Memorandum

DATE January 3, 2014

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Jennifer Staubach Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Best Practices in E3 Government, Finance & Audit- Index Cities and SWOT Analysis

The Monday, January 6, 2014, Budget, Finance and Audit Committee agenda will include a Best Practices in E3 Government, Finance & Audit- Index Cities and SWOT Analysis briefing. The briefing will be presented by LaToya Jackson, Assistant Director of Strategic Customer Services.

Please contact me if you need additional information.

Rick for
Jill A. Jordan, P.E.
Assistant City Manager

Attachment

c: Honorable Mayor and Members of the City Council
   A.C. Gonzalez, Interim City Manager
   Rosa A. Rios, City Secretary
   Warren M.S. Ernst, City Attorney
   Daniel F. Solis, Administrative Judge
   Craig D. Kinton, City Auditor
   Ryan S. Evans, Interim First Assistant City Manager

   Forest E. Turner, Assistant City Manager
   Joey Zapata, Assistant City Manager
   Charles M. Cato, Interim Assistant City Manager
   Theresa O'Donnell, Interim Assistant City Manager
   Jeanne Chipperfield, Chief Financial Officer
   Frank Librio, Public Information Officer
   Elsa Cantu, Assistant to the City Manager

"Dallas-Together, we do it better!"
BEST PRACTICES IN E3 GOVERNMENT, FINANCE & AUDIT

INDEX CITIES AND SWOT ANALYSIS

Budget, Finance and Audit Committee
January 6, 2014
E3 Government – Committee Members

- Dolores Lewis (Lead, Human Resources)
- Twana Banks (Controller’s Office)
- Maria Chagollan (Office of Financial Services)
- Patrick Diviney (Public Works)
- Russell Dyer (Office of Cultural Affairs)
- Lisa Fullerton (Court and Detention Services)
- Torie Horton (Communication and Information Services)
- Cheryl Jones (Strategic Customer Services)
- Valanda Quaite (Equipment and Building Services)
- Mike Tiegreen (Park and Recreation)
Purpose

To provide information on efficient, effective and economical government in preparation of the FY 14-15 budget by utilizing:

- Community Survey Highlights
- Index Cities
- E3 Government SWOT Analysis
  - Strengths, Weaknesses, Opportunities, Threats
- Best Practices to explore opportunities and reduce threats
CITIZEN SURVEY

Dallas
Dallas Community Survey Highlight

Citizens Impression of City of Dallas

From 2005 to 2013:
23% jump in citizens rating employee knowledge as “Excellent’ or “Good’
22% jump in citizens rating “Strongly Agree” or “Agree” to receiving good value for taxes
Citizen Impressions of Employees

% of Citizens Rating Customer Service as ‘Excellent’ or ‘Good’

<table>
<thead>
<tr>
<th>Year</th>
<th>Courtesy</th>
<th>Knowledge</th>
<th>Responsiveness</th>
<th>Overall Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>57</td>
<td>60</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>2007</td>
<td>54</td>
<td>58</td>
<td>48</td>
<td>51</td>
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<tr>
<td>2009</td>
<td>75</td>
<td>75</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>2011</td>
<td>74</td>
<td>74</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>2013</td>
<td>75</td>
<td>74</td>
<td>68</td>
<td>67</td>
</tr>
</tbody>
</table>

2006 Customer Service Initiative Began - CSI Dallas
Index Cities

• Looked at 23 potential Index Cities
• Chose Index Cities based on:
  ❖ Budget/resident ratio
  ❖ Average household income
  ❖ Ethnic breakdown
  ❖ Cost of living index
  ❖ Form of government

• Index Cities
  ❖ El Paso
  ❖ Houston
  ❖ Phoenix
  ❖ San Antonio
  ❖ San Diego

50 states
23 cities reviewed
5 significant data fields compared

5 Index Cities
# Index Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
<th>Budget</th>
<th>Budget/Resident</th>
<th>Form of Government</th>
<th>Cost of Living Index</th>
<th>Average Household Income</th>
<th>Residential Ethnic Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas</td>
<td>1,241,162</td>
<td>$2.8B</td>
<td>$2,256</td>
<td>Council/Manager</td>
<td>94.3</td>
<td>$40,585</td>
<td>23.4% 43.9% 28.6%</td>
</tr>
<tr>
<td>El Paso</td>
<td>672,539</td>
<td>$784M</td>
<td>$1,166</td>
<td>Council/Manager</td>
<td>83.8</td>
<td>$40,702</td>
<td>2.7% 80.3% 14.9%</td>
</tr>
<tr>
<td>Houston</td>
<td>2,160,821</td>
<td>$4.1B</td>
<td>$1,897</td>
<td>Strong Mayor</td>
<td>92.5</td>
<td>$42,877</td>
<td>22.7% 44.4% 25.9%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>1,488,750</td>
<td>$3.5B</td>
<td>$2,351</td>
<td>Council/Manager</td>
<td>91.6</td>
<td>$43,960</td>
<td>6.2% 40.2% 46.8%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>1,382,951</td>
<td>$2.3B</td>
<td>$1,663</td>
<td>Council/Manager</td>
<td>88.3</td>
<td>$42,613</td>
<td>6.5% 62.5% 27.4%</td>
</tr>
<tr>
<td>San Diego</td>
<td>1,338,348</td>
<td>$2.8B</td>
<td>$2,092</td>
<td>Strong Mayor</td>
<td>131.2</td>
<td>$60,797</td>
<td>6.8% 30.4% 43.2%</td>
</tr>
</tbody>
</table>
SWOT ANALYSIS

E3 Government
E3 Government – SWOT Analysis

**STRENGTHS**
- Bond Rating
- Diverse Workforce
- Ethics Training
- Financial Management Performance Criteria
- ISO Certification
- IT Governance Committee

**INTERNAL**

**WEAKNESSES**
- Retirement Eligible Workforce
- Hiring Process
- Professional Development

**EXTERNAL**

**OPPORTUNITIES**
- Internship Program
- Public Private Partnership
- Smart City – The Internet of Things

**THREATS**
- Changing Legal Landscape
- Competitive Labor Market
- Cybersecurity Attacks
SWOT ANALYSIS

Strengths
Strength - Diverse Workforce

Source: City of Dallas Human Resources and www.city-data.com
Strength – Financial Soundness

- Financial Management Performance Criteria
  - Adopted by Council in 1978
  - Provides standards and guidelines for financial decision-making
  - 52 criteria in 6 different categories
  - 13 criteria specific to DWU
  - Status of each criterion updated annually

- General Obligation Credit Ratings
  - Moody’s: Aa1
  - Standard and Poor’s: AA+
Strength – Ethics Training

• Ethics Course Composition
  ❖ One hour: Common to all employees
  ❖ ½ hour: Work group specific training
  ❖ ½ hour: Custom group exercises

• 220 Training Sessions held at over 30 locations
  ❖ 9,989 Employees trained FY12-13
    5,817 Civilian
    4,172 Uniform
## Strength – ISO Certification

**ISO**

### Environmental (ISO 14001)
- 11 Departments Certified

### Quality (ISO 9001)
- 8 Departments Certified

### Occupational Health and Safety (ISO 18001)
- 6 Departments Certified
- 5 Departments seeking certification

### Certified Departments
- Aviation
- Business Development & Procurement Services
- Code Compliance
- Convention & Event Services
- Court & Detention Services
- Dallas Water Utilities
- Equipment & Building Services
- Human Resources
- Library
- Office of Risk Management
- Park & Recreation
- Public Works
- Sanitation Services
- Street Services
- Trinity Watershed Management
Strength – IT Governance

Effective evaluation, selection, prioritization and funding of IT investments

- IT Governance safeguards
  - Alignment to objectives
  - Projects shared with departments
  - Effective resource management

City Departments

Communication and Information Services

Information Technology Advisory Committee (9 Department Directors)

Information Technology Executive Committee (City Managers Office)
SWOT ANALYSIS

Weaknesses
Weakness – Hiring Process

• Growing strain on Civil Service resources and ability to provide eligibility lists to departments

• FY11 to FY12:
  ❖ 39% increase in job applications
  ❖ 28% increase in job requisitions
  ❖ 16% increase in written examinations

Source: City of Dallas Civil Service Annual Reports
Weaknesses – Hiring Process

Hiring Process: Time to Hire

2013 IPMA-HR Benchmarking Survey on Recruitment found that over 75% of respondents filled vacant positions in 63 days or less.

<table>
<thead>
<tr>
<th>Industry (Highest)</th>
<th>Days</th>
<th>Industry (Lowest)</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>51</td>
<td>Wholesale/Retail trade</td>
<td>26</td>
</tr>
<tr>
<td>Transportation</td>
<td>50</td>
<td>Financial Services</td>
<td>28</td>
</tr>
<tr>
<td>Educational Services</td>
<td>48</td>
<td>Manufacturing (durable goods)</td>
<td>33</td>
</tr>
</tbody>
</table>

*Source: Society for Human Resource Management, April 2006*

**Best Practice - El Paso, TX**
- FY 12 - average number of days to hire was 52
- 64% vacant positions are filled within 45 calendar days
Weakness – Professional Development

City of Dallas – Civilian

• No standard practice regarding job-specific training at department level for new hires

• Annually 300 managers and supervisors are trained through the Supervisor Development Class
  ❖ Staffing for City University cut in prior budgets
  ❖ No dedicated staff for training

City of Dallas Uniform

• Caruth Police Institute-Affiliated with University of North Texas

• Dallas Fire-Rescue’s Training and Support Services Bureau
Weakness – Professional Development

More than 72% of state/local governments have training budget with median amount of $45,000 in 2011

<table>
<thead>
<tr>
<th>Industry</th>
<th>Median</th>
<th>Mean</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/local government (n = 389)</td>
<td>$45,000</td>
<td>$408,893</td>
<td>$500</td>
<td>$53,000,000</td>
</tr>
</tbody>
</table>


Best Practice - City of San Antonio

- Three tiered training program: Executives, Mid-level Managers and Front-line Supervisors
- Train-the-trainer Program utilized for city-wide and departmental training
Weakness – Retirement Eligible Workforce

“The median age of a public administration worker was 45.3 years, three years older than the workforce as a whole.”  
Source: Governing.com, August 26, 2013

“In 2014, 19 percent of the 2012 public administration workforce will have reached age 61, the average retirement age. By 2018, this figure rises to 28 percent of those working in 2012.”  
Source: Governing.com, December 2013

• Median age of all City of Dallas employees:
  ❖ 45 years old
  ❖ 13 years of service

• 27% civilians eligible to retire
SWOT ANALYSIS

Opportunities
Opportunity – Internship Programs

Internship Program:

- Provide experience to potential employees by allowing them to work in a variety of departments

- **Best Practice – City of San Antonio**
  - Management Fellows Program – 12-month rotation in the City Manager’s Office, Office of Management and Budget, and an operating department
  - Student Internship Program – Eligible vocational, technical, college, or university students work in departments to link theory with practice, gain experience, and learn specialized skills not provided in classroom settings

- **Best Practice – Kansas City, MO**
  - Cookingham-Noll Management Fellowship – two year program to introduce municipal government
  - Includes government process overview, annual budget preparation, and special projects in areas of a specific interest

Source: icma.org
Opportunity – Public Private Partnerships

- City of Dallas – Business Development and Procurement Services partners with the various chambers and advocacy groups to:
  - Educate members on conducting business with the City
  - Assist businesses with enrolling as a City vendor
  - Provide them with information on M/WBE certification agencies
  - Inform vendors of upcoming City contract opportunities based on their capabilities

Best Practice – Boston
- MONUM (Mayor’s Office of New Urban Mechanics) focused on delivering transformative city services to residents
- Three focus areas:
  1. Participatory Urbanism - residents connect to government via new mobile technology
  2. Clicks & Bricks – Pairs designers and technologists with city leaders to streamline city services
  3. Education – Provides quality educational opportunities
Opportunity – Smart City

1. **Collect**
   Information about current conditions across all responsibility areas (power, water, traffic, weather, buildings, etc.).

2. **Communicate**
   Information, sometimes to other devices, sometimes to control center and sometimes to servers running powerful software.

3. **Crunch**
   Data, analyze it to present information, to perfect (optimize) operations and to predict what might happen next.

Source: Smart Cities Council Readiness Guide
Opportunity – Smart City

- Best Practice – City of Boston rated Smartest City
- Best Practice – City of San Francisco rated second Smartest City

Source: Huffington Post 12/5/2012
SWOT ANALYSIS

Threats
Threat - Changing Legal Landscape

• New laws and court case rulings have the potential to negatively impact the City of Dallas

• It is imperative that City staff stay abreast of new developments
Threat – Competitive Labor Market

Total Compensation Summary - Civilian

<table>
<thead>
<tr>
<th>Pay Element</th>
<th>Summary</th>
<th>Vs. Public Sector</th>
<th>Vs. Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Pay</td>
<td>Weak</td>
<td>7% below blended market</td>
<td></td>
</tr>
<tr>
<td>Medical/Vision</td>
<td>Weak</td>
<td>At 25th percentile</td>
<td>&lt; 25th percentile</td>
</tr>
<tr>
<td>Dental</td>
<td>Weak</td>
<td>At 25th percentile</td>
<td>&lt; 25th percentile</td>
</tr>
<tr>
<td>Life</td>
<td>Average</td>
<td>At 50th percentile</td>
<td>At the 25th percentile</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>Average</td>
<td>At 50th percentile</td>
<td>&lt; 25th percentile</td>
</tr>
<tr>
<td>Retirement</td>
<td>Average</td>
<td>At 25th percentile</td>
<td>&gt; 50th percentile</td>
</tr>
<tr>
<td>Time Off</td>
<td>Average</td>
<td>Average</td>
<td>&lt; 50th percentile</td>
</tr>
<tr>
<td>Total Comp</td>
<td>Weak</td>
<td>Weak</td>
<td>Weak</td>
</tr>
</tbody>
</table>

Best Practice - City of El Paso

- Develop a Workforce Planning Program to provide workforce needs analysis to fill positions with the right people and meet business needs
### Total Compensation Summary - Uniformed

<table>
<thead>
<tr>
<th>Pay Element</th>
<th>Summary</th>
<th>Vs. Public Sector</th>
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</thead>
<tbody>
<tr>
<td>Base Pay</td>
<td>Average</td>
<td>At the 50th percentile</td>
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<td>Dental</td>
<td>Weak</td>
<td>At 25th percentile</td>
</tr>
<tr>
<td>Life</td>
<td>Average</td>
<td>At the 50th percentile</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>Average</td>
<td>At the 50th percentile</td>
</tr>
<tr>
<td>Retirement</td>
<td>Strong</td>
<td>Above 75th percentile</td>
</tr>
<tr>
<td>Time Off</td>
<td>Average</td>
<td>Average</td>
</tr>
<tr>
<td>Total Comp</td>
<td>Above Average</td>
<td>Between median &amp; 75th</td>
</tr>
</tbody>
</table>
Threats – Cybersecurity Attacks

Increasingly sophisticated and dynamic threats on information technology systems

- Malicious Software
- Identity Theft
- Destruction of organizational data

Best Practice City – City of New York

- Cybersecurity Leadership and Innovation Award for the development of Information Security Cloud
Threats – Cybersecurity Attacks

Information Security Program Components

Source: Gartner (January 2013)
Conclusion

Residents of Dallas have a favorable view of the knowledge City employees possess; however, there is always room for improvement.

As the City continues to invest in its most valuable resource, its employees, we can maximize the value that the residents receive.