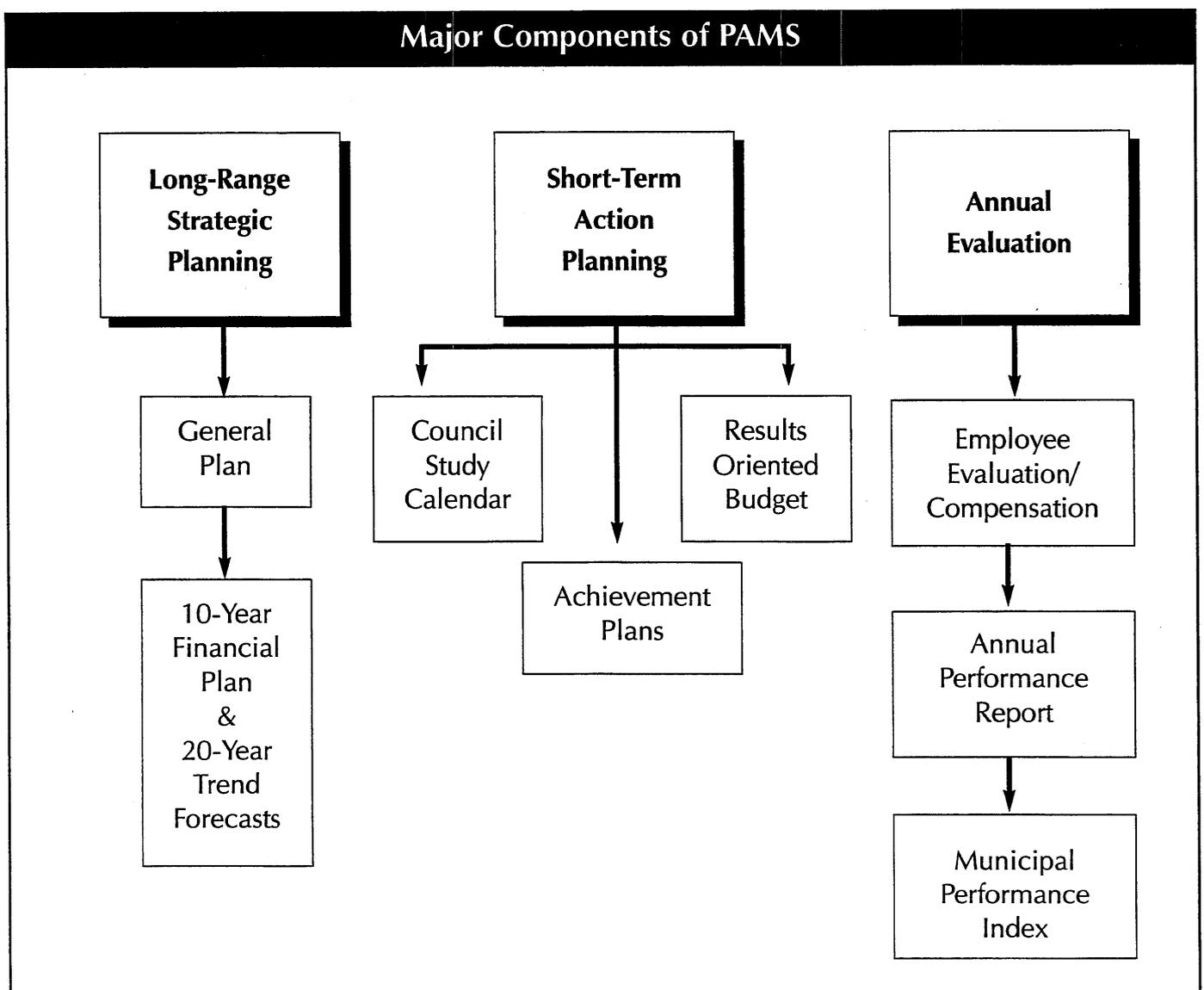


Integration of PAMS Components

The three major components of the Sunnyvale Planning and Management System are:

- long-range strategic planning;
- short-term action planning; and
- annual evaluation.

Together, these three components lead to the efficient and effective provision of quality services.



Long-Range Strategic Planning

General Plan



This part of the Planning and Management System is more than setting goals for the future. It represents a vision that encompasses demographics, economic change, and all of the other variables that shape changing needs and wants of the community. This integrated approach envisions a future and sets a course to realize it. It recognizes that one of the fundamental problems of government is that it reacts to short-term change rather than focusing on long-term solutions. In an era of limited government resources at all levels, few organizations can afford to design programs and services that respond only to circumstances of the past or to the problems of the present, as the future can become the present very quickly.

As the long-term policy document for the City, the General Plan is both a statement of purpose and a general guideline for moving from existing to desired conditions: what the City would like to become over the next two decades. The General Plan is not only a fundamental vision of the community and a depiction of community conditions; it also is an integrated set of goals, policies, and actions. It consists of seven elements or chapters that become the framework for Sunnyvale's program budgets.

The elements of the General Plan are:

1. Land Use and Transportation
2. Community Development
3. Environmental Management
4. Public Safety
5. Socio-Economic
6. Cultural
7. Planning and Management.

Most elements are further divided into subelements. For example, Planning and Management Element includes not only this Legislative/Management Subelement, but it also contains the Fiscal Management Subelement and the Community Participation Subelement. (Appendix A lists all elements and subelements of the Sunnyvale General Plan.)

Properly executed, the General Plan's long-term goals and policies should be reflected in every aspect of daily municipal operations. The other parts of the Planning and Management System work to ensure that this happens.

Long-Range Financial Planning

The City of Sunnyvale has a fully developed 10-year financial plan, called the Resource Allocation Plan (RAP). The plan contains all municipal expenditures, including operating costs; capital requirements; projected revenues; and debt.

The financial plan also contains fully developed expenditure and revenue projections for 20 years. By policy of the City Council, the ten-year RAPs submitted each year must be balanced for each year of the plan based on revenue and cost projections, not just the first year. This simple rule has been a major reason for the City's continuing strong financial position. Government's ability to cope with financial constraints is predicated on more than its ability to provide efficient services. Multi-year financial planning reveals the long-term cumulative impact on the organization as a result of the financial decisions made today.

The City's planning approach has been that a long-range strategic plan cannot be successfully implemented if there is inadequate funding. This is the link between the City's General Plan and its long-range financial planning.

Short-Term Action Planning

The second major component of the PAMS is short-term action planning. This component consists of the following three elements:

- the Study Calendar;
- the Performance Budget; and
- Annual Evaluation.

The Study Calendar

The Study Calendar allows the City Council to set priorities annually and keep Council, staff and community focused on those priorities. Throughout the year critical issues for the City Council to consider are identified by citizens, staff, boards and commissions, community organizations, and the City Council.

In December each year, the Council then determines the key priority issues it wants to review in the following calendar year. This process provides a structured approach for addressing the large number of issues that are raised each year. With few time-sensitive exceptions, all issues are reviewed at one time. The process allows the City Council to focus its annual priorities with a clearer awareness of the limitations of time and resources and make choices that will receive the appropriate attention from the staff and the community.

Council study issues are topics that require staff research and analysis. Study issues given the highest priority by the Council are placed on the Council's annual

agenda for consideration and potential implementation. Study issues can include items such as:

- new ordinances;
- proposed new programs or services;
- reallocation of resources and priorities;
- issues identified in the General Plan; and
- policy studies.

The Council Study Calendar is also an important component of the PAMS relationship between long-range and short-range planning. Each of the General Plan's subelements is reviewed prior to the December Council workshop, and Council is apprised of those plans that have not been revised for some time. A decision can then be made on whether it is time to update the plan. In addition, the goals, policies and action statements of the subelements are reviewed to see if policy studies or initiatives are required or suggested by the General Plan.

At its annual December workshop, the Council reviews all the study issues proposed for each department and determines whether any issues should be added or dropped from the department list. Council then ranks the remaining issues in priority order. Based upon the Council's stated priorities, staff prepares an annual Council work plan, called the "Council Study Calendar," that Council reviews and adopts each January. This is literally a calendar that states which meeting a particular issue will be presented to Council for consideration. The Calendar becomes an informal contract among the Council, community, and staff, making expectations clear on all sides regarding the timeline for Council review and action on any identified study issue.

Results-Oriented Budget

The second component of short-term action planning is the City's two-year operating budget. Basic to Sunnyvale's philosophy is the idea that budgeting is the most important annual policy decision that the Council makes. It is at this time that limited resources are apportioned for services.

As a result the City's two-year budget is a policy document rather than an administrative document. It contains no budget line items and is not organized by department. Rather, it is organized by the General Plan elements and focuses on setting service levels with measurable performance results.

Sunnyvale has used performance budgeting since the late 1970s, but its system has been refined over the years. In 1996 a significant change was initiated to make the system more outcome-oriented and focused on the longer-term results of City

operations rather than merely the activities of service delivery. Now each budget is based on a Program Outcome Statement (POS), which is related to the goals and policies of the General Plan. The POS addresses the fundamental questions of: Why are we providing this service? What results can we expect from our efforts? How can we measure these long-term outcomes?

For City services, outcomes define the purpose for their existence and the ultimate results desired. The POS is a high level statement that tells why, how, and how well services are provided to the community. The POS, and Service Delivery Plans that make up the overall program, describe in detail the outcome desired, the level of service, and the quantitative amount, quality and cost of service. Specific performance measures inform both the City and the community if the desired outcomes are being accomplished.

When the City Council adopts the annual and biennial City budget, it adopts specific service levels, which become the blueprint for action of the entire organization for the adopted two-year budget cycle.

In the Sunnyvale planning and management system, elected officials set policy and staff implements that policy. This approach gives Council the ability to focus on the larger issues and community goals (the outcome desired) while giving staff considerable flexibility about how to achieve the outcome through the day-to-day provision of services. It is a flexible but highly accountable operating environment.

The long-term strategic planning component of the PAMS links directly to the short-term budget component, as diagrammed in the attached chart illustrating the PAMS planning and budget hierarchy.

Achievement Plans

The third element of short-term action planning for the City is the annual development of achievement plan “contracts” with management-level personnel. These are called Program Outcomes Agreements (POAs). The key components of POAs are the detailed service levels and outcome measures contained in the City’s budget for which program managers are responsible. Study issues from the City Council’s annual study calendar and other special projects are also included as part of each manager’s annual work plan. POAs are also used to identify continuous improvement opportunities for the organization and to reinforce desired management behaviors.

Annual Evaluation

The final component of the Sunnyvale PAMS approach is annual evaluation. Through an annual evaluation process, PAMS:

1. effectively maintains accountability for service outcomes;
2. facilitates corrections in service provisions; and
3. reviews the effectiveness of continuous improvement initiatives.

The Performance Outcomes Agreement (POA) is the fundamental link between the individual manager and the Planning and Management System. Because it specifically identifies the service responsibilities of the individual manager in fulfilling the City's service goals, the POA is the basis for completion of the manager's Performance Outcomes Agreement Report and Performance Outcomes Agreement Evaluation. The year-end report is the manager's self-evaluation of responsibilities and program outcomes. The evaluation is the supervisor's assessment of the manager's performance.

The Performance Outcomes Agreement system directly links a manager's performance to compensation through the City's pay-for-performance system. An annual evaluation can result in a bonus of as much as 10 % or in a reduction in salary of up to 5%. Through the pay-for-performance approach, compensation for managers is directly linked with the long-term goals of the City and program outcomes. This approach ensures that managers are focused on implementing the priorities adopted by the City Council and that day-to-day activities reflect those priorities.

The results of each service area are summarized in a consolidated, Citywide performance report provided annually to the City Council. The City Council uses the report as the key component in its annual evaluation of the City Manager and to assure the Council that its service delivery priorities are being met.

Future Trends/Issues for PAMS

Over the past two decades, the Planning and Management System has evolved into a fully integrated and highly sophisticated system. It has been recognized both nationally and internationally as a model for government efficiency and effectiveness.

The basic culture of the City organization has fundamentally changed over the past 20 years under PAMS. It is a culture where people want to work in a highly accountable environment; where employees at all levels take immense pride in the work they do, and where there are continuous efforts to find new and better ways of doing business. Whether the framework created the culture, or the culture created the framework (or perhaps a little of both), present and future successes would not be possible without these two facets of the Sunnyvale municipal organization.

PAMS will continue to be refined in the years ahead. For example, the new outcome approach includes indices of performance that simplify the presentation and could lead to a Citywide “quality of life” index. Continuous improvement efforts and new technology will undoubtedly lead to new and better ways to plan and manage the City. Other lessons learned from both the public and private sectors, through benchmarking and information sharing, may also lead to further refinements and improvements of PAMS.

Despite the inevitable fine-tuning of the system, the underlying philosophy of PAMS that links strategic planning, policy setting, resource allocation, and employee evaluation will remain firmly rooted in the City organization and culture.

III. Continuous Improvement



Continuous improvement is an ongoing search for new ways to enhance the quality and value of service delivery to both internal customers and the community at large. It is accomplished by:

- examining and simplifying processes;
- creating better ways to get the job done;
- identifying opportunities to reduce the time or expense involved in doing the job; and
- improving service to customers.

Continuous improvement is the constant examination of systems and methods to find more efficient and effective way to meet community and customer service needs.

Sunnyvale has a long-established international reputation for commitment to excellence and innovation. The commitment to the provision of high quality services and excellent customer service has always been and will continue to be a major characteristic of the City organization and its employees. However, in an environment of rapidly rising customer service expectations and severely restricted resources, the City must continue to enhance the ability of all employees to identify new ways to provide service and implement improvements in a timely manner.

A. Doing More with Less

Over the past ten years, state and federal legislation have imposed a number of unfunded mandates on local government. Also, during the economic recession of the early 1990s, state government redirected financial resources from local government to cover state government budget deficits. Finally, voter initiatives and adverse court rulings have imposed severe limitations on the ability of local government to raise revenues to finance services. At the same time, the service delivery expectations of residents continue to rise.

The City's well-established practice of long-term budgetary, fiscal and service provision planning, combined with its continuing improvement efforts, has allowed

Sunnyvale to maintain the quantity and quality of its service levels while other local agencies have had to reduce or eliminate their services. However, to avoid potential reductions of services in a resource-scarce environment, the City must continue to identify new opportunities to:

- improve staff effectiveness, productivity, and morale;
- eliminate unnecessary operational expenses;
- eliminate duplication of effort or unnecessary steps; and
- reduce cycle and response times while continuing to provide high quality services.

To provide the necessary direction and support to achieve these objectives, the City has established a Continuous Improvement Program and Continuous Improvement Panel.

B. The Continuous Improvement Program

The Continuous Improvement Program, launched in July 1996, provides support to all staff in identifying and using tools and methods to improve organizational performance in quality, cost, service delivery, and customer satisfaction. The program's success is measured by bottom-line cost savings, improved quality of service and customer satisfaction.

To accomplish these results, the program will:

- identify and support key continuous improvement projects;
- develop employees so they can use the skills and tools that enhance continuous improvement, such as problem solving, process improvement and benchmarking; and
- promote and provide access to information to increase the transfer of best practices, technology, and innovations.

The Continuous Improvement Panel

The Continuous Improvement Panel, a key element of the City's Continuous Improvement Program, is chaired by the Assistant City Manager. Because of the importance of technology in continuous improvement, the Information Technology Director is a permanent panel member. However, the remaining three panel members are selected by the City Manager and serve a two-year term.

The Panel is chartered with developing a framework to promote and support Citywide continuous improvement. The Panel's vision is to make continuous improvement a way of life for all City employees in day-to-day service delivery by:

- aligning the organizational systems, policies and practices to facilitate continuous improvement;
- encouraging organizational risk-taking and flexibility;
- removing barriers that slow down continuous improvement processes;
- identifying and directing the necessary organizational resources for key continuous developing methods and opportunities to communicate progress, solicit staff input, generate ideas, and recognize and reward participation in continuous improvement; and
- providing opportunities for employees to develop and build continuous improvement skills and share experiences.

The goal of continuous innovation and the creative use of technology is to achieve significant increases in service efficiency, quality and effectiveness and notable cost-savings to the City. A major responsibility of the CI panel will be to research best practices, innovation and uses of technology for this purpose.

The Continuous Improvement Panel will:

- establish networks with organizations to discover best practices, technology applications and innovations;
- design processes to involve all employees in the identification of innovative and technological ideas and solutions;
- establish partnerships with technology providers to assist in identification and integration of technological solutions that will enhance City services;
- make recommendations to the City Manager, based on cost-benefit analysis, on the viability of identified best practices, technology and innovation opportunities; and
- provide leadership and research support to continuous improvement projects.

C. Future Trends/Issues in Continuous Improvement

In the next few years, the role of local government will be significantly impacted by several major trends that will emphasize the importance of continuous improvement. These trends include:

- Keeping services competitive with the private sector;
- Expanding use of and opportunity for technology; and
- Changing roles for employees.

Keeping Services Competitive

To sustain continuous improvement in an environment of rising service expectations coupled with legal and political obstacles to raising revenues for those services, the City will need to manage its services for competitiveness with potential private and other public sector agencies.

The goal of managing for competitiveness is to use a combination of continuous improvement approaches to improve the quality and cost effectiveness of City services. The underlying assumption is that the City services are or can be competitive with other organizations providing the same or similar services. Within the context, the process of managed competition may be selectively used, but only after the City has benchmarked best-in-the-field organizations, incorporated best practices, and assessed its service competitiveness before making a specific decision to invite the private sector to compete against the City.

As service expectations continue to rise, the City will increasingly turn to managing for competitiveness as a part of its continuous improvement strategy to bridge the gap between community service expectations and the City's ability to finance those services.

Technology

Technology will also continue to provide opportunities for the City to enhance its services. As technology advances, residents will expect information and services to be provided more efficiently and conveniently than ever before. The City's establishment of the SunDIAL automated customer information telephone system, KSUN (the City's government information cable television access channel) and the City's comprehensive web site on the Internet are evidence of this trend. With a twenty-four hour virtual City Hall possible in the next decade, all City programs will need to intensify their examination of how technology can improve their services and leverage public resources.

Changing Roles of Employees

The fast pace of change and technology will redefine the role of City employees. The increased complexities in the relationship among planning service delivery, meeting customer expectations, and retaining adequate resources means that managers at all levels of the City organization will need to delegate more responsibility for day-to-day operations to their line staff and focus more on long-term issues.

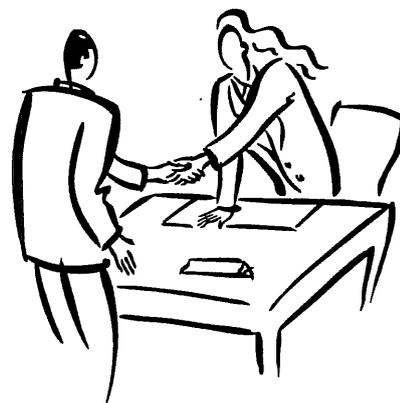
As this process occurs, employees throughout the organization will be given more responsibility, authority, and accountability for providing and improving City services. To accommodate that trend, City organizational structures will need to

undergo significant changes to be more flexible and enabling. Technology will also alter the type of resources needed to provide City services. Training and skill development will be necessary to help employees make the transition to and succeed in their new roles. Job classifications and compensation systems will likely need to be redesigned to support these changes.

An example of the changing role of employees has been the development of “self-directed work teams” in the Trees and Landscaping Division of the Public Works Department. This effort has provided a genuine learning experience for City employees that has led to cost savings, reductions in lost-time accidents, and improved service delivery. The work teams were supported with training and coaching over a two-year period, and they have demonstrated the tangible benefits from innovations in work force structures and systems that could be replicated in other programs.

The role of the Continuous Improvement Program is to play a leadership role in the reconstruction of City processes and structures that will facilitate continuous improvement in service effectiveness, efficiency, quality and customer satisfaction.

IV. Human Resource Management



A. The Human Resources Department

The City continuously seeks to improve the effectiveness and the efficiency of the services it provides to Sunnyvale residents. Continuous improvement can only be accomplished by a highly motivated, committed and skilled workforce. It is the mission of the Human Resources Department (HR) to attract, enhance and retain a workforce of that quality.

To accomplish its mission, HR manages a number of Citywide human resources activities that affect all employees, including:

- promotion and communication of organizational values and philosophies
- Citywide employee training and development
- recruitment and selection services
- equal employment opportunity
- performance evaluation systems
- incentives and rewards program
- the City's salaries and benefits structure
- collective bargaining negotiations
- the civil service system
- the Personnel Board

All of these services play critical roles in not only attracting but also retaining high-quality, long-term City employees.

B. Civil Service System

The City Charter provides for a civil service that ensures that all appointments and promotions are based on merit and fitness, as determined by job-related competitive examinations. Nearly all regular employee classifications are covered by the civil service rules. The exceptions are the city manager, assistant or deputy city manager; the city attorney, assistant or deputy city attorneys; and department directors. The civil service system also sets forth procedures for disciplinary action and termination of City employment as well as standards of behavior critical for the effective performance of Sunnyvale's public employees.

C. Personnel Board

The City Charter also provides for a City Council-appointed five-member Personnel Board. The Board functions as an advisory body on human resources matters and is the final administrative authority for appeals of disciplinary actions.

D. Collective Bargaining

Under California law, the Meyers-Milias-Brown Act gives public employees the right to form, join, and participate in employee organizations. These employee organizations represent workers in employer-employee relations regarding wages, hours, and other terms and conditions of employment. The City recognizes three local employee organizations and one union. Each of these bargaining units establishes its own membership requirements and represents its respective membership in employee relations. The local employee organizations in the City of Sunnyvale are:



1. Public Safety Officers Association (PSOA), which represents the City's sworn public safety personnel who perform police and fire duties;
2. Communications Officers Association (COA), which represents the City's communications officers who receive and dispatch calls for emergency police and fire services; and
3. Sunnyvale Employees Association (SEA), which represents all other full-time regular employees except management staff.
4. Local 315 of the Service Employees Industrial Union is the City-recognized union that represents regular part-time personnel, most of whom work in Department of Libraries.

City-bargaining unit negotiations are scheduled periodically. In these negotiations City management representatives and employee organization representatives "meet and confer" with the intent of reaching agreement on future wages, benefits, and other terms and conditions of employment. These negotiations reflect traditional employer-employee relations activities as provided by law.

In addition to the traditional negotiations, the City strives to operate in a collaborative, problem-solving mode with its employees through their representatives. By ensuring ongoing communication, specific mechanisms for problem solving, and a regular exchange of ideas, needs, and interests, the City has found that it is able to creatively resolve employee issues by using "interest-based bargaining" techniques to make organizational improvements in a "win-win" environment.

E. Equal Employment Opportunity

Discrimination based on race, color, religion, creed, ethnicity, citizenship, national origin, ancestry, sex, age, disability, medical condition, marital status, or sexual orientation is prohibited by state and federal law and by City policy. The City conforms to anti-discrimination laws and maintains a strong commitment to equal employment opportunity by ensuring that any employee action is based solely on merit, qualification, and job performance.

Equal opportunity is fully consistent with both the City Charter's requirements that personnel actions be based on merit and fitness and on the City's goal of having a workforce that generally reflects the diversity of the Sunnyvale community. The City monitors all its employment testing procedures to assure that there are no inadvertent discriminatory effects. The City's equal opportunity efforts also focus on encouraging a diverse group of qualified applicants through appropriate outreach and recruitment. By monitoring the demographics of its workforce and comparing that data to the demographics of the Sunnyvale community at large, the City periodically evaluates the success of its equal opportunity efforts (*Table 5*).

Table 5. City Workforce Demographics Compared to Sunnyvale Labor Force

Category	FY 84/85		FY 97/98		1990 Census
	City Employees %	Sunnyvale Labor Force %	City Employees %	Sunnyvale Labor Force %	Sunnyvale Community Demographics %
Male	75.0	55.7	67.8	55.7	50.6
Female	25.0	44.3	32.2	44.3	49.4
White	79.7	75.7	71.6	66.5	71.6
Black	1.6	2.5	2.8	3.2	3.4
Hispanic	10.8	10.5	15.4	11.5	9.0
Asian/Pacific Islander	7.8	10.5	9.3	18.4	19.3
Native American/Alaskan	0.1	0.8	0.9	0.4	0.5

F. Employee Recruitment and Selection

The goal of the City's recruiting program is the attraction of sufficient numbers of qualified and diverse candidates for open positions by using efficient and effective methods to communicate employment opportunities with the City. Selection activity begins by designing valid testing instruments that effectively measure the employee attributes contained in the position description specifications. Throughout the recruitment and selection process, results are closely monitored to ensure that the procedures used do not inadvertently result in bias for or against members of any particular group.

G. Salaries and Benefits

To attract and retain qualified employees in Silicon Valley's high cost-of-living employment market, the City must provide competitive total compensation packages. To ensure a favorable market position, the City surveys the pay and benefits provided by comparable public organizations in the market place. Salaries are also structured to provide internal organizational equity. In addition, the City provides pay-for-performance for managers and is currently exploring various approaches for providing pay-for-performance for non-managers as well.

One innovative benefit provided by the City is low-cost day care for sick children of employees. This benefit allows employees to get to work when their children are moderately ill and then feel assured that their children are well cared for in a safe and healthy environment near the workplace. This benefit also supports the City's customer service philosophy by reducing City employee absences.

Since January 1993, the City's management group has had a paid time off (PTO) leave program that provides additional planned time off to employees who limit their use of unplanned leave time. PTO allows employees who use little disability or sick time to have more time off for pre-planned discretionary reasons. In FY 98/99 PTO was extended to the City's designated confidential employees (who provide support to management in labor negotiations and other sensitive areas) on a one-year trial basis. The City is exploring the possible adoption of this innovative approach in the future by other groups of employees throughout the City organization.

When considering future benefits the City will seek to develop new, innovative benefits and programs that contain intrinsic rewards for appropriate work behavior and provide employees with greater flexibility to manage this benefit in accordance with their needs.

H. Employee Training and Development

If the City expects to retain its reputation for excellent, cost-effective service, it must have a well trained workforce with the skills, knowledge, abilities, attitudes, and values necessary to perform effectively now and in the future. The major objective of the City's training program is to assure that the City has such a workforce.



The City's new-employee orientation program is designed to foster shared employee values and a common understanding of organizational priorities, principles, culture, and philosophy with staff joining the City's workforce. In addition, the orientation is aimed at helping new employees understand their legal obligations in the workplace.

Since change is inevitable, effective training not only ensures that City employees are prepared for doing their current jobs, but it also can prepare them for handling the future. The guiding philosophy for City training is that employees need to become comfortable with change and innovation. For this reason, therefore, it is highly desirable that employees can learn new ways of thinking, not just new ways of doing. City-provided training emphasizes that employees always will be part of the solution as well as active agents for organizational change and improvement. Effective training encourages employees to learn how to learn and thereby maximize their ability to adapt and respond to future demands.

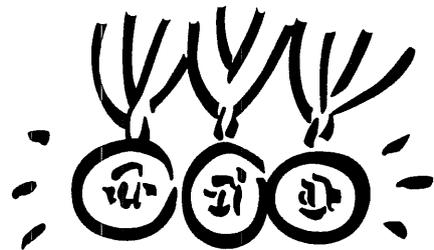
Empowering employees is one of the primary objectives of the City's training program. More and more, local governments are called upon to provide increased levels of service with resources that cannot keep up with growing demands. It is essential that an effective employee-training program identify, develop and tap the widest spectrum of competencies and talents of each employee and empower them to meet organizational and community needs. Empowerment is demonstrated when employees at all levels are able to solve problems, effect change, make decisions, and meet emerging needs with creativity, resourcefulness, and flexibility with the minimum of bureaucratic approvals and procedures.

The City also invests in its employees through a tuition reimbursement program. This program represents a valuable retention and motivational tool and further enhances the competencies of City employees by encouraging continuing job-related education through colleges and educational institutions.

I. Employee Incentives and Rewards

City management understands that employees who improve the City organization, and thereby the quality of City service to the community, deserve to be acknowledged for their contributions. It is also understood that acknowledgment and reward for ideas that improve the organization encourage new ideas and continuous improvement efforts.

The City also recognizes that individual employees involved in day-to-day service delivery are in the best position to identify and propose opportunities for improvement.



Self-Directed Work Teams

With the principles of continuous improvement, employee empowerment, and employee incentives and rewards in mind, in FY 96/97 the City established a prototype self-directed work team (SDWT) of non-management employees in the Trees and Landscaping Division of the Public Works Department. The SDWT essentially manages its own budget and operations with minimal management involvement.

The pilot project incorporated the concepts of gain-sharing and pay-for-performance. Cost savings from the team's efficiencies and innovations were shared between the team and the City. The team's share was distributed based on its evaluation of each employee's contribution to the team performance.

The first-year success of the SDWT demonstrates the potential benefits of exploring the use of a similar approach in other work groups. It also encourages further consideration of the applicability of implementing an approach that contains gain-sharing and pay-for-performance components throughout the organization.

Suggestion Award Program

The principle of employee recognition and reward for organizational improvement is the basis for the City's long-standing Suggestion Award program, in which valuable employee suggestions are rewarded. In FY 97/98 a total of 38 suggestions from employees received monetary awards based on the value of their proposals. These suggestions saved the City thousands of dollars. By comparison, in FY 96/97 there were 29 such suggestions.

Service Recognition Awards

Service awards are presented annually for employees who have completed five or multiples of five years of service for the City. The service awards ceremony is an annual event to which employees and their guests are invited. Department Directors and members of the City Council present the honorees with their service awards. It is not unusual to have a number of employees with 25, 30 or 35 years of service recognized at annual awards ceremonies. These long tenures of public service underscore the success the City has had in retaining good employees over the long term.

J. Performance Planning and Evaluation

City management believes that employees want to do a good job in performing their work. Unless employees understand what is expected of them and receive regular and appropriate feedback on the effectiveness of their efforts, however, it will not be possible for them to do the best job possible. The City's performance planning and evaluation system attempts to involve the employee in this process and provide the information, tools, and guidance necessary to support employees in performing high quality work.

Each year employees and their supervisors together develop and agree to a performance plan for the following year. During the annual performance planning period, employees have the opportunity to provide comments to their supervisors regarding proposed modifications to their annual work plans and individual career development plans for the upcoming year. At the end of each year, all employees receive evaluations of their performance based on a comparison of their accomplishments with their performance plans. During the evaluation period, employees receive an evaluation from their supervisors regarding the quantity and quality of work performance, as well as an assessment of interpersonal skills, work habits, and behaviors. This evaluation then is used for developing and modifying work plans for the subsequent year.

The "360 Degree" Evaluation

Prior to the establishment of the pilot self-directed work team (SDWT), performance evaluations were entirely the responsibility of individual supervisors. Though some supervisors informally collected comments on performance from coworkers, there was no formal or Citywide mechanism for coworkers to share their observations of an individual employee's performance strengths, weaknesses, achievements or areas needing improvement.

Since the SDWT managed and planned its budget, expenditures, and day-to-day work with only minimal management assistance, a new performance evaluation approach was needed. The 360-degree evaluation used by the SDWT was a team

assessment of what was accomplished and how it was done. The 360-degree assessment recognizes the interdependency of individuals in accomplishing their work and provides a team assessment of individual work performance. The SDWT pilot project provided the City with the opportunity to see the value of having coworkers, subordinates, and supervisors involved in performance evaluations. It is expected that this approach will be extended to other work units throughout the City organization.

“Commitment to Excellence” Philosophy and Values

The City’s Commitment to Excellence philosophy articulates core organizational values that form the basis of high quality service delivery and continuous improvement. This philosophy recognizes that City employees are the critical link and essential resource for meeting community expectations from local government to sustain community quality of life. Among the values included in the City’s commitment to excellence are:

- long-term planning;
- an emphasis on prevention;
- continuous improvement, innovation and risk-taking;
- regular evaluation and accountability for results;
- dedication to public service;
- access to information resources and services;
- community collaboration; and
- teamwork.

K. Employee Communications

An emphasis on effective employee communications is necessary to assure that the City can remain successful in the future. The need for continuous improvement to remain competitive when municipal resources are constrained; the increasing complexity of municipal service delivery in a changing world; and the new possibilities provided by information technology are among the factors that combine and underscore the importance of internal communications.



Good employee communications will mean more than a one-way flow of information to front-line staff. Although traditional methods such as printed

materials, face-to-face communication, and group meetings will remain essential, new internal communications technologies provide the possibility of fast and flexible exchanges of information back and forth between employees who are providing direct service, supporting services, and supervising.

In addition, new technologies and methods for employee communications can enhance the opportunities for collaborative efforts not only among different departments and programs, but also with external organizations.

In recent years, many City departments have initiated staff newsletters in addition to the monthly Citywide employee newsletter. The advent of electronic mail, the commonplace usage of personal computers, and the establishment of an "intranet" for internal information resources have expanded the opportunities for employee communications.

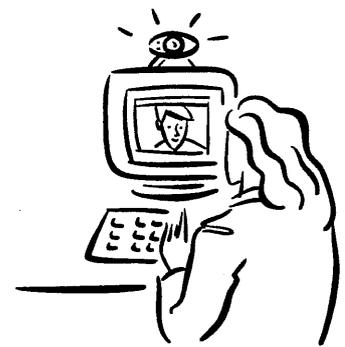
The challenge for the future will be to take advantage of new tools and technologies and provide ongoing training to all employees in their use. In addition, it will be important to reinforce and enable the increased value that is the result when information is shared to achieve a common purpose. Although the tools and methods of employee communications may change, the fundamental goal remains the same: empowering employees to deliver high quality service while improving productivity.

L. Future Trends/Issues in Human Resource Management

Human resources management is impacted by a number of major forces that affect the community as a whole, such as:

- economic fluctuations;
- changing population demographics;
- impacts of technology on the workplace and on jobs;
- changing social norms; and
- political changes reflected in legislation and case law.

All of these factors have had and will continue to have significant impacts on the City's ability to manage human resources effectively to achieve community goals. Changes in the community will mean ongoing changes in the City organization and its workforce, both in response to new conditions and the interrelationships between employees and the public.



Proactively guiding the City organization through change from the human resources management perspective will continue to be the major challenge of the City's Human Resources Department. Over the long term, HR will be challenged by significant issues in the following areas:

- mandated legislation and case law;
- compensation;
- telecommuting and technology;
- child care, elder care and dependent care;
- diversity of the community and the workforce; and
- employee training.

Mandated Legislation and Case Law

Legislative mandates from state and federal governments, along with case law arising from litigation, will continue to add to the complexities of the regulations with which Human Resources administration must comply.

For example, over the last ten years the passage of the Americans with Disabilities Act (ADA), the Family Medical Leave Act (FMLA) and the Consolidated Omnibus Budget Reconciliation Act (COBRA) are just three examples of complex regulations imposed on the City by federal and state government that are administered by the Human Resources Department. Implementing and administering these and other new mandated requirements will continue to have a significant impact on the City's workforce and the work of HR. Human resources management will continue to evolve as new legislation and case law decisions change the rules for the workplace.

Compensation

The current economic strength enjoyed by companies within Santa Clara Valley has not only increased population far in excess of what might have been previously predicted, but has also created a demand for housing that has driven costs up among the highest in the United States. As a consequence, the City's approach to compensation will confront genuine challenges as it is faced with the need to recruit highly qualified employees, especially when looking outside of the local job market for state and national employment candidates. Appropriate and innovative compensation will be important for employee retention.

Telecommuting

The combination of high population density, high housing costs and inadequate public transportation has resulted in more and more people living in areas further

and further away from the City and requiring longer and longer commutes to work. In response to this trend and to maintain and improve individual productivity, the City in 1998 initiated a pilot telecommuting program. To retain productive employees in the future, the City will be challenged to continuously explore alternative work modes, such as flexible scheduling and the use of technology to provide solutions to commuting and productivity issues.

Child Care

The high cost of living also means that two adults must be employed in the vast majority of families. As a result, the availability of affordable child care for the City's employees presents another challenge for the management of human resources. This challenge is further enhanced by the fact that increasing numbers of workers are single parents. City child care benefits, such as low cost day care for sick children and the ability to pay child care expenses with pre-tax dollars, can be expected to continue to grow in importance. Child care could very well be the subject of legislation that imposes new obligations on employers to either provide financial support for child care and/or child care services at the work site.



Elder and Dependent Care

Just as the availability of child care can be a challenge for parents of young children, employees will be increasingly faced with similar challenges for caring for other dependents such as their aging parents. The City currently provides an adult care resource and referral service for employees, similar to the service it provides regarding child care. Legislation such as the federal Family Medical Leave Act has been adopted partly in response to family needs and dependent care, and it is possible that in the future other legislative remedies will have an impact on Sunnyvale human resources management in this area.

Employee Training

The population demographics of the Bay Area are rapidly changing and for an increasing percentage of the population, English is not the primary language. Other trends indicate:

- more and more individuals entering the workforce will be deficient in basic reading, writing and computation skills;
- there will be a shortage of skilled workers; and
- the workforce is aging.

All these trends suggest that the City may need to incorporate basic English and other basic skills training into its training program to enhance the ability of employees to perform their duties consistent with the City's "Commitment to Excellence". This additional training need likely will occur at the same time as the need to provide employees with the necessary skills to fully utilize the technological innovations that are emerging at a remarkably rapid pace.

Technological advances mean job knowledge and skills will need to be continuously updated. It also means requirements for some types of jobs may change and, in some cases, entire job categories may disappear.

All these areas will combine and have a significant impact on the workforce of the City organization by determining:

- whom the City hires;
- what they will be doing;
- the compensation they will receive to do it; and
- the conditions in which they will perform their work.

These trends strongly suggest a future in which there will be a growing need to train and retrain employee service providers and to better evaluate the effectiveness of any training provided.

The future challenges for the management of human resources will be to:

- develop and maintain a highly diverse workforce;
- maintain a well-trained workforce in the face of exploding technological innovation;
- offer compensation packages that will attract and retain skilled employees; and
- ensure the City workplace environment reflects the ever-changing conditions mandated by new legislation and judicial actions.

All of these challenges will occur within the broad context of rising customer expectations of more and better service and greater accountability from City employees.

V. Office of the City Attorney



The Office of the City Attorney represents and advises the City Council, boards and commissions, and City officers and staff in all legal matters. The legal services include oral and written advice, preparation and review of a wide variety of legal documents, and the representation of the City's interests in administrative proceedings and litigation. The Office of the City Attorney serves as counsel for the municipal corporation, just as in-house corporate counsel represents a business corporation.

The Charter authorizes the City Council to appoint the City Attorney, who serves as chief legal counsel to the City. The City Attorney has the authority to appoint any deputy or assistant city attorneys and to retain outside legal counsel for additional assistance.

The City is continuously exposed to litigation resulting from such actions as law enforcement, infrastructure maintenance, land use regulation and contractual obligations involving real estate, goods and services.

The workload of the Office of the City Attorney is determined by a number of factors: local, state and federal legislation, requests for legal services in support of departmental programs, and the number of administrative and litigation matters to which the City is a party.

The workload of the Office of the City Attorney is expected to grow in response to both the team-approach now taken to many City issues and because of the increased complexity and interaction of applicable laws and regulations with municipal functions. These functions include personnel issues, environmental compliance, and attempts to maintain fiscal stability within the confines of legal restrictions on fees, taxes and exactions.

The City Attorney provides required legal services by effective management of both in-house attorneys and outside counsel, and by maintaining a proficient and productive staff. The City Attorney periodically considers productivity improvements and reviews the level of staffing and workload patterns in order to determine the best means of providing the necessary legal services.

Future Issues/Trends

While the fundamental nature of the role of the Office of the City Attorney is not expected to change, it is anticipated that this role will become more critical as the nature of the legal issues confronting the City becomes more complex. The unprecedented increases in the speed and quantity of information will continue, challenging the ability of the Office of the City Attorney to discern the relevant elements and provide pertinent legal advice in a timely manner. In some cases, widespread access to electronically processed information will render traditional geographic boundaries obsolete and create new jurisdictional issues.

VI. Resource Protection



While the City attempts to optimize the use of its resources through effective management practices, it is also entrusted with the responsibility of protecting those resources.

The City of Sunnyvale takes both a proactive and reactive stance regarding the protection of its resources. Such protective functions include analysis of potential hazards in the work place, preventative maintenance of facilities and equipment, and establishing mechanisms for a proactive response to the protection of City resources. The three City programs that focus on achieving these goals are:

- Risk and Insurance Management;
- Building Services; and
- Equipment Management.

A. Risk and Insurance Management

Risk and Insurance Division

The City has a long-established risk management and loss prevention program to protect the City's physical, financial and human assets against loss. The goal of the Human Resource Department's Risk Management program is to minimize losses and the effects of loss upon the City and the community.

In FY 1979/80 the City of Sunnyvale recognized the importance of risk management and instituted a formal Risk and Insurance Management program. Today this program self-insures workers' compensation, liability and property exposures. The self-insurance approach to handling the City's risk was largely the result of an insurance crisis during the mid-1980s in which the commercial insurance market either refused to provide coverage for certain risks or limited coverage and/or charged exorbitant premiums. In this case, what initially appeared to be a problem turned out to be an opportunity for the City to conserve and better direct its risk management dollars.

Workers' Compensation Program

The City self-insures for workers' compensation losses and also purchases commercial workers' compensation excess coverage insurance for catastrophic losses. Self-insuring workers' compensation has resulted in a major benefit to the

City. Specifically, the City has not been required to pay out a large premium at the beginning of the fiscal year to an insurance company. Instead the City retains the funds and pays them out as expenses occur. This allows the unpaid balance to earn interest, which is revenue for the City.

The self-insurance workers' compensation program is financed through an overhead charge on labor costs, which is levied on all departments and is known as the additive rate. The workers' compensation additive rate varies according to the nature of the duties performed by different categories of employees. Departments with employees performing duties with a higher risk of illness or injury are charged a higher additive rate.

The Liability Program and Risk Management

The California Government Code contains the Tort Claims Act, which provides for the conditions under which a governmental entity might be liable for injury to persons or property. The Tort Claims Act creates liability for local government for the dangerous and defective condition of public property and for certain negligent acts or omissions on the part of public employees. Tort actions against the City are administered in the Risk Management Program under the direction of the City Attorney.

As with the workers' compensation self-insurance program, the liability self-insurance program is financed through the overhead additive rate. The liability additive rate varies according to the nature of the duties performed by different categories of workers. Departments with employees performing duties with a greater likelihood of creating liabilities or injuring others are charged a higher additive rate.

Fairness and legitimacy are key elements in the City's risk management philosophy: if a claim against the City is justified, all reasonable efforts are made to resolve it to the mutual satisfaction of the claimant and the City. This approach is designed to avoid unnecessary and costly litigation.

The other key element of the City's risk management philosophy is the fiduciary responsibility that the City has to its taxpayers. In accordance with this element the City vigorously defends against any frivolous or unjustified claims. The program also concentrates on the proactive avoidance of situations that can lead to litigation.

Prevention and Risk Reduction

The self-insured liability program emphasizes the identification of conditions and activities that create unreasonable risk of harm to members of the public. The increased identification of harmful situations also includes increased efforts to remedy those situations as they become known. Correcting potentially harmful situations has resulted not only in a reduction in the number of serious claims against the City, but also in a safer environment for City of Sunnyvale residents.

California Joint Powers Risk Management Authority

The liability insurance program was restructured in 1986 when the City joined with a number of other cities and government agencies to form the California Joint Powers Risk Management Authority (CJPRMA) as a founding member. CJPRMA is a public entity insurance pool created in response to the liability insurance crisis of 1986. This risk-sharing pool offers protection for catastrophic liability losses and the prospect of freedom from the cyclical swings of the commercial insurance industry.

As insurance coverage requirements or market demands change, the pool, now well established, is in a position to cater to the changing needs of its members. For example, the growing demand for insurance protection from workplace harassment judgments has resulted in the pool matching the commercial availability of this difficult type of insurance and providing it to pool members.

As a charter member of the CJPRMA, the City has a permanent seat on the Board of Directors, regardless of the ultimate total membership of the pool. This means the City is guaranteed a voice in all important policies and issues affecting the CJPRMA. To better assure the financial solvency of the pool, members are carefully screened for their loss history, commitment to sound risk management practices and fiscal soundness.

By participating in the CJPRMA the City obtained liability coverage above its self-insurance retention (SIR). This coverage includes most activities in which the City is involved. Excluded from coverage are pollution (except sudden spills on City streets) and inverse condemnation (the legal taking of private property for public use, such as road construction).

All member agencies pay a deposit premium that is actuarially calculated to cover the anticipated costs of claims and administrative expenses for the fiscal year. If claims are greater than projected, additional premiums are collected, a situation that has not occurred during all years since the establishment of the plan. When all claims have been disposed of, the balance in the insurance pool for each specific year is redistributed back to pool members, proportionately based on the previously collected deposit premium plus accrued interest. Excess deposit premiums are returned to the members; shortfalls, if any, are paid to the CJPRMA. This is a strong financial incentive for all members to control their losses. On average 80% of the deposit premiums have been returned each year over the period 1986-1998.

Participation in the CJPRMA provides the liability coverage that the commercial insurance market would not or could not competitively provide and gives the City much greater control over its destiny with built-in incentives for controlling losses. Instead of the threat of increased premiums or dropped coverage, there is the promise of a rebate.

Success of the CJPRMA allows the City and other member agencies to be free from relying on the commercial insurance marketplace.

Property Insurance Program

The property insurance program is structured to protect the physical facilities of the City. The City participates in a group purchase plan with other members of the CJPRMA. This allows the City to purchase excess property insurance at very low rates. The excess insurance does not include coverage for damage suffered by public facilities as a result of flood or earthquake.

With the growing demands for flood and earthquake insurance, the group purchasing power has allowed pool members to obtain this type of coverage at below-market rates. With the potential for future environmental or natural catastrophic property losses currently a concern, the pool is again in a position to address the changing needs of its membership in this area.

Fidelity and Bonding Coverage

The City also bonds its employees to protect against financial losses through the purchase of specific bonds and a general employee bond. Specifically, positions such as the Finance Director are statutorily required to be bonded. Other positions are required to be bonded by the City Charter.

Summary

The City's self-insured programs emphasize preventive measures since the first dollar loss falls directly on the City and not on an insurance company. This preventive philosophy and the heightened awareness that it brings provides a substantial cost reduction benefit to the citizens of the City of Sunnyvale. The flexibility and financial soundness of the CJPRMA now allow its members to modify their coverages to emulate the insurance market and maintain a competitive advantage over commercial insurance markets. It is expected that the advantage of these approaches will continue to work for the City's future risk management needs.

B. Building Services

Maintenance Services

The Building Services Division of the Parks and Recreation Department is responsible for maintaining City-owned and leased buildings by providing custodial, structural and mechanical maintenance. Building Services is also responsible for the maintenance of the City's fixed assets of furniture, appliances and building equipment. The Division of Building Services was established in 1998 when facilities maintenance responsibilities were split from the Parks and Facilities Division.

Building Services' primary customers are:

1. City employees who work in the facilities; and
2. Members of the general public who enter the facilities to receive City services.

To preserve City facilities and fixed assets, Building Services provides a wide range of maintenance services, including:

- providing custodial services to approximately 440,000 square feet of interior space owned or leased by the City;
- providing meeting set-up and takedown services for City Council activities, boards and commission meetings and Citywide training classes;
- maintaining the City's inventory of freestanding and modular furniture, appliances and building equipment in a safe and functional state;
- replacing furniture, appliances and building equipment when their useful life has expired;
- maintaining building fire suppression and security equipment;
- maintaining the structural and mechanical integrity of City-owned or leased buildings including roofs, walls, floors, windows, heating, ventilation and air conditioning, lighting, plumbing and electrical systems; and
- ensuring gas, electricity and water are provided to City-owned or leased buildings.



By 1998, the total square footage of City-maintained space had increased to 437,209 (which does not include the City's Water Pollution Control Plant). Table 6 (*next page*) compares the total square footage maintained in 1986 to 1998.

Each City department is charged a rental rate based on the square footage that department occupies to conduct its services. The rental rates are based on the costs to maintain and operate the buildings as detailed in the Building Services program budget. Separate rental rates are charged to cover the cost of managing, maintaining and replacing the fixed assets used by each department.

Table 6. Public Buildings Maintained by the City (Square Footage)

Facility	85/86 Square Footage	85/86 Number of buildings	97/98 Square footage	97/98 Number of buildings
Fire Stations	27,950	6	29,775	6
City Hall	34,672	1	41,040	2
City Hall Annex	20,900	1	20,900	1
Public Safety Building	40,000	1	40,000	1
Library	60,600	1	60,600	1
Community Center	62,776	4	65,962	4
Corporation Yard	30,500	4	49,130	5
Park Buildings	59,120	35	61,666	38
Senior Center	22,780	5	22,780	5
Raynor Activity Center	n/a	8	29,435	8
Columbia Neighborhood Center	n/a	0	19,735	1
TOTAL	364,398	66	437,209	72

Building Improvements

Building Services is also responsible for managing the long-term maintenance of the City's buildings and equipment inventory. This is accomplished by working with the Public Works Project Administration Division, which manages all capital improvement projects.

There are three types of facility-related capital improvement projects:

1. Infrastructure projects provide upgrading and replacement funds for roofs, HVAC systems and remodeling. Funding for these projects is based on the average longevity of the type of building and recognizes that the typical public facility will need to be remodeled to meet changing needs about every 20-25 years.
2. Projects related to changes in public policy may sometimes require physical improvements to a facility. Two examples of this type of capital project would include the remodeling of the City's fire stations to accommodate female firefighters and improvements to park multipurpose buildings to meet American Disabilities Act (ADA) guidelines.

3. Projects for the expansion of services. An example is the construction of the Columbia/AMD Sports Center in order to provide expanded social and recreational services to the youth, families and neighborhoods of north Sunnyvale. Although the Center is owned by the Sunnyvale School District, the City performs the ongoing maintenance and upkeep of the building and grounds through use agreements with the district.

Future Trends/Issues in Building Services

In the future, the major challenges will be to ensure the best use of space and the continued challenge of providing high quality maintenance to City facilities in an environment of limited resources. To successfully meet those challenges, the Building Services Division will need to be intimately involved in facility planning, design and construction. The future challenges that will influence City building use and facility maintenance will likely be in the following areas:

- space utilization;
- Building Services staff training;
- maintaining service competitiveness;
- master planning for new facilities; and
- planning for the use of technology

Space Utilization

Over the years, the increase in the number of people employed by the City has resulted in overcrowded work areas, decreased storage space, inadequate parking spaces, the inappropriate use of rooms, and a general lack of privacy. All of these factors make it difficult to maintain City buildings and facilities and can have an adverse impact on the ability of City employees to provide high quality public services.

The City will need to develop strategies to address optimal uses for work space and public space. This will involve finding an appropriate balance among competing goals of cost-effectiveness, flexibility, customer service, and employee concerns.

Factors in developing these strategies could include such possibilities as telecommuting, "hoteling" (workspace that can be reserved but is not dedicated to any specific employee beyond a specified amount of time) and off-site storage. If employees can work from home or if they need to work in the office on a part-time basis because their jobs keep them "in the field" most of the day, workspace and facilities could be shared. Off-site storage would make additional space available for higher priority uses.

As these and other space planning strategies are considered and implemented in the future, Building Services will need to play a strong role space utilization will affect building maintenance needs.

Building Services Staff Training

New technologies have clearly had a positive impact on City maintenance operations. Examples include:

- electronic security systems have improved building security;
- computerized energy management systems provide better control of facility heating and cooling; and
- automated work order systems provide more useful maintenance tracking.

However, new technology has placed additional stress on the mechanical and electrical systems of the City's aging buildings. Given the speed of technological advances, in the future it will become even more important that Building Services Division staff receives continuous training to keep abreast of technology changes and how City buildings can accommodate them. Eventually, the traditional "maintenance employee" position may require more computer skills than hands-on maintenance skills.

Maintaining Service Competitiveness

In 1993 the City decided to retain custodial services in-house after several unsuccessful attempts to find a satisfactory private sector service provider. There are, however, several companies in the Bay Area who are capable of providing full-scale, contracted facility maintenance services. In the future, as the City increases its efforts to keep its services competitive in pursuit of continuous improvement in the quality, quantity and cost of service provision, it is reasonable to expect private sector service providers to compete with each other and with the City to obtain service contracts. Building Services will meet this challenge by including goals and objectives to remain competitive with the private sector in the Division restructure planned in FY 2000/01.

Master Planning for New Facilities

Currently, there is no facilities master plan for constructing or providing new City buildings as community service needs continue to change and grow. For example, there may be a need for additional fire stations or different types of parks or recreational facilities. A well-coordinated facilities master planning process could address the different needs of various City departments by maximizing the use of existing properties and ensuring the equitable sharing of space in any new or additional buildings.