



REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: December 11, 2007

SUBJECT: Implementation of Policy, Leadership and Management Initiatives

Report in Brief

The City Council has expressed interest in supporting a transition that will move the City of Woodland to an outcome oriented, customer driven, efficient and effective local government organization. In order to accomplish this transition, comprehensive organizational change must be planned, implemented and sustained. It must be supported by all levels of the organization and led by people who are focused on implementing certain key initiatives that, when completed, will have lasting impact on the organization. As these key initiatives are completed, others will be initiated that build upon the success of the earlier efforts and the organization will be able to sustain positive change.

In order to begin this process, staff has outlined the **Policy, Leadership and Management Initiatives** that summarize the key elements required to transition Woodland to the organization described above. It is impossible to implement all of these initiatives at the same time; such an effort would not generate comprehensive change because employees do not have enough time to devote their efforts to everything at once. However, certain initiatives should be implemented in advance of others in order to lay the foundation for future success. Therefore, Senior Staff have developed a transition that focuses on the critical first steps that will facilitate comprehensive change and allow the City organization to create a foundation for future, long term success.

Staff recommends that the City Council approve the **Policy, Leadership and Management Initiatives** and the implementation of key elements in order to begin the City's transition to an outcome oriented, customer driven, efficient and effective local government organization as described herein.

Background

The Policy, Leadership and Management Initiatives provide a framework that will guide the City organization in conducting the public's business. There are several ways that these Initiatives will positively impact the operation of City programs and services. First, the Initiatives seek to align the

City Council's **policy direction with the day to day activities of the organization.** Second, the Initiatives establish the **foundation for what staff seeks to achieve by conducting the business of the City.** Third, the Initiatives define the **organizational culture which guides how staff interacts with the City Council, the community and each other.** Fourth, the Initiatives provide the **leadership and management tools that will be used by all employees in order to conduct the public's business.** Finally, the Initiatives provide the means for the **City organization to evolve and change in a manner that meets the present and future needs of Woodland.**

In order to illustrate how the Initiatives will be applied, the following elements are defined:

Vision, Values & Mission establishes a new or renewed vision for the organization, provides a list of organizational values that become the framework for conducting business and creates a common mission that is easily identified by all stakeholders, including the City Council, organizational leaders, employees, business/community partners and residents. The Vision, Values & Mission must be used, practiced and modeled constantly, especially by the organization's leaders, in order for it to become relevant.

City/Community Goals outline the most significant and desired outcomes for the City working together as a cohesive organization in collaboration with the community. The goals are intended to cross departmental lines and foster collaboration between work units and community stakeholders in order to be achieved. Periodic assessment of the progress toward meeting the City/Community Goals is critical to evaluating the organization's performance.

Comprehensive General Plan is a complete, long term and internally consistent set of goals and objectives that directs the environmental and land use development of the City. The General Plan must incorporate regional and state planning requirements and the realities associated with fiscal analysis for elements such as infrastructure, parks and housing. This document serves as the City's "constitution" for development and redevelopment.

Departmental Strategic Plans are more focused documents that need to translate the overall policy direction of the City into specific outcome focused strategies and actions implemented by departments. Strategic Plans must link to the high priority outcomes identified by the community (as identified by the City/Community Goals and other relevant policy documents) by listing specific strategies and actions, scheduling their implementation and evaluating progress. A Strategic Plan is a living document and a tool for establishing performance plans and charting progress.

10 Year Financial Plans are a fiscal management approach to linking the community's high priority outcomes to the long term allocation of resources. These plans are created by developing long range revenue and expenditure projections that reflect the prioritization of service levels, capital projects and related fiscal activities. The 10 Year planning window is intended to facilitate long term thinking in the evaluation of priorities and to identify potential resource issues that will occur over time.

Every fund should have a 10 Year Plan, including enterprise, internal service, special district and capital improvement funds.

Outcome/Performance Management is an approach that focuses on the outcomes desired for a program and service and the principle that managers will be held accountable for achieving the outcomes. Stated simply, outcome management asks the question: “What are the **results** we are trying to achieve?” These results need to be stated in measurable terms and if implemented correctly will transmit to all stakeholders that their City government is making progress toward meeting the City/Community Goals. Performance Management links the outcomes to a specific manager through a system that establishes an annual performance plan, tracks progress toward meeting the outcomes, allows for evaluation and adjustment and requires a final Year-end Report that summarizes the results in measurable terms.

Performance Based Budget links the annual allocation of resources to the achievement of results that correspond to service levels and defined in measurable terms. A Performance Based Budget (PBB) provides data that allows program managers to shift resources in order to achieve the results that are expressed in both qualitative and quantitative measures. In summary, ***PBB is the foundation for building a data driven, results oriented, customer focused and responsive local government organization.***

In order to implement the elements described above, a program of **Organizational Change** needs to occur through a series of planned actions. It is critical that the City organization start with Senior Management in order to set an example to all of employees. The process needs to be transmitted to the City Council, mid-management, employee associations and individual employees.

Task Forces involving employees representing all levels and departments have been an excellent way for facilitating change. The Task Forces need to be led by a “champion”; a champion is someone who understands the policy, leadership and management practices and has the capacity to lead, collaborate and cajole his/her colleagues to a well defined outcome. The Task Forces may include the following focus areas:

- Vision, Values & Mission
- Organizational Training
- Economic Development
- Performance Based Budgeting
- Restructure/Revising Service Delivery
- Comprehensive General Plan Update
- Update of a Key Area Specific Plan
- Development Services
- Performance Management
- City/Community Goals
- Customer Service
- Community Oriented Government

It is critical to understand that change of this magnitude does not occur overnight. It is a journey that will take some time, up to 3-5 years for the initial phase. It requires the enthusiastic support of the City Council and Senior Management to begin. In order to be successful, it also requires the support

of all stakeholders, including the employee associations, individual staff members, the community and other partners.

The following section proposes to begin this process by outlining a series of planned actions that focus on the most important activities. These activities will lay the foundation for sustained, long term, positive change that will facilitate future organizational success.

Discussion

Senior Staff recently met as a team to discuss the best way to begin the process of implementing **organizational change**. The following information summarizes Senior Staff's recommended course of action in order to implement the highest priority elements of the **Policy, Leadership and Management Initiatives**.

Communicate with Employees. If the City Council approves the implementation of the Initiatives as outlined herein, the very next step will be to discuss the program with staff throughout the organization. Meetings will be requested with the leadership of every employee association and the required time spent to explain the process. The City Manager and Senior Staff will also meet with employees at work locations, during departmental meetings and similar venues. Meetings will also be scheduled on an informal basis such as "brown bag" lunches where employees can drop in to discuss the program and/or issues. It is critical for the Initiatives be presented as a positive step and for the City Manager to learn through the dialogue what some of the potential obstacles may be that could require a course correction either at the beginning or at some point in the future.

Vision, Values and Mission. Recognizing the need to establish a firm foundation for this process, Senior Staff believes that the first priority is to define the City's Vision, Values and Mission. With the understanding that broad involvement is needed for this element, Senior Staff has committed to appointing a Task Force composed of 1-2 representatives from each department. These employees will appoint a chair who will facilitate the process under the guidance of the City Manager. The work of this Task Force needs to hold a high priority and be completed within a fairly short timeframe of approximately 4-5 months. Therefore, the Vision, Values and Mission Task Force will meet regularly, at least 2-4 times per month, in order to develop this very important document. Regular progress reports will be provided by Task Force members to their respective departments and work units. Progress will also be monitored by Senior Staff and status reports will also be available to the City Council. If desired by the Council, the Task Force could provide a status report during a regular Council meeting or as part of a Study Session. Woodland's Vision, Values and Mission must be approved by the City Council before it is implemented because it will be integrated into the organization's day to day business.

Once approved, the Vision, Values and Mission will be used to guide recruitment and training, support policy actions that may be considered by the City Council and define various aspects of employee performance. This document must be used, practiced and modeled by all employees, especially Senior Staff and other managers.

It is important to note that the City already has a Strategic Plan and a Vision, Values and Mission statement. This document will serve as the starting point for the process. Other Vision, Values and Mission statements for high performing organizations will be reviewed as well. The challenge of the Task Force will be to develop a statement that is unique to Woodland; a carbon copy of a statement used somewhere else will not be acceptable to the entire organization.

City/Community Goals. Concurrent with Vision, Values and Mission, Senior Staff believes that the organization needs to define City/Community Goals. This belief is based on the need to understand the Woodland community's highest priority outcomes which is the first step in aligning the day to day business of the City and the allocation of resources in order to address the needs and expectations of Woodland residents, businesses, citizens and customers. While it may be argued that staff should already have a solid understanding of these goals, the lack of a document with clearly stated outcomes strongly suggests that the opposite is true. Implementation of an organized process to define City/Community goals as outcome statements will lay the foundation for the other initiatives described previously.

Senior Staff discussed three methods to develop City/Community goals. The first method would involve a community strategic planning process that may include a community-wide survey, focus groups, community meetings and the eventual formulation of 12-15 goal/outcome statements that would be narrowed and prioritized for review, consideration and adoption by the City Council. This method would require the services of a consulting firm with broad experience in developing community strategic plans. It would also be expensive with costs ranging up to and perhaps \$150,000 to conduct surveys, facilitate focus groups, hold forums and develop the range of outcome statements for consideration by the Council.

An alternative method would involve the engagement of a consultant who would work directly with the City Council in order to develop a range of goal/outcome statements for consideration and adoption. This process relies on the City Council's knowledge and understanding of community needs, familiarity with the organization and judgment regarding the highest priorities of Woodland residents, businesses and other citizens. It could also be accomplished in a much shorter timeframe and at far less cost. The model for this process is already used for goal setting sessions by the Yolo County Board of Supervisors and West Sacramento City Council. Both entities engage the same consultant to sort through the wide range of priorities in order to set organizational goals that are used by each organization's chief executive to develop work plans that align with the elected officials top priorities. The cost to engage the consultant is approximately \$30,000.

A final alternative would involve the Senior Staff working as a team to develop a set of 12-15 goal/outcome statements for discussion with the City Council. This method would rely on Senior Staff's knowledge of the community, familiarity of the organization and understanding of priorities similar to the process described above. However, the statements developed by Senior Staff would be further reviewed, considered and approved by the City Council, if acceptable.

Senior Staff believes any of the three methods described above could work. However, the alternative recommended by Senior Staff is the second method involving the use of a consultant working with the City Council to establish the highest priority City/Community goals. This method utilizes the

City Council's knowledge of community needs, familiarity with the organization and judgment in the most cost effective manner. Citizen participation could be enhanced through community meetings facilitated by staff or the consultant to add more citizen involvement. Discussion of the City/Community goals could also be scheduled for a regular City Council meeting or Study Session which insures additional citizen participation.

Economic Development and Development Services. Improvement in these areas is critical to the City's future development. The reorganization that was implemented last month needs to receive top priority from the City Manager and Assistant City Manager in order to achieve the level of success necessary for Woodland to be recognized as an excellent place to do business. This definition needs to apply to commercial developers, residential builders, national corporations, small businesses, local and regional trade and business organizations and homeowners seeking permits to improve their properties. The City Council should note that focused attention will continue in economic development and development services.

Downtown Specific Plan Update. Council and staff have discussed the need to update the City's Comprehensive General Plan. However, the interest in downtown development associated with projects such as City Center Lofts and the Courts modernization and expansion suggests that it may be more appropriate at this time to focus on updating the Downtown Specific Plan. The focus on economic development and redevelopment requires staff and the Council to understand the infrastructure needs of the downtown area and the resources required to address any deficiencies. If Council is supportive, resources are available to begin the update in early 2008. Completion of an updated Downtown Specific Plan will support the future update to the Comprehensive General Plan. Staff will provide more information regarding this issue at a Study Session planned for January.

10 Year Planning. Senior Staff has already committed to developing 10 Year Financial Plans for all major funds. These plans will be based on long range expenditure and revenue assumptions and will likely require refinement as Council and staff review the documents as part of the FY 2008-09 budget process. The Finance Department has already developed 10-year assumptions and will continue to refine revenues and expenditures as part of the FY 2009 budget process.

Senior Staff Management Achievement Plans. One of the first steps in demonstrating a commitment to Outcome/Performance Management is implementing Management Achievement Plans. Senior Staff recognizes this fact and has committed to implementing Management Achievement Plans in mid-January. These Plans will guide the City Manager's assessment of each Senior Staff member's performance and may be the first step in engaging all managers to make a similar commitment when appropriate.

Performance Based Budget. An effective implementation plan for organizational change needs to recognize the significant challenges associated with the organization's current priorities. As the Council is aware, Woodland faces significant challenges in developing the FY 2008-09 budget. While development of a Performance Based Budget (PBB) is critical, Senior Staff acknowledges that the City employees who will lead this process will be engaged in developing a very challenging budget. In addition, development of a PBB will require the appointment of a task force similar to the group that will define Woodland's Vision, Values and Mission. Therefore, PBB will be one of the

top priorities of the Policy, Leadership and Management Initiatives that will be scheduled for implementation during FY 2008-09. Full implementation of PBB may take up to three years.

Restructure/Revising Service Delivery. Similar to the timing associated with PBB, the facilitation of broad employee involvement on restructuring and revising service delivery will be scheduled as a future element. Depending on progress made in other areas, this element may be scheduled in the second half of FY 2008-09.

Other Policy, Leadership and Management Initiatives. The balance of the items on page 3 of this report are examples of elements that could be implemented in the future. These elements, as well as others that staff and the Council may consider in the future, need to be based on the foundation described herein. As always, there is nearly an unlimited range of priorities that the City Council, citizens and staff believe our employees could and should be working on. The implementation described herein represents the highest priorities. **This is especially relevant when considering that elements such as Vision, Values and Mission and City/Community Goals will be the very foundation of the City organization's current and future commitment to long term organizational change with the objective of achieving service delivery excellence.**

Summary

Senior Staff's recommended course of action in order to implement the Policy, Leadership and Management Initiatives described herein are summarized as follows:

- Upon approval of the elements described herein by the City Council, the City Manager will conduct meetings with all employee associations and hold other meetings in order to discuss the program with as many staff as possible and learn more about the City organization;
- Form an employee-led Task Force under the guidance of the City Manager to develop the organization's Vision, Values and Mission for review and approval of the City Council;
- Engage a consultant to work with the City Council who will facilitate the development of City/Community goals stated as outcomes that will be used to align the allocation of staff work and resources in order to address the Council and community's highest priorities;
- Continue the City Manager's and Assistant City Manager's focused attention on Economic Development and Development Services;
- Consider updating the Downtown Specific Plan ahead of the General Plan and begin the update in early 2008;
- Develop 10-Year Financial Plans for all major City funds as part of the FY 2008-09 budget;
- Support Senior Staff's implementation of Management Achievement Plans as the first step in demonstrating a commitment to Outcome/Performance Management;

- Schedule implementation of an employee-led Task Force to work on development of a Performance Based Budget for FY 2008-09;
- Schedule implementation of an employee-led Task Force to review restructuring/revising service delivery for the second half of FY 2008-09 based on completion of the other initiatives described herein.

Fiscal Impact

Implementation of most of the actions described herein will be accomplished by reallocating existing resources based on the Mid-Year budget adjustments approved by the City Council last week. The exception to this situation would be the engagement of consultants to define the City/Community goals. If a consultant was engaged to develop City/Community goals with broad citizen participation as described herein, the cost would likely range as high as \$150,000. If a consultant was engaged to work directly with the City Council similar to the process used by the Yolo County Board of Supervisors and West Sacramento City Council, the cost would be approximately \$30,000. If Council directed staff to utilize a consultant under either scenario, a process for soliciting a proposal or proposals would be initiated and the results reviewed with the City Council.

Public Contact

Posting of the City Council agenda. A copy of the agenda and report was provided to all employee association representatives.

Alternative Courses of Action

1. Approve the **Policy, Leadership and Management Initiatives** and the implementation of key elements in order to begin the City's transition to an outcome oriented, customer driven, effective and efficient local government organization as described herein.
2. Direct staff to cease further consideration of the Initiatives.
3. Direct staff to develop other alternatives.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

Reviewed by:

Joan Dayton, Finance Director

Michael Cahill, Fire Chief

Dan Gentry, Parks & Recreation Director

Paul Miller, Library Services Director

Barry Munowitch, Assistant City Manager

Carey Sullivan, Police Chief

Sue Vannucci, Administrative Services Director

Gary Wegener, Public Works Director

Mark G. Deven
City Manager