

Outcome Measures:

Can you be more accountable?

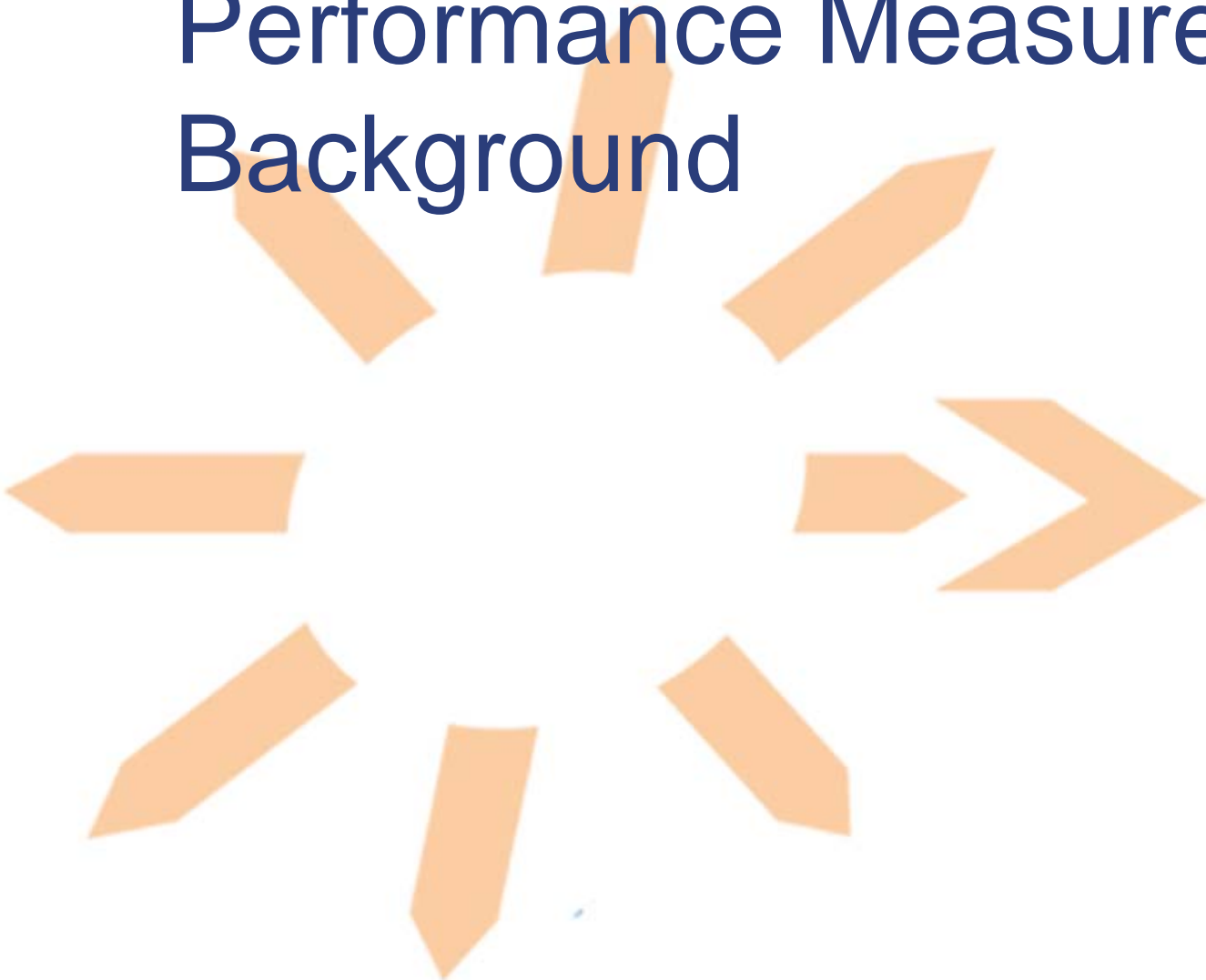
# Performance Measurement Training

Leon Younger  
Allen Mullins

National Parks and Recreation Association  
One of 7 P's  
Performance Measures

**Demonstrate the impact of your  
programs in your community**

# Performance Measures Background



# What?

- What to measure
- How to measure outcomes and performance more accurately
- How to use performance measures to tell your story
- How to document your agency's benefits to the community

# Why?

- Economic & Public Pressures Require Agencies to:
  - Focus on customer satisfaction
  - Focus on results
  - Render optimum service for funds invested
  - Effectively provide services
  - Efficiently allocate resources
  - Achieve desired results
  - Document results and benefits

# Why?

- Performance Based Focus Helps agency move toward:
  - Accountability
  - Responsiveness
  - Proactive Operations
  - Innovative Planning
  - Flexible Execution of Plans
  - Customer Focus



# Why?

## ■ Use of Performance Measures

- What services should be provided?
- What level of service is appropriate?
- What is the cost of providing the service?
- What is the cost recovery?

Results = Effectiveness

Cost = Efficiency / Level of Service

# Why Measure Performance?

## REINVENTING GOVERNMENT

By David Osborne and Ted Gaebler, Addison-Wesley Publ. Co., 1992

- *If you don't measure results,*
  - *you can't tell success from failure!*
- *If you can't see success,*
  - *you can't reward it!*
- *If you can't reward success,*
  - *you're probably rewarding failure!*
- *If you can't see success,*
  - *you can't learn from it!*
- *If you can't recognize failure,*
  - *you can't correct it!*
- *If you can demonstrate results,*
  - *you can win public support!*

# Performance Tracking

Results  
Tracking &  
Reporting



City Services

- Parks
- Police
- Fire Suppression
- Street Repair
- Economic Development
- Sewer Construction



Performance Measures

*How well we performed the service?*

*What did service cost?*

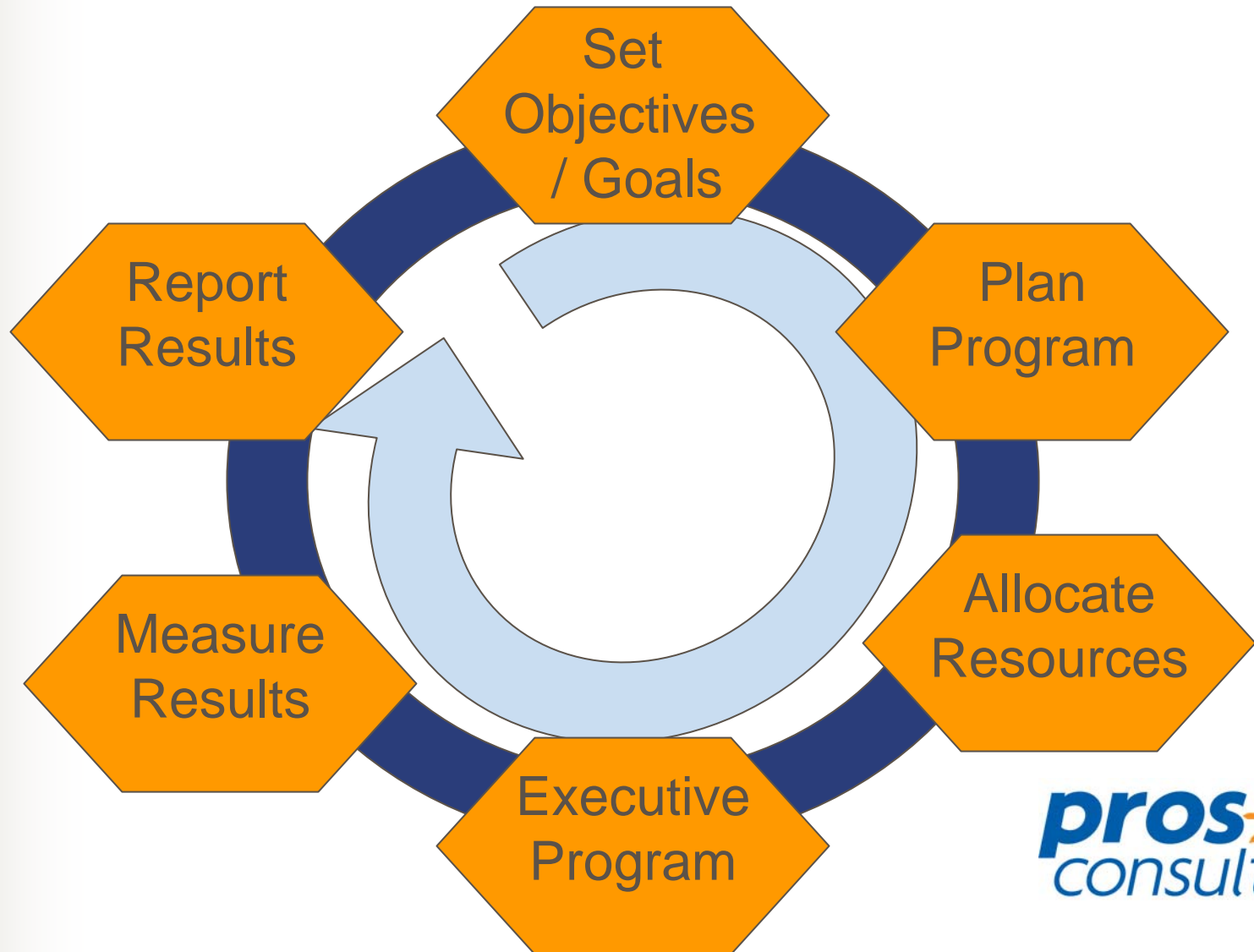
# Performance Measures Process

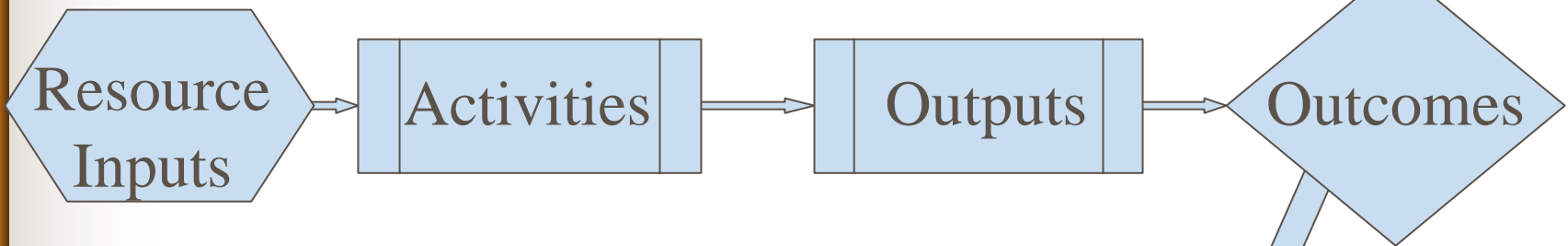


# Performance Measures

- Unit cost measure = cost efficiency
- Quantity/output measure = accomplishments and/or how much work (activities, services, programs) produced
- Productivity measure = efficiency of output versus time
- Timeliness measure = how quick to respond or fulfill the need
- Quality/outcome measure = effectiveness, how good are the results or consequences

# Performance Measure Process





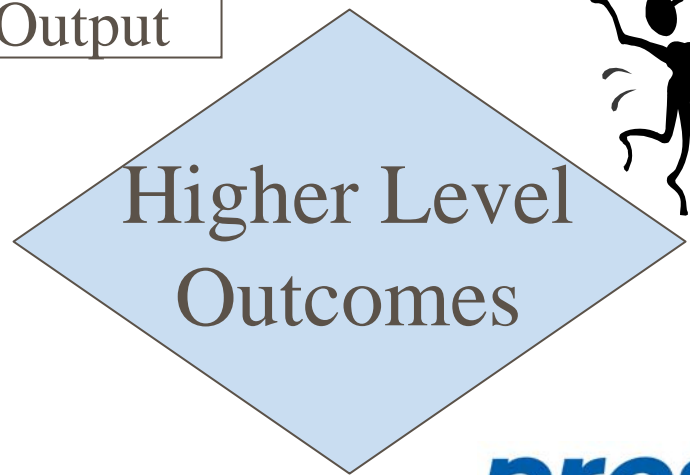
Labor  
Vehicles  
Materials  
Etc.

Value-added  
services

Amount of  
production

Results  
Benefits  
Customer  
Satisfaction

Cost Per Activity  
and Cost per  
Unit of Output



Intermediate, Strategic,  
Community Wide

# Performance Measurement



Components of Measurement Process

# Basic Elements

- Mission/Objectives/Goals
- Need / Demand for Services / Activities
- Resource Inputs
- Outputs
- Outcomes – Operational, Intermediate, Strategic, Financial

# Mission

Building a world class city,  
neighborhood by neighborhood.

## ■ Policy Goals

- Assuring personal safety
- Preparing our youth
- Strengthening our neighborhoods
- Providing systems that work
- Developing a 21<sup>st</sup> Century economy

# Need/Demand

- The need of stakeholders for a particular service:
  - Number of children seeking swimming lessons (service requests)
  - Security and crowd control for public events (special event needs)
  - Number of customers with special needs (service requests)
  - Need for a neighborhood recreation center (facility needs)

# Resource Inputs

- The resources consumed in the performance of an organization's activities.
  - Labor
  - Materials
  - Equipment
  - Vehicles
  - Overhead

# Outputs

- The measure that represents the number of times an activity / service is provided or how much is produced.
  - Number of acres mowed
  - Number of playgrounds rehabilitated
  - Number of program participants
  - Number of requests of a program

# Outputs–Value Added Activities

## Activities

- Mowing and trimming
- Brush removal
- Maintain trail surface
- Signage repair/  
installation
- Graffiti removal
- Hauling debris
- Tree removal – under  
10'

## Output Measure

- Areas by classification
- Cubic yards/tons
- Miles
- Signs repaired/installed
- Square ft. per work order
- Cubic yards/tons
- Per tree removed

# Outputs–Value Added Activities

## Activities

- Clearing Right of Way
- Trash Removal
- Erosion Control
- Snow Removal
- Odd Jobs

## Output Measure

- Square feet
- Per trash bag/tons/cubic yards
- Square Feet / Per Job
- Miles cleared
- Per job / hours

# Outcomes

- The accomplishments or results of an organization's services, also a measure of customer satisfaction. It measures the quality and correctness of service that meets public needs.
  - Percentage of satisfied customers
  - Meeting quality requirements – quality of service / activity
  - Meeting quantity requirements – number of events, frequency, number of participants

# Outcomes

- Outcome Goals - Examples:
  - Increase safety of playground equipment
  - Increase cleanliness of recreation centers
  - Decrease time in issuing permits

# Outcomes

- Outcome Measures - Examples:
  - Number of playground accidents
  - Frequency of recreation center cleaning
  - Time in issuing permits

# Performance Implementation

- Set Standards
- Establish Targets
- Gathering Measures
- Benchmarks
  - Best in Function
  - Best in Industry
  - Peer Comparison

# Process

- Directly relate the goals and objectives to the agency's mission
- Start at core business process to establish outputs and outcomes
- Outline goals/objectives/targets for each measurement
- Clearly define the performance measure
- Relevant, verifiable, consistent, and comparable
- Accurate and timely
- Create and maintain systems for capturing and maintaining data
- Ensure the measurement “tells your story”
- Ensure that action will be taken based on measurement data

# Performance Measure

- Measures for Policy Makers
- Measures for grant / program requirements
- **Measures for managing / evaluating agency**
- Measures for peer comparison

# Performance Measure Process

- Core Activity: Mowing Park Grounds
  - Policy goal: Strengthening neighborhoods
  - Strategic Outcome: Attractive parks and recreation programs
  - Intermediate Outcome: Quality parks and facilities
  - Operational Outcome: Height of grass/ neatness of grounds
  - Program: Parks Grounds Maintenance
  - Activity Costs: # acres X cost per acre
  - Outputs: # of acres to be mowed, average height (weekly)
  - Unit Cost: cost per acre
  - Anticipated Recovery: Percent of recovery (%)
  - Survey Results: User satisfaction level

# Performance Measures

## ■ Performance Overcomes

- Retention of Facility Rental Customers
- Increase Facility Rental Utilization

State desired result

## ■ Performance Indicators

- Attain 70% repeat customers
- Attain 80% peak season weekend utilization
- Attain 30% peak season weekday utilization

Measurable /  
Quantifiable Indicators

## ■ Accomplishments

- Attained 70% repeat customers
- Attained 80% peak season weekend utilization
- Attained 30% peak season weekday utilization

Goals should be  
attainable but  
reaching

Not Pass / Fail  
Only  
Accomplishments

# Summary

- Performance Measures:
  - Provide basis for productivity, efficiency, and effectiveness
  - Provide measures for performance budgeting
  - Focus on outcomes that affect stakeholder

# Summary

- Performance Measures
  - Document the agency's response to expectations of stakeholders
  - Document the effective and efficient use of funds

Outcome Measures:

Can you be more accountable?

Performance Measurement  
Training

# Cost of Service and Pricing

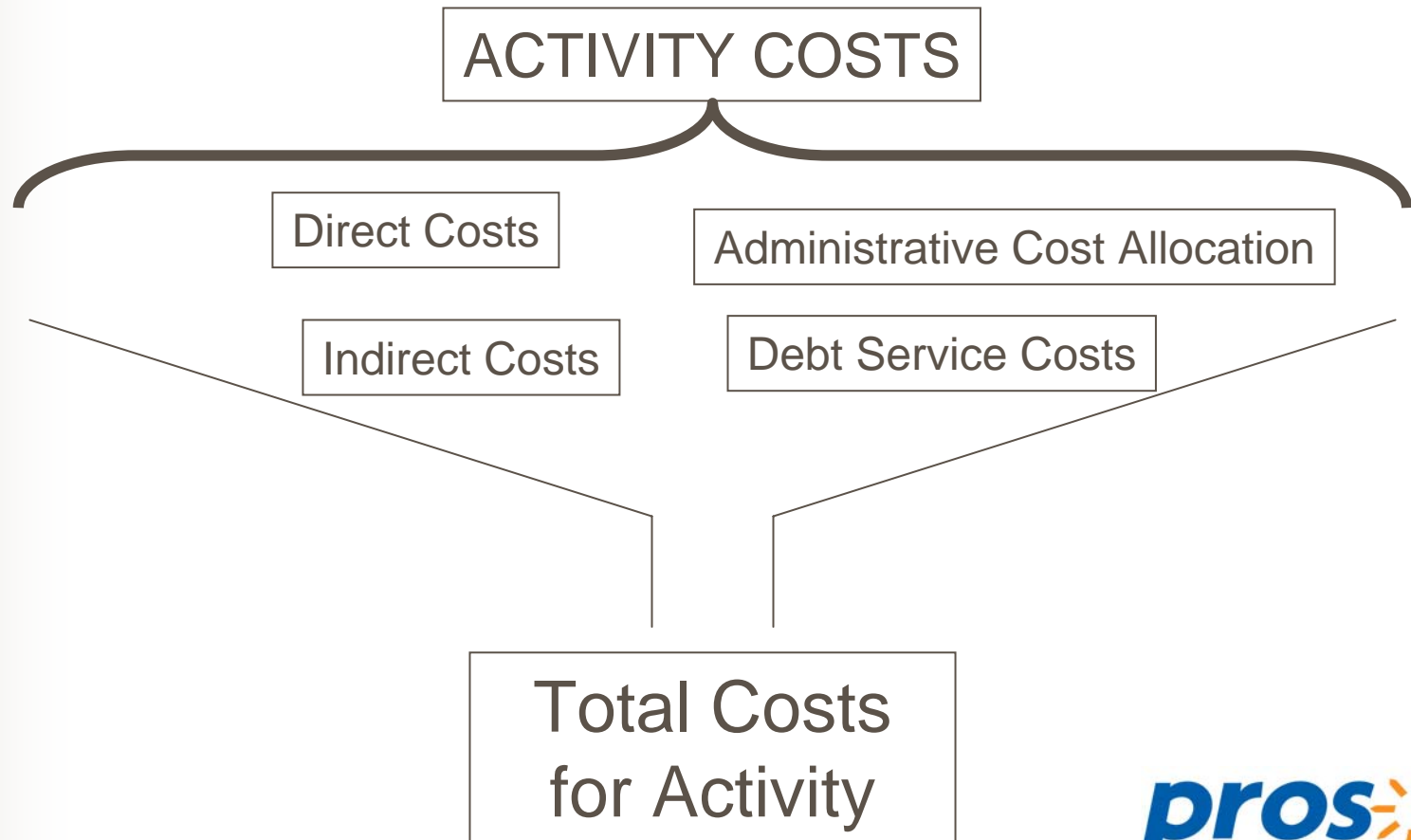
- Cost of Service Approach
  - Cost of service analysis determines the total costs of providing services to individual customers, groups of customers, or an entire customer base by considering all direct and indirect costs

# Cost of Service and Pricing

- Cost of Service Approach
  - Direct costs include those incurred directly by the departments such as salaries and benefits, commodities, contractual, and capital outlay also including direct charges from other departments
    - All costs other than direct costs are indirect costs
    - Indirect costs are allocated to each department based on a proportion of direct cost

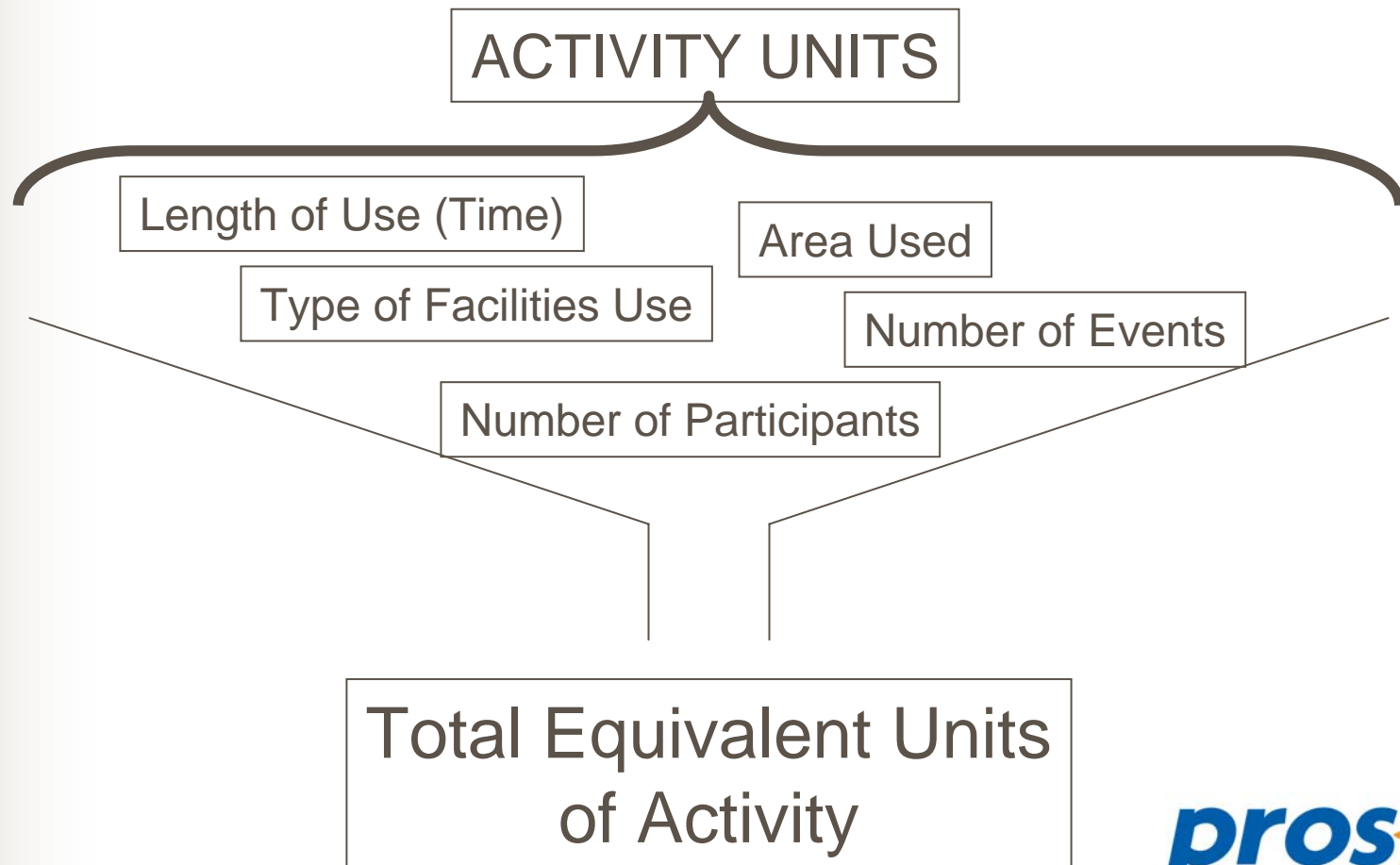
# Cost of Service and Pricing

- Cost of Service Methodology



# Cost of Service and Pricing

- Cost of Service Methodology



# Cost of Service and Pricing

- Cost of Service Methodology
  - The direct cost plus the indirect costs equal the total costs
  - The total costs divided by the units of service determines the total costs per unit of service

# Cost of Service and Pricing

- Cost of Service Methodology

## ACTIVITY UNIT COSTS

$$\begin{array}{c} \text{Total Costs} \\ \text{for Activity} \end{array} \div \begin{array}{c} \text{Total Equivalent Units} \\ \text{of Activity} \end{array}$$

=

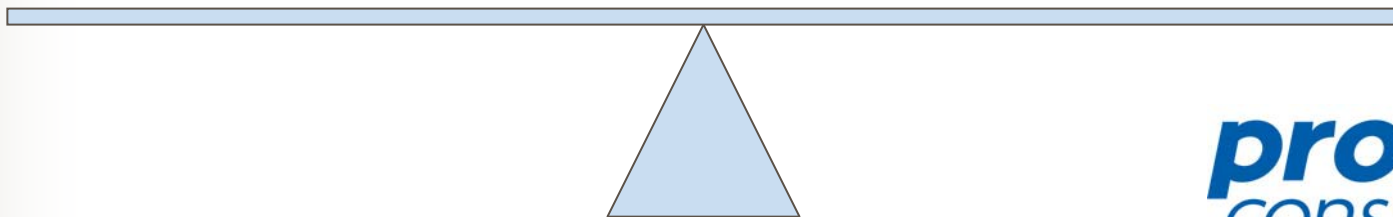
Total Costs  
Per Unit of  
Activity

# Cost of Service and Pricing

- Pricing - Activity Funding Sources

Total Costs  
Per Unit of  
Activity

*Contributions*  
User Fees & Charges  
**Ad Valorem Tax**  
Grants  
**SALES TAX**



# Cost of Service and Pricing

- Pricing of Services (User Fees and Charges)
  - The result of the cost-of-service analysis does not necessarily mean that the entity should recover the total costs-of-service through user fees
  - Though the cost of service depicts the cost to operate, it should not be used as a cost recovery benchmark. Organizations use these studies to determine what they require in the way of operating capital and what rates they can afford to set for some or all services.
  - When evaluating the services provided, an organization must analyze their target market and the social and economic impact of the service, the characteristics of the product or service, and environmental influences.

# Cost of Service and Pricing

- Pricing of Services (User Fees and Charges)
  - Traditional Fee and Charge Schedules
  - Benchmarking with Selected Cities
  - Market Based
  - Policies and Goals
    - Cost recovery goals (adult / youth programs)
    - Social / recreational services
    - Health & safety / non-essential services
    - Business / community services

# Cost of Service and Pricing

## ■ Examples – Cost of Service and Pricing

### Cost of Service and % of Cost Recovery by Activity

Activity	Cost of Service	Percentage of Cost Recovery
per Round of Golf	\$ 18.75	118.61%
per Cart Rental	\$ 5.98	261.70%
per Driving Range Participant	\$ 1.37	291.02%

Activity	Gross Margin	Net Margin
Golf Shop, Margin	7.58%	N/A
Snack Shop Food & Beverage, Margin	65.73%	31.65%

Operating Categories Revenue / Expenditures	Percent of Operating Revenues	Percent of Operating Expenditures
Green Fees / Grounds & Golf Shop Operating	65.85%	74.57%
Cart & Club Rentals / Golf Carts	18.43%	9.46%
Driving Range / Driving Range	3.25%	1.50%
Golf Shop / Golf Shop COGS	1.88%	2.33%
Snack Shop / Snack Shop	10.49%	12.15%

Percentage of Resident Rounds played	58%
Percentage of Non-Resident Rounds played	17%
Percentage of Pass Rounds played	25%

# Cost of Service and Pricing

## ■ Examples – Cost of Service and Pricing

Number of Party Rentals	23
Number of Party Rental Attendants	446
Average Attendants per Party Rental	19

### Cost of Service and % of Cost Recovery by Activity

#### Recreation Center, Party Rentals

Activity	Cost of Service	Average Current Fees Charged	Percentage of Cost Recovery
<b>Total Costs After Application of Tax Revenues</b>			
Recreation Center, Party Rentals	\$ 168.04	\$ 127.52	75.89%
Recreation Center, Party Rentals, by Attendee	\$ 8.67	N/A	N/A
<b>Labor and Direct Costs Only</b>			
Recreation Center, Party Rentals	\$ 26.30	\$ 127.52	484.87%
Recreation Center, Party Rentals, by Attendee	\$ 0.06	N/A	N/A

# Cost of Service and Pricing

## ■ Examples – Cost of Service and Pricing

Number of General Admission	N/A
Number of General Admission Attendants	150,000
Average Attendants per General Admission	N/A

### Cost of Service and % of Cost Recovery by Activity Recreation Center, General Admission

Activity	Cost of Service	Average Current Fees Charged	Percentage of Cost Recovery
<b>Total Costs After Application of Tax Revenues</b>			
Recreation Center, General Admission	N/A	N/A	N/A
Recreation Center, General Admission, by Attendee	\$ 0.11	-	0.00%

# Cost of Service and Pricing

## ■ Examples – Cost of Service and Pricing

Category	Program Name	Programs	Attendance	Current Fee Charged		Cost per Program			Percent In-County Cost Recovery	Percent Out -of-County Cost Recovery
				In-County	Out-of-County	Direct Cost	Indirect Cost	Total Cost		
Birthday Parties	Regular Birthday party 90 minutes	55	959	\$ 125	\$ 175	\$ 79.75	\$ 88.26	\$ 168.01	74.40%	104.16%
	Youth Guided Guided Scout program - 2 hour	53	681	\$ 20	\$ 40	\$ 126.00	\$ 94.39	\$ 220.39	9.07%	18.15%

# Cost of Service and Pricing

- Cost Financial Measures – Recovery Goals
  - Facility / Shelter Rentals - 20%
  - Sports Programs – Adults - 100%
  - Sports Programs – Youth - 50%
  - Arts Programs - 70%
  - Day Camps - 100%
  - Aquatics - 80%
  - Senior Programs - 50%
  - Outdoor Adventures - 100%
  - Exclusive Use - 100% +

Outcome Measures:

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Performance Measurement  
Training