Outcome Measures: Can you be more accountable?

Performance Measurement Training

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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


- 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?

pros consulting llc
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

- Set Objectives / Goals
- Plan Program
- Allocate Resources
- Executive Program
- Measure Results
- Report Results
Resource Inputs

- Labor
- Vehicles
- Materials
- Etc.

Activities

- Value-added services

Outputs

- Amount of production

Outcomes

- Results
- Benefits
- Customer Satisfaction

Cost Per Activity and Cost per Unit of Output

Higher Level Outcomes

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 21st 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 for 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
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

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

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

ACTIVITY COSTS

- Direct Costs
- Indirect Costs
- Administrative Cost Allocation
- Debt Service Costs

Total Costs for Activity
Cost of Service and Pricing

- Cost of Service Methodology

ACTIVITY UNITS

- Length of Use (Time)
- Area Used
- Type of Facilities Use
- Number of Events
- Number of Participants

Total Equivalent Units of Activity
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

\[
\text{Total Costs for Activity} \div \text{Total Equivalent Units of Activity} = \text{Total Costs Per Unit of Activity}
\]
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

[Diagram showing the balance between total costs and funding sources]
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
### Examples – Cost of Service and Pricing

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

**Golf Course**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost of Service</th>
<th>Percentage of Cost Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>per Round of Golf</td>
<td>$18.75</td>
<td>118.61%</td>
</tr>
<tr>
<td>per Cart Rental</td>
<td>$5.98</td>
<td>261.70%</td>
</tr>
<tr>
<td>per Driving Range Participant</td>
<td>$1.37</td>
<td>291.02%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
<th>Gross Margin</th>
<th>Net Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golf Shop, Margin</td>
<td>7.58%</td>
<td>N/A</td>
</tr>
<tr>
<td>Snack Shop Food &amp; Beverage, Margin</td>
<td>65.73%</td>
<td>31.65%</td>
</tr>
</tbody>
</table>

#### Operating Categories

<table>
<thead>
<tr>
<th>Revenue / Expenditures</th>
<th>Percent of Operating Revenues</th>
<th>Percent of Operating Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Fees / Grounds &amp; Golf Shop Operating</td>
<td>65.85%</td>
<td>74.57%</td>
</tr>
<tr>
<td>Cart &amp; Club Rentals / Golf Carts</td>
<td>18.43%</td>
<td>9.46%</td>
</tr>
<tr>
<td>Driving Range / Driving Range</td>
<td>3.25%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Golf Shop / Golf Shop COGS</td>
<td>1.88%</td>
<td>2.33%</td>
</tr>
<tr>
<td>Snack Shop / Snack Shop</td>
<td>10.49%</td>
<td>12.15%</td>
</tr>
</tbody>
</table>

- Percentage of Resident Rounds played: 58%
- Percentage of Non-Resident Rounds played: 17%
- Percentage of Pass Rounds played: 25%
### Cost of Service and % of Cost Recovery by Activity

#### Recreation Center, Party Rentals

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost of Service</th>
<th>Average Current Fees Charged</th>
<th>Percentage of Cost Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs After Application of Tax Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreation Center, Party Rentals</td>
<td>$ 168.04 $</td>
<td>$ 127.52</td>
<td>75.89%</td>
</tr>
<tr>
<td>Recreation Center, Party Rentals, by Attendee</td>
<td>$ 8.67 $</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

| Labor and Direct Costs Only                   |                 |                              |                             |
| 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

<table>
<thead>
<tr>
<th>Number of General Admission</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of General Admission Attendants</td>
<td>150,000</td>
</tr>
<tr>
<td>Average Attendants per General Admission</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost of Service</th>
<th>Average Current Fees Charged</th>
<th>Percentage of Cost Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation Center, General Admission</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Recreation Center, General Admission, by Attendee</td>
<td>$0.11</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

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**Note:** The information provided is a sample and should be reviewed for accuracy and completeness.
### Cost of Service and Pricing

#### Examples – Cost of Service and Pricing

<table>
<thead>
<tr>
<th>Category</th>
<th>Program Name</th>
<th>Programs</th>
<th>Attendance</th>
<th>Current Fee Charged</th>
<th>Cost per Program</th>
<th>Percent Cost Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birthday Parties</td>
<td>Regular Birthday party</td>
<td>55</td>
<td>959</td>
<td>$125</td>
<td>$79.75</td>
<td>74.40%</td>
</tr>
<tr>
<td></td>
<td>90 minutes</td>
<td></td>
<td></td>
<td>$175</td>
<td>$88.26</td>
<td>104.16%</td>
</tr>
<tr>
<td>Youth Guided</td>
<td>Guided Scout program - 2 hour</td>
<td>53</td>
<td>681</td>
<td>$20</td>
<td>$126.00</td>
<td>9.07%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$40</td>
<td>$94.39</td>
<td>18.15%</td>
</tr>
</tbody>
</table>

Cost per Program:  
- **In-County:** $79.75, $126.00  
- **Out-of-County:** $88.26, $94.39  

Percent Cost Recovery:  
- **In-County:** 74.40%, 9.07%  
- **Out-of-County:** 104.16%, 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:
Can you be more accountable?

Performance Measurement
Training