



TO: City Council Members

CC: City Manager

FROM: Mayor Adler

DATE: December 10, 2015

SUBJECT: Sunset Review

The City Manager recently proposed the creation of an Office of Performance Management. This proposal responds to the City Council initiated "Sunset Review" program approved in the FY2015-16 Budget which we funded at \$500,000.

The City Manager's proposal to create an Office of Performance Management responds to many of the issues raised by the Council's request to have a process that will improve service delivery and program management. An on-going and institutionalized review of city operations will help the City of Austin continually improve service delivery and inform the Council during the budget process.

Note: Certainly the Manager can and should do whatever department review he believes is necessary for him to properly manage the City, and he may do all or part of his proposal whether or not it is part of what the Council wishes to have done associated with the action taken in the last budget. The question before the Council is whether the Manager's proposal will provide, in all or in part, the information and outputs the Council seeks from program or performance reviews.

I suggest that a review of city operations reflecting the intent of Council's budget action should address several key questions:

1. What is the department or program doing (where is it spending time, resources, energy)?

2. Why is the department or program doing what it does? What is the intended policy goal? What initiated the department or program? (Council action? Staff action?)
3. Is the department or program being run as efficiently or as well as it can be? Is the department or program meeting the intended goal or policy objective?
4. What are the recommendations for change or improvement?

I would like the City Council to have a robust discussion before we act or acquiesce on the creation of a new Office of Performance Management. Without limitation, several questions we should discuss include:

1. What are we trying to accomplish by conducting performance reviews and what information or data will we want to get and how will we use it?
 - a. **Improve the budget process.** How can performance evaluation help the Council develop the budget?
 - b. **Accountability.** Can taxpayers obtain a better understanding of how their tax dollars are being spent?
 - c. **Priority setting.** Are we prioritizing where we spend resources “on” programs and “are the” initiatives consistent with the desired contribution they make toward meeting citizen needs and expectations?
 - d. **Focus.** Should we focus on:
 - i. the results being obtained and how and what services are being delivered, and/or
 - ii. how efficient and well managed are we doing what we do?
 - e. **Setting targets.** Should we focus on the performance measures and targets we use to make choices and set priorities and measure how we’re doing?
 - f. **Improved Service Delivery.** Should we focus on how we might improve communications, set targets, and analyze best practices in order to improve service delivery?
2. What kind of performance evaluation should we be focused on doing? Should we do a mix of operational, organizational, and strategic performance evaluations?
3. Do we want the review done within the Manager’s office by staff that reports to the Manager and is subject to the Manager’s review? Or do we want all or part of the review to be done by the Auditor and independent from the staff functions being reviewed? [The Office of the Auditor’s previous review of peer cities doing performance evaluation found that some of these cities are conducting such reviews independent of city management, and some are within the budget office. The Office of the Auditor is already charged through the City Charter with the responsibilities of examining City operations to reduce costs, increase efficiency, quality, and effectiveness. See

https://www.municode.com/library/tx/austin/codes/code_of_ordinances?nodeId=IT2AD_CH2-3CIAU]

4. Should we combine or integrate the Manager's proposal and incorporate the Office of the Auditor to provide different aspects of a performance evaluation and performance audits?
5. On which areas of City operations should we conduct organizational and operational performance reviews and evaluations?
6. What is a reasonable cycle time to review all City departments (how many years) and do we have a repeating cycle?

I would like to discuss these questions with the City Council, joined by the Auditor and the Manager to help us understand what is to be anticipated with regard to the following (some or most of these issues may have already been addressed in the memo from the Manager as it concerns his proposal):

1. The staffing needs and budget to conduct performance evaluations from several perspectives noted above.
2. Plans to use extended services with subject matter experts to conduct crosscutting management reviews.
3. Programs and dedicated team to conduct performance evaluations and audits of subject/topic areas to be determined by Council.
4. Adding hours to existing performance audits to incorporate efficiency-focused objectives and program history/intent information (examples: Code Investigations, PARD Resource Allocation, Fleet Preventative Maintenance, and Street Cut Repairs).
5. Development of timelines that will integrate the results of key performance evaluation and performance audits into the Council's budget development process.
6. Any Council actions needed to clarify Council's desire for departmental reviews and any necessary amendments to the Audit Plan, which may be presented to the Audit and Finance Committee for a recommendation to Council.

I look forward to discussing this important topic at our upcoming Tuesday work session.