or needed by the customer
Outcome	Quantifiable impact on customers. (What will be changed by this program?)
Output	Volume of services or products provided
Productivity	Efficiency, leverage, cost/benefit, unit costs (in dollars or time)
Workforce Process	Quantity of work done in a specified period of time
Workforce Investment	Employee satisfaction, automation, training, employee skill levels or certifications
Program Designations	Designations initially established by the City Budget Office during the 2001-2002 budget process. The designations are subjective labels or relative funding urgency and each program needs to be considered on a case by case basis.
Mandatory	Services must be performed as a requirement of Federal, State or local laws or regulations.
Essential	Services established to meet a critical public need related to health and safety.
Support	Services that provide administrative, logistical, technical or other support to City departments.
Support - M/E	Support services required for a mandatory or essential service.
Discretionary	All other services that do not meet the definition of a higher funding priority

Core Activity

Programs are identified as core or non-core to our basic business to help keep resources focused on the primary activities that we must support. Determining if a service is core involves a subjective evaluation of it against the following criteria. The more of these criteria that it meets, the more likely it is to be considered core to the organization.

a. **We have no choice - it must be done as required by an external authority**
- Required by Federal or State law, regulation, etc.
- If it is a county or city rule, mandate, regulation, etc it can be changed locally and we may have choice
- In many cases, we must maintain "ownership" of it by managing or contracting execution, but we do not have to do it directly
- In some cases, we must be the ones to actually do it

b. **It serves a significant number of our target customer base**
- If it does not serve a significant portion of our customer base, it is not likely to be core

c. **It is a direct service to public, not an internal customer**
- If the customer is part of the City, the work is probably not core - it can be provided by others

d. **If we do not do it, we will lose our identity and purpose**
- Certain cases are clear such as a fire department that does not fight fires, police that does not patrol, etc.

e. **It is perceived as more important than other things we (our organization) do by the majority of our customers**

f. **Nobody else can provide the service to our customers, nor do they have the economic or technical ability to develop the capability**
- In some cases electricity, water, sewage or other services requiring high capitalization (Note: This may change as did phone service)

g. **If we are in an extreme cutback situation, it must remain at the cost of all other parts of the organization**

Appendix G: ADDITIONAL RESOURCES

In this Annex are a few resources that may be of use to you. Some are related to general Business Planning, others are specific to municipal governments.

A. Web Sites:

Vancouver internal (Citynet) performance site (only accessible from inside the city by employees:
http://citynet/finance/Performance%20Analysis/default.asp

Vancouver's external web page with business plans, surveys, performance snapshots:
www.cityofvancouver.us\performance

Rutger's University's National Center for Public Performance:
http://www.ncpp.us

Community Benchmark Programs:
http://www.maxwell.syr.edu/benchmarks/

Oregon Progress Board's Annual Performance Progress Reports:
http://www.oregon.gov/DAS/OPB/APPR.shtml

B. Staff:

Tom Nosack   Performance Analyst
Lloyd Tyler   Financial & Management Services Director

C. Other:

The next page is an information sheet on some of the positive effects of adopting business planning within an organization. It may be helpful as a discussion tool or as a resource to introduce business planning to those who are not familiar with its merits.

Appendix H: POSITIVE EFFECTS OF BUSINESS PLANNING

- **Clarifies Department/Program Purpose.** In general, business plans should clarify the purpose of a department or program that already exists. It should be the bridge between the City's strategic plan, your service area strategic plan/goals and the annual work plans for your programs. It should clearly articulate what you are trying to accomplish, where you are investing resources and how you will measure your success.

- **Aligns Activities and Resource Allocation.** The business plan should demonstrate how each of the funded programs or activities relates to the overall program/department goals. Funding should follow programs to allow identification of resources that are allocated to each goal. The plan should also identify how you will measure the success of your efforts. Business planning may also identify inappropriate program structure and the need for better program definition.

- **Improves Service Delivery.** Completing business plans should provide work teams and management teams the ability to identify service delivery objectives and ways to measure whether those objectives are being achieved. If the business plans are not relevant to the actual work and how it can be improved then the efforts to complete the plans should be reconsidered.

- **Establishes Consistent Planning Expectations.** The business plan framework should be applicable at the department, program and work team level. While the specific elements and products of individual operating plans will vary the critical elements and outline should be similar. Having a similar framework will improve how we hold ourselves accountable both internally and with the public.

- **Establishes a Communication Tool for Council, Employees & the Public.** The business plan has both an internal and external audience. It is not a work plan (mostly internal) or a strategic plan (mostly external) but should have elements of both as content. The links to the strategic plan should be clear but the business plan should be a focused, stand-alone piece.

- **Guides Specific Work Plan Tasks.** The goals, objectives and priorities identified in the business plan should drive the individual work plans. Business plans identify *what* needs to happen, while the work plan shows *how* the planned things will get done. Work plans should include responsibilities, resource commitment and timing expectations for each program, activity or project identified in the business plan.

- **Provides a Tool to Monitor Progress.** The status of the business plan should be reviewed regularly (2-4 times per year) to assess progress on results, reinforce areas of focus and to validate priorities.

Appendix I: BUSINESS PLAN SUSTAINMENT PROCESS NOTES

After the presentation and acceptance of your plan:
a) Update the plan to reflect feedback from Council as soon as possible after your presentation.
b) Record what support was received vs requested, and what changes were incorporated outside the business plan.

Near term updates: During budget cycle
a. Incorporate your multi-year plan into the budget process as completely as possible. For example, your submitted decision packages should accurately reflect the changes the business plan supports. It should cover the entire business plan cycle for which you have detailed plans.
b. If estimated savings/costs in a decision package differ from your business plan, update the business plan to reflect the more accurate number.
c. If new issues arise that are not reflected in the business plan, either incorporate them fully or include descriptions of the changes in the "future" section of your plan. Note any administrative or format issues you want to update when next published.

Six month update:
a. At least semi-annually consider refreshing your performance measures with current data, communicating it to your organization and customers, and posting it to the plan. Analyze to identify any changes in expected performance trends.
b. Verify changes and measurement tools put into place at the start of the plan are still functioning correctly.

One year (Annual) update:
a. Leader: Schedule a planning session with the Performance Analyst to identify the most appropriate approach for an annual update to your plan.
b. Leader: Let your organization know you are updating the plan with internal communication. Make it clear their input is needed and valued. Identify what success has happened as a result of your last plan/update.
c. Leader: Schedule time for your team to meet about the business plan. Let them know at least three weeks ahead of time that the focus will be to update the plan. Have them review the common areas of the plan as well as their specific area prior to the meeting.
d. Team: Verify the mission and vision have not changed significantly
e. Leader: Review the guidance. Check with the City Manager and Financial & Management Services Director to make sure guidance & assumptions are the same.
f. Team: Verify/confirm/adjust environmental factors
g. Leader: Verify your summary of the environment is still accurate
h. Leader: Use first meeting to go through common areas of the plan (as a group) in appropriate detail to decide what has changed and how to extend the planning horizon out another year. Update the financial information and task the team to draft updates to their issues/problems and recommendations.

Specific Issues to address during updates completed in 2008-2009:

Police

Fractal response times vs average?
Response time for code 1 dispatch + code 1 arrival?
Overtime control
Police Service Technicians: How they are utilized now
Non-emergency 911 calls
List all performance measures in one place
Update all performance data
False alarms
CRESA data issues
Training progress: correct subjects, basics first, minimal overtime
Staffing summary by position/grade & organization
Outcome summary page (snapshot)

Parks:

Outcome measures,
Management ratios,
Enterprise activities
Org chart
Staffing summary by position/grade & organization
Update all performance data to include 2002
Update financial data
Update unit cost data
Outcome summary page

Appendix J: CURRENT VANCOUVER GENERAL PLANNING ASSUMPTIONS

Five Year Plan - As of January, 2009

Annexation Area	Acreage	Population	Estimated Annexation Date
Columbia River	@193 ac	Under 10	2009-2010
Van Mall North	@851 ac	@5,000	3 sub areas, 2009-2010
Five Corners	@3,758 ac	@15,000	6 sub areas, 2011-2012
Orchards	@4,782 ac	@20,000	6 sub areas, 2012-2014

* Bryan Snodgrass (Community Planning) provided the population estimate calculation.
** This is an estimate because a legal description, which includes the many road right-of-ways, has not been completed at this time

Area Growth: The city is currently 49.5 square miles. Annexations are predicted to add approximately 3,229 acres by 2011 in the areas depicted on the chart above.

Population Growth: 2009 Population is 164,500. Population is expected to grow at 1.4% per year for the next five years within existing city limits, for a population of 170,000. With annexations we expect a total population of 177,000 by 2011.

Service Levels: Existing service levels for most city services adequately meet most needs of the residents.

Fiscal Assumptions:
a) Operating costs will continue to increase faster than inflation. While revenue will improve, it will not be sufficient for all identified needs.
b) We will focus on "unburdening" General Fund to the degree possible
c) Identify what specifically you would do with a 10% cut to existing funding
d) When the business plan is substantially complete, we will want to answer two questions at the line of business level and possibly at the program level depending on the organization:
   1) What would we do with a 20% cut in operating budget? How would we cut, and what would change?

   2) If we got 15% of the cut back in the next biennium, what would we buy with it?

Council Guidance:
a) Focus on core missions and determine what is needed to operate at maximum efficiency while addressing key service issues. Be innovative.
b) Put your efforts toward meeting existing performance standards
c) Do not raise service standards beyond what now exist
d) Do not add new services unless directed to do so by council
e) Add new capacity only to meet existing standards in areas of geographic expansion

City Manager Guidance:

    a) There are a few key things that should be transparent to the reader of your business plan, which includes the Council and general public.

        1) Who we are,

        2) What we do,

        3) How we make decisions, communicate and prioritize; and

        4) How we are accountable.

    b) Interdepartmental causes and effects are important.

    c) Address customer service in the BP as it is needed for success

    d) Clearly show what the needs are over the next few years, and how they were developed.

    e) General Fund support is not expected to grow without a clear and compelling business case. Even then, resources are expected to be very tight this decade.

Financial & Management Services Guidance:

Budget requests for new resources will refer to the business plan or performance snapshot. The plan should be updated when resources change significantly. If an item (and its estimated cost) is specifically identified when the plan is presented to Council, it will streamline the process and enhance your chance of success.