

Budget Management

April 20 | 6:30 to 9 p.m. | Durham Tech

Session Description

The Budget Office is responsible for preparing the town's budget, under the oversight of the town manager and in collaboration with the various departments and divisions. The budget is a blueprint for building a sound financial framework for town operations. It ensures the town's resources are allocated toward the priorities identified by the Board of Commissioners. The budget is a financial plan consisting of an estimate of proposed expenditures, the proposed means of financing and the goals and objectives of expenditures for the fiscal year.

The Balanced Scorecard is a group of measures used to help implement an organization's strategy. This system helps communicate the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives.

During this session, participants will learn how the town prepares a balanced budget, multi-year financial plans, and the balanced scorecard. There will be a group budget exercise to help illustrate some of the points discussed during the session.

Recommended Readings

- ✓ Budget Excerpts (11 pages)
 - Fund Balance
 - Debt Obligations – Information & Options
 - Fund & Budget Unit Structure
 - Reader's Guide to the Budget Document
 - Function of Financial Plan
 - Major Units of the Budget
 - Financial Management System
 - Fiscal Policies
 - Budget Process
- ✓ A Balanced Approach to Implementing the Balanced Scorecard (7 pages)
- ✓ Town Strategy Map (1 page)
- ✓ FY15 Balanced Scorecard Report (80 pages)

BUDGET SUMMARY & INFORMATION

READER'S GUIDE TO THE BUDGET DOCUMENT

The Budget & Financial Plan describes how the Town plans to achieve its goals, objectives, and meet the community's needs. The Town of Hillsborough's Budget & Financial Plan is not just a document full of numbers. It serves as an operations guide, financial plan, communications device, policy document, as well as a general resource for information about the Town.

This guide is provided to assist readers in locating information within the budget document. The Town of Hillsborough's FY16 Annual Budget & Financial Forecast is divided into six major sections: Budget Message/Ordinance, Budget Summary & Information, General Fund, Water & Sewer Fund, Capital Improvement Plan, and Supplemental Information. Each section is outlined below:

I. BUDGET MESSAGE/ORDINANCE

The Budget Message, a letter from the Town Manager to the Board of Commissioners, provides an overview of the upcoming fiscal year budget and financial plan. This section also contains the FY16 Budget Ordinance. The ordinance, a statute legally adopted by the Board of Commissioners, sets the spending limits for the FY16 budget period (July 1, 2015 to June 30, 2016).

II. BUDGET SUMMARY & INFORMATION

This section provides a summary of revenue, expenditure, and fund balance (savings) information for each of the Town's funds. Information provided in both numerical and narrative format helps the reader to easily determine how much money each fund/budget unit is spending and generating. The section also includes the Town's financial policies. Department responsibilities and an explanation of the process for developing and amending the Budget & Financial Plan provide additional information to help the reader understand the budget process.

III. GENERAL FUND

This section includes the following departmental budgets: Governing Body, Administration, Finance, Planning, Ruffin-Roulhac, Information Services, Parks & Recreation, Safety & Wellness, Information Services, Police-Administration, Police-Patrol, Police-Investigations & Community Services, Fire Marshal & Emergency Management, Fire Protection, Fleet Maintenance, Streets, Powell Bill, Solid Waste, Stormwater, Cemetery, Tourism, Special Appropriations, and Contingency. Each

department's section contains actual expenses for FY14, projected FY15-FY18 expenses, a budget highlights narrative, balanced scorecard measures, and personnel counts.

IV. WATER & SEWER FUND

This section includes budgets for the following departments: Administration of Enterprise, Engineering, Billing & Collections, Water Treatment Plant, West Fork Eno Reservoir, Water Distribution, Wastewater Collection, Wastewater Treatment Plant, and Contingency. Each department's section contains actual expenses for FY14, projected FY15-FY18 expenses, a budget highlights narrative, balanced scorecard measures, and personnel counts.

V. CAPITAL IMPROVEMENT PLAN

This section includes projects with a total cost of \$100,000 or more and listed in the Town's 7-year Capital Improvement Plan. Included is a description of each project and a breakout of the associated costs.

VI. SUPPLEMENTAL INFORMATION

This section contains information about Hillsborough, the Authorized Personnel Listing, and a glossary of terms used throughout the document.

FUNCTION OF FINANCIAL PLAN

WHAT IS A FINANCIAL PLAN?

The Hillsborough FY16-18 Financial Plan is a combination budget, capital improvement plan (CIP), and financial forecast. The planning window for this financial plan is three years.

WHY DO A FINANCIAL PLAN?

Combining three traditionally separate documents (budget, CIP, & financial forecast) under one cover provides full and immediate disclosure of information to the Board of Commissioners. Having this variety of information at their fingertips during the budget process, improves the Board's decision-making ability by allowing them to see the impact of today's decisions on future fiscal years. In addition, the staff is better able to provide useful fiscal and operational analysis that is otherwise not possible by simply looking at an annual budget. Most successful businesses would never dream on only planning in one-year increments. To insure the continued financial strength and operational effectiveness of the Town, it is necessary to have a financial plan that is updated each year during the budget process.

The purpose of a financial plan is not to predict future revenues and expenditures down to the penny, but rather to anticipate and rationally plan for expected changes or problems. The real purpose of doing the "number crunching" in the forecast is to see what types of potential situations may be looming on the horizon. As is mentioned in the Budget Message, this creates a "fiscal radar" that gives the Town more time to anticipate different scenarios and develop possible actions to deal with those scenarios before they become problems.

HOW WAS IT DONE?

For the most part, the Town's annual budget is simply expanded to include two planning years in this document, FY17 - FY18. Sections that were expanded to accommodate the two out-years of the Financial Forecast include: expenditure and revenue summaries, departmental budgets, fund balance tables, and staffing/position information. In addition, supporting narratives and discussions on revenue trends & assumptions, fund balances, goals & objectives, debt, personnel, and the CIP all address the FY16 budget year plus FYs17-18. As the reader goes through each section, information is usually provided or discussed for FYs16-18. This helps to map a course of where the Town is and what it is planning to do.

WHAT WERE THE FORECASTING ASSUMPTIONS?

Revenue and expenditure projections are based on several sources: Consumer Price Index projections, historical trend analysis, price estimates from prospective vendors, and institutional knowledge. Keeping in tradition with the Town's budgeting philosophy, the Town Manager tended to be somewhat conservative with revenue estimates and slightly liberal with expenditures estimates. This is done to increase the probability of producing a safe and realistic forecast.

HOW WILL THE FINANCIAL PLANNING COMPONENT BE USED?

Each year the Town Manager will use the Budget Message to discuss future issues and potential concerns for the Town to monitor. This will help point out significant issues that may confront Hillsborough in the near or distant future. The multi-year forecasting component assists the Town each year by helping to show the impact of this year's budget decisions on the next several years. It is important to understand the effect that adding additional personnel, equipment, projects, or programs will have on Hillsborough's budget and financial condition in the future (e.g., will buying this piece of equipment lower our fund balance to the point where we'll need to raise taxes next year, etc.)! The ultimate purpose of the financial plan is to get the staff and Board in the regular habit of evaluating the multi-year impact of the policy and budget decisions we make today. Finally, continually reviewing finances and operations from a multi-year perspective can only help improve the Town's ability to regularly make well-informed decisions.

MAJOR UNITS OF THE BUDGET

Most budget documents focus primarily on revenue and expenditure appropriations. To simplify the financial system and to fairly distribute the resources of the Town, this budget is separated by function so all costs and incomes are grouped into common services, functions, and cost areas which are in turn placed into appropriate fund, budget unit, and line-item budgets. The various level of detail provided by the different budgets (fund, department, and line-item) help the Town to manage its operational and fiscal activities. The following definitions explain the primary units that compose the Hillsborough budget:

FUNDS

The fund is an independent fiscal and accounting entity. Funds make it easier to keep track of accounts that operate similar types of activity and share the same set of accounting records. Most funds are economically self-sufficient, having their own revenue sources to support their operational activities. Funds may operate one or more sub-groups, called budget units, which are responsible for delivering various types of services to the community. The Town of Hillsborough operates two funds: the General Fund and the Water & Sewer Fund. The *General Fund* handles the “general” operations of the Town, such as police protection, street maintenance, solid waste services, etc. The *Water & Sewer Fund*, an enterprise fund, operates like a business. Fees are paid for services provided – in this case customers pay for water and sewage usage.

BUDGET UNITS

Budget units are a sub-unit or division of a fund. For example, Fleet Maintenance is a part of the General Fund. Each budget unit provides specific governmental services depending on their area(s) of responsibility.

LINE-ITEMS

The budget for each fund and budget unit consists of individual line-items (detailed and condensed formats). Line-items represent specific expenditures and revenues. Examples of line-items include salaries and wages, maintenance and repair, capital outlay (i.e. automobiles), property tax revenues, sales tax revenues, etc. Line-items are the most detailed way to list budgeted expenditure and revenue information.

FINANCIAL MANAGEMENT SYSTEM

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Hillsborough conform to the generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Hillsborough is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, the financial statements present all funds and account groups which are controlled by or are financially dependent upon the Town. The Town provides financial support to certain boards, agencies and commissions. The Town has evaluated its relationship with each of these entities according to criteria established by GASB Statement 14 and has determined that none of these entities is includable in the reporting entity because the Town is not financially accountable for them.

B. Basis of Presentation – Fund Accounting

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

The Town uses the following fund categories (further divided by type) and account groups:

Governmental Funds

Used to account for the Town's governmental functions. The Town of Hillsborough's Governmental funds include the following types:

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants and various other taxes and licenses. The primary expenditures are for general government, administration, public safety, street maintenance and construction, and solid waste services.

Proprietary Funds

Used to account for the Town's business-like activities. The

Town of Hillsborough's Proprietary funds include the following:

Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Hillsborough has one Enterprise Fund, that being the Water and Sewer Fund. The Enterprise Fund is comprised of the following sub-funds:

- Water/Sewer: which accounts for the general operation of the water and sewer departments.

Fiduciary Funds

Used to account for the activities where the Town holds money in trust for a third party. The Town of Hillsborough's Fiduciary Funds include the following:

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, other governments and/or other funds. These include Pension Trust Funds. Pension Trust Funds are accounted for essentially the same as the proprietary funds since capital maintenance is critical. The Town has one Fiduciary Fund, the Pension Trust Fund.

Account Groups

General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets of the Town of Hillsborough, other than those accounted for in the proprietary funds or trust funds.

General Long-Term Debt Account Group

This group of accounts is established to account for all general long-term debt and certain other liabilities that are not specific liabilities of the proprietary funds of the Town.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating

statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The proprietary funds and the pension trust fund are accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type equity (i.e. net total assets) is segregated into contributed capital and retained earning components. Operating statements for these funds present increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In accordance with the North Carolina General Statues, all funds of the Town are maintained during the year using the modified accrual basis of accounting. The governmental fund types are presented in the financial statements on this same basis. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e. when they are “measurable” and “available”) to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the state at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues that are unearned at year-end are recorded as deferred revenues.

The proprietary funds are presented in the financial statements on the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred. As permitted by generally accepted

accounting principles, the Town has elected to apply only applicable GASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The governing board as required by the North Carolina General Statues adopts the Town’s budgets. An annual budget is adopted for the General Fund and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Water and Sewer Capital Projects Fund and the Water and Sewer Capital Reserve Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for the multi-year funds. The Town Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$2,500; however, any revisions that alter the total expenditures of any fund or that change functional appropriations by more than \$2,500 must be approved by the governing board. (See Fiscal Policies section for more information.)

E. Budget Calendar

A budget calendar is included in the North Carolina General Statues which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed. (For a more information on the process followed by the Town of Hillsborough see Budget Process section.)

April 30: Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1: The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1: the governing board shall adopt the budget ordinance.

F. Encumbrances

As permitted by G.S. 159-26(d), the Town maintains encumbrance accounts which are considered to be “budgetary accounts.” Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as “reserved for encumbrances” in the fund balance section of the balance sheet and will be charged against the subsequent year’s budget. Encumbered appropriations are re-appropriated in the ensuring year’s budget.

FISCAL POLICIES

These financial policies were developed by the Board of Commissioners, Finance Director, and Town Manager. These policies are general in nature and designed to act as a guide to assist in making sound fiscal management decisions for the Town of Hillsborough. By adhering to established financial policies, following the North Carolina Budget and Fiscal Control Act, accepting guidance from the Town's independent auditors, Local Government Commission, and the UNC-Chapel Hill Institute of Government, the Town of Hillsborough can continue to strengthen its solid foundation, which is built on responsible fiscal and budgetary practices.

ACCOUNTING POLICY

The Town will establish and maintain its accounting systems in compliance with the North Carolina Local Government Budget and Fiscal Control Act. Financial systems will be maintained to monitor revenues and expenditures on a monthly basis. All revenue collections will be consolidated under the Finance Director and audited annually. An annual audit will be performed by an independent certified public accounting firm which will issue an official opinion on the annual financial statements, with a management letter explaining recommended improvements, if required. Town staff will attempt to address any such recommendations. The auditors will also prepare the Town's Comprehensive Annual Financial Report (CAFR) in compliance with Generally Accepted Accounting Principles (GAAP). The CAFR will be submitted each year to the Government Finance Officer's Association for recognition under the Certificate of Achievement for Excellence in Financial Reporting program. Internal accounting control procedures/operations will be maintained and upgraded as needed to maximize the security and efficiency of the accounting system and Town assets.

BUDGET AMENDMENT POLICY

General Statute (G.S.) 159-15 authorizes the governing board to amend the budget ordinance at any time after the ordinance is adopted, so long as the amended ordinance continues to meet the requirements of G.S. 159-8, which states that the budget must be balanced and 159-13, which describes the form, adoption, limitations, tax levy and filing of the budget ordinance. Budget amendments cannot increase or decrease the tax levy or alter a taxpayer's liability unless the Board is

ordered to do so by the courts or an authorized State agency.

Budget amendments must be made prior to obligating funds in excess of adopted budget appropriations. North Carolina state law, G.S. 159-8, requires that each fund in the budget remain balanced. Therefore, whenever a change in an estimated revenue or appropriation occurs throughout the year, an offsetting adjustment to some other revenue or appropriation account(s) must be made in order to keep the fund balanced. Budget amendments provide a way for local governments to accomplish this.

G.S. 159-13(a) allows the budget ordinance to be in any form that the Board considers most efficient for making fiscal policy decisions, but the Board must make appropriations by department, function or project and show revenues by major source.

A budget amendment must contain certain information, depending on its purpose. If the amendments increases an appropriation based on an increase in revenue, the amendment will specify the appropriation and its increase, as well as the revenue and its increase. Likewise, if the amendment reduces one appropriation and increases another, with no new revenue source, each appropriation will be listed along with the amount of increase or decrease. Each amendment must balance. Total increases in appropriations should equal total increases in revenues if new revenues are involved. In all situations, a brief description of the circumstances surrounding the amendment will be included on the face of the amendment or in the minutes where the amendment was approved.

Board approval or review is indicated on each amendment, either by signature of the Town Clerk to the Board attesting to Board approval or by including the actual amendment itself in the Board meeting minutes.

The Finance Director may make minor changes to the budget without obtaining prior Board approval by formal budget amendment. Such changes must be within a fund and not between two or more funds. (Note: These changes cannot result in recurring obligations such as salaries.) Wherever the Finance Director makes this type of adjustment, he is required

to inform the Board at the next meeting after the budget adjustment is made. In this way, the Board does not have to consider and vote on immaterial changes to the budget, but it is kept abreast of changes so they can be monitored.

The most important thing about budget amendments affecting expenditure accounts is that they are to be made prior to funds being obligated. The Finance Director can be held personally liable for any obligations made that are not in accordance with the current budget ordinance. Therefore, if an obligation is made in excess of the budgeted appropriation, a violation of G.S. 159-181(a) has occurred, even if the ordinance is later amended to authorize the obligation and the resulting expenditure.

Budget amendments may be made after June 30 to the budget ordinance for the prior year to cover obligations or expenditures in excess of appropriations that the Town must legally pay. However, such items are still a statutory violation, and the budget must be presented in the audited financial statements as it stood on June 30. If these amounts are material, a note disclosure in the audited financial statements must be needed to indicate statutory noncompliance.

CAPITAL IMPROVEMENT POLICY:

The Town will update and adopt and re-adopt annually a ten-year Capital Improvement Plan (CIP) which details each capital project, the estimated cost, project description and anticipated funding source. Current operating budget expenditures will be used to maintain the CIP projects and provide all salaries, operating costs, and small capital outlay required.

DEBT POLICY

In accordance with North Carolina General Statute 159-55, the Town's bounded indebtedness will not exceed eight (8) percent of the assessed valuation of the taxable property of the Town. Capital items and capital projects will be financed for a period that should not exceed the anticipated useful life of the asset.

INVESTMENT POLICY

The Town will attempt to maximize the investment of idle moneys, thus generating greater amounts of non-tax revenue through increased investment earnings. The following factors will be of paramount importance and in order of priority whenever Town funds are invested: 1) security, 2) liquidity, 3) diversity, and 4) yield. The Town of Hillsborough will only invest in those instruments that comply with North Carolina General

Statute 159-30, which is part of the Local Government Fiscal Control Act.

RESERVE POLICY

General Fund: To insure the Town's fiscal stability, it is necessary to maintain a healthy operating fund balance (reserve or savings) in the Town's General Fund. Since Hillsborough has experienced disasters in the past, the Town must be prepared to deal with the financial hardships that can be dealt by unpredictable storms, tornados, and hurricanes. In addition to the need for emergency funds, the fund balance allows the Town to maintain adequate cash flow levels, provides steady investment income, helps absorb revenue shortfalls, allows the Town to take advantage of unexpected opportunities, and occasionally aids in making non-recurring capital purchases if the reserves are large enough.

Each year during annual budget preparation, the Board of Commissioners will re-evaluate the fund balance level needed for the upcoming year. The Board will take into account the needs of the community, as well as the fiscal strength of the governmental unit, in making its decision to set an appropriate fund balance level. The Local Government Commission recommends that municipalities retain a fund balance level of at least eight (8) percent in the General Fund. The Town will maintain an undesignated fund balance level between 20%-60% (compared to annual General Fund expenditures) and strive to keep a minimum of 33% as its "target" or the equivalent of four months of operating expenditures for its fund balance. This benchmark figure will serve as a goal that the governing body will strive to meet each fiscal year in order to preserve the Town of Hillsborough's financial integrity.

Water / Sewer Fund: The retained earnings "target" in the Water/Sewer Fund is 25% (3 months) of operating expenditures.

REVENUE POLICY

As provided by the North Carolina Local Government Budget and Fiscal Control Act, estimated revenue from the ad valorem tax levy will be budgeted as follows:

- A) Assessed valuation shall be estimated based on historical trends and growth patterns in a conservative manner.
- B) The estimated percentage rate of collection of the tax levy shall not exceed the rate of the preceding fiscal year.
- C) The tax rate shall be set each year based on the cost of providing general government services.

- D) The Town shall operate under an annual balanced budget ordinance adopted and administered in accordance with N.C.G.S. 159-8(a). A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations.

The Town will set fees for services to maximize user charges for identifiable services.

- A) Assessed valuation shall be estimated based on historical trends and growth patterns in a conservative manner.
- B) To the extent possible, the rate structure established for water and sewer customers will be sufficient to finance all operating, capital, and debt service costs providing said services.
- C) To the extent practical, any general Town service which is of a higher level to benefit recipients shall be supported by user fees designed to recover costs from those recipients. Examples include zoning and code enforcement activities funded through zoning permit fees and demolition charges.
- D) Where user fees are based on cost recovery, costs should be reviewed annually during the budget process and user fees adjusted as practicable.

BUDGET PROCESS

The budget is the single most important document presented to the Mayor and Board of Commissioners. The budget document outlines policy direction, but it also serves the citizens by providing an understanding of the Town's operating fiscal programs. It reflects the Town's commitment to maintaining necessary services, improving the quality of service, and keeping the impact of taxes to citizens at a minimum.

The Town operates under an annual budget ordinance adopted by the Board of Commissioners in accordance with the provisions of the N.C.G.S. 159 – known as the Local Government Budget and Fiscal Control Act. The Town Manager is required to submit a balanced budget by June 1 and the Council must adopt the budget by July 1. A budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The fiscal year encompasses the period between July 1 and June 30.

PROCEDURES

The Town's budget process begins in February, at which time the Board of Commissioners set goals for the upcoming fiscal year. Departments then receive their operating budget and capital improvement plan forms and instructions.

Department Heads are responsible for estimating departmental expenditures. The Budget and Management Analyst in conjunction with appropriate Department Heads determines revenues. When budgeting expenditures, the basic requirements are to request sufficient funding to adequately operate the department and to request funding at the lowest reasonable level in order to achieve departmental goals and objectives. The departmental requests are submitted to the Budget and Management Analyst, then organized and analyzed.

The budget reflects the service priorities of the Governing Body and Citizens of Hillsborough. The service needs of the community are determined by public hearings and feedback from the Board of Commissioners. The Town Manager and Budget Staff then conduct a comprehensive review of service needs in light of departmental budget requests. After final service priorities are established and decided upon, a balanced funding plan is formulated. Through careful assessment of funding requirements and financing

methods, a proposed budget document is organized into final format and submitted to the Mayor and Board of Commissioners for their consideration and adoption. The Mayor and Board of Commissioners review the recommended budget packet, including departmental performance objectives, thoroughly with the Town Manager and Budget Staff during special work sessions. A copy of the proposed budget packet with recommended changes is also filed with the Town Clerk for public inspection and a public hearing is scheduled prior to the formal adoption of the budget. Adoption of the budget by the Board of Commissioners establishes the legal authority to incur expenditures in the ensuing fiscal year. All annual appropriations lapse at fiscal year end.

The adopted budget document acts as a "work plan" and provides the Governing Body and management staff with a mechanism for evaluating budgetary and organizational performance.

BUDGET TRANSFERS AND AMENDMENTS

Even though the budget begins July 1, changes to revenues and expenditures can occur throughout the fiscal year. Under a budget transfer, monies are transferred, within the departmental budget, from one line-item revenue or expenditure to another line-item. This process requires the approval of the Town Manager, and the Town Manager may allow any amount of money to be shifted within a cost center. The Town Manager is also authorized to effect interdepartmental transfers within the same fund, not to exceed 10 percent of the appropriated monies for the department whose allocation is reduced. A budget amendment usually involves larger sums of money and results in a significant change to the department's overall revenue and/or expenditure level. Budget amendments require Board of Commissioner approval. Budget transfers and amendments must adhere to the balanced budget requirements and impose no additional tax levy liability on citizens.

The Town will not make inter-fund transfers to supplement revenue shortfalls for the purpose of funding standard operating expenditures / services, except in disaster or crisis situations. The Town operates each fund like a self-sufficient business. Operating revenues and reserves should be sufficient to cover each fiscal year's expenditures and still provide a

healthy reserve in each fund. Payment for services rendered and shared between funds is an acceptable and preferred practice of cost accounting.

ENCUMBRANCES

All monies at fiscal year end lapse and spending authority ceases, unless specific services or goods are encumbered. Encumbrances are a financial commitment or earmark for services, contracts, or goods that have not been delivered by June 30 – the end of the fiscal year. Encumbered monies are carried over into the new fiscal year’s budget. Outstanding encumbrances at fiscal year end do not constitute expenditures or liabilities.

BASIS OF BUDGETING / ACCOUNTING

In accordance with the North Carolina Budget and Fiscal Control Act, the budget is developed and adopted under the modified accrual basis of accounting. Under this format, revenues are recognized when measurable and available and obligations of the Town are budgeted as expenditures. During the fiscal year, budgets are monitored and accounted for using the modified

accrual basis. At fiscal year end, the Town’s Comprehensive Annual Financial Report (CAFR) is prepared using Generally Accepted Accounting Principles, or GAAP. All governmental funds are reported using the modified accrual basis of accounting. Although the CAFR reports all proprietary funds using the full accrual basis of accounting, whereby revenues are recognized when earned and expenses recognized in the period incurred, for simplicity, the budget document reports all propriety funds’ prior year actuals using the modified accrual method.

FINANCIAL PLANNING

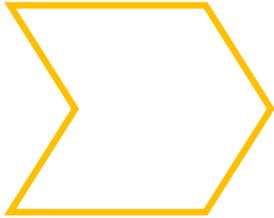
The Town will incorporate a ten-year financial forecast and capital improvement plan into its annual budget document. Town officials will use this Financial Plan to anticipate potential problems, to increase the probability that action can be taken well in advance to address issues while they are relatively small and manageable problems. In addition, the Financial Plan will allow Town officials to see the impact of today’s budgetary decisions on the future.

FY 2015-2016 OPERATING/CIP BUDGET & BALANCED SCORECARD DEVELOPMENT CALENDAR

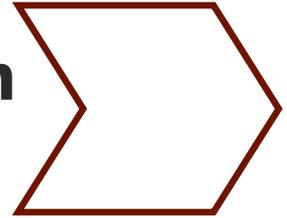
TASK	START DATE	DUE DATE(S)	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE
Mgt. & Budget Team discuss process and calendar	10/1/14	10/1/14				█								
Budget Staff estimates revenues	10/1/14	4/15/15				█	█	█	█	█	█	█	█	
Budget Packets distributed to Mgmt Team; BSC due TBD; budget \$\$ request due 12/12/14	11/13/14	TBD 12/12/14					█	█						
CIP forms distributed	11/13/14	12/12/14					█	█						
Fees & Charges Schedule distributed	11/13/14	12/12/14					█	█						
Budget requests analyzed and reviewed with Dept Directors	12/1/14	5/8/15						█	█	█	█	█	█	
General Fund budget review	1/14/15	1/15/14							█					
Water & Sewer Fund budget review	1/15/15	1/15/15							█					
Budgetary & Strategic Planning Retreat	2/28/15	2/28/15									█			
Town Manager’s recommended budget compiled and presented to Mayor & Board of Commissioners	4/20/15	5/15/15										█	█	
Budget available for public viewing at Town Clerk’s Office	5/15/15	5/15/15											█	█
Mayor & Board of Commissioners review budget and performance objectives	5/15/15	6/8/15											█	█
Budget Workshop & Public Hearing	5/27/15	5/27/15											█	
Budget Workshop - 2nd workshop if needed	6/1/15	6/1/15											█	
Budget Adopted	6/8/15	6/8/15												█
Evaluation of budget process	7/15	8/15	█	█	█									

Legend:

- █ Town Mgmt., Budget Staff, Mgmt. Team & Staff
- █ City Mgt. & Budget Staff
- █ Budget Staff, Department Directors
- █ Budget Staff
- █ Mayor, Board of Commissioners, Town Mgmt., Dept. Directors, Budget Staff
- █ Mayor & Board
- █ External Agencies, Budget Staff, Town Manager, Mayor & Board
- █ Department Directors



Town of Hillsborough
Citizens Academy



A Balanced Approach to Implementing the Balanced Scorecard

William C. Rivenbark and Eric J. Peterson

Robert S. Kaplan and David P. Norton introduced the balanced scorecard to the private sector in 1992 as a methodology for measuring an organization's performance beyond profit margins and dividend yields.¹ They realized that executives rely on more than financial indicators when making decisions, and they concluded that a wider range of performance measures was needed to capture the financial and operational performance of an organization. They also observed that performance measurement systems often are designed to measure specific employee tasks with workload indicators, which

Hillsborough seeks to preserve its unique heritage and small-town character.

can create an environment of behavior control rather than creative thinking. The balanced scorecard, which measures four dimensions of an organization—financial, internal business, innovation and learning, and customer—is designed to promote a culture that emphasizes strategy development for maximizing the efficiency and the effectiveness of service delivery.

Although originally designed for the private sector, the balanced scorecard soon found its way into local government. By 1998 at least twenty-three municipal governments had adopted the balanced scorecard because performance in the public sector always has been a multidimensional concept.² However, organizational barriers to this manage-

ment tool have tended to make it an option only for large local governments. These barriers include inadequate management sponsorship, organizational resistance to change, lack of employee skills, and difficulty in measuring service effectiveness.³

In response, this article presents a case study of how a smaller local government in North Carolina adopted the balanced scorecard. The town of Hillsborough, with a population of 6,240,

Rivenbark is a School of Government faculty member specializing in local government administration. Peterson has been the manager of Hillsborough since 1997. Contact them at rivenbark@sog.unc.edu and eric.peterson@hillsborough.org.



Leslie Barbour / Raleigh News & Observer

had advanced its performance measurement system for some time, but needed an approach that linked departmental performance and organizational goals. After describing how Charlotte, North Carolina, modified the balance scorecard to make this connection, the article discusses the process that Hillsborough used in adopting the management tool. It then presents Hillsborough's balanced scorecard, including how the town's vision, mission, and strategic priorities (goals) are supported with town objectives from a balanced scorecard perspective, and how specific departmental balanced scorecards are designed to support these objectives with performance measures. The article concludes with examples of how Hillsborough has used the balanced scorecard to support funding decisions and with a discussion on understanding "balanced" in the context of implementing the balanced scorecard.

Overview of the Balanced Scorecard

In 1996, when Charlotte became the first municipality in the United States to adopt the balanced scorecard, city officials realized that they had to modify the management tool in order to make it fit the public sector.⁴ An overall modification was to align the balanced scorecard with the city's vision and strategic themes (see Figure 1), ensuring that objectives and measures selected for each of the four dimensions would provide feedback on the overall direction of the organization.

The city also had to modify the four dimensions of the balanced scorecard.⁵ To address the customer dimension, the private sector can rely primarily on proxy measures that are calculated from sales data. Although proxy or administrative measures often are used in the public sector, some local governments use citizen surveys to assess service quality directly.⁶ Charlotte changed this dimension to "Serve the customer," reflecting the city government's proactive organizational culture. It identified a blend of administrative and customer-satisfaction indicators to measure six objectives in this dimension: "Reduce crime," "Increase the perception of public safety," "Strengthen neighborhoods," "Provide

transportation choices," "Safeguard the environment," and "Promote economic opportunity." An example of an administrative indicator is average on-time performance for the transit system, which supports the objective of providing transportation choices. An example of a customer-satisfaction indicator is the percentage of citizens who report feeling safe in neighborhoods, which supports the objective of increasing the perception of public safety.

The internal business dimension did not require major modification. Kaplan and Norton envisioned that organizations would turn to their performance measurement systems to select or develop measures for this dimension, which focuses on the efficiency and the effectiveness of processes and procedures. Charlotte merely renamed this dimension "Run the business." It relies primarily on effectiveness measures to support three objectives: "Develop collaborative solutions," "Enhance customer service," and "Improve technology efficiencies." For example, the measure of percentage of 911 calls answered within thirty seconds was selected as part of the objective of enhancing customer service.

Kaplan and Norton proposed measures like sales growth, operating income, and market share for measuring the financial dimension of the organization. Because organizations in the public sector are not profit driven, Charlotte broadened this perspective to "Manage resources" and identified four objectives: "Maintain its AAA bond rating," "Deliver competitive services," "Expand its tax base and revenues," and "Invest in infrastructure." It then selected performance measures to track progress toward achieving each objective. For example, the city's street-resurfacing cycle as calculated by annual funding is used to measure the objective of investing in infrastructure.

Finally, Charlotte needed to make substantial modifications in the innovation-and-learning dimension. Kaplan and Norton designed this dimension primarily to capture product development. The public sector is more involved in

providing labor-intensive services than in developing products, and this requires a different philosophical approach to measuring innovation and learning.

Charlotte renamed the dimension "Develop employees" and selected three objectives: "Achieve a positive employee climate," "Recruit and retain a skilled, diverse workforce," and "Promote learning and growth." A key performance measure for tracking recruitment and retention is the rate of voluntary turnover.

Charlotte's successful experience with modifying, adopting, and implementing the balanced scorecard suggests that certain management tools designed for the private sector can be used in the public sector. But as with any management tool, local governments must be prepared to make further modifications to the balanced scorecard during the adoption process in order to align it with their individual needs. Also, local governments with experience in performance measurement are better candidates for the balanced scorecard, because they are more experienced at responding to the complexity of tracking performance within four dimensions that are not mutually exclusive. In other words, understanding what the different types of measures are, what service aspects they capture, and how they can be used to make decisions helps officials place the measures in the appropriate dimension.

Organizations need a champion of the balanced scorecard to enhance the likelihood of success. The city manager of Charlotte embraced that role, believing that the management tool would aid in meeting the city's needs for better performance and greater accountability.⁷ However, Charlotte did not adopt the new management tool simply as another way to measure and report performance. It embraced the tool within the larger framework of new public management, which was partially being driven by the reinventing government movement of the early 1990s. The mayor and the council strongly supported this change in organizational philosophy, which included cost reduction, innovation, and reduction of hierarchy.

The balanced scorecard calls for strategies to make service delivery as efficient and effective as possible.

Figure 1. **Charlotte's Balanced Scorecard Template**

Vision							Community of Choice for Living, Working, and Leisure						
Strategic Themes							<u>City Council Focus Issues</u>						
Community Safety		Communities within a City		Environment		Transportation		Economic Development					
Strategic Principle							Comprehensive Citizen Service						
							<u>Corporate Scorecard</u>						
Serve the Customer		Reduce crime	Increase perception of public safety		Strengthen neighborhoods		Provide transportation choices		Safeguard environment		Promote economic opportunity		
Run the Business		Develop collaborative solutions			Enhance customer service			Improve technology efficiencies					
Manage Resources		Maintain AAA bond rating		Deliver competitive services		Expand tax base and revenues		Invest in infrastructure					
Develop Employees		Achieve positive employee climate			Recruit and retain skilled, diverse workforce			Promote learning and growth					

Source: For more information, see City of Charlotte, Budget and Evaluation Office, *Strategic Planning Handbook: Charlotte's Model for Integrating Budget and Performance Management*, FY 2009 (6th ed., Charlotte, NC: October 2007), www.charmeck.org. Click on "Budget" (in the City Manager/Budget/Clerk" line), then "Publications."

Hillsborough's Adoption Process

Hillsborough made significant progress in performance and financial management between 1998 and 2004. Departments were encouraged to develop performance measures and to use them in decision making. Budget development was changed from a line-item, incremental process to a planning process that includes program budgeting, plus two years of financial forecasting to anticipate future problems and needs.⁸ These changes were fundamental in setting the stage for a management tool like the balanced scorecard. The organizational environment was moving in the direction of accepting change rather than resisting it, and employees were developing the skills necessary for performance measurement.

The manager suggested to the board in a September 2005 memorandum that it consider creating a mission statement and strategic priorities, including having departments conduct annual operational reviews to identify efficiency gains, as the next steps in an overall theme of making Hillsborough a high-performing organization.⁹ The manager wanted to build on the momentum developed between 1998 and 2004 and to avoid organizational complacency. The strategic

priorities and the operational reviews would become the drivers of the annual board retreat for establishing budgetary goals and objectives. The memorandum also introduced the board to the balanced scorecard, based on the model developed by Charlotte.

The board was interested in the annual operating reviews by departments because efficiency was a value shared by a majority of board members. However, the board was not interested in identifying a mission statement and strategic priorities at that time because its decision-making processes were focused on the immediate needs of resource allocation and service delivery. The manager responded by implementing the annual operating reviews at the departmental level. These consisted of (1) having departments review their operations and identify opportunities for improvement; (2) providing better information to the manager on service performance, strategies for change, and resource allocation; (3) communicating funding needs to the board in the context of performance; and (4) creating an evaluation process to identify and respond to strengths, weaknesses, opportunities, and threats.

The board's reaction to the September memorandum was not unusual, given the constant pressure on elected officials to address immediate problems and needs facing their communities. In addition, board members often campaign on how they can immediately affect the community by transforming government rather than how they can guide the community toward its long-term vision. Citizens want results. On the other hand, governing is a shared responsibility, and having board consensus on mission and priorities can substantially strengthen the decision-making processes at all organizational levels.

The board experienced turnover in late 2005, including the election of a new mayor who immediately embraced long-term planning. One of the first priorities of the new board was to create strategic priorities for Hillsborough, which continued the process of building the framework for the balanced scorecard. The strategic priorities addressed quality of life, growth management, economic development, superior services, and community safety.

However, the town faced the same problem that other local governments often do after they adopt long-term goals:

how did they connect these broad goals to departmental services, and how did they measure progress? The manager, in his role as champion of the balanced scorecard, reintroduced the management tool to the board in November 2006 as a methodology for making these connections. The board gave the manager a green light on this initiative in December 2006.

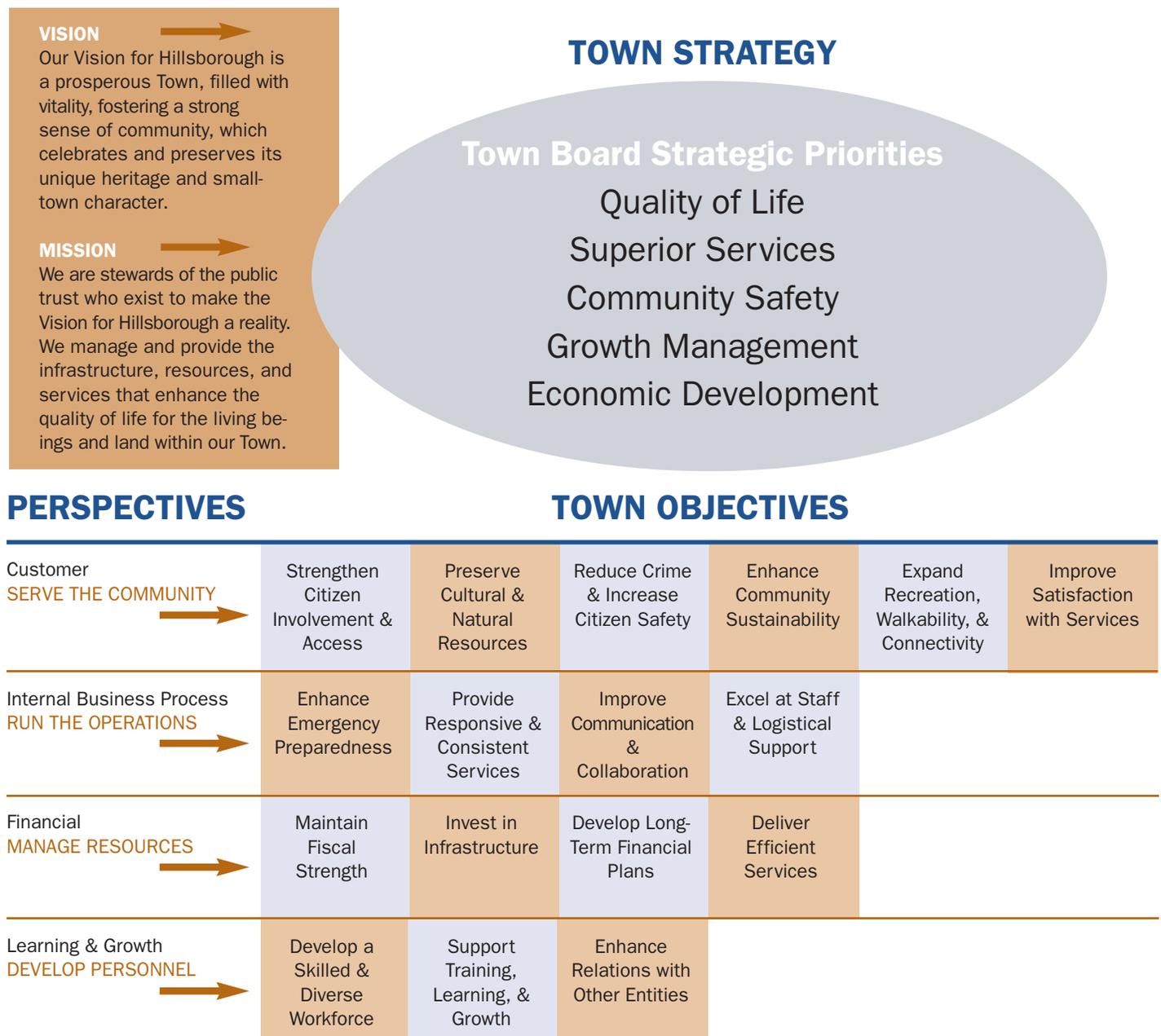
The board held a retreat in February 2007 to create a balanced scorecard for Hillsborough. In preparation for the re-

treat, board members received information on key definitions and components of the management tool. A common problem in local government is the lack of generally accepted definitions of the multiple and overlapping terms used for performance measurement. For example, “effectiveness measures” often is used interchangeably with “outcome and quality indicators.” Board members also received additional information on Charlotte’s balanced scorecard as a general roadmap for the retreat.

Hillsborough’s Balanced Scorecard

At the retreat, the board and the staff developed a balanced scorecard (see Figure 2). The board started by developing a vision for the town, a mission for the organization, and a set of core values (see the sidebar on page 35) to complement the strategic priorities that already were in place.¹⁰ The board then focused on identifying the objectives that the town would use to make progress

Figure 2. **A Balanced Scorecard for Hillsborough**



Source: Town of Hillsborough, *FY 08 Annual Budget and FY 08–10 Financial Plan*, adopted June 11, 2007, www.ci.hillsborough.nc.us/documents/MasterBudgetDocument-FY08.pdf.



Public Works staff in Hillsborough plant trees at a site that is to become a park.

on the strategic priorities. An important part of this process was that the board used the strategic priorities, not the four dimensions of the scorecard, to guide development of objectives. In other

words, the board focused on identifying the most important objectives for the town rather than constraining themselves to an equal number of objectives for each dimension. After the retreat, staff placed the objectives in the dimensions, and through several iterations, the board reached a consensus on them.

Harry Hatry, a nationally recognized expert in performance measurement, has expressed concern that the word “balanced” may equate to placing equal value on the four dimensions, which could hinder the profession’s work on performance measurement and its push for measuring service effectiveness.¹¹ The goal during Hillsborough’s adoption process was not to develop a truly balanced scorecard, but to ensure that the four dimensions—“Serve the community,” “Run the operations,” “Manage resources,” and “Develop personnel”—were addressed. Although Hatry’s concern about not losing sight of service effectiveness is reasonable, the reality is that implementing strategies for service improvement can affect multiple dimensions of the organization. It can alter an organization’s financial condition, change the way in which it provides services to customers, and require employees to acquire new skill sets.

The next step was to align the balanced scorecard with departmental performance. Charlotte approached this step by having departments identify and

support the objectives over which they had the most influence. Hillsborough modified this step by having each department develop a set of performance measures for each of the four dimensions, including targets for the next fiscal year.

The manager used this approach for two reasons. First, he wanted the departments to develop a robust set of performance measures, moving them beyond workload indicators.¹² Second, he wanted each department to understand how its services ultimately affected the strategic priorities, mission, and vision of the organization.

The town also implemented an annual survey of citizens to help develop measures for the dimension of “Serve the community.” The first survey was conducted in summer 2007 to start the process of monitoring and benchmarking key issues related to public safety, communication, town management, governing, and customer service.¹³

An internal service function like fleet maintenance, which provides services to other town departments, has the ability to influence town objectives in each of the four dimensions. An abbreviated balanced scorecard for Hillsborough’s motor pool illustrates this point (see Table 1). Two of the more interesting measures are amount of used motor oil and antifreeze recycled and percentage of parts and supplies purchased locally. These measures show how the motor pool supports the town objectives of preserving cultural and natural resources and enhancing community sustainability, respectively.

The motor pool is currently below its performance target for percentage of services performed on schedule. This performance measure is important to the motor pool (and to other departments that rely on rolling stock units for service delivery—for example, the police department, which aims to maintain an active presence in the community, and the public works department, which aims to complete routes on schedule). The motor pool now is responsible for identifying and selecting strategies for

Core Values

- Maintain small-town nature and strong sense of community.
- Serve as a catalyst for change.
- Build on Hillsborough’s unique “sense of place” including its history, architecture, citizens, river, and mountains.
- Recognize the community’s diversity.
- Promote a sense of unity among neighborhoods—Hillsborough is for everyone.
- Foster a sense of vibrancy—“Happening Hillsborough” is an alive community where things are growing, happening, with lots of positive energy.
- Recognize those citizens who are not able to pay by looking at ways to keep services affordable.
- Provide high-quality customer service by supplying basic services.

Table 1. **Abbreviated Version of Balanced Scorecard for Motor Pool, FY 2007–2008**

Perspective	Townwide Objective	Motor Pool Initiatives “What will the department do?”	Measures	Performance Data	
			“How will the department know when the desired results are being achieved?”	Prior-Year Actual	Target
Serve Community	Preserve cultural and natural resources	Prevent contamination of stormwater by capturing and recycling used oil and antifreeze	Amount of used motor oil and antifreeze recycled	501 gallons	500 gallons
	Enhance community sustainability	Buy parts and supplies locally when cost-effective, thereby supporting local businesses	Percentage of parts and supplies purchased locally	59%	60%
Run Operations	Excel at staff and logistical support	Manage efficient and effective preventative maintenance program	Percentage of services performed on schedule	88%	90%
Manage Resources	Deliver efficient services	Provide efficient services by preparing monthly report listing repair and service cost per vehicle	Average maintenance cost per vehicle	\$855	\$850
Develop Employees	Develop skilled and diverse workforce	Emphasize completion of Automotive Service Excellence (ASE) certification program	ASE certifications obtained	11	24

exceeding its target of 90 percent of services performed on schedule.

Support of Budget Decisions

The balanced scorecard is a critical part of Hillsborough’s budget process. In preparation for the town’s annual retreat to begin the budget process, board members receive information on midyear performance results and the annual operational reviews. They use this information to reevaluate the scorecard and to help prioritize funding initiatives for the coming fiscal year, which the manager incorporates into the proposed budget.

An example is how the board used the town objectives to fund an energy audit of all its main facilities, which resulted in an additional funding request to implement energy efficiency improvements. This decision responded to the objective of preserving cultural and natural resources, from the serving-the-

community dimension, and the objective of delivering efficient services, from the managing-resources dimension. The performance indicator used by the administration department to measure preserving cultural and natural resources was tons of carbon dioxide emitted from town buildings.

Another example of using the balanced scorecard to make funding decisions comes from the utilities department. The department decided to install generators at several sewer pump stations that lacked emergency stand-by power. This decision has directly affected two of the four dimensions of the balanced scorecard. The new generators should lower the number of sewer overflows, which links to the serving-the-community dimension through the objective of preserving cultural and natural resources. Also, the generators will improve the staff’s ability to respond more effectively to emergencies when a crisis arises in the

community, which links to the running-the-operations dimension through the objective of providing responsive and consistent services.

Achievement of Balance in the Balanced Scorecard

Although there are numerous overarching benefits to using the balanced scorecard, the primary factor that motivated Hillsborough’s town manager to pursue its implementation was the possibility of developing a management-and-budgeting system that would help the town focus on accomplishing its most important strategic priorities and objectives. With so many competing demands coming from citizens and community groups, local governments can easily get distracted and inadvertently redirect attention from top priorities.

The town manager was concerned that Hillsborough, as an organization,

was spending a disproportionate amount of time addressing low-priority problems, including responding to the problem of the day. Ideally the scorecard helps to balance the competition between short-term demands and long-term priorities by reminding administrators and elected officials how resources should be allocated if the organization is to be successful in fulfilling its mission. The town's finance director may have said it best when he commented that the scorecard serves as an "alarm clock" during busy times, reminding him of the most important issues that he and his department must accomplish.

The scorecard also adds balance to the complementary roles of administrators, elected officials, and citizens. Once a scorecard is adopted, elected officials know that their strategic priorities and objectives have been clearly communicated to internal and external stakeholders (administrators and citizens, respectively). There is less pressure on administrators because departmental action plans have been established via these strategic priorities and objectives, with initiatives, performance measures, and targets. Micromanagement from above should be less of a concern for departments because they have clarity on the desired results. With greater understanding from all perspectives, departments have additional freedom to operate, experiment, and encourage creativity in finding ways to implement their initiatives to hit the targets identified in their scorecards. Also, citizens can more readily understand what problems their local governments are addressing and where their local governments are allocating resources. Having this understanding makes it easier for them to be more informed and provide feedback during budgetary preparation and enactment.

Further, Hillsborough's annual performance report creates an opportunity for balance in adjusting strategies and measures and in providing feedback on which efforts have been successful and which ones need to be reassessed. It is a time to consider adjusting measures that do not accurately reflect what the organization is trying to accomplish, eliminating measures that generate more work than benefit, and adjusting targets that

may have been overly optimistic or not sufficiently challenging. The ultimate goal of using the scorecard is not to create a surgically precise management instrument, but to encourage practical discussions that help everyone make well-informed decisions.

Summary

This article describes how a smaller local government has used the balanced scorecard as an effective management tool. Using Charlotte's experience with the balanced scorecard as a model for implementation, Hillsborough has successfully adopted the management tool and used it to identify areas that need improvement and to allocate resources among competing demands.

Hillsborough's experience provides additional support to the previous finding that the success of the balanced scorecard, like any management tool, is correlated with having strong management sponsorship. The managers in Charlotte and Hillsborough embraced this role. Arguably, the most important aspect of successfully implementing the balanced scorecard is supportive elected officials. A visionary elected body that is mission driven, as was the case in Charlotte and Hillsborough, is most likely to see the scorecard as a balanced way to accomplish its community's top strategic priorities.¹⁴

Notes

1. Robert S. Kaplan and David P. Norton, "The Balanced Scorecard—Measures That Drive Performance," *Harvard Business Review* 70, no. 1 (1992): 71–79.

2. Shih-Jen Kathy Ho and Linda Achey Kidwell, "A Survey of Management Techniques," *Government Accountants Journal* 49, no. 1 (2000): 46–51.

3. Shih-Jen Kathy Ho and Yee-Ching Lilian Chan, "Performance Measurement and the Implementation of Balanced Scorecards in Municipal Governments," *Journal of Government Financial Management* 51, no. 4 (2002): 9–16. There is no agreed-on definition of a large local government. However, researchers often use the population range of 25,000 and above when seeking survey data from larger organizations.

4. Paul R. Niven, *Balanced Scorecard: Step-by-Step for Government and Nonprofit Agencies* (Hoboken, NJ: John Wiley & Sons, 2003).

5. The information presented in this article on Charlotte's balanced scorecard measures was obtained from *City of Charlotte Corporate Performance Report FY 2007 Year End*. For the most current report, visit www.charmeck.org and click on "Budget" (in the "City Manager/Budget/Clerk" line), then "Performance Reports."

6. Janet M. Kelly, "The Dilemma of the Unsatisfied Customer in a Market Model of Public Administration," *Public Administration Review* 65, no. 1 (2005): 76–84.

7. For a comprehensive overview of Charlotte's administrative reform efforts in the context of new public management, see Pamela A. Syfert and Kim S. Eagle, "The Context and Implications of Administrative Reform," in *Performance Management and Budgeting*, edited by F. Stevens Redburn et al. (Armonk, NY: M. E. Sharpe, 2008), 149–169.

8. Program budgeting organizes governmental activities into programs and emphasizes the total resources consumed by a program to accomplish its goals and objectives. For more information, see Robert L. Bland, *A Budgeting Guide for Local Government* (2d ed., Washington, DC: International City/County Management Association, 2007).

9. Part of the reinventing government movement of the 1990s involves the use of strategies to become a high-performing organization. For more information, see David Osborne and Ted Gaebler, *Reinventing Government* (New York, NY: Penguin Group, 1992).

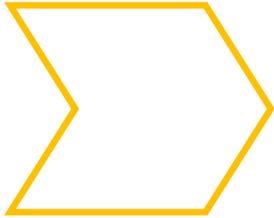
10. The town objectives shown within the four dimensions represent the balanced scorecard for the town of Hillsborough. The complete figure is referred to as the strategy map. For more information on this subject, see Robert S. Kaplan and David P. Norton, *Strategy Maps* (Boston, MA: Harvard Business School Publishing Corporation, 2004).

11. Jonathan Walters, "The Buzz over Balance," *Governing* 13, no. 8 (2000): 56–62.

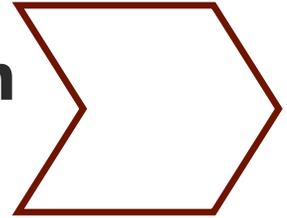
12. Research has shown that local officials are more likely to use performance data when they move beyond workload measures and focus on the higher-order measures of efficiency and effectiveness. See David N. Ammons and William C. Rivenbark, "Factors Influencing the Use of Performance Data to Improve Municipal Services: Evidence from the North Carolina Benchmarking Project," *Public Administration Review* 68 (2008): 304–318.

13. For a copy of the survey, contact the town of Hillsborough.

14. For more information on how the balanced scorecard supports the mission of an organization, see Dee Ann Ellingson and Jacob R. Wambsganss, "Modifying the Approach to Planning and Evaluation in Governmental Entities: A 'Balanced' Scorecard Approach," *Journal of Public Budgeting, Accounting & Financial Management* 13, no. 1 (2001): 103–120.



Town of Hillsborough
Citizens Academy



Strategy Map

Vision for Hillsborough

We envision Hillsborough as a prosperous town, filled with vitality, fostering a strong sense of community, which celebrates its unique heritage and small-town character.

Mission of Town Government

We are stewards of the public trust who exist to make the vision for Hillsborough a reality. We manage and provide the infrastructure, resources, and services that enhance the quality of life for the living beings and land within our town.



Serve the Community

Strengthen Citizen Engagement	Conserve Cultural & Natural Resources	Increase Citizen and Community Safety	Enhance Economic Vibrancy	Expand Recreation, Walkability, and Connectivity
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Run the Operations

Enhance Emergency Preparedness	Provide Responsive and Dependable Services	Manage Projects Effectively	Improve Communication and Collaboration	Excel at Staff and Logistical Support
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Manage Resources

Maintain Fiscal Strength	Invest in Infrastructure	Develop Long-term Financial Plans	Deliver Services Efficiently
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Develop Know-How

Develop a Skilled and Diverse Workforce	Support Development of Citizen Volunteers	Enhance Relations with Other Entities
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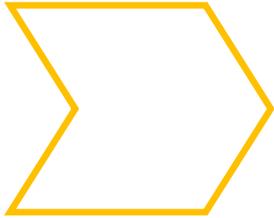
Town Board Strategic Priorities

- Quality of Life
- Superior Services
- Community Safety
- Strategic Growth

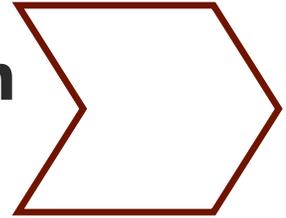
We Value

- High quality services and high quality customer service
- Hillsborough's small town nature and sense of community
- Serving as a catalyst for change
- Sustaining Hillsborough's unique "sense of place" including its history, architecture, citizens, river, and mountains
- Maintaining and celebrating our community's diversity
- Inclusion of all neighborhoods and areas of our town - Hillsborough is for everyone
- Affordability - keeping the cost of services and living within reach of people who live and work here
- Vibrancy - fostering a "Happening Hillsborough" that is alive, growing, and filled with positive energy

STRATEGIC OBJECTIVES



Town of Hillsborough
Citizens Academy





TOWN OF HILLSBOROUGH

FY2015

Balanced Scorecard Report

Hillsborough, North Carolina

TABLE OF CONTENTS

Table of Contents.....	1
Memo to the Board	2
Executive Summary	4
Balanced Scorecard	
Rationale, Overview & Processes.....	9
Strategic Priorities.....	11
Perspectives	12
Objectives by Perspectives	13
Key Definitions & Components.....	14
Town Strategy Map	15
Departmental Strategy Maps & Scorecards	
General Fund	
General Government	
Administration	16
Finance	21
Planning	25
Parks & Recreation	30
Safety & Wellness.....	34
Public Safety	
Police.....	38
Fire Marshal & Emergency Management	43
Public Works	
Fleet Maintenance	49
Streets.....	53
Solid Waste	57
Stormwater	60
Cemetery	66
Water & Sewer Fund	
Water & Sewer.....	69
Billing & Collections	77



To: Mayor Stevens and Board of Commissioners
From: Jenifer Della Valle, Management Analyst and Assistant Public Information Officer
Date: Nov. 6, 2015
Re: Balanced Scorecard Year-End Report

I am pleased to present to you the FY2015 Balanced Scorecard Report! This report provides information about the progress the town has made on specific initiatives across each of the town's departments and divisions. There are a few notes highlighted below that relate to this year's report:

Strategy Map: The strategy map included in this year-end report is for FY15 and does not represent the most up-to-date strategy map. Revisions were made to the FY16 strategy map that are not referenced in the report.

Executive Summary Redesign: Although most of the content in the executive summary has remained the same, there are a couple of changes that were incorporated into this year's summary. While the departmental scorecards allow you to see which town-wide objectives each department chooses, the number of initiatives and measures that relate to each objective are now featured in the executive summary.

During the discussion on the scorecard last year, a comment was made that it would be helpful to share some of the highlights of the past year that weren't necessarily captured in a scorecard. Thus, another addition is the "Top 3 stories in FY15" section, which highlights some of the most noteworthy stories that occurred in the previous fiscal year.

Town Priorities: Town staff are evaluating options for how to identify the highest priority initiatives, projects and programs town wide and by department. We hope to provide more information to the board during the November workshop and hear your thoughts on how we can narrow our focus and continue to make progress on our top priorities.

Citizen Survey Results: Hillsborough conducts its citizen survey every other year. Although the 2014 Citizen Survey results are complete, the report has not been released because staff has not had the capacity to integrate the net promoter score into the results. All the results would need to be reentered into our survey system, as the net promoter score needs to be configured on the front-end when creating a survey. Since the data is no longer timely, the results will be presented as they have been done in the past, without the net promoter score. The creation, distribution and analysis of the citizens survey takes a significant amount of staff time and we are evaluating whether it is feasible to use a third party research firm to conduct the survey, on behalf of the town. Many municipalities, such as Chapel Hill, Durham, and Cary, contract with firms for their surveys. There are various advantages to this option: 1) analysis that is statistically valid, 2) access to peer benchmark data so Hillsborough can compare its reality to other municipalities, 3) reduction in staff workload and 4) a quicker turnaround with the results. More information will be presented at a future board meeting.

Performance Measures Suggestions: There are a few topics that have been mentioned in the past that the board would like to incorporate into the scorecard, such as affordable housing, homelessness and poverty.

Staff will continue to research measures that can be included into the scorecard, which could address some of these areas.

Awards Program: The town has received a certificate of achievement in performance reporting from the Association of Government Accountants in past years. This awards program is no longer in place and staff will research new award programs that the town can apply for related to performance measurement. The main benefit of awards programs are the suggestions for improvement made by the reviewers.

Please feel free to contact me if you have any questions related to the FY15 Balanced Scorecard Report:

- Email: Jen.DellaValle@HillsboroughNC.org
- Phone: 919-732-1270 Ext. 81

A Report to Our Citizens

Town of Hillsborough, North Carolina



Vision: *We envision Hillsborough as a prosperous town, filled with vitality, fostering a strong sense of community, which celebrates its unique heritage and small-town character.*

Mission: *We are stewards of the public trust who exist to make the Vision for Hillsborough a reality. We manage and provide the infrastructure, resources and services that enhance the quality of life for the living beings and land within our town.*

“Report Card” points to key accomplishments

The Town’s system of linking the Board’s top priorities, departmental actions, and performance measures to achieve the desired results is called the Balanced Scorecard. Strategy maps, scorecards, and budgetary information are blended together to better align the Town’s time, money, and resources with its top priorities. In essence, this annual report is both a “report card” and “strategic learning tool” that should be used to assess how well the Town is doing in pursuing its key objectives. One of the main purposes of the report is to generate discussion, like a post-game analysis, to determine whether or not particular strategies being used to accomplish objectives and initiatives should be 1) changed, 2) abandoned, or 3) maintained (i.e., “stay the course”). The first opportunity to analyze results and discuss possible changes to current strategy will happen at the Town Board’s workshop on November 30th. At this meeting, the Board will discuss results from the FY15 Annual Balanced Scorecard Report.

The willingness to experiment by using new or innovative ideas is critical to continuously improving operations. At the same time, a learning organization has to be able to identify both potential successes and failures early enough to adjust accordingly to changing conditions. This is a major benefit of the scorecard – it provides a reality check, accommodates changes in direction, helps everyone make well informed decisions, and creates accountability by sharing the

results (whether they be good or bad) with the citizens, media, elected officials, and Town employees.

In instances where it appears the Town is being successful, the board, staff, and public should still be willing to challenge the status quo and suggest strategies that may allow an even higher standard of service to be delivered. This is key to avoiding complacency. On the other side of the coin, just because an initiative missed its target does not necessarily mean a change in strategy is needed. As the old saying goes, “the devil is in the details.” Hence, asking probing questions to gain an understanding of the many factors affecting outcomes compared to the desired target can help clarify the performance picture and uncover a greater ability to assess what (if anything) should be done in response. It’s also important to remember that departments often set “stretch targets” that are multi-year goals intended to help make a breakthrough by encouraging creative thinking, results-oriented problem solving, or escape the comfort zone of traditional thinking.

Please don’t hesitate to contact Management Analyst Jen Della Valle or Budget Director Emily Bradford if you have any questions, suggestions, concerns, or ideas as it relates to this report. Most importantly, we look forward to listening and participating in the discussions of this report that will help us take the next steps in shaping Hillsborough’s future.

Sincerely,

Eric Peterson
Town Manager

Organizational Perspectives

Customer – Managers must know if the Town is meeting citizen needs. They must determine the answer to the question: Is the organization delivering the services the community wants?

Internal Business – Managers need to focus on those critical operations that enable them to satisfy citizens. Managers must answer the question: Can the organization improve upon a service by changing the way a service is delivered.

Financial – Managers must focus on how to meet service needs in an efficient manner. They must answer the question: Is the service delivered at a good price?

Learning & Growth – An organization’s ability to improve and meet citizen demands ties directly to the employees’ ability to meet those demands. Managers must answer the question: Is the organization providing employees with the training, technology, and proper work environment to enable them to succeed and continuously improve?



Wastewater Treatment Plant

The Wastewater Treatment Plant underwent a significant expansion and upgrade in 2014 to meet recent state requirements to protect Falls Lake, resulting in discharged water quality among the best in the nation!

Staff received a FY15 Innovation Award (gold) and an Innovator of Distinction Award for their efforts modifying the treatment process to reduce the plant's total nitrogen levels.

Riverwalk, a paved, accessible, urban greenway that stretches about 1.8 miles along the Eno River, was opened to the public Summer 2014.

Riverwalk has received much recognition in the last year, finishing third in the Great Greenway contest, an initiative of the N.C. Chapter of the American Planning Association, and receiving the Marvin Collins Planning Award for the town's implementation of the Greenway, by the same organization.



Riverwalk



America's 3rd Coolest Small Town

Hillsborough finished third in Budget Travel's 2015 America's Coolest Small Towns contest. Readers nominated towns with population under 10,000 and the list was narrowed to 15 from a pool of 385 nominations. The final 10 were selected and ranked via public online voting.

What are some reasons we think we're a cool small town? Our trails, vibrant downtown, and rich history, just to name a few!

A Report to Our Citizens

How the Town Operates

The Town of Hillsborough has used a Council-Manager form of government since 1989. Legislative and policy making authority rest with the Mayor and a five-member Board of Commissioners. The Mayor is elected every two (2) years. Each Commissioner serves a four-year term. Elections are non-partisan, staggered and held during odd-numbered years. The Board hires a Town Manager to carry out its policies, as well as to manage and direct the daily operation of the Town. The Town provides many services including police protection, street maintenance, and water and wastewater system operations.

Town Characteristics

The Town of Hillsborough, Orange County and Research Triangle Park area continue to experience growth and are considered to be among the most desirable areas of the country to live and work according to several national surveys. The economy of the town is diversified with manufacturing and a mix of wholesale and retail businesses as well as numerous service providers. Approximately 40% of Hillsborough's tax base is commercial in nature.

Orange County unemployment rate has historically been below the state and national rates. This trend continued during the last year in which the County's unemployment rate as of June 2015 was 5% while the state and national rates were 6.1% and 5.3% respectively.

The Town is served by Interstate Highway 85 and Interstate Highway 40. It is also home to a Durham Tech Community College satellite campus and a UNC Hospital facility.

Note: Results are not audited for accuracy

Town of Hillsborough

	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Target Met or Exceeded
Serve the Community					
% of neighborhoods with at least one appointee to the 4 or 5 standing advisory boards	79%	79%	79%	75%	✓
% of sidewalks rated in good or better condition	99%	99%	99%	99%	✓
Part I violent crimes per 1,000 population	3.36	4	7.2	<5	✗
Part I property crimes per 1,000 population	77.4	54.7	69.2	<70	✓
% of Community Watch meetings with Patrol personnel in attendance	N/A	N/A	70%	70%	✓
% of Community Watch groups contacted/interacted with on a monthly basis	N/A	N/A	90%	90%	✓
Complaints against officers as a % of calls for service	N/A	N/A	.09%	<1%	✓
% of violations brought into voluntary compliance within 60 days	80%	94%	65%	80%	✗
Run the Operations					
Clearance rate for Part I offenses - violent crimes	52.4%	56%	74%	>65%	✓
% of garbage routes completed on schedule	100%	100%	99%	100%	✓
% of brush routes completed on schedule	100%	81%	92%	95%	🚩
# of State issued "Notices of Violation" - Water Services	1	1	0	0	✓
# of State issued "Notices of Violation" - Wastewater Services	0	0	0	0	✓
Sewer back-ups as a % of sewer accounts (per calendar year)	.04%	.01%	.02%	<2%	✓
% of development applications reviewed and sent comments within 5 business days	100%	100%	100%	95%	✓
% of current customers with interrupted service reconnected on the same day as payment	99% Est.	99%	100%	100%	✓
Manage Resources					
# of water line breaks on 6" or larger lines	14	14	16	<20	✓
% of streets rated in good or better condition	80%	85%	88.7%	90%	✓
# of workers compensation claims per 100 FTE	2.36	4.58	3	<5	✓
Work days lost due to work related injuries per 100 FTE	16.51	6.87	174.35	<15	✗
% of stormdrains cleaned annually	10%	10%	1%	20%	✗
Water bills as % of median household income (MHI)	.92%	.99%	.95%	<1%	✓
Sewer bills as % of median household income (MHI)	1.08%	1.26	1.26%	<1%	✗
# of Worker's Compensation claims per 100 FTE	2.36	4.58	3	<5	✓
Total costs of at fault accidents per FTE	\$47.97	\$67.99	\$28.36	<\$100	✓
Develop Personnel					
% of HPD staff with Intermediate/Advanced Law Enforcement Certificate	N/A	N/A	56%	N/A	-
Average # of training hours per officer beyond state minimums	48.6	80.5	45.4	>40	✓
% of Town employees that have completed NIMS training	95%	95%	91%	100%	🚩
Median # of sick leave hours used per employee	32.5	39.5	26.75	30	✓
The Town is a 'great' place to work"-Employee Survey	8.88	N/A	8.28	8.90	🚩

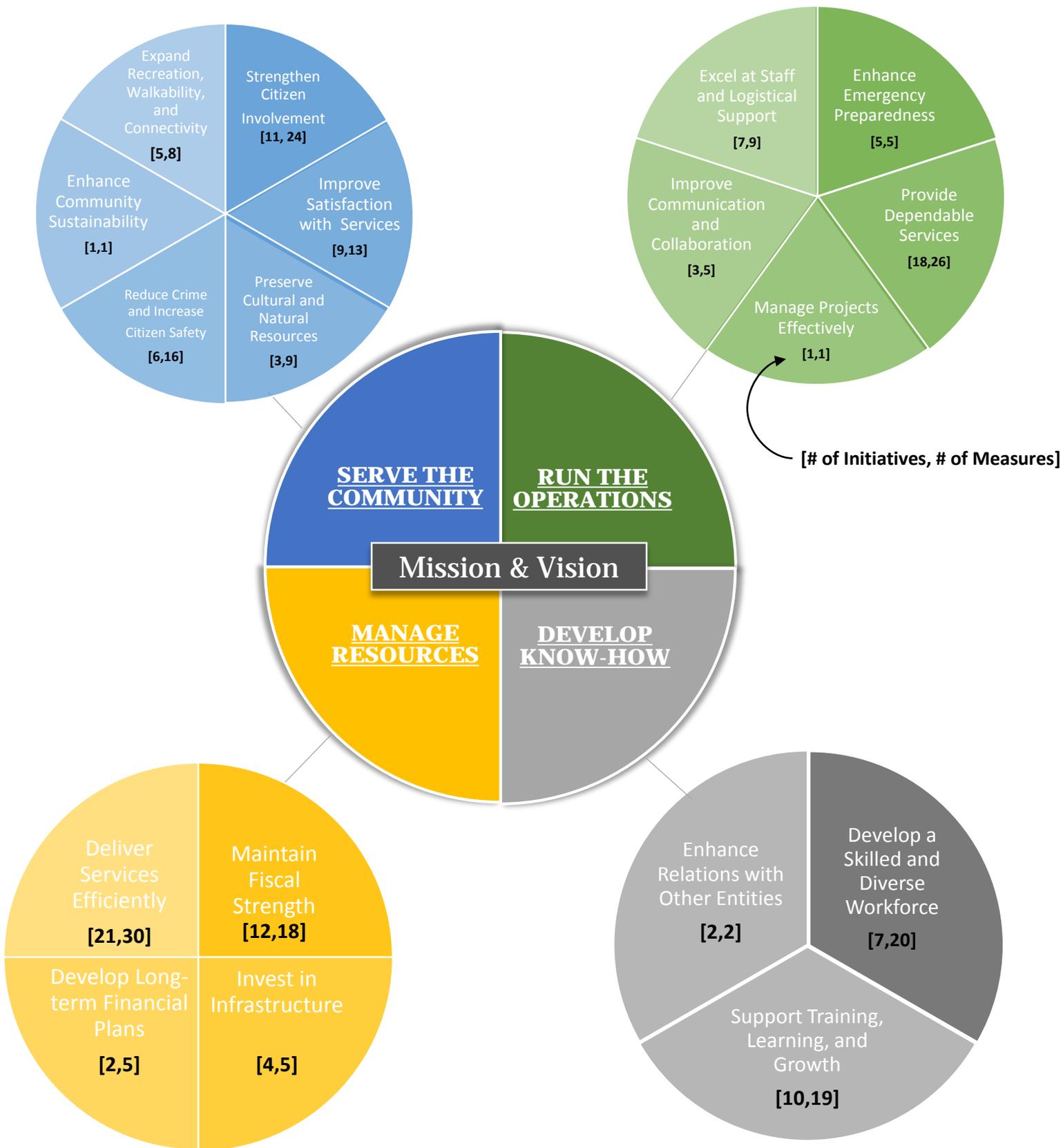
Legend

- ✓ Met target within 2%
- 🚩 Missed target by <10%
- ✗ Missed target by >10%

For additional information, contact Management Analyst

Jen Della Valle
Jen.DellaValle@hillsboroughnc.org

A Report to Our Citizens



BALANCED SCORECARD

BALANCED SCORECARD – RATIONALE, OVERVIEW, & PROCESSES

What is the Balanced Scorecard?

A group of measures used to help implement an organization's strategy. It is a tool/system for the leaders to use in communicating to employees and the community the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives.

Rationale and Benefits of the Balanced Scorecard

- *Clarifies and communicates organizational vision.* Translates your vision and strategy into a coherent set of measures, targets and initiatives that can be communicated throughout the organization and community by 1) more clearly describing the Board's strategy by taking potentially vague policy directives (mission, vision, goals, and objectives) and making them easier to understand by defining them and choosing performance measures to gauge their progress; 2) sharing Scorecard results throughout the organization and community gives employees and citizens the opportunity to discuss the assumptions underlying the strategy, learn from unexpected results, and deliberate on future modifications as necessary. Simply understanding an organization's strategy can unlock many organizational capacities, thus allowing employees and citizens, maybe for the first time, to know where the organization is headed and how they can contribute during the journey. The Scorecard brings meaning and action to a vague objective like "provide superior service."
- *Better data for policy making.* The Balanced Scorecard promotes questions, dialogue, analysis, innovation, experimentation, adaptability, and accountability.
- *Helps let us know if we are getting closer or drifting further away from achieving our goals.*
- *Resource alignment and allocation:* 1) To successfully implement any strategy it must be understood and acted upon throughout all levels of the organization and ultimately be enacted during departments' day-to-day activities; 2) Establishing long-term "stretch targets" allows the organization to identify the key steps necessary to achieve its goals; and 3) Aligns resources (time, effort, and money) so the initiatives in all departments and levels share a common trait, their linkage to the Town's strategic goals.
- *Strategic learning* – any strategy we pursue represents a hypothesis or your best guess of how to achieve success. To prove meaningful, the measures on the Scorecards must link together to tell the story that describes what you are trying to achieve through your strategy.
- *Balance:* 1) between financial and non-financial indicators, 2) between internal and external constituents of the organization, and 3) between lag and lead indicators of performance (i.e., what we've done in the past and where we want to go in the future).

Improves likelihood of accomplishing key goals by not only helping to keep leadership, management, departments, and employees focused on top priorities, but also by improving communication between all interests thus making it easier to effectively troubleshoot and make logical "changes in course" that result in successfully delivering the type of services the community expects.

Using Strategy & The Balanced Scorecard to Get Results

Any strategy the town pursues represents a hypothesis or a best guess of how to achieve success. To prove meaningful, the measures on the Scorecard must link together to tell the story of, or describe, that strategy. For example, if the Town believes that an investment in employee training will lead to improved quality it needs to test the hypothesis through the measures appearing on the Scorecard. If employee training does increase, but quality actually decreases, then it may not be a valid assumption. Instead, focus could turn to another possible factor, but more importantly, the town has information in which to act and make decisions.

Strategy to achieve a desired outcome is often a new destination, somewhere the organization has not yet traveled to before. The Balanced Scorecard provides the Town a method to document and test assumptions inherent in the strategies it adopts. It may take considerable time to gather sufficient data to test such correlations, but simply beginning to question the assumptions underlying the strategy is a major improvement over making decisions based purely on financial numbers or subjective information.

A well-designed Balanced Scorecard should describe the Town or department's strategy through the objectives and measures chosen. These measures should link together in a chain or cause-and-effect relationships from the performance drivers in the Develop Employees Perspective (Employee Learning and Growth) all the way through Serve the Community Perspective (Customer). Documenting our strategy through measurement, making the relationships between the measures so specific they can be monitored, managed, and validated. Only then can we begin learning about, and successfully implementing our strategy.

Process Used to Develop the Balanced Scorecard

1. At the January 22, 2007 Budgetary Goal-Setting Retreat the Board developed Vision & Mission Statements, Strategic Priorities, Perspectives, and Objectives for FY08.
2. The information from the retreat was used to develop a Draft Strategy Map.
3. The Town Manager "wordsmithed" proposed definitions for each Focus Area and Objective, based on town board discussions during the R]retreat
4. Professor Bill Rivenbark from the UNC School of Government reviewed proposed initiatives, performance measures, and targets from the Town departments. He also conducted a training session for the town's Management Team to assist them in making their first Balanced Scorecard submissions as part of the FY08 Budget Process.
5. Draft Strategy Map and town-wide Balanced Scorecard were distributed to Departments.
6. Departments chose the Focus Areas and Objectives that they could influence and incorporated them into their own Strategy Map, Balanced Scorecard, and Action Plans.
7. Draft plans were reviewed with the town manager and necessary amendments were made.
8. Draft plans were presented to the town board at the March 26th Workshop for feedback, discussion, and guidance.
9. Balanced Scorecards were incorporated into the budget process as departments started work on preparing their FY08 budget and FY08-10 Financial Plan requests.
10. The first mid-year Balanced Scorecard/Town Performance Update occurred January 2008 and was reviewed during the Board's FY09 Budgetary Planning Retreat.
11. The first annual Balanced Scorecard Report was presented August 2008.
12. With the development of the FY16 budget, departmental Scorecards went through their eighth formal review and were updated as needed.

DEVELOPING DEPARTMENTAL STRATEGY

Departmental Strategy Maps & Balanced Scorecards

A good map and scorecard will do the following:

- Tell the story of the department's strategy.
- Shows that every objective selected is a linkage in the cause-and-effect relationships that compose the Town's strategy.
- Drive performance by using a variety of measures and targets that look at short & long-term results to encourage proactive management.
- Involve the participation of division heads, key staff, and employees throughout the department.
- Is financially viable.
- Positively changes departmental behavior by developing strategic initiatives.

Step #1 – Town-Wide Objectives Selected to Build Scorecard & Map

Departments determine what they can do to support and respond to the Town-wide strategy, Balanced Scorecard, and achieve the departmental mission. Departments select the objectives they can meet to help the town board in pursuing the achievement of the five Strategic Priorities, vision, and mission. The objectives selected from each of the four perspective areas are used to create the department's strategy map.

Step #2 – Developing Departmental Initiatives

These are the critical activities the department must pursue to achieve the Town-wide objective and the department's mission.

- Initiatives detail what the department must do to achieve a Town-wide objective or achieve the departmental mission.
- Initiatives identify the highest priority activities to show where resources are most needed to achieve the overall departmental strategy.
- Initiatives may apply to all divisions within a department or just one division.
- Initiatives describe how the department will respond to the Town-wide objective.
- Initiatives are written so that divisions and employees can determine how they can respond to support the department's effort to achieve the objective and mission.

Step #3 – Developing Measures and Targets

Each departmental initiative does not have to have a measure, but there should be a way to evaluate the achievement of the initiative or whether or not it was accomplished. There are two goals for strategic measures: organizational motivation and strategic learning.

Organizational Motivation – Measures are a very effective tool in improving performance and/or accomplishing goals. A November 2001 article by Edwin Locke in Harvard Business Review titled "Motivation by Goal Setting" cites a survey of more than 500 studies indicates that performance increases an average of 16 percent in companies that establish targets. *A primary reason for this may be because measures give employees clear direction and guidance as to what they need to accomplish.* When employees focus their efforts on achieving key initiatives that are aligned with town-wide objectives and strategic priorities, then there is much greater probability that a well coordinated effort is made in fulfilling the town's mission and the board's vision. The effort to clearly articulate the town's top priorities to assist employees compliments the old saying that "people do what you inspect, not what you expect."

Strategic Learning – Measures are a way to monitor departments' progress in achieving the town-wide objectives and their initiatives. Any strategy used to achieve initiatives, objectives, or strategic priorities represents a hypothesis of how to succeed. Strategy to achieve a desired outcome or solve a problem is often a new destination, a place that the town has not yet traveled to before. Measures and targets provide a way to test assumptions inherent in the strategies we select to pursue our goals. Documenting our strategy through measurement allows management, employees, elected officials, and the public to monitor,

manage, validate, question, and/or deliberate possible adjustments to our strategy. If this can occur, then the Town starts becoming a "learning organization" where being analytical, adaptive, and responsive to the hypotheses we've tested become keystones of the organizational culture that helps the Town successfully implement its strategy.

Components of a good measure

- Measures should be specific. Stating that the HPD will be the "best" police department or that Billing & Collection will "maximize customer satisfaction" are more like vision statements and are difficult to measure.
- There are ways to measure less tangible goals. Surveys, if properly designed, can be used to measure the perception of service quality, awareness of issues, customer satisfaction, etc.
- Does the measure really evaluate the initiative being pursued?
- Is the measure reliable?
- Is the measure easy to understand and explain?
- Are departments using a variety of measures in evaluating their initiatives (workload, results, efficiency, effectiveness, short-term v. long-term)?
- Does the measure clearly communicate the expected performance?
- It is important to know where you are and where you want to go. Ideally, departments should have a baseline measure for current performance in the form of last year's actual data, best practices or industry standards for comparison. When baselines do not yet exist a TBD (to be determined) is placed in the appropriate area to indicate the department is in the process of getting this data.

Guidelines for Setting Targets

1. Targets should be realistic, but challenging enough to motivate greater accomplishment.
2. Departments can be more aggressive when setting multi-year targets.
3. Provide a rationale explanation as to why achieving a target is important, especially with stretch targets.
4. When setting a target departments should review the linkage (cause-and-effect relationship) of the "enabling" perspectives to make sure they have the ability to achieve the target, thus the following questions should be asked:
 - Do departmental personnel have the skills and tools necessary to get the job done?
 - Does the department have sufficient resources/funding?
 - Are internal operations adequate?

Stretch Targets – these are usually long-term or multi-year goals. Departments should only set one to two stretch targets per year. These are reserved for those initiatives that are critical in making a particular breakthrough. Stretch targets can be especially useful to help a department break from its comfort zone or traditional way of running operations so as to spark creative thinking and results-oriented problem-solving. Every department should have at least one stretch target.

Step #4 – Complete the Departmental Map

Finally, departments insert the objectives they plan to pursue, describe how they are responding to each perspective by answering the questions inside of the text boxes on the right side of their strategy map. The map is intended to graphically represent the department's strategy in an easy to interpret manner.

BALANCED SCORECARD – STRATEGIC PRIORITIES

Quality of Life

The town is always searching for ways to add value to the community and individual citizen's lives by preserving Hillsborough's history and heritage (cultural, social, demographic, and economic); providing parks, recreation opportunities, sidewalks and greenways; improving transportation; making housing affordable for all citizens; protecting the environment; and supporting cultural activities and the arts.

Superior Services

Essential municipal services provided to the community should be a good value, customer-service focused, dependable, relevant (services that the community wants and needs), conducted in a professional, well-managed, and sustainable manner. The town will ensure that training opportunities are provided to employees, elected and appointed officials, and volunteers to create an environment of continual growth, learning, and a willingness to implement innovative strategies, technologies, processes, and approaches that result in more efficient and effective service provision to the citizens of Hillsborough.

Community Safety

Hillsborough will be the safest small town in the country. Citizens will feel safe wherever they may be in town, when driving or riding bikes on the streets, strolling on sidewalks, while playing in parks, safe from the threat of fire, and when drinking a glass of water. The police department will focus on crime prevention, enforcement, and convictions (when appropriate). Citizens will feel confident that when emergencies arise the town will be prepared to respond in a quick and effective manner.

Strategic Growth

Plan and manage growth in a manner that yields development which maintains Hillsborough's small town character and improves the quality of life for citizens. The town will use forward-thinking planning to create policies, processes, requirements, and plans that address land use, transportation, environmental protection, recreation, public safety, financial, and other critical issues will be used to ensure new development enhances rather than detracts from the community. All new development, especially in areas requesting annexation, should clearly contribute to the financial sustainability of the town. Encourage and plan for economic development to promote sustainability, support current businesses, bring new businesses to town, stimulate economic prosperity through quality job creation, and serve as a catalyst for growth and development.

BALANCED SCORECARD – PERSPECTIVES

The “balanced” portion of the Scorecard uses four perspectives to answer critical service delivery questions. This helps provide the balance organization’s need to successfully plan, implement, measure, and evaluate performance.

Customer Perspective:

Serve the Community – What is our mission and vision? What do our customers want?

Managers must know if the town is meeting citizen needs. They must determine the answer to the question: Is the organization delivering the services the community wants?

Internal Business Perspective:

Run the Operations - What internal processes must we excel at to provide valuable services to the community while achieving the mission and vision?

Managers need to focus on those critical operations that enable them to satisfy citizens. Managers must answer the question: Can the organization improve upon a service by changing the way a service is delivered?

Financial Perspective:

Manage Resources – How do we deliver quality services efficiently and remain financially sound while achieving the mission and vision?

Managers must focus on how to meet service needs in an efficient manner. They must answer the question: Is the service delivered at a good price?

Learning & Growth Perspective:

Develop Know-How – What skills, tools, and organizational climate do our employees need to meet the community’s needs while achieving the mission and vision?

An organization’s ability to improve and meet citizen demands ties directly to the employees’ ability to meet those demands. Managers must answer the question: Is the organization providing employees with the training, technology, and proper work environment to enable them to succeed and continuously improve?

BALANCED SCORECARD – OBJECTIVES BY PERSPECTIVE

Serve the Community

What do our citizens want? What must be done to implement the vision and mission?

- **Strengthen Citizen Involvement & Access** – Improve the quality and frequency of communication to enhance public access to information about Town services, meetings, key issues, and emergency situations. Provide a variety of ways for citizens to meaningfully share ideas, concerns, and questions with Town officials.
- **Preserve Cultural & Natural Resources** – Protect the environment, historic district, landmarks, and intangible assets such as community and cultural events that bring Hillsborough’s diverse citizenry together.
- **Reduce Crime & Increase Citizen Safety** – Accomplish this by building relationships and problem-solving partnerships with citizens, businesses, neighborhood watch groups, and using policing strategies that target specific types of crimes and “hotspot areas.” Increasing police presence, having police officers and Town officials be accessible, approachable, improving community appearance, and addressing nuisance conditions will make Hillsborough a safer town.
- **Enhance Community Sustainability** – Achieve via diverse economic development, support of locally owned businesses, and promoting Hillsborough as a place to work, live, and play.
- **Expand Recreation, Walkability, & Connectivity** – Provide recreation and pedestrian facilities to encourage healthy lifestyles, citizen interaction, and to offer a variety of transportation choices that link Hillsborough’s neighborhoods together in an accessible manner.
- **Improve Satisfaction with Services** – Conduct municipal operations in such a way that citizens feel their needs are being addressed through high quality & responsive service.

Run the Operations

What internal processes must we excel to provide valuable services while achieving the vision and mission?

- **Enhance Emergency Preparedness** – Improve the ability to effectively anticipate and respond to emergency situations, from minor incidents to major disasters, through planning, training, collaboration with public and private agencies, and community education.
- **Improve Communication & Collaboration** – Increase the quality and frequency of communications throughout all areas of the organization to promote problem-solving partnerships within and outside of the organization. Good communication enables the vision to be implemented.
- **Excel at Staff & Logistical Support** – Ensure outstanding internal support is being provided to all departments, employees, elected officials, advisory board members, and volunteers that deliver services or directly serve the community. Use technology, where practical, to improve service delivery and save taxpayer dollars.

- **Provide Responsive & Consistent Services** – Provide quality services to citizens in a courteous, responsive, and reliable manner that is effective in achieving desired results. Excel at the technical aspects of providing services to the community.
- **Manage Projects Effectively** – Ensure projects are well planned, include contingency plans for reasonably anticipated complications, stay on course, meet goals, and come in on or under budget.

Manage Resources

How do we deliver quality services efficiently and remain financially sound while achieving the vision and mission?

- **Maintain Fiscal Strength** – Support fiscal policies and controls that keep the Town government in a financially strong position, thereby allowing it to respond to unforeseen problems, emergencies, as well as opportunities. Continually look for opportunities to diversify revenue sources and leverage outside funding opportunities.
- **Invest in Infrastructure** – Prioritize funding for infrastructure maintenance to avoid excessive deterioration while minimizing long-term operational and capital costs. New infrastructure investments help achieve key priorities and optimize the use of current assets.
- **Develop Long-Term Financial Plans** – Build upon current financial planning instruments to provide a longer term view of what Hillsborough’s finances and operations may look like in the future. These plans are intended to identify potential challenges, opportunities, and proactive response options.
- **Deliver Efficient Services** – Ensure citizens are receiving a good value from their investments by delivering cost efficient services. Maximize the use of public funds through service optimization, innovation, process improvement, competition, and other means.

Develop Know-How

What skills, tools, and organizational climate do our employees, elected officials, and volunteer advisory board members need to meet the community’s needs while achieving the mission and vision?

- **Develop a Skilled & Diverse Workforce** – Create a work environment that allows the Town to hire and retain a diverse workforce of skilled employees who are capable of meeting the community’s needs. Focus on career development and succession planning.
- **Support Training, Learning, & Growth** – Create a culture of stewardship by maximizing developmental opportunities for employees to ensure they are technically competent, collaborative, and have the core skills necessary to excel on the job. Support governing and advisory boards, the community-at-large, and the media by providing key information and training opportunities regarding municipal governance.
- **Enhance Relations with Other Entities** – Build relationships with others involved in the governing process, including governmental organizations, non-profits, and the private sector.

BALANCED SCORECARD – KEY DEFINITIONS & COMPONENTS

<u>Mission:</u>	Why we exist.
<u>Core Values:</u>	What we believe in, guiding principles.
<u>Vision:</u>	Word picture of the future.
<u>Focus areas:</u>	Themes on which the organization will concentrate efforts, dedicate resources, and strive to achieve significant improvements. The focus areas reflect what the Town’s Board of Commissioners believes must be done to succeed.
<u>Perspectives:</u>	The four different views that are used to create a “balanced” way of establishing objectives and measurements to assist the organization in accomplishing the vision and strategic priorities. The traditional four perspectives used in corporate strategic planning and program evaluation are 1) Financial, 2) Internal Business Process, 3) Customer, and 4) Innovation, Learning, & Growth. While the names and definitions of these perspectives are frequently modified to meet different organization’s specific needs, the original intent of these four traditional perspectives usually remains intact.
<u>Objective:</u>	A concise statement describing the specific things the organization must do well in order to execute its strategy. Objectives often begin with action verbs such as “increase,” “reduce,” “improve,” “achieve,” and similar words. Examples: Reduce Crime, Enhance Customer Service, Maintain Adequate Water Pressure, Promote Learning & Growth, Invest in Infrastructure, Deliver Competitive Services, Maintain Fiscal Strength, Maintain a Skilled & Diverse Workforce, Create Unity Between Neighborhoods, Provide Affordable Services, Protect the Environment, Enhance Walkability, etc.
<u>Measure:</u>	A standard used to evaluate and communicate performance against desired results. Reporting and monitoring measures help organizations gauge progress toward effective implementation of strategy. Example: Percentage of water customers with an average pressure of 30 PSI or greater.
<u>Target:</u>	The desired result of a measure that communicates the expected level of performance. Example: 98% of customers will have average water pressure of 30 PSI or greater. A “stretch target” is a challenging target that <u>may not</u> be met. It may be a multi-year goal with milestones.
<u>Initiative:</u>	The specific programs, activities, projects, or actions the Town will undertake in an effort to meet performance targets. This is generally a one-time activity that goes away once you do it. Examples: A) Install Maple Avenue water main connector to increase pressure in the western pressure zone, and B) Develop and implement Water Booster Pump Cost Sharing Policy for service connections with pressure below 30 PSI.
<u>Cascading:</u>	The process of developing “aligned” Scorecards throughout an organization. Each level of the organization will develop Scorecards based on the objectives and measures it can influence from the group to which they report. For example, Police Patrol aligns/connects with the Police Department, who aligns/connects with the town-wide Scorecard by developing their own objectives and measures based on how they influence the town-wide objectives and measures.
<u>Cause & Effect:</u>	The concept of cause and effect separates the Balanced Scorecard from other performance management systems. The measures on the Scorecard should link together in a series of cause-and-effect relationships to tell the organization’s strategic story.



Strategy Map

Town Board

Vision for Hillsborough

We envision Hillsborough as a prosperous town, filled with vitality, fostering a strong sense of community, which celebrates its unique heritage and small-town character.

Mission of Town Government

We are stewards of the public trust who exist to make the Vision for Hillsborough a reality. We manage and provide the infrastructure, resources, and services that enhance the quality of life for the living beings and land within our town.

Strategic Priorities

Quality of Life

Superior Services

Community Safety

Strategic Growth

Economic Development

We Value

High quality services and high quality customer service

Hillsborough's small town nature and sense of community

Serving as a catalyst for change

Sustaining

Hillsborough's unique "sense of place"

Including its history, architecture, citizens, river, and mountains

Maintaining and celebrating our community's diversity

Inclusion of all neighborhoods and areas of our town - Hillsborough is for everyone

Affordability - keeping the cost of services and living within reach of people who live and work here

Vibrancy - fostering a "Happening Hillsborough"

that is alive, growing, and filled with positive energy

Serve the Community

Strengthen Citizen Involvement	Improve Satisfaction with Services	Preserve Cultural and Natural Resources	Reduce Crime and Increase Citizen Safety	Enhance Community Sustainability	Expand Recreation, Walkability, and Connectivity
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Run the Operations

Enhance Emergency Preparedness	Provide Responsive and Dependable Services	Manage Projects Effectively	Improve Communication and Collaboration	Excel at Staff and Logistical Support
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Manage Resources

Maintain Fiscal Strength	Invest in Infrastructure	Develop Long-term Financial Plans	Deliver Services Efficiently
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Develop Know-How

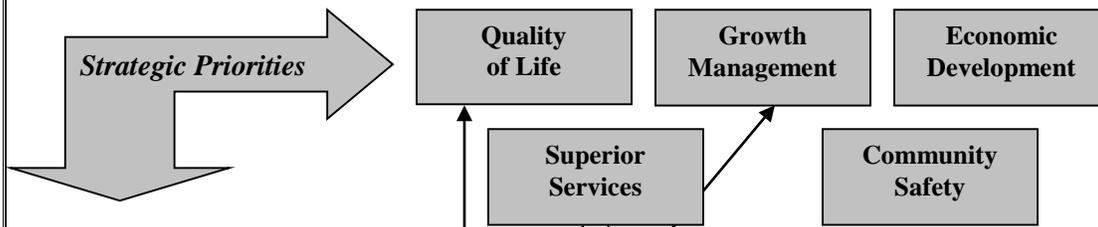
Develop a Skilled and Diverse Workforce	Support Training, Learning, and Growth	Enhance Relations with Other Entities
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ADMINISTRATION

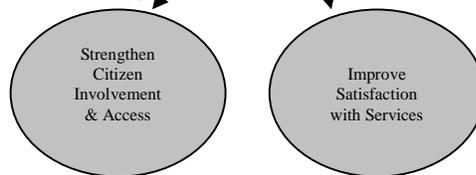
ADMINISTRATION – STRATEGY MAP “Linking Actions Through Cause & Effect”

Administration Department Mission

To provide a governmental system that is open, responsive, accountable, and regionally involved. (From the *Vision 2010 Plan*.)



PERSPECTIVES



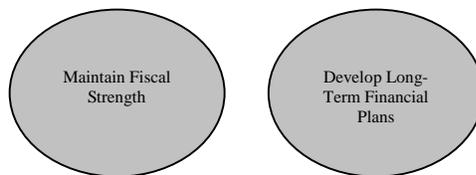
What and/or how will the department Serve the Community?

- Frequently update website with information that is helpful to citizens, operate an information e-mail listserv and TV bulletin board, and regularly provide press releases to the media that increase the ease and speed in which citizens can access critical information about Town services, activities, and issues. Continue bi-annual citizen survey to assess service quality in Town departments.
- Be available to assist citizens with information, questions, complaints, and dispute resolution when unable to be handled at the departmental level.



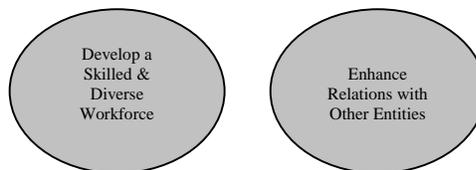
What must the department excel at to effectively Serve the Community?

- Document/information preservation via electronic scanning and back-up.
- Maintain full FEMA-mandated training for Incident Command System and National Incident Management System Training (approximately six courses) & conduct exercises in the Town's Emergency Operations Center.
- Have the Public Information Officer available to assist departments, Town Board, and advisory boards in disseminating critical information to the public.
- Communicate key issues, information, Board priorities, mission, and vision to employees via newsletters, meetings, TV bulletin board, and other means.
- Provide accurate minutes of Town Board meetings in a timely fashion.



What must be done financially and/or efficiently to achieve the department's objectives?

- Keep administrative-related costs low as a percentage of the overall Town budget.
- Develop recommended budgets/financial plans that are fiscally sound, maintain adequate fund balance/savings levels in both operating funds, and achieve Board priorities from the Strategy Map and Balanced Scorecard.
- Use the financial plan, balanced scorecard, water capacity analysis, and annual budget to manage the Town's resources in a proactive and responsible manner.



What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Provide training opportunities to help employees build their skills so as to make them competitive for internal advancement/promotional opportunities, including Hillsborough University and others.
- Create a positive environment where turnover, injuries, grievances, and sick leave rates are low.
- Provide a career development planning system for interested employees.
- Promote the Employee Innovations & Customer Service Awards Program.

ADMINISTRATION – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Strengthen Citizen Involvement & Access	Enhance public access to information about Town services, meetings, key issues, and opportunities to provide feedback to Town officials through the website, listserv, press releases, newsletters and other means	“I feel informed about the Town and its services” – Average rating of Citizen Survey respondents	N/A Bi-Annual Survey	7.54	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree
			Annual Balanced Scorecard Report of Town performance made available to the public	Yes	Yes	Yes	Yes	
			% of months Town Manager or other staff record video summary of monthly Town Board meeting for the News of Orange	N/A	N/A	91.7%	91.7%	Goal is to record video summaries for at least 11 of 12 meetings.
			# of citizen newsletters published	2	2	2	2	July 2014 and June 2015
			Implement Town-wide use of social media	N/A	N/A	Yes	Yes	Developed social media guidelines, department form and style guide and implemented Facebook, Twitter and YouTube.
	Improve Satisfaction with Services	Conduct bi-annual survey to measure citizen satisfaction on a variety of key Town services	“The Town is responsive to the needs of citizens” – Average rating of Citizen Survey respondents	N/A Bi-Annual Survey	7.40	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree
			“I have access to Town officials and staff when I have a concern” – Average rating of Citizen Survey respondents	N/A Bi-Annual Survey	7.51	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree
			“Town employees treat customers courteously” – Average rating of Citizen Survey respondents	N/A Bi-Annual Survey	7.94	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree
			“Town employees do their jobs in a professional manner” – Average rating of Citizen Survey respondents	N/A Bi-Annual Survey	7.98	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree
	Run the Operations	Improve Communication & Collaboration	Regularly update employees, encourage participation and suggestions through the frequent sharing of information via employee newsletters, meetings, etc.	“The Town’s strategy map and my department’s balanced scorecard have been shared with me” – Average rating of Employee Survey respondents	7.65	N/A Bi-Annual Survey	7.34	7.70
# of issues of the Employees Newsletter distributed to staff			3	3	3	3	Moved to electronic format that can be viewed in email without opening attachment.	
Present recommended budget to employees			Yes	Yes	Yes	Yes	Presented on March 18 th .	
Manage Resources	Maintain Financial Strength	Develop a fiscally responsible Annual Budget & 3-year Financial Plan, and 10-year Capital Improvement Plan	“I feel that the Town spends my tax dollars wisely” – Average rating of Citizen Survey respondents	N/A Bi-Annual Survey	6.96	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree
	Develop Long-Term Financial Plans		Receipt of the Government Finance Officers Association’s Distinguished Budget Presentation Award	Yes	Yes	Yes	Yes	FY15 marked the 14 th consecutive year the Town has received this award.
			Receipt of Association of Government Accountants’ Certificate of Achievement in Service Efforts & Accomplishments Report “Gold” award for Annual Balanced Scorecard Report	Yes	Yes	Yes	Yes	

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
			Fund Balance as a % of total annual expenditures	61%	47%	49% (est)	≥ 40%	Policy is to maintain between 20-60%.
Develop Know-How	Develop a Skilled & Diverse Workforce	Maintain an educated dedicated, productive, and diverse workforce	Town Turnover Rate: <i>Police</i> <i>Non-Police</i>	<8.0% <11.1% <6.6%	9.1% 11.5% 8.0%	9.1% 10.7% 8.4%	<10.0% <15.0% <7.0%	
			Average length of service (years)	N/A	N/A	9.3	>10	
			# of employee appeals and grievances per 100 FTE	1.78	0.0	2.28	<2	
			Sick leave hours used per FTE	54.5	71.3	66.2	<50	
			Median # of sick leave hours used per employee	32.5	39.5	26.75	30	
			“The Town is a “great” place to work” – Average rating of Employee Survey respondents	8.88	N/A Bi-Annual Survey	8.28	8.90	10 point rating scale: 1 = strongly disagree 10 = strongly agree
			Workforce Diversity (race/gender)	N/A	N/A	39%	>40%	
			Minority Employment <i>Gender</i> <i>Race</i>	N/A N/A	N/A N/A	27% 19%	>25% >25%	
			Minorities in Management / Supervisory Roles <i>Gender</i> <i>Race</i>	N/A N/A	N/A N/A	28% 7%	>25% >15%	
			Budget & Management Analyst maintains Budget & Evaluation Certification	Yes	Yes	Yes	Yes	
			# of supervisor training/update meetings held	N/A	0	1	2	Update/train supervisors on new and/or existing laws/requirements and best practices.
			% of vacancies filled by internal promotions/transfers	N/A	N/A	35%	>33%	
	Enhance Relations with Other Entities	Attend key regional meetings	% of regional meetings attended	N/A	73%	82% est.	80%	Meetings include TJCOG & Orange County Managers Meetings (9/11).

ADMINISTRATION – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

During FY2015, the Public Information Office implemented town wide social media with Facebook, Twitter and YouTube. The town wide use of social media has seen steady growth and sharing of posts. We ended the fiscal year with 453 Facebook likes and 305 Twitter followers. We have far fewer subscribers on our YouTube channel (12 at the end of fiscal year); however, the channel does see traffic based on number of views. We will continue to promote the channel, and the addition of more frequent videos should help with driving citizens to the channel. As part of the implementation, we also developed the following: social media guidelines, recommended wording for disclaimers, a style guide and a department form to ensure the Public Information Office is aware of any department social media sites and can help monitor them as needed. We plan to convert the guidelines to a policy and ensure wording for disclaimers is the same for all Town of Hillsborough sites. To help increase growth on our sites dramatically, we will need to focus time on a daily basis to social media promotion/sharing. However, we are pleased with the growth we have seen.

During the last fiscal year, the town also created about 330 news releases, including helping to distribute information from other agencies that would affect Hillsborough citizens. Work on improving the website and its navigation continued, with marked progress in cleanup and navigation of the site after hiring an employee with website experience who is devoted largely to the site. We issued two citizen newsletters in Fiscal Year 2015. We would like to issue shorter, more frequent newsletters as a better way to keep citizens informed and plan to send these electronically through the new website and possibly insert in utility statements. We will need to investigate the cost further of adding inserts to the billing statements.

The FY15 budget received the Distinguished Budget Presentation Award, making it the 14th consecutive year the Town has received this award.

The overall town turnover rate of 9.1% and the police turnover rate of 10.7% were below the established target for FY15, despite three service retirements, which accounted for a majority of the non-police turnover (5.1% of 8.4%). The Bureau of Labor Statistics data for FY15 shows a turnover rate of 16.5% for state and local government. The town's turnover rate is significantly lower than the industry rate for the same time. The commitment to maintaining and developing the town's workforce reduces turnover costs, which include recruitment, lost productivity, training, etc. The town's workplace culture, compensation practices, and reputation for providing superior customer service are among the factors that contribute to our workforce stability. The town seeks to maintain a diverse workforce. Thirty-nine percent of town employees are female and/or persons of color. Two grievances were filed in FY15. The low number of grievances is another indicator of employee workplace satisfaction and the organization's ability to prevent problems and resolve those that do arise.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

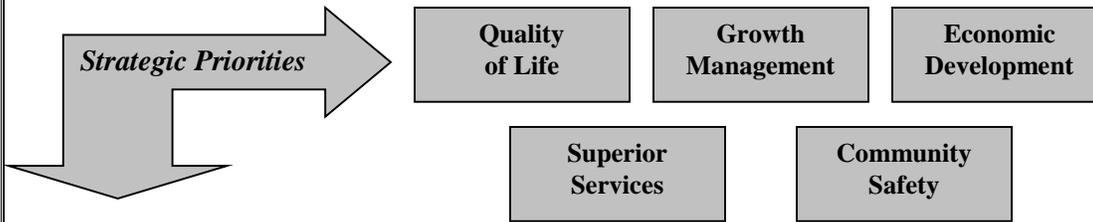
The average number of sick leave hours used by employees in FY15 decreased by 7.2%, and the median number of sick leave hours used per employee decreased by 32.3%. While the average number of hours used fell short of its target, the median number used was below the targeted amount for the first time in three years. Looking at sick leave usage both ways helps illustrate how a major illness or injury that keeps someone out of the office for an extended period can affect the numbers. To try to prevent and/or reduce the amount of sick leave used, the town continues its safety and wellness initiative. The Safety Officer routinely conducts safety training and inspects worksites to ensure they are safe. A new wellness team formed in November 2014 to evaluate and improve the town's existing wellness program. The wellness team hosted a health fair and health assessments in April 2015 and will kick off its first wellness challenge in September 2015. In addition, the town also implemented new health insurance plans in July 2015, which include a confidential health assessment program that encourages employees to utilize free preventive services, including annual physicals, cancer screenings, and personal care management programs.

FINANCE

FINANCE – STRATEGY MAP “Linking Actions Through Cause & Effect”

Finance Department Mission

Manage all aspects of the Town’s finances in a timely, accountable manner and in accordance with GAAP and the General Statues of the State of North Carolina.



PERSPECTIVES



What and/or how will the department serve the Community?

- Issue and renew Privilege Licenses for businesses.
- Food & Beverage Tax Collection.
- Occupancy Tax Collection.
- Tourism Board and Tourism Development Authority administration.
- Provide proper accounting and oversight of public funds.



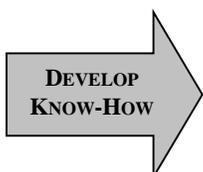
What must the department excel at to effectively serve the Community?

- Provide timely and accurate monthly reports to staff.
- Maintain knowledge of current local, state and federal regulations.
- Issue purchase orders within 24 hours of request and confirmation of funds.
- Work with partners (other departments, vendors, and customers) to develop collaborative solutions.



What must be done financially and/or efficiently to achieve the department’s objectives?

- Safeguard investments and liquidity through diversification.
- Streamline processes and increase efficiency.
- Periodically perform functional analyses to improve processes and reduce costs.
- Research and evaluate best practices and emerging technology trends.



What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Provide on-going training on system hardware, software, to fully utilize features.
- Cross-train employees for uninterrupted service.
- Conduct bi-monthly staff meetings and bi-weekly meetings with supervisors.
- Promote a positive employee climate with a high regard for new ideas.

FINANCE – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Run the Operations	Excel at Staff & Logistical Support	Issue purchase orders in a timely manner	% of purchase orders issued same day	100%	100%	100%	100%	Department met goal and will continue to refine practices to sustain results.
Manage Resources	Maintain Financial Strength	Adhere to Investment Policy	% of investments in compliance with investment policy	100%	100%	100%	100%	Department met goal and will continue to refine practices to sustain results.
		Maintain liquidity and cash flow in order to meet short-term obligations	<u>Quick Ratio:</u> General Fund Water & Sewer Fund	N/A	N/A	9.27 4.72	15.00 1.50	A high ratio suggests a government can meet its short-term obligations. Benchmarks Cities: GF – 16.05 WSF – 4.09
Develop Know-How	Develop a Skilled & Diverse Workforce	Provide on-going classes on existing software, computer usage, writing and supervisory workshops to ensure best practices and promote growth	% of employees that have attended at least one class, workshop, seminar or conference within the fiscal year	50%	100%	100%	50%	Department met goal and will continue to refine practices to sustain results.

FINANCE – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

The Finance Department met its goal to excel in providing staff and logistical support by issuing 100 percent of purchase orders on the same business day as complete requests were received. Meeting this goal contributes to the town's ability to provide effective, efficient, and quality services to both internal and external customers in a responsive and customer-service oriented manner. Continued success for this measure will be ensured by: (1) informing town department heads of changes to purchase order processing requirements (in response to changes in legislation and regulations promulgated by the North Carolina Local Government Commission); (2) maintaining adequate staffing within the Finance Department; and (3) streamlining pre-audit processes (including the implementation of electronic processing wherever practicable).

The Finance Department met its goal to maintain the Town's financial strength by adhering to 100 percent of state and town guidelines for investment of capital. Meeting this goal contributes to the town's overall financial solvency and its ability to finance its ongoing provision of public services to citizens. Continued success for this measure will be ensured by: (1) regular and deliberate reconciliation of all investment accounts held by the Town; (2) periodic review of State and Town guidelines for investment of capital; and (3) periodic review of financial institutions and tools available for increased efficiency and effectiveness of capital management.

The Finance Department met its goal to develop a skilled and diverse workforce by providing on-going classes on existing software, computer usage, writing, and supervisory workshops to ensure best practices and promote growth. One-hundred percent of employees attended at least one class, workshop, seminar, or conference within the reporting period/fiscal year. Meeting this goal significantly contributes to the Finance Department's ability to stay up-to-date on rapidly changing business practices within the governmental accounting and finance industry and remain proficient with a wide range of new financial tools (e.g. Smart Fusion accounting software).

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

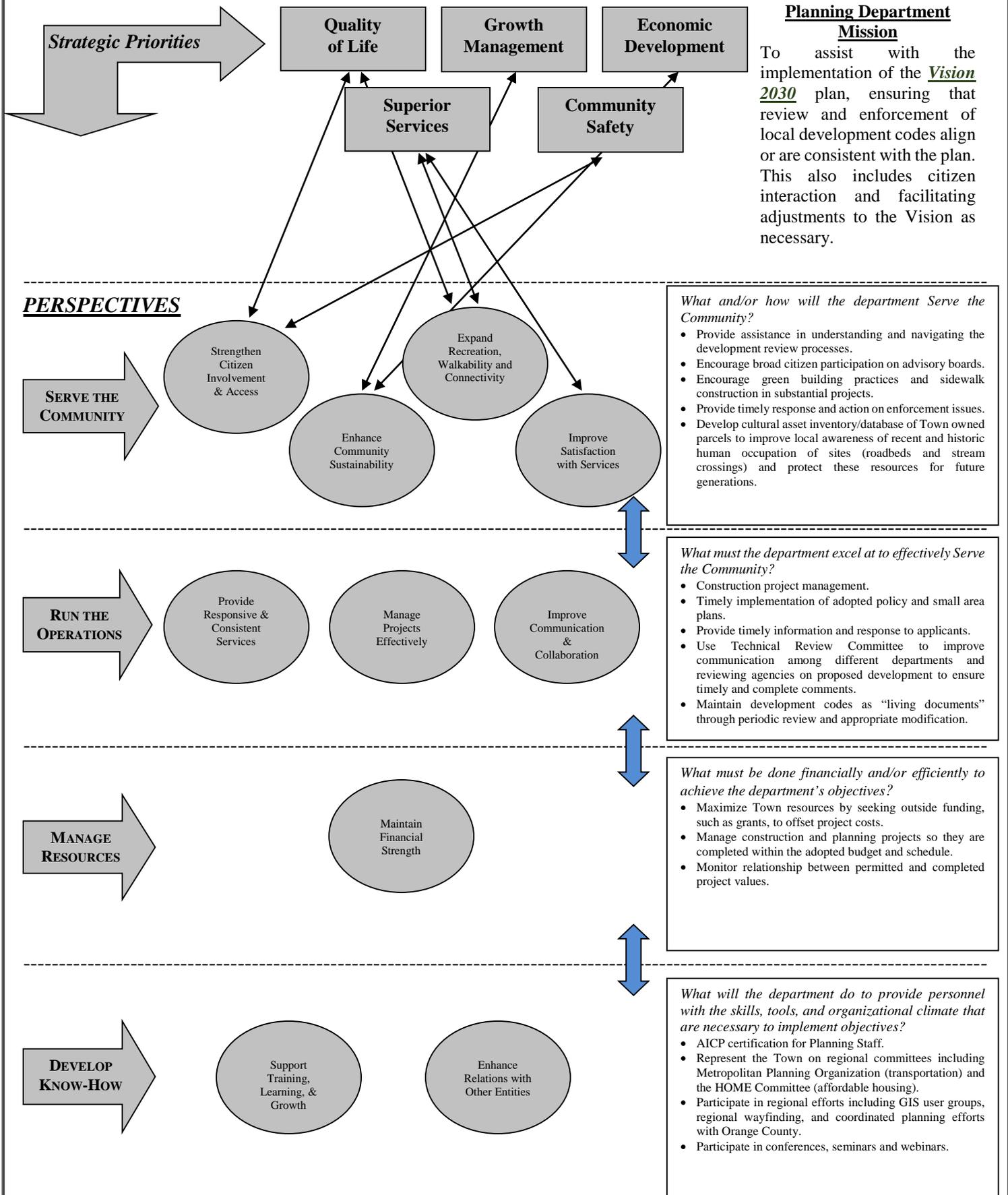
The General Fund did not achieve the goal of maintaining a Quick Ratio at or above the average of North Carolina's benchmark cities, however the Water and Sewer Fund was above average. While the General Fund's Quick Ratio fell well-within the 80-20 percentile range of North Carolina benchmark cities, it can certainly perform better than average (as opposed to slightly below average).

The main challenges the faced in meeting the Quick Ratio goal were: (1) refining current business practices town wide to yield a higher final score for this new performance measure; and (2) quickly identifying areas for improvement town wide that could improve the final score while not adversely impacting the ability to provide effective, efficient, and quality services to the Town's various customers.

The Finance Department recommends implementing the following strategic adjustments town wide to improve performance for this measure: (1) review current business practices and identify methods to improve liquidity and cash flow; (2) consult the standard operating procedures of peer municipalities that perform in the top 20th percentile of North Carolina benchmark cities; and (3) collect input pertaining to finance industry best-practices from leaders at neighboring municipalities and subject-matter experts via professional conferences and the UNC School of Government.

PLANNING

PLANNING – STRATEGY MAP “Linking Actions Through Cause & Effect”



PLANNING – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Strengthen Citizen Involvement & Access	Encourage participation by a wide cross-section of area residents on advisory boards	% of neighborhoods with representation on at least one of the 4 standing advisory boards	79%	64%	79%	75%	“Neighborhoods” are based on the 14 parks districts that cover the city limits and ETJ. The measured advisory boards are: Planning Board, Board of Adjustment, Historic District Commission, and Parks & Recreation Board. The Tree Board was added in 2015. A 15 th neighborhood will be added in 2016 for Waterstone.
	Enhance Community Sustainability	Integrate Green Buildings into development projects	% of projects requiring Town Board review to incorporate “green” building standards	0%	0%	0%	50%	Only two SUPs were reviewed this fiscal year. One involved a new use for an existing building. The apartment complex was not asked to meet a specific green building standard.
	Expand Recreation, Walkability and Connectivity	Monitor construction of new sidewalk by development activity	Total linear feet of new sidewalk constructed by new development	N/A	588	0	1,320	No projects building sidewalks were completed during Fy15. We did receive payments into the in lieu fund.
	Preserve Cultural and Natural Resources	Identify Town owned property with potential resources (roadbeds, stream crossings, etc.) to raise awareness before impacted	# of Town owned sites with potential resources based on preliminary assessment	N/A	N/A	0	2	The study which will identify site for further research has not been completed yet due to some technology conflicts.
			# of sites studied for potential resources	N/A	N/A	0	2	
Improve Satisfaction with Services	Provide timely response to complaints and violations	% of violations brought into voluntary compliance within 60 days	80%	94%	65%	80%	24 properties had repeat violations this fiscal year, demonstrating non-responsive property owners.	
Run the Operations	Provide Responsive & Consistent Services	Provide timely information to applicants	% of development applications reviewed and sent comments within 5 business days	100%	100%	100%	95%	Working days measured from Technical Review Committee meeting to date of comment letter.
		Update development regulations to meet local preferences	% of tasks from adopted departmental workplans completed on schedule	N/A	N/A	0	75%	The department workplan was modified to only track construction projects, so this information is not available.
		Convert adopted plan work tasks into implementable tasks with deadlines	% of tasks from adopted plans completed on schedule	40% (6 of 15)	50%	0	50%	A couple of priority tasks were completed this fiscal year, but not within the adopted schedule (Vision 2030 & modifications to the South Churton design standards)
	Improve Communication & Collaboration	Improve departmental coordination through Technical Review Committee review of new development	% of applications for Technical Review Committee review able to be approved or approved with conditions in the first meeting	88%	88%	100%	75%	The TRC is a multi-jurisdictional and multi-discipline staff committee that reviews applications before public hearing.

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
	Manage Projects Effectively	Monitor Construction Projects	% of construction projects completed within 10% of budgeted cost	N/A	N/A	100%	80%	Riverwalk phases 2 and 3 were completed within 5%
Manage Resources	Maintain Financial Strength	Pursue grant opportunities with a high rate of leveraging for local funds	# of grants received	TBD	0	0	0	No grant applications were submitted in FY15. Revenues are reimbursements from PARTF and RTF for Riverwalk
			\$ of grants received	TBD	\$383K	\$240K	0	
		Monitor comparison of reported value of permitted construction and completed construction	Reported construction value for projects permitted during the fiscal year	\$114.3M	\$21.7M	\$50.7M	\$30M	Helps show trends in construction activity and can serve as a comparison for data received from the tax office. Represents changes to the property tax base.
			Reported construction value for projects completed during the fiscal year	\$8.2M	\$17.7M	\$35M	\$25M	
		Recover a portion of operating costs of conducting plan reviews through user fees	% of operating costs recovered by permit and plan review fees	63.3%	8.8%	14.4%	10%	“Operating costs” excludes capital and non-capital outlays budgeted in Planning, but unrelated to the Department’s operations.
Develop Know-How	Support Training, Learning, & Growth	Promote professional development through certification	% of planners certified by the American Institute of Certified Planners	66%	66%	66%	100%	This national certification requires experienced planners to pass an exam and pursue continuing education.
	Enhance Relations with Other Entities	Represent the Town on regional committees and efforts	% of regional meetings attended where Town had an appointed seat	81%	92%	60%	85%	Various committees with a staff-appointed seat. Staff missed more meetings this year as there were many meetings with no topics of interest to the town. (9 of 15)

PLANNING – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

Two of the most significant accomplishment of the year we completely long delayed planning initiatives of completing the Vision 2030 plan and adopting improved design requirements for the South Churton corridor. While these came much later than expected, they filled important gaps in the planning policy framework for the community. Additionally, a report on the recommendations of the Sustainable City Design Academy work from October 2014 also helped codify the town's interests around the train station and other properties in the area. These documents will help us better respond to the growing development interest in town, which started in mid-2014 and ramped up further in early 2015.

We were able to find volunteers to represent two additional neighborhoods this year, which is important for including more voices in the planning process. Next year, we will add a neighborhood for the Waterstone area. Encouraging these new residents to participate will be important.

Increased development activity (building out projects approved prior to 2008) had a significant impact on the revenues the department brought in and the potential increases to the overall tax base. One factor in these increases is the price the current residential developments are building at, which is higher than we have seen in town historically. Whether these figures continue will be important and interesting to monitor.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

Code enforcement became more challenging this year. Perhaps the remaining impacts of the recession are manifesting in the inability or disinterest of property owners in maintaining their sites. We had nine properties that generated 24 discreet cases (compliant, resolution, new complaint). About half of these properties had some legal issue in terms of ownership transfer, foreclosure, and death of owner, which complicated identifying the correct person to with whom to work. The town mowed six sites throughout the year, which is highly unusual.

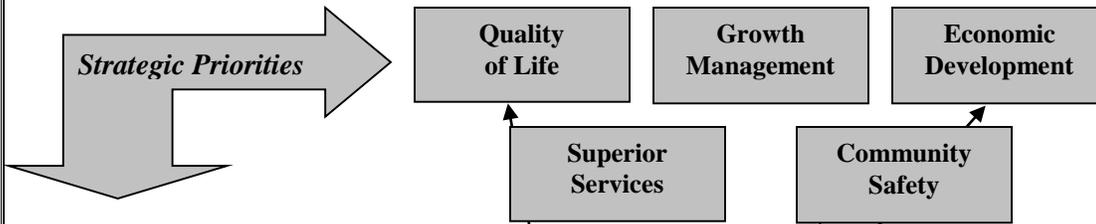
The uptick in development activity and development inquiries hindered our ability to focus on planning policy tasks. The combination of large construction projects and overflowing public hearings made it necessary to stop tracking plan implementation schedules or developing work plans that focused on tasks other than getting the necessary work done. I still struggle to identify useful measures and benchmarks for planning work. It's easy to count permits and revenue, but harder to identify the major accomplishments we make in tweaking policy or regulation to match what the community wants or moving us closer to the adopted vision. So much of what we do is a discreet widget that can be counted or turned, monitored in percentages – it's changing mindsets and carrying new ideas forward.

PARKS & RECREATION

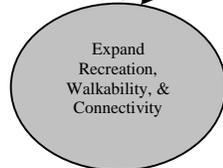
PARKS & RECREATION – STRATEGY MAP “Linking Actions Through Cause & Effect”

Parks & Recreation Department Mission

To improve the quality of life of Hillsborough citizens by planning, constructing and maintaining the Town’s park system.



PERSPECTIVES



What and/or how will the department Serve the Community?

- Maintain parks via repairs, trash collection and landscaping.
- Timely response to work order requests.
- Assist citizen groups interested in planning facilities in their neighborhoods.
- Track development and acquisition of park land.
- Monitor park reservations to prevent overcrowding.



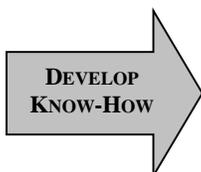
What must the department excel at to effectively Serve the Community?

- Provide safe and well maintained parks.
- Organize and maintain reservations at park facilities.
- Improve coordination and communication between Planning and Public Works departments to maximize efficient construction, maintenance, and improvement of facilities for the public.



What must be done financially and/or efficiently to achieve the department’s objectives?

- Maximize Town resources by seeking outside funding, such as grants, to offset project costs.
- Collaborate/consolidate maintenance service with the Public Works department to provide service efficiency and allow for quick response.



What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Have staff certified as playground safety inspectors.
- Ensure all Public Works staff are knowledgeable, cross-trained, and can assist with parks and greenway related tasks.

PARKS & RECREATION – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Expand Recreation, Walkability, & Connectivity	Monitor use of existing park facilities to be aware of possible crowding	# of reservations for Gold Park picnic shelters by town and county residents	In - 44 Out - 81	In - 53 Out - 126	In - 34 Out - 91	In <200 Out <200	Meeting these reservation levels could imply that all weekend hours are fully booked in the park, implying a crowded situation.
			% of Gold Park open hours that include reservations	7.9%	9%	11%	<25%	If the park is 25% booked during its open hours, it is likely that the weekend hours are fully reserved, indicating a crowded situation.
			# of public/private events held in Gold Park	4	0	5	10	This number should not create an extreme competition situation between private and public events.
		Procure and develop land for both passive and active recreation facilities	Acres of developed parkland per 1,000 population <i>Total Acres</i>	6.43 40.15	6.38 40.15	9.6 60.77	TBD 78.16	9.5 acres/1,000 residents or 60.77 acres per 6,326 residents. Total acres adjusted to reflect land owned and operated by Town for parks purposes only.
			Acres of parkland awaiting development per 1,000 population <i>Total Acres</i>	4.46 27.8	4.41 27.8	1.25 7.93	0 0	1.24 acres/1,000 residents or 7.938 acres per 6,326 residents. Total acres adjusted to reflect land owned by Town for Town operated park purposes only.
Run the Operations	Excel at Staff & Logistical Support	Limit emergency repair calls through planned maintenance	# of emergency repair calls requiring Town staff or contractor response	0	0	0	0	While emergencies occur, planned and routine maintenance should keep the afterhours calls low.
Manage Resources	Maintain Financial Strength	Pursue grant opportunities with a high rate of leveraging for local funds	Total amount of grants awarded	0	\$383K	\$240K	0	No grant applications were submitted in FY 15. Revenues are reimbursements from PARTF and RTF for Riverwalk phases 2 & 3.
			# of grants received	0	0	0	0	
Develop Personnel	Support Training, Learning & Growth	Cross-train all public works employees to identify and correct basic park safety issues	% of Public Works staff with basic park safety identification training	N/A	N/A	43%	50%	The Safety & Wellness Division is investigating an in-house training program to ensure all staff have an understanding of the important components of playground safety and can watch for repairs that are needed. Examples of things to watch for are depth of mulch at the base of slides and the width of openings in playground equipment where children might become trapped.

PARKS AND RECREATION – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

The number of reservations went down this year, but they covered more of the park's open hours. We continue to see higher reservations from out-of-town individuals and this year had a strong number of events in the park. Some of these changes may be due to some small policy adjustments we made to make it easier for people to reserve additional time and more clarity about what qualifies as an event in the park. Reservation of the multi-purpose field has increased greatly and we are seeing significant park use by organizations in addition to individuals.

Completing Riverwalk Phases 2 and 3 just about straddled the fiscal year in that we opened the path to the public for the July 4 holiday, but still had significant work that was not completed until the formal opening in October. The very last section, the connection to Alison Street, has been delayed due to the involved permitting required with the Congestion Mitigation and Air Quality (CMAQ) funding source.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

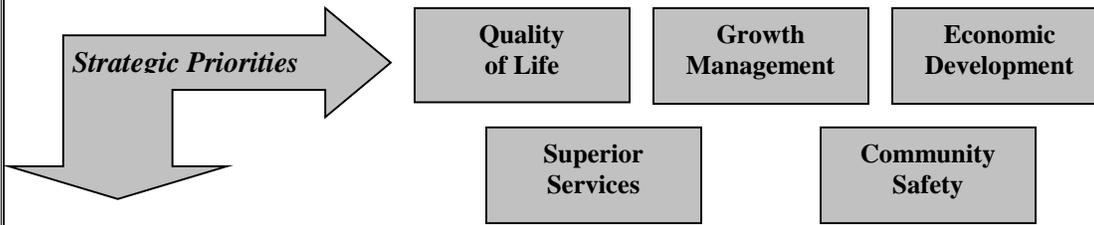
N/A

SAFETY & WELLNESS

SAFETY & WELLNESS – STRATEGY MAP “Linking Actions Through Cause & Effect”

Safety and Wellness Department Mission

To protect every employee from the hazards associated with performing their daily tasks, while providing the citizens a cost effective and safe workforce. This is accomplished by empowering employees to make informed decisions through comprehensive training and education, providing them with the necessary personal protective equipment needed to carry out their daily tasks, and updating and revitalizing outdated equipment, programs, and processes, while working within the budget set forth by the Town Board.



PERSPECTIVES



What and/or how will the department Serve the Community?

- Work with departments to ensure employees have the appropriate equipment and training to provide services in a safe and injury free manner.
- Process insurance claims that citizens file against the Town in an expeditious manner.
- Ensure that Town parks and recreational facilities are safe places to visit.



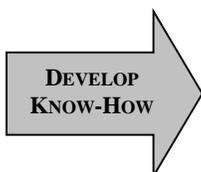
What must the department excel at to effectively Serve the Community?

- Encourage health risk assessments for all employees.
- Ensure employees are well informed of sound health and safety practices to promote a safe and healthy work environment through monthly meetings, newsletters, training, safety inspections, and by using the employee expertise that is available on the Safety & Wellness Committees.
- Manage the Town's substance abuse testing policy to help maintain a safe workplace.
- Conduct park safety inspections.
- Conduct random worksite inspections.



What must be done financially and/or efficiently to achieve the department's objectives?

- Develop policies, programs and procedures that encourage injured employees to return to work as quickly as possible, as well as protect Town owned property.
- Facilitate safety and wellness training.
- Develop safety & health programs, educate and enforce policies and guidelines.
- Minimize the number and severity of accidents/injuries to control insurance costs and limit lost time due to injuries. The Safety Committee will review and track accidents to identify patterns that can lead to changes in policy to ensure a safe workplace.



What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement your objectives?

- Provide training and professional development opportunities.
- Identify training gaps and other risks to ensure every employee receives all required training pertinent to their job responsibilities.
- Identify high risk areas and develop and implement a solution.

SAFETY & WELLNESS – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result	
Serve the Community	Improve Satisfaction with Services	Improve responsiveness to claims made by citizens	% of citizen claims processed within 5 working days	100%	100%	100%	100%		
Run the Operations	Improve Communication & Collaboration	Conduct Annual Health Fair to provide employees with health services	% of employees attending annual Health Fair	59%	57%	49%	60%		
	Excel at Staff & Logistical Support	Ensure that employees are following proper guidelines and procedures	% of facilities brought into compliance with proper safety guidelines and procedures within 60 days	90%	100%	100%	100%	35 item checklist used for base inspection.	
		Process documentation received from departments in a timely manner.	% of Workers' Compensation and Property & Liability claims processed within 1 business day	N/A	N/A	68%	N/A	Trying to reduce time for generating new claims. New measure for FY15.	
		Perform safety inspections of all Town owned facilities to ensure compliance with OSHA standards	% of park facilities brought into compliance within 30 days	100%	100%	100%	100%		
			% of facilities inspected annually	100%	100%	100%	100%	Safety Committee members assist with this task.	
			% of parks inspected monthly	100%	100%	91.6%	100%		
		Encourage health risk assessments for all employees.	% of employees with health risk assessments	N/A	N/A	100%	100%		
	Manage Resources	Deliver Efficient Services	Develop and maintain a return to work program to minimize the impact of Worker's Compensation claims	% of injured employees returning to work within 7 calendar days of injury with medical approval	50%	100%	100%	100%	
Seatbelt Promotion Campaign			# of non-compliant warnings issued to employees	N/A	N/A	0	<5	New measure for FY15.	
Develop policies and procedures to assist in lowering Property and General Liability Insurance premiums			Town's Experience Modifiers: <i>Workers Compensation</i> <i>Property Liability</i>	0.80 1.014	0.92 0.87	1.12 .71	<1.0 <1.0	Experience modifiers are used by the NCLM to determine the Town's risk and calculate premiums. Modifier is capped at 1.25, with 1.25 being the most risky. Range: 0.75 – 1.25	
Control cost and limit unnecessary expenditures in Town's operations due to preventable accidents			Total costs of at fault accidents per FTE	\$47.97	\$67.99	\$28.36	<\$100	4 at fault totaling \$2,581	
			# of Worker's Compensation claims per 100 FTE	2.36	4.58	3	<5	NC – 2.9 ('12) National – 4.4 ('12)	
			# of OSHA recordable injuries:	Town Total	2	1	2	0	
				<i>General Government</i>	0	0	0	0	
				<i>Public Safety</i>	1	1	2	0	
<i>Public Works</i>				1	0	0	0		
<i>Water/Sewer</i>			0	0	0	0			
# of preventable vehicular accidents per 100,000 miles driven	0.97	1.34	0.57	<1	3 preventable for 517,621 total miles				
Work days lost due to work related injuries per 100 FTE	16.51	6.87	174.35	<15	160 total days for 91 employees				
Develop Know-How	Support Training, Learning & Growth	Provide annual employee safety and health training	# of employee safety training topics offered annually	24	13	17	15		
			# of monthly "wellness" education programs held annually	5	3	3	10		

SAFETY & WELLNESS – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

No injuries or incidents related to broken or damaged playground equipment have been reported to the Safety Office. Town parks are inspected frequently for any compromised play equipment. If any equipment is noticeably worn and thought to be hazardous, the equipment is quickly repaired or replaced. Maintaining a safe play area is paramount to minimizing risk.

The town's property & liability risk modifier has continued to trend downward for the past several years, resulting in a reduction in costly insurance premiums. In FY14-15, the property & liability modifier was 0.92, below the baseline average, which resulted in a discount for the town. It has recently dropped again to 0.71, which is well below the industry standard and base line standard of 1.0. There were four avoidable property and liability incidents recorded in this fiscal year, totaling \$2,581 in damages.

There were two workers compensation incidents reported this year, resulting in hospitalization and days away from work. These expenses (hospital bills, therapy and possible partial disability) resulted in a rise in the workers compensation modifier. The modifier has risen above the 1.0 baseline and is currently 1.12.

Additional automatic external defibrillators were purchased and placed into first responders' vehicles and other locations as defined by the town's safety committee.

Over 17 training sessions have been offered in the past 12 months, on topics including AED/CPR trainings, global harmonization, and blood borne pathogens training.

Moving forward, additional specialized training could greatly enhance employee development. The intent is to get all employees engaged in training, expand training topics and get more involved with everyone's safety needs.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

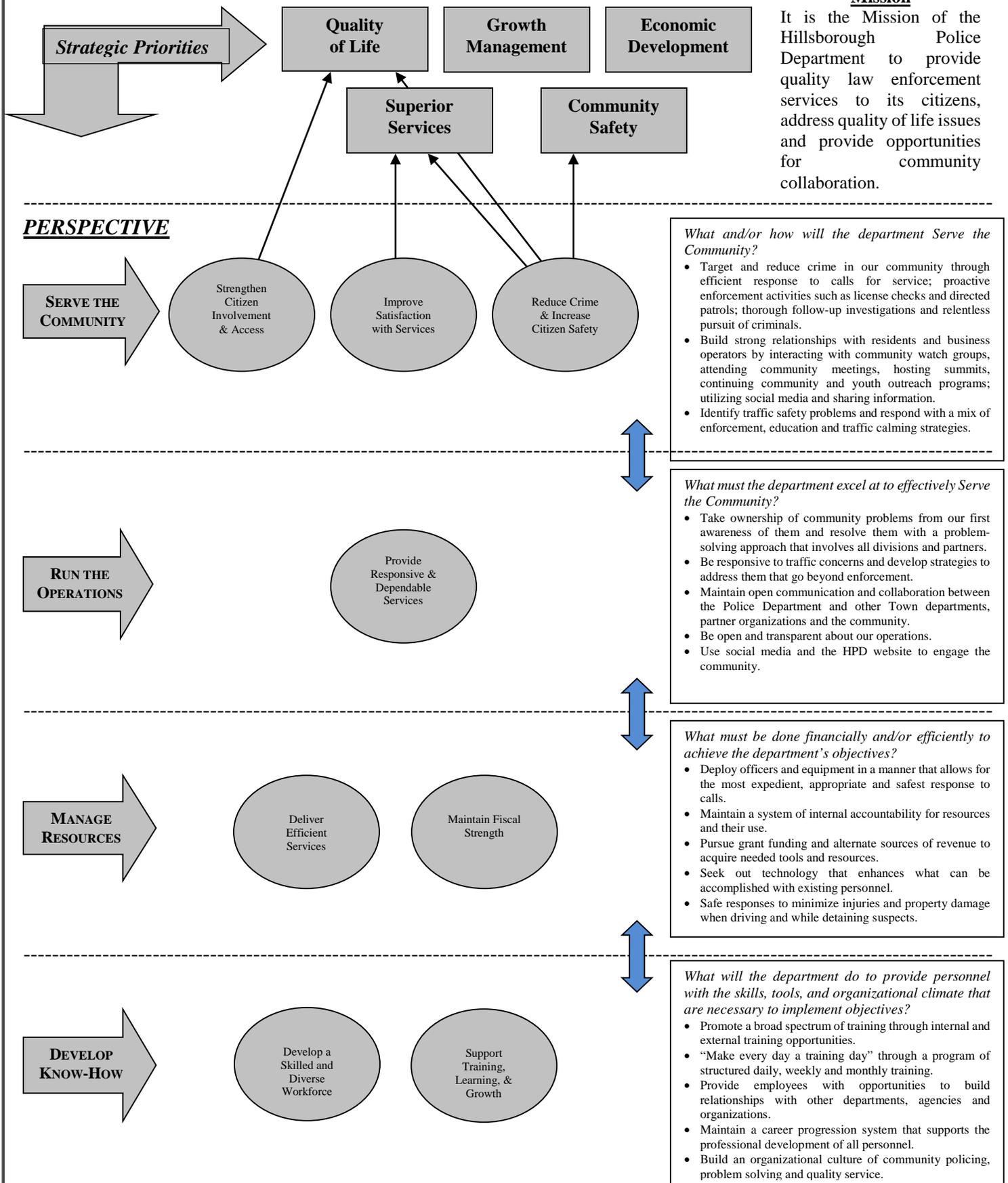
Effective December 31, 2014, the town ended its contract with UNC Family Medicine for support of the town's wellness program. Statistics and feedback from employees indicated that the program was not providing the expected value. In November, a new wellness team was formed with members from each town department. The team has developed a new wellness program with mission and vision statements and defined outcomes. The team hosted a health fair in April 2015 with 44 employees in attendance. Thirty-five employees completed the wellness initiative health assessment. Wellness team members provided input into the July 2015 health insurance renewal process and will kick off the new wellness program with a Walking4Wellness challenge September 2015.

POLICE

POLICE – STRATEGY MAP “Linking Actions Through Cause & Effect”

Police Department Mission

It is the Mission of the Hillsborough Police Department to provide quality law enforcement services to its citizens, address quality of life issues and provide opportunities for community collaboration.



POLICE – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Strengthen Citizen Involvement & Access	Consistently interact with Neighborhood Watch groups	% of Community Watch meetings with Patrol personnel in attendance	N/A	N/A	70%	70%	New measure for FY15.
			% of Community Watch groups contacted/interacted with on a monthly basis	N/A	N/A	90%	90%	New measure for FY15.
		Initiate community events and youth outreach programs	# of community events and youth outreach programs offered	23	27	26	25	
			# of citizens involved/attending the community events and youth outreach programs	1,920	1,974	1,952	1,500	
	Improve Satisfaction with Services	Treat all citizens with dignity and respect and treat every interaction as an opportunity to leave a positive impression	Complaints against officers as a % of calls for service	N/A	N/A	.09%	<1%	New measure for FY15.
			“Hillsborough is a safe place to live and work” – Average rating of Citizen Survey respondents	N/A	N/A	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree New measure FY15.
	Reduce Crime & Increase Citizen Safety	Utilize high visibility and proactive patrols, thorough follow up investigations and partnerships to reduce crimes against persons and property	Part I violent crimes per 1,000 population	3.36	4.0	7.2	<5	Replaces the total Part I crimes used previously in order to provide better information. Significant efforts are being focused on property crime reduction.
			Part I property crimes per 1,000 population	77.4	54.7	69.2	<70	
			% of patrol shifts with at least 1 foot patrol of the downtown area	N/A	N/A	52%	75%	New measure for FY15.
	Run the Operations	Provide Responsive & Dependable Services	Utilize a comprehensive approach for reviewing and investigating all Part I and II crimes to improve clearance rates	Clearance rate for Part I offenses – Violent Crimes <i>NC Average</i> <i>US Average (<10k pop)</i>	52.4% 59% 46.8%	56% 58% 48.1%	74% N/A N/A	>65% N/A N/A
Clearance rate for Part I offenses – Property Crimes <i>NC Average</i> <i>US Average (<10k pop)</i>				49.3% 26% 19.0%	50.2 27% 19.7%	43.8% N/A N/A	>30% N/A N/A	
Increase overall traffic safety by conducting focused traffic patrols to address speeding, moving violations, DWI and other driving offenses			Ratio of directed traffic enforcement activities to civilian roadway traffic accidents	N/A	1.25:1	0.9:1	>1:1	New measure for FY14.
			# of civilian injury vehicular accidents per 1,000 population	0.17	2.2	2.6	<3	New measure for FY14.
Manage Resources			Deliver Efficient Services	Deploy officers to respond quickly and safely to priority calls for service	# of at fault traffic accidents per 100,000 miles driven	0.99	0.89	.52
	Provide cost efficient service to the community	Per capita expense for police protection		\$357.96	\$379.74	\$418	<\$375	FY15 target based on ICMA benchmarks.
	Maintain Financial Strength	Leverage operative costs through grant funds and partnerships	Total \$ amount of grant/partnership funds received/used to offset operating costs	\$4,500	\$10,000	\$6,500	>\$7,500	NC ABC. Reduced target due to decreasing grant funding opportunities.
		Report all internal accidents in a timely manner to reduce liability and allow other departments to respond efficiently	Average # of days between the occurrence of an employee accident or injury and the submission of the incident report to the Town Safety Officer	N/A	N/A	1	<1	New measure for FY15.

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Develop Know-How	Support Training, Learning & Growth	Provide continuous training in different areas and strive to make every day a training day	Average # of training hours per officer beyond mandated state minimums	48.6	80.5	45.4	>40	
			% of patrol shifts during which officers do roll-call or other squad-level training	N/A	N/A	50%	90%	New measure for FY15.
	Develop a Skilled and Diverse Workforce	Encourage officers to enhance their professional skills	% of HPD sworn officers to have attained Intermediate Law Enforcement Certificate	48%	68%	77%	>50%	Increasing our target as a result of career progression system.
			% of HPD sworn officers to have attained Intermediate and/or Advanced Law Enforcement Certificate	N/A	N/A	56%	N/A	Advanced Law Enforcement Certificate can be obtained without first obtaining an Intermediate Law Enforcement Certificate.

POLICE – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

There are several targets of significance that the department met or exceeded.

First, our complaints against officers as a percentage of total calls for service was very low. We received 15 complaints against our officers during the fiscal year, out of 15,975 total calls for service. A small number of these complaints did result in disciplinary action up to and including termination, but the majority of these complaints were either not sustained or were relatively minor and were corrected with coaching and training. Having an extremely low number of complaints compared to the number of interactions our officers are having helps us feel confident that our officers are providing police service in an effective, polite and fair manner.

A second target we are very pleased to have met is our clearance rates. During FY15, we had very high clearance rates for violent and property crimes, and those numbers far exceeded state and national trends. We made some changes to how we manage investigations and as a result, we have been able to increase our effectiveness. In addition, it is noteworthy that despite staffing changes due to a promotion and having to train new personnel, investigations was able to maintain their success.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

There are two targets that we did not meet but that we will focus on improving: 1) percent of patrol shifts with downtown foot patrol and 2) percent of patrol shifts with roll call training. Both of these deficiencies are linked to our failure to get the systems set up to ensure we are doing these tasks and recording our activities. We failed to implement our roll call squad-level training, as part of our "make every day a training day" on the schedule we hoped, and it was almost halfway through FY15 before we were able to get it working. Since it has been implemented, we have been very successful, but we have only recently fixed an error in our reporting process. Our downtown foot patrol was affected by a similar problem. While officers were doing a large number of foot patrols, the system we had in place for documenting these activities did not work as we thought and these specific activities got confused among other similar activities. Again, it was only recently that we have been able to collect data specific to this activity accurately.

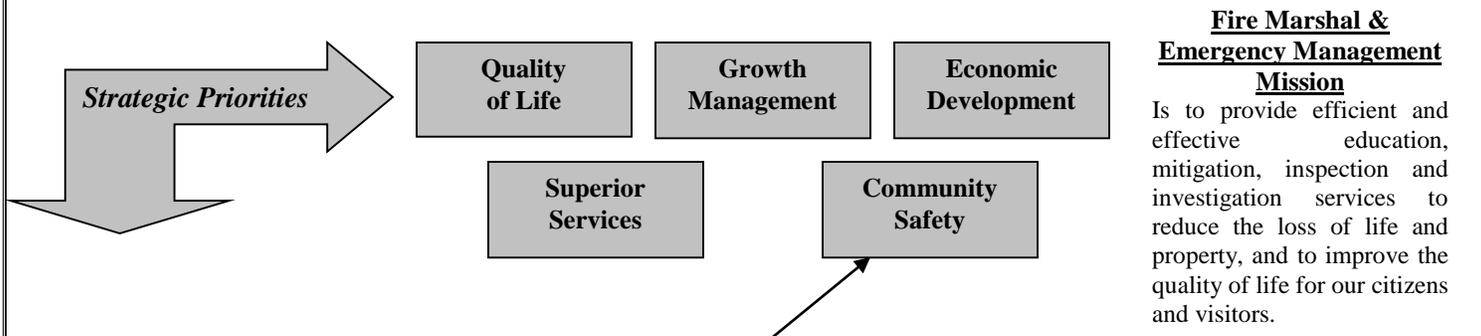
Our Part I violent crime rate exceeded our FY15 target, which was the result of a small number of aggravated assaults that happened toward the end of 2014. We had two groups who were targeting each other for violence and accounted for approximately 10 of our violent crimes. Without these crimes, our numbers would have been much more in line with our target. On a positive note, as mentioned above, we ended up with a very high clearance rate for these crimes due to being familiar with the individuals involved in many of them.

A final challenge worth mentioning is our per capita cost for police protection. We exceeded our target of \$375 per capita, but the excess can be largely attributed to capital costs that are not typical. The department had to replace a canine and purchase several new vehicles and a new records management system during this period. These are not typically annual expenses and when removed from the expenditures, the resulting per capita costs are in line with our target.

FIRE MARSHAL & EMERGENCY MANAGEMENT

FIRE MARSHAL & EMERGENCY MANAGEMENT

STRATEGY MAP "Linking Actions Through Cause & Effect"



Fire Marshal & Emergency Management Mission

Is to provide efficient and effective education, mitigation, inspection and investigation services to reduce the loss of life and property, and to improve the quality of life for our citizens and visitors.

PERSPECTIVES



What and/or how will the department serve the Community?

- Encourage business owners and the general public to maintain safe working and living environments.
- Educate school aged children in fire and life safety.
- Prepare our community for various emergency situations.
- Deter the crime of arson through thorough cause and origin investigation and prosecution.
- Make public buildings safer through inspection program.
- Notify the public of emergencies or hazardous conditions through the Code Red system.



What must the department excel at to effectively serve the Community?

- Aggressively enforce the NC Fire Code and Town Fire Prevention Ordinance.
- Educate owner and employees on the problems their particular code violation has presented in the past.
- Promptly investigate citizen complaints to ensure customer satisfaction.
- Train Town staff in emergency operations and communicate preparedness information to community watches, civic groups, the news media and at special events.
- Exercise the Town's emergency response plan.
- Ensure that the Emergency Operations Center is ready.



What must be done financially and/or efficiently to achieve the department's objectives?

- Continue to apply for grants and other alternative funding sources.
- Implement one stop permitting for all trade inspections.
- Fund 2 full-time positions to conduct building, mechanical, electrical, plumbing and fire inspections.



What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Attend area fire and life safety conferences, schools and association meetings.
- Attend association meetings related to inspections, prevention, and investigations.
- Maintain mutual assistance and collaboration with the Orange County Fire Marshal's office and other agencies.

FIRE MARSHAL & EMERGENCY MGMT. – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Results
Serve the Community	Reduce Crime & Increase Citizen Safety & Provide Responsive & Consistent Services	Ensure that occupancies are in compliance with the NC Fire Prevention Code	% of annual inspections completed	100%	100%	100%	100%	30 due each year.
			% of biennial inspections completed	100%	100%	100%	100%	8 due each year.
			% of triennial inspections completed	100%	100%	100%	100%	110 due each year.
		Increase the inspection frequency of occupancies on the biannual and triennial schedules to reduce need for re-inspections	% of inspections for occupancies on the biennial and triennial schedule conducted ahead of schedule	7%	5%	3%	5%	
			% of inspections requiring a re-inspection	16%	17%	10%	<20%	
		Teach fire prevention classes to school, church and civic groups within the Town's jurisdiction	# of fires started by juveniles	1	2	0	0	
			# of juveniles injured or killed by fire	0	0	0	0	A juvenile is anyone under the age of 18.
			# of adults injured or killed by fire	1	1	0	0	FY13 had 1 injury and FY14 had 1 fatality.
			# of students taught	334	0	94	400	Scheduling difficulties
		Investigate suspicious fires within the Town's jurisdiction	# of accidental fires investigated	5	12	6	On demand basis	
			# of fires due to or suspected of arson investigated	1	2	0	On demand basis	
		Run chemical release scenarios on each facility storing 55 gallons or 500 pounds or more of chemicals and publish the results for use by first responders and planners	# of facilities storing 55 gallons or 500 pounds or more of chemicals, documented and entered into the Computer Aided Management of Emergency Operations (CAMEO) system	2	2	2-R	2	2 existing reviewed in fy15
			% of scenarios reviewed and updated if necessary within the last 5 years	N/A	100%	100%	100%	All facilities have completed scenarios on file. During fy15 we were involved in the writing of the Eno-Haw Regional Hazardous Mitigation Plan
		Run the Operations	Enhance Emergency Preparedness	Educate the community about disaster and emergency response	Conduct Disaster Preparedness Fair and/or TV event	0	0	0
Become proficient in the operation of the Code Red System and write protocols	# of operator training sessions # of calls launched			Training-2 Actual-0	Training-2 Actual-1	Training-4 Actual-0	N/A	Update call list and train new and existing operators as needed.
Ensure the authorized operators launch Code Red practice calls quarterly	# of calls launched			N/A	Quarterly-8	Quarterly-16	24	There are 6 operators of the Code Red System. 6 x 4 = 24 calls
Manage Resources	Maintain Fiscal Strength	Maintain an up-to-date inspection fee schedule that adequately recovers departmental costs.	% of operation costs recovered through fees	9.6%	10%	12%	10%	Goal met
Develop Know-How	Support Training,	Have all Town employees fully	% of employees that have completed NIMS training	95%	95%	91%	100%	

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Results
	Learning & Growth	trained to meet National Incident Management System (NIMS) requirements	% of upper management/dept heads that have completed NIMS training	90%	90%	92%	100%	
			% of field supervisors that have completed NIMS training	100%	100%	100%	100%	
			% of line crews / patrol officers that have completed NIMS training	90%	90%	82%	100%	
		Attend training to stay current and maintain certifications	Attend Fire & Life Safety Conference bi-annually	No	No	No	No	Not required for Fire & Life Safety Educator Certification.
			Attend Fire Prevention School annually	Yes	No	Yes	Yes	
			Attend Arson Investigators School annually	No	No	No	Yes	
			# of hours of Fire Inspector continuing education attended annually	6hrs	6hrs	6hrs	6hrs	

FIRE MARSHAL – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

Added four sprinklered buildings in town, which adds no additional fire load to the town.

Successfully co-wrote the "Eno-Haw Regional Hazardous Mitigation Plan" in conjunction with Orange, Alamance and Durham Counties and the Cities and Towns of Burlington, Carrboro, Chapel Hill, Durham, Elon, Graham, Haw River and Mebane.

The County Local Emergency Planning Committee has become very active under new leadership and is pursuing grants in the upcoming year.

Recovered 12 percent of operation costs through fees and fines.

Completed all required inspections to facilitate the opening of the main hospital and bed towers at the UNC Hillsborough Campus.

Conducted 201 inspections of new and existing occupancies.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

We did not meet our goal of conducting fire prevention classes in every fourth grade class in the public, private and charter schools within the town's corporate limits. To meet this goal, additional personnel is needed.

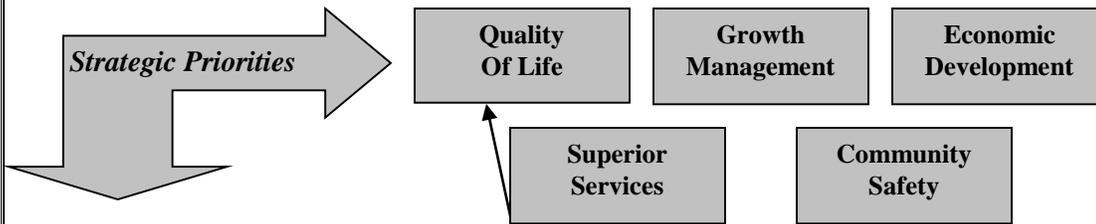
Our goal of more frequent inspections in occupancies that are on the biennial and triennial inspection cycle cannot be reached without more inspectors. The state minimum schedule has proven to be flawed and is being evaluated for a revision to require more frequent inspections in some, if not all, occupancies.

FLEET MAINTENANCE

FLEET MAINTENANCE – STRATEGY MAP “Linking Actions Through Cause & Effect”

Fleet Maintenance’s Mission

To maintain a scheduled maintenance program for all the Town of Hillsborough vehicles and equipment and meet all of the departments’ equipment needs so the departments can meet the needs of the citizens.



PERSPECTIVES



What and/or how will the department serve the Community?

- Fleet Maintenance will serve the community by finding cost effective ways to keep vehicles repaired and in service.



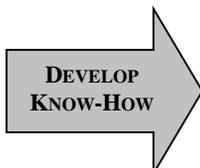
What must the department excel at to effectively serve the Community?

- Maintain a preventative maintenance schedule, this is our top priority.
- Prepare vehicles and equipment for service prior to the time of need. These actions include servicing and mounting snow plow blades and preparing salt spreading equipment prior to inclement weather.
- Respond quickly to needs for vehicle and equipment repairs, especially for assets that are critical for customer service. These include garbage trucks, leaf trucks, and equipment used by the water and sewer department.



What must be done financially and/or efficiently to achieve the department’s objectives?

- Continue to sell surplus items on Govdeals.com. This will allow the Town to recoup some of its costs.
- Ensure that vendors are supplying parts at the best possible price by checking the price of each replacement part at three vendors before ordering.
- Complete repairs and maintenance using in-house resources when practical, as opposed to using outside vendors.



What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement your objectives?

- Seek training opportunities for staff. Since many of the larger training companies have cut back on their available training opportunities, we have found affordable training at our local parts vendors.
- Needed continuing education classes include direct fuel injection drivability, Ford diesel diagnosis, electrical repairs, and updated brake friction materials.

FLEET MAINTENANCE – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Preserve Cultural & Natural Resources	Protect air quality, increase fuel efficiency, and lower emission levels	% of police department vehicles that have engines with 6 cylinders or less	72%	66%	65%	70%	Vehicles are equipped with 4 or 6 cylinder engines when practical to reduce pollution levels
			% of fleet comprised of passenger vehicles	44%	37%	31%	41%	Town is striving to utilize smaller vehicles when practical
Run the Operations	Excel at Staff & Logistical Support	Manage an efficient and effective preventative maintenance program	% of services performed on schedule	70%	72%	82%	85%	Fleet Maintenance is using the fuel records to send out reminders that service is due
	Provide Responsive and Consistent Services	Improve our service by updating shop equipment, such as manuals and diagnostic tools	% of needed electronic manuals and diagnostic tools obtained	100%	100%	100%	100%	These technical tools are necessary to diagnose vehicles correctly
	Enhance Emergency Preparedness	Prepare vehicles and equipment for emergency use	% of snow removal equipment and vehicles ready for use by December 1 st	100%	100%	100%	100%	Equipment readiness is vital for department success
Manage Resources	Deliver Efficient Services	Determine replacement of vehicles and equipment replacement by using a rating system, with 1 being new and 12 being excessively worn.	% of vehicles and equipment rated 1 to 9	76%	65%	80%	80%	1 – 6 Low priority replacement 7 – 9 Medium priority replacement
			% of vehicles and equipment rated 10 to 12	24%	35%	20%	20%	Vehicles and equipment rated 10-12 are high priority replacements
	Maintain Fiscal Strength	Sell surplus equipment on GovDeals.com providing a means to recover funds from equipment taken out of service	% of items sold on GovDeals.com within 90 days of being declared surplus	100%	100%	100%	100%	Selling replaced vehicles and equipment helps to recover funds for the Town.
Develop Know-How	Develop a Skilled & Diverse Workforce	Complete continuing education classes on late model vehicle systems	# of classes attended by Fleet Maintenance employees	8	6	5	12	FY15 – new measure.

FLEET MAINTENANCE – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

The Fleet Maintenance Department was able to purchase all of the repair manuals and diagnostic tools needed to complete the department's work properly. In addition, the department was able to have the Street Division's snow and ice removal equipment ready for use by December 1 so that the town was prepared to manage winter weather events adequately. Another goal met was selling all surplus property within 90 days of being declared surplus. The Town also stayed on track when it comes to vehicle replacement, meeting the goal to replace 80 percent of vehicles rated 1-9 and 20 percent of vehicles rated 10-12. Maintaining a vehicle replacement schedule is important to reducing service interruptions to citizens and decreasing operational costs. Meeting the department's goals is important for the department to run efficiently and provide good service to the other departments as well as the public.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

Our department did not meet the goal of servicing vehicles and equipment on schedule. We were able to service 82 percent of vehicles and equipment on time, which fell below our goal of 85 percent. During May of last fiscal year, we implemented a new fleet software program. With this software, we are able to identify when vehicles need service and send out notices to the respective departments. Since we were only able to use this approach during part of the year, the percentage was lower than I expect it to be next year. The goal for 41 percent of the fleet to be passenger vehicles was not met. All positions that can have a smaller vehicle have already been assigned one. The current percentage is 31 percent, which is a respectable number considering the town's current positions and the goal will be updated. The recent purchase of 6-cylinder Ford Interceptors has helped to get us closer to our goal of 70 percent of police cars having 6-cylinder engines. More Interceptors are being ordered, so the goal should be met next year.

STREETS

STREETS – STRATEGY MAP “Linking Actions Through Cause & Effect”

Streets Mission

Street Division maintains the infrastructure of Town streets, sidewalks, and drainage systems to ensure safe and reliable roadways.

Strategic Priorities

Quality of Life

Growth Management

Economic Development

Superior Services

Community Safety

PERSPECTIVES

SERVE THE COMMUNITY

Expand Recreation, Walkability, & Connectivity

What and/or how will the department Serve the Community?

- Construct new sidewalks when funding is available.
- Maintain current sidewalks in good condition through a repair and replacement program.
- Resurface streets on a 20-year cycle and conduct payment condition surveys on a regular basis.
- Repair potholes and conduct other road maintenance as needed.
- Collaborate with the Police Department to analyze and create solutions to traffic safety issues.

What must the department excel at to effectively Serve the Community?

- Keep streets clear of snow and fallen trees for ease of emergency vehicle movement.
- Make asphalt repairs in a timely manner.
- Complete scheduled annual street repairs to minimize long-term costs and resurface streets by priority to provide for smooth and safe travel.
- Remove litter in the rights-of-way on a monthly basis to maintain clean roadways.
- Replace road and street signs as needed to ensure they meet national standards.
- Assist in analysis of requests for changes in speed limits, signage, and traffic calming measures.

What must be done financially and/or efficiently to achieve the department's objectives?

- Budgets must adequately provide for associated costs to resurface streets.
- Coordinate annual repairs and resurfacing with an engineer to ensure work is done properly and the Town gets service specified in the contract in terms of asphalt volumes.
- Before contracting out large asphalt projects, obtain pricing from multiple businesses to obtain lowest cost and best service provider.

What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Staff will complete the Institute of Transportation Research and Education (ITRE) training program.
- Staff will obtain work related licenses such as bucket truck certification, National Incident Management System, and safety training.

RUN THE OPERATIONS

Provide Responsive & Consistent Services

Enhance Emergency Preparedness

MANAGE RESOURCES

Invest in Infrastructure

Deliver Services Efficiently

DEVELOP KNOW-HOW

Support Training, Learning, & Growth

Develop a Skilled and Diverse Workforce

STREETS & POWELL BILL – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Expand Recreation, Walkability, & Connectivity	Maintain/repair current sidewalks for public safety	% of sidewalks rated in good or better condition	99%	99%	99%	99%	
		Construct new sidewalks according to sidewalk plan	Total linear feet of new sidewalk	0	0	0	2,000	No new sidewalk construction
Run the Operations	Provide Responsive & Consistent Services	Repair potholes on a consistent basis	% of potholes repaired within 3 business days of identification	N/A	N/A	80%	75%	Identification could be by either staff or citizens.
		Utility cuts are repaired on a consistent basis	% of utility cuts repaired within four weeks	10%	14%	69%	50%	FY13 & FY14 based on 2-week period.
	Enhance Emergency Preparedness	Complete Emergency Management Institute training courses	% of employees successfully completing courses	100%	100%	87%	100%	New employee will receive training in FY16.
Manage Resources	Invest in Infrastructure	Provide annual street resurfacing per plan	% of lane miles resurfaced	6%	6%	6%	5%	A 5% resurfacing target translates to streets resurfaced on a 20-year cycle.
			% of streets rated in good or better condition	80%	85%	88.7%	90%	Percentage based on updated December 2014 Pavement Condition Survey
Develop Know-How	Support Training, Learning & Growth	Emphasize the completion of the ITRE Roads Scholar Program	% of staff receiving certification	57%	57%	50%	75%	Staff continues ITRE training.
	Develop a Skilled and Diverse Workforce	Invest in Employee Training to Increase Skill and Experience	% of Department promoted above Equipment Operator I	43%	43%	37%	57%	Staff continues to train

STREETS – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

The Streets Division continues to improve road condition in Hillsborough. In FY15, over 4.5 miles of streets were resurfaced. This translates to a 3.7 percent increase in the percentage of streets rated in good or better condition compared to FY14. Next year will be the final year of a four-year street resurfacing plan to increase funding from previous years. Because of the increase in resurfacing, the number of work orders generated by repairing potholes continues to be low.

The percentage of utility cuts repaired within four weeks exceeded the target goal of 50 percent, by 19 percent. The new measurement standard of four weeks instead of two weeks is a more realistic timeframe for Public Works to perform asphalt repairs.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

The targets for percentage of employees completing Emergency Management training, ITRE Roads Scholar certification and promotion above Equipment Operator 1 level were not met. This is due to the hiring of new staff, the availability of ITRE classes and staff gaining new skills required for a promotion in the Public Works department. To meet target goals, staff will continue their educational and equipment training.

SOLID WASTE

SOLID WASTE – STRATEGY MAP “Linking Actions Through Cause & Effect”

Solid Waste Mission

Solid Waste Division provides solid waste collection to maintain public health and support an aesthetically pleasing environment.

Strategic Priorities

Quality of Life

Growth Management

Economic Development

Superior Services

Community Safety

PERSPECTIVES

SERVE THE COMMUNITY

Strengthen Citizen Involvement & Access

Improve Satisfaction with Services

What and/or how will the department Serve the Community?

- Collect solid waste on a timely and consistent schedule. Collection of residential roll-out carts, leaf, brush, and bulk item collections is the top priority of the department.
- Maintain and clean Town parks to provide a safe environment to the public.
- Emergency debris and snow removal when needed.
- Communicate service information to residents through the Town website and other information materials.

What must the department excel at to effectively Serve the Community?

- Provide on-time collection of roll-out carts, brush, leaves, and bulk items so items are not left along the roadside.
- Conduct routine maintenance patrols through the Town's parks.
- Remove dead animals from Town streets in a timely manner.
- Provide trash collection for Last Fridays, parades, and other public events.
- Empty downtown street receptacles daily and keep the sidewalks in the business area free of litter.
- Be prepared for collection during disasters.

What must be done financially and/or efficiently to achieve the department's objectives?

- Schedule equipment replacements and additions so Department has the resources to adequately serve current and future customers.
- Provide cost effective solid waste collection.
- Adhere to Standard Operational Guidelines to provide responsive and consistent service.
- Respond to reports of missed collections of rollout carts, brush, bulk items and leaves.
- Plan to provide services to new residential units ensuring a smooth transition as new subdivisions are completed.

What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Train staff to operate and maintain all solid waste equipment.
- Replace solid waste collection truck according to the equipment replacement parameters.

RUN THE OPERATIONS

Enhance Emergency Preparedness

Provide Responsive & Dependable Services

MANAGE RESOURCES

Deliver Efficient Services

DEVELOP KNOW-HOW

Develop a Skilled and Diverse Workforce

Support Training, Learning & Growth

SOLID WASTE – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Strengthen Citizen Involvement & Access	Provide public with informational materials	# of unique public information materials distributed to residents annually	5	4	4	4	Collection schedules, Town website, public service announcements, and door hangers.
	Improve Satisfaction with Services	Complete work orders in a timely manner	% of work orders completed within 2 business days	97%	97%	82%	90%	Period decreased from 1 week to 2 business days in FY14.
Run the Operations	Provide Responsive & Consistent Services	Ensure that residential refuse collection routes are serviced on a consistent basis	% of garbage routes completed on schedule	100%	100%	99%	100%	Routes delayed due to inclement weather
			% of brush routes completed on schedule	100%	81%	92%	95%	
Manage Resources	Deliver Efficient Services	Increase route productivity for leaf collection	Truck loads of leaves collected per FTE hour	0.46	0.39	0.41	0.50	Leaves distributed to local residents.
		Emphasize route productivity for residential refuse collection	Costs per collection point	\$218	\$263	\$246	<\$220	Increase in the number of households contributed to lower costs due to economies of scale.
		Seek out sources to compost leaves and minimize trips to the landfill	% of leaves composted via delivery to farms and other sources	100%	100%	100%	100%	

SOLID WASTE – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

Garbage collection routes were completed on schedule 99 percent of the time. Snow and ice on the roads account for the one percent of the time when routes were not completed on schedule. In FY15, a replacement garbage truck was added to be able to provide reliable service. Collection costs per residence, which includes residential garbage and vegetative debris, decreased by 6.4 percent. The decrease is partly attributed to lower vegetation debris tipping fees that occurred from the FY14 ice storm and the increase in the number of new households, which translates to lower costs due to economies of scale. The reduction of debris accounts for the 11 percent increase in brush routes completed on time.

In FY15, 100 percent of loose leaves were distributed to local residents and farms, continuing to be a popular program. This eliminates landfill-tipping fees, which reduces costs to the taxpayers.

Information about solid waste collection was distributed to residents through various media. The public information officer kept residents updated with information about collection schedules via public service announcements, brochures, and the town website. The Hillsborough government access television channel is another regularly updated source for information.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

Upcoming future challenges will be providing services to new housing developments as they are constructed. Garbage and brush collection routes will need to be evaluated to remain efficient, which leads to lower collection costs. Staffing levels may increase as demand rises for public works services.

STORMWATER

STORMWATER – STRATEGY MAP “Linking Actions Through Cause & Effect”

Stormwater Mission

Reduce stormwater runoff impacts to local water bodies by maintaining compliance with the Town’s National Pollutant Discharge Elimination System (NPDES) permit, regulating the developed community, and educating the public about ways to reduce stormwater runoff pollution.

Strategic Priorities

Quality of Life

Growth Management

Economic Development

Superior Services

Community Safety

PERSPECTIVES

SERVE THE COMMUNITY

Strengthen Citizen Involvement & Access

Improve Satisfaction with Services

Enhance Community Sustainability

What and/or how will the department Serve the Community?

- Provide training, outreach, and involvement opportunities so residents can learn about the importance of stormwater and assist with the protection of water quality.
- Provide prompt assistance to citizen requests regarding stormwater runoff and related issues.

What must the department excel at to effectively Serve the Community?

- Promptly investigate complaints or requests regarding potential illicit discharges.
- Conduct dry weather screenings of areas identified with the potential for illicit discharges and if found, facilitate their removal.
- Expand illicit discharge detection and Good Housekeeping training to all Town employees to assist in identifying potential stormwater runoff pollution threats.

What must be done financially and/or efficiently to achieve the department’s objectives?

- Maintain Town-owned and operated stormwater infrastructure to reduce or eliminate potential stormwater pollution.
- Maintain Town-owned facilities in accordance with stormwater best management practices.
- Conduct monitoring and inspection of both public and private stormwater facilities and local water bodies to ensure compliance under permit requirements.
- Provide timely and consistent review of development plans.

What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Attend pertinent workshops, training courses and conferences to stay current on best practices and stormwater issues affecting the Town.
- Maintain membership and active participation in local watershed associations, trade associations and related groups.

RUN THE OPERATIONS

Provide Responsive & Consistent Services

MANAGE RESOURCES

Invest in Infrastructure

Deliver Efficient Services

DEVELOP KNOW-HOW

Develop a Skilled & Diverse Workforce

STORMWATER – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Strengthen Citizen Involvement & Access	Provide public with informational materials	# of issues of the Stormwater Almanac published	1	3	2	3	Goal is 2-4 issues annually.
			Develop/update educational materials (i.e. fact sheets, flyers, handouts, etc.)	1	1	1	1	Goal is to develop or update at least 1 annually.
			Distribute materials through emails, events, mail-outs, etc.	102	100	117	100	Goal is at least 100 total items distributed, more when doing a mail out.
			# of volunteer clean-up opportunities provided	1	1	2	1	Goal is to provide at least 2 opportunities for public litter clean-up, including NC Big Sweep.
			# of volunteer planting, monitoring and maintenance projects provided	1	1	1	1	Goal is to organize at least 1 project for citizens to participate in annually.
			# of special events attended or presentations provided for outreach	4	3	3	3	Goal is 2-4 annually.
			# of outreach/educational sessions provided to local schools	5	4	4	4	Goal is at least 4 annually.
	Improve Satisfaction with Services	Provide public assistance regarding stormwater and related issues	% of inquiries investigated and resolved within 3 weeks	90%	95%	90%	95%	All have been investigated w/i 3 weeks; some still being resolved
	Enhance Community Sustainability	Monitor streams	# of voluntary stream monitoring locations	3	4	4	4	Provide interested groups locations and technical support to monitor streams.
		Promote volunteer projects and/or community partnerships	# of volunteer projects and/or partnerships	1	1	1	1	Goal is at least 1 new project/partnership that promotes community sustainability (Currently, OHS project).
Run the Operations	Provide Responsive & Consistent Services	Identify and resolve illicit discharges	# of new screening areas identified for illicit discharge inspections	1	1	0	1	No new screening areas have been identified nor were screenings completed due to lack of staff time.
			% of illicit discharges identified through screening that are removed/resolved	N/A	90%	0	90%	Since no new screening occurred, no illicit discharges were identified.
			% of illicit discharge complaints and/or citizen requests investigated within 2 business days	100%	95%	100%	95%	All complaints/requests should be investigated as soon as possible.
			% of illicit discharge complaints and/or citizen requests resolved	100%	90%	100%	90%	Intent is to resolve all complaints.
		Enhance illicit detection capabilities by cross-training employees on illicit detection	% of public works and utilities crews, police officers and fire volunteers completing courses	0%	25%	3%	25%	Only WWTP employees had stormwater training this year; Training was offered to other departments w/no response

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Manage Resources	Invest in Infrastructure	Maintain municipal facilities and operations in accordance with Good Housekeeping Principles	% of facilities passing Good Housekeeping inspections	100%	100%	89%	95%	Two facilities were not compliant; of those 1 has completed corrective actions
		Maintain stormwater system	% of storm drainage system inspected annually to determine maintenance needs	N/A	15%	2%	20%	In previous years, this was a "best guess" by Public Works. A systematic approach is being developed to ensure systems are clean and functioning and to identify where cleaning/maintenance occurs.
	% of storm drainage system cleaned annually		10%	10%	1%	20%	In previous years, this was a "best guess" from Public Works. More funding needs to be appropriated to reach target.	
	% of curb & gutter streets swept monthly		100%	100%	100%	95%	Required pursuant to NPDES Phase II permit and may be required as part of the Stage I Falls Lake requirements.	
	Deliver Efficient Services	Review development plans in an accurate and timely manner	% of plans reviewed within 1 month of receipt	100%	100%	100%	100%	
		Conduct stream determinations pursuant to riparian buffer rules	% of stream determination requests completed within 1 month of receipt	N/A	100%	100%	100%	Goal is to complete requests, including letter report within 30 days.
		Inspect active construction projects (both public & private) to ensure environmental compliance	% of active construction projects inspected at least monthly	N/A	100%	100%	100%	Goal/target is to inspect all active construction projects disturbing 0.5 acre or more at least monthly.
		Inspect public and private best management practices to ensure proper installation and function	% of best management practices (BMPs) inspected	23%	18%	33%	20%	Contract consultant is assisting in these inspections/audits with a new goal moving forward of 33% with the hopes to increase compliance
		Develop a Skilled & Diverse Workforce	Provide continuing education in stormwater trends and practices	# of training workshops and conferences attended	1	2	2	2

STORMWATER – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

Fiscal Year 2015 included continued efforts to increase compliance on private property with stormwater best management practices (BMPs), or what we are now calling stormwater control measures (SCMs). SCMs/BMPs refer to engineered, structural stormwater control devices such as a stormwater detention ponds. Efforts included changing our local ordinance that now requires all SCM/BMP owners to submit an annual inspection and maintenance report by September 1 of each year. This requirement reduces time needed to track when reports are due by staff. This change also applies to SCMs/BMPs that were installed prior to existing regulations. Certified letters were mailed to each SCM/BMP owner notifying them of the change and requirements. An educational flier was also included with the mailing describing the importance of reducing stormwater runoff pollution. As a result, compliance has increased from 33 percent in 2013 to roughly 65 percent this year; additional compliance is expected as the September 1 deadline passes. In addition, the town used a consultant to audit 33 percent of the SCMs/BMPs, using the online tool, Utility Cloud. This is not only the highest percentage reviewed in a year, but this also provided the program manager additional time to pursue other stormwater tasks. Other field and site inspection workflows have been added to Utility Cloud and are currently being tested. This includes illicit discharge inspections, riparian buffer inspections, stormwater good housekeeping inspections for town facilities and stream determinations. By adding these workflows to the Utility Cloud system, efficiency is expected to improve.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

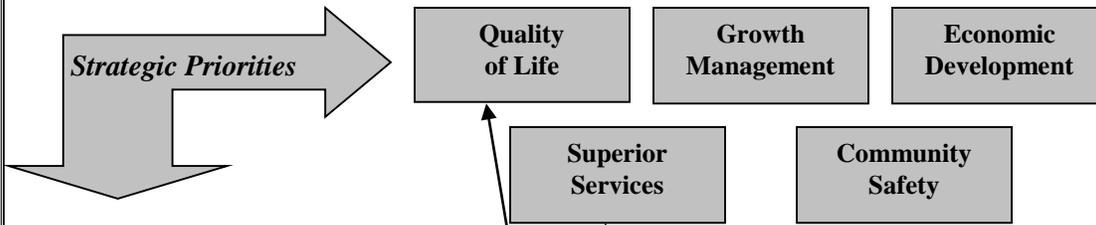
The area in which the stormwater program clearly struggles is infrastructure maintenance. In recent years, public works has estimated how much infrastructure is inspected and maintained, typically 10 percent, which is the current target. As part of the stormwater utility fee analysis currently being drafted, it has become evident that only 2-3 percent of stormwater infrastructure is being inspected and maintained annually. Inspection and maintenance of stormwater infrastructure is the responsibility of Public Works. Additional funding is needed to meet or exceed targets. This need will be discussed as part of the stormwater utility fee vetting process. Moving forward, things like catch basins, pipes, swales will be input into the online Utility Cloud system and a systematic process for inspection and maintenance will be developed. These challenges are documented further in the stormwater utility analysis, which will be presented to the board of commissioners. Cross training is another area that needs to be addressed by making sure that the management team knows that employees should attend annually.

CEMETERY

CEMETERY – STRATEGY MAP “Linking Actions Through Cause & Effect”

Cemetery Mission

Cemetery Division supports public requests and maintains cemetery grounds.



PERSPECTIVES



What and/or how will the department Serve the Community?

- Maintain cemeteries and support requests from the public, funeral homes, and monument companies.
- Communicate service information to residents through the Town website and information materials.



What must the department excel at to effectively Serve the Community?

- Maintain cemetery maps, files, and record database.
- Provide timely and accurate response for grave and monument marking.
- Monitor gravesites and transfer burials rights for the public.



What must be done financially and/or efficiently to achieve the department's objectives?

- Budget appropriately to provide grounds and garden fountain maintenance.
- Produce informational brochures.



What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Provide up-to-date cemetery records.
- Train staff to correctly locate gravesites.

CEMETERY – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Strengthen Citizen Involvement & Access	Provide public with informational materials including historical information, map of gravesites and cemetery guidelines	# of unique public information materials distributed to residents annually	2	4	4	2	Margaret Lane Cemetery and Town Cemetery brochures. Website provides public access to Town Cemetery burial sites and a map.
Run the Operations	Provide Responsive & Consistent Services	Ensure timely and accurate response to grave and monument marking	% of marking requests completed within 24 hours	100%	100%	100%	100%	

CEMETERY – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

Information about the Cemetery Division was disseminated to the public through brochures, public service announcements, and the citizen newsletter. The Orange County Visitors Center helped to increase awareness of the Margaret Lane Cemetery by distributing brochures to Hillsborough tourists. Access to information about the Hillsborough Cemetery, such as grave locations and a map of the cemetery is now available to the public on the town website. This provides the public a useful tool to locate family members or do genealogical research. The website will also reduce staff time needed to provide cemetery information to the public.

Assisting funeral homes and monument companies in a timely manner remains a priority for the division. Response time is consistently under 24 hours, which allows adequate preparation time for funeral homes and companies installing grave markers.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

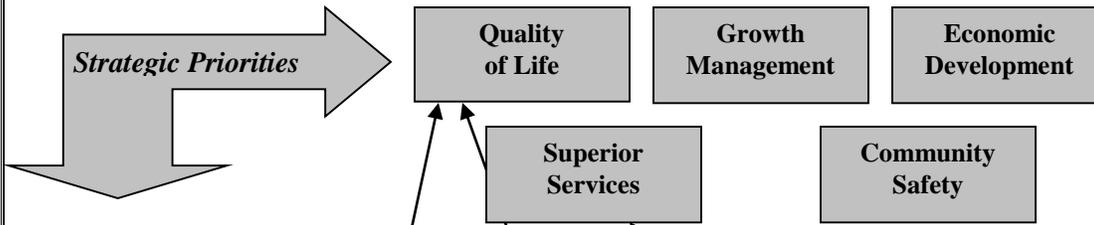
Cemetery targets were met and cooperation between town staff, funeral homes, and monument companies will continue in the future.

WATER & WASTEWATER

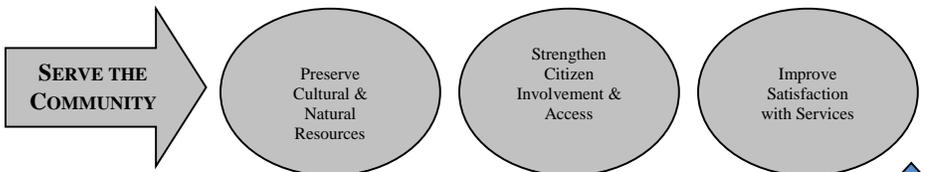
WATER & WASTEWATER DEPARTMENT - STRATEGY MAP "Linking Actions Through Cause & Effect"

Water/Wastewater Department Mission

The Town of Hillsborough's Water/Wastewater department is committed to providing reliable, high quality water supply and wastewater reclamation services in a cost effective manner within the Town of Hillsborough's service area, consistent with a demonstrated public need; community health and safety standards; regulatory requirements; and sound technical, financial and customer practices.

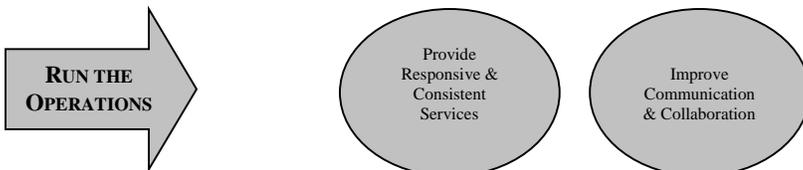


PERSPECTIVES



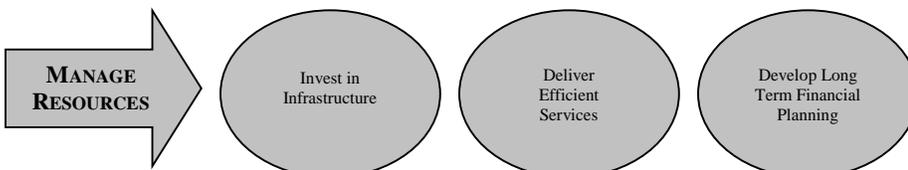
What and/or how will the department Serve the Community?

- Promote public education through school field trips and public tours of the utilities facilities.
- Promote public awareness through Water Quality & Wastewater Reports, website, and social media.
- Provide clean and safe drinking water utilizing modern technology.
- Work closely with Local, State, and Federal stakeholders to protect the Eno River.
- Provide water and sewer services at the most affordable rate possible.



What must the department excel at to effectively Serve the Community?

- Quickly and effectively respond to service calls and emergencies such as water leaks, service interruptions, sewer back-ups and after hours calls.
- Coordinate efforts between all Water/Sewer divisions to maximize efficiency of personnel and equipment.
- Provide employee training in emergency response procedures to ensure quick and efficient response to all levels of emergencies and customer service needs.
- Operate a safe workplace with minimal accidents and injuries.



What must be done financially and/or efficiently to achieve the department's objectives?

- Protect and prolong the Town's assets by maintaining a proactive preventative maintenance program.
- Continue the emphasis placed on infrastructure maintenance.
- Maintain and keep the 20-year CIP/Asset Management System up-to-date.
- Maintain healthy savings and contingency levels to deal with unexpected expenses, events, and revenue shortfalls.
- Maintain the Water Capacity Analysis to ensure water resources are considered in development approval processes.



What will the department do to provide personnel with the skills, tools, and organizational climate that are necessary to implement objectives?

- Provide ongoing training opportunities to increase knowledge and obtain advanced certifications.
- Encourage employee participation in Local, State and Federal level associations and committees.
- Encourage cross-training/certification to maximize employee utilization efficiency.

ADMINISTRATION OF ENTERPRISE – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result	
Serve the Community	Improve Satisfaction with Services	Utilize the Citizen Survey approval ratings to improve customer satisfaction	“I feel the water and wastewater services received are of good quality” - Average rating of Citizen Survey respondents	N/A Bi-Annual Survey	7.67	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree	
			“I feel the water and wastewater services received are of good value” - Average rating of Citizen Survey respondents	N/A Bi-Annual Survey	6.67	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1 = strongly disagree 10 = strongly agree	
Run the Operations	Provide Responsive & Consistent Services	Respond to citizen requests in a timely manner	% of work orders completed within 48 hours	100%	100%	99%	100%	This measure is a combination of both Water Distribution & Wastewater Collection. only 1 work order was not handled within 48hrs.	
	Improve Communication & Collaboration	Utilize the Employee Survey results by increasing awareness and communication with employees	“Management listens to employee ideas” – Average rating of Employee Survey respondents	7.45	N/A Bi-Annual Survey	7.64	>7	10 point rating scale: 1 = strongly disagree 10 = strongly agree	
			“Information and knowledge are shared with employees” – Average rating of Employee Survey respondents	8.40	N/A Bi-Annual Survey	7.45	>8	10 point rating scale: 1 = strongly disagree 10 = strongly agree	
			“Communication is encouraged between departments” – Average rating of Employee Survey respondents	6.90	N/A Bi-Annual Survey	6.82	>7	10 point rating scale: 1 = strongly disagree 10 = strongly agree	
Manage Resources	Develop Long-Term Financial Planning	Maintain or retained earnings >25% of total annual expenditures	Retained earnings as % of total annual expenditures	43% Actual	61% Actual	54% Est.	>25%	Target Range: 20-60%	
Develop Know-How	Develop a Skilled & Diverse Workforce	Provide ongoing training opportunities	% of employees that have obtained higher, or additional certifications, or have reached the maximum certification level for their department	81%	78%	78%	75%	Continual certification advancement ensures a well-qualified workplace.	
			“I receive the training I need to do my job well” – Average rating of Employee Survey respondents	8.90	N/A Bi-Annual Survey	8.36	>8	10 point rating scale: 1 = strongly disagree 10 = strongly agree	
	Support Training, Learning, & Growth	Encourage professional development	Encourage participation in associations and committees	# of committees in professional organizations staff is involved in	7	7	7	6	Kenny-2, Jeff-2, Will-3.
			“My supervisor encourages and supports my professional development” – Average rating of Employee Survey respondents	8.45	N/A Bi-Annual Survey	7.91	>8	10 point rating scale: 1 = strongly disagree 10 = strongly agree	
			“I’m encouraged to learn from my mistakes” – Average rating of Employee Survey respondents	8.85	N/A Bi-Annual Survey	7.91	>8	10 point rating scale: 1 = strongly disagree 10 = strongly agree	

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

We continued to meet our departmental target of staff's involvement in professional organizations. Through this accomplishment, staff was exposed to other utilities employees, broadening our ideas to solve issues encountered by Hillsborough's utilities department. This level of involvement also demonstrates Hillsborough as being participatory in advancing the utilities profession. We will continue to participate in these opportunities, and look for new ways that we, and other employees, can contribute to the profession.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

The employee survey was delayed this year and results were not made available until November.

WATER SERVICES – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Strengthen Citizen Involvement & Access	Promote public facilities	# of Water Treatment Plant tours and school/public presentations per year	3	6	3	5	Have at least one Scout plant tour and set up a booth at Last Fridays.
	Improve Satisfaction with Services	Improve customer satisfaction	# of complaints about water quality per 1,000 meters <i>UNC Benchmarking Average</i>	3.3 5.24	0.9	1.2	1.5	
Run the Operations	Provide Responsive & Consistent Services	Consistently and reliably provide safe drinking water	# of State issued “Notices of Violation”	1	1	0	0	Great progress has been made on TTHM levels.
Manage Resources	Invest in Infrastructure	Increase the emphasis placed on water services infrastructure	# of water line breaks on 6” and larger lines	14	14	16	<20	Hope to show decrease in main breaks with replacement and upgrades to distribution system.
	Deliver Efficient Services	Optimize efficiency of water services provided	Water treatment cost per 1,000 gallons treated	\$1.79	\$1.81	\$1.83	<\$1.92	WTP costs only, calculation does not include capital depreciation.
			Billed potable water as % of finished water <i>UNC Benchmarking Average</i>	87% 84%	90%	90%	90%	
			AWWA water infrastructure leakage index	1.72	0.56	TBD	<3.0	Target range: 1-3 (1= exceptional, >8 = poor)
		Provide customers with quality services at an affordable cost	Water bills as % of Median Household Income (MHI)	0.92%	0.99%	0.95%	<1%	Per UNC School of Government, affordability becomes a concern once indicator surpasses 1%.

WATER SERVICES – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

The Water Distribution Division met its goal of keeping main breaks 6 inches and larger to a minimum, and the hope is to keep this trend going. The replacement of old water mains in the past four to five years, as well as improvements with the Mayo booster station have helped reduce main breaks. Our division plans to continue replacing old water mains, updating our booster stations, as well as looping dead ends wherever possible.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

Although the distribution division did meet its goal for main breaks, it was a tremendously hard year for service leaks. We struggled for most of the year when we lost the inmate labor due to a fire at the department of corrections facility. This exposed our weakness when it comes to staffing. We will need to increase our distribution staff by at least four more positions and possibly another supervisor in the next 2-4 years if we are going to be proactive and not dependent on inmate labor, which is restricted in its abilities.

We have not been able to complete the American Water Works Association water infrastructure leakage index yet due to delays in receiving data from the Billing & Collections Office due to issues with the software update.

WASTEWATER SERVICES – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Preserve Cultural & Natural Resources	Protect the water quality of the Eno River	% of permitted nitrogen discharged to the Eno River	39.5% (CY12)	36.5%	4.41% (CY14)	<50%	The allowable Nitrogen and Phosphorous discharge is significantly reduced in CY16. The 80% target is a trigger for the next plant upgrade
			% of permitted phosphorous discharged to the Eno River	42.8% (CY12)	48.3%	53.5% (CY14)	<50%	
			Wastewater biochemical oxygen demand removal efficiency	99.4% (CY12)	>99%	99.12% (CY14)	>99%	>95% = Excellent 95-90% = Good <90% = Poor
			Wastewater suspended solids removal efficiency	98.3% (CY12)	>99%	99.84% (CY14)	>99%	>95% = Excellent 95-90% = Good <90% = Poor
			# of sanitary sewer overflows	4 (CY12)	0	1 (CY14)	<3	
Strengthen Citizen Involvement & Access	Promote public utility facilities	# of Wastewater Treatment Plant tours per year or school/public presentations	0	2	10	>5	The WWTP began working with local schools' science programs in FY14 and has a booth at Last Fridays.	
Run the Operations	Provide Responsive & Consistent Services	Proactively work to reduce sewer back-ups	Sewer back-ups as a % of sewer accounts	0.04% (CY12)	0.01% (CY13)	0.02% (CY14)	<2%	The 2% target is the industry average.
		Consistently and reliably protect water quality of the Eno River	State issued "Notices of Violations" for wastewater services	0	0	0	0	No violations received in FY11, FY12, FY13, FY14 or FY15.
		Minimize sewer system odors	# of odor complaints at pump stations	N/A	1	3	<5	
			# of odor complaints at the WWTP	0	0	0	0	
Manage Resources	Invest in Infrastructure	Increase the emphasis placed on wastewater services infrastructure	Peak monthly demand as % of wastewater treatment capacity	83.6% (CY12)	38%	43.2% (CY14)	<80%	When 80% of permit capacity is reached, design of the next upgrade must begin (State requirement).
	Deliver Efficient Services	Optimize efficiency of wastewater services provided	Wastewater treatment cost per 1,000 gallons treated	\$2.99	\$2.74	\$2.83 Est.	<\$3.30	Calculation includes personnel and operations costs only.
		Provide customers with quality services at an affordable cost	Wastewater bills as % of Median Household Income (MHI)	1.08%	1.26%	1.26%	<1%	Per UNC School of Government, affordability becomes a concern once indicator surpasses 1%.

WASTEWATER SERVICES – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

Objective—Preserve Cultural & Natural Resources

Protect the water quality of the Eno River: The wastewater plant effluent quality continues to far surpass the requirements of the state regulated permit.

The collections division was able to meet its goal of reducing sanitation sewer overflows, and continues to be very proactive in eliminating inflow and infiltration and rehabilitating old sewer mains and manholes.

Objective—Provide Responsive & Consistent Services

Both the wastewater plant and the collection system operate under state issued permits. State regulators enforce the permits through review of required reports and inspections of facilities. Non-compliance with any part of the permit may result in a Notice of Violation (NOV). A NOV may also include fines of up to \$25,000 per day per violation. The Town's wastewater services received **no** NOVs during FY2015.

Objective—Invest in Infrastructure

Overall reduction in stormwater and groundwater entering the wastewater collection system has not only resulted in a significant reduction of flows to the wastewater plant, it has also helped prevent sanitary sewer overflows, which are very harmful to the environment and human health. The staff will continue to monitor the system to identify problem areas and budget rehabilitation efforts whenever possible.

Objective—Strengthen Citizen Involvement & Access

Number of wastewater treatment plant tours per year: Staff has begun working with science programs at local schools and universities to promote wastewater treatment education.

Public education: An educational film series called “*What’s Happenin’ Hillsborough,*” shown via the town’s website and government access channel, has been very successful and popular. Staff plans to continue using this venue to communicate information about upcoming projects, and to provide educational information about water quality issues and conservation.

Challenges:

Objective—Deliver Efficient Services

The cost for wastewater services in Hillsborough continues to be high when compared to some surrounding communities. Several unavoidable costs factors attribute to this:

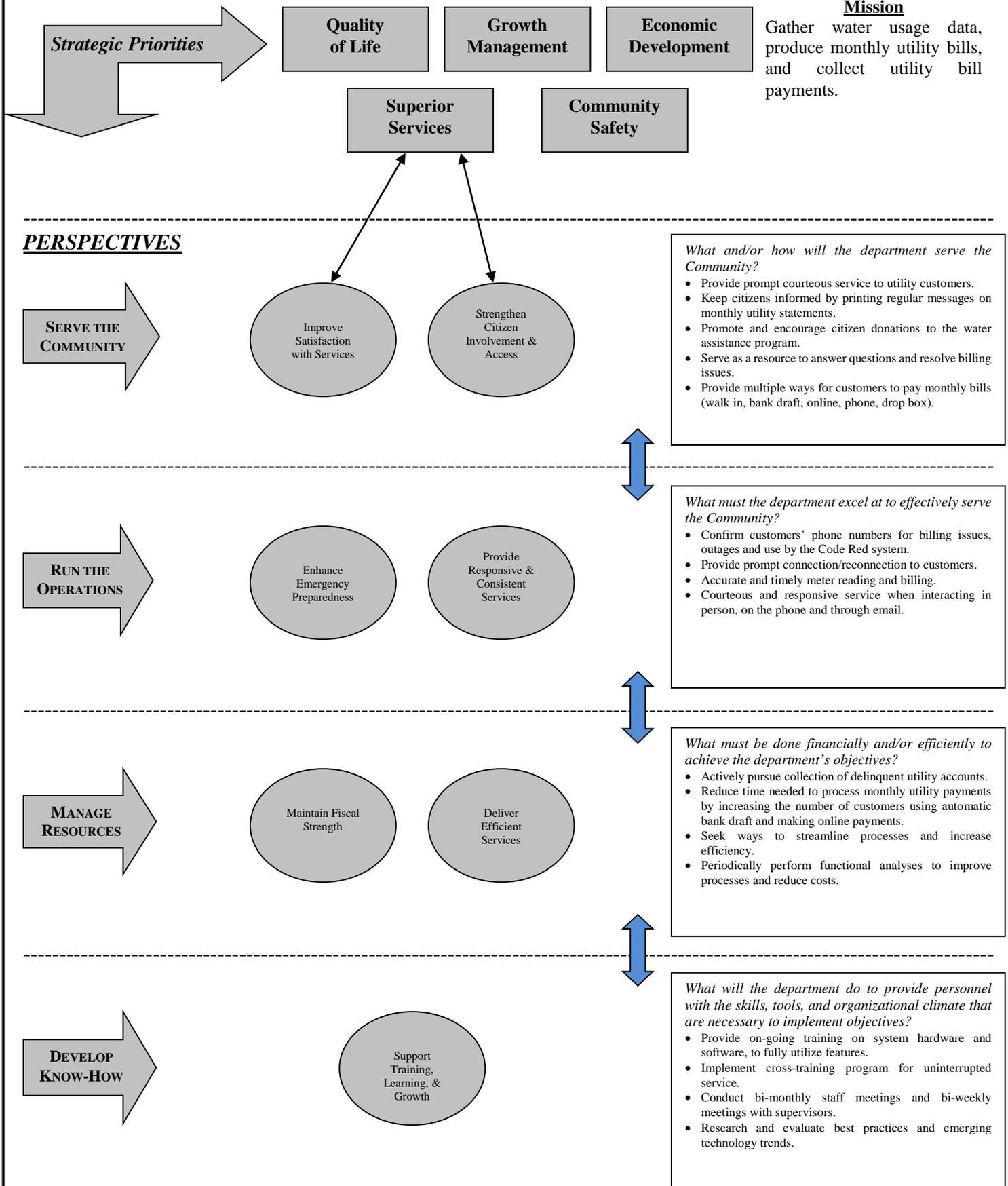
- Staffing requirements to treat 1M gallons per day are the same as treating 4.9M gallons per day. As Hillsborough grows, we will become more and more price competitive.
- Hillsborough has many more pump stations than a typical municipality, which are extremely expensive to operate and maintain. When compared to the City of Mebane, Hillsborough has three times the number of pump stations per million gallons treated, and nearly twelve times more than the City of Raleigh.
- The sewer service area has a very low population density when compared to surrounding communities. This means that there is a lot of pipe in the ground to maintain with very few customers to pay for it.

BILLING & COLLECTIONS

BILLING & COLLECTIONS-STRATEGY MAP “Linking Actions Through Cause & Effect”

Finance Department Mission

Gather water usage data, produce monthly utility bills, and collect utility bill payments.



BILLING & COLLECTIONS – BALANCED SCORECARD

Perspective	Town-wide Objective	Initiative	Measure	FY13 Actual	FY14 Actual	FY15 Actual	FY15 Target	Status/Result
Serve the Community	Strengthen Citizen Involvement & Access	Encourage citizens to contribute to the water assistance program	Dollars donated by citizens	\$4,821	\$5,256	\$4,437	N/A	Donations continue to remain steady.
	Improve Satisfaction with Services	Provide quality service as perceived by utility customers	“Collections staff are helpful” – Average rating of Citizen Survey Respondents	N/A Bi-Annual Survey	7.85	N/A Bi-Annual Survey	N/A Bi-Annual Survey	10 point rating scale: 1= strongly disagree 10 = strongly agree
		Provide water utility assistance to indigent families with contributions from citizens	# of households assisted and total dollar assistance (calendar year)	67 \$4,820 (CY12)	93 \$6,770 (CY13)	72 \$4,894 (CY15)	N/A	Assistance is being provided to families in need, but as economic conditions improve the need has lessened.
Run the Operations	Enhance Emergency Preparedness	Ensure that every utility customer has a current phone number on record for emergency notification. Staff will verify phone numbers each time a customer is assisted	% of accounts with phone numbers	98% Est.	98%	98%	99%	
	Provide Responsive & Consistent Services	Connect and reconnect utility customers in a timely manner	% of new utility customers connected within 24 hours of request	99% Est.	100%	100%	100%	
			% of current customers with interrupted service reconnected on the same day as payment	99% Est.	99%	100%	100%	
Manage Resources	Deliver Efficient Services	Expand the use of technology for receiving utility payments	% of utility customers on automatic bank draft	25.3%	25.3%	24.6%	27%	Although bank draft percentage is only 27%, this number increases to 38% with online bill pay.
		Replace manual read meters with electronic read meters	% of meters electronically read	99%	99%	99%	100%	Vacant meters not included in count.
	Maintain Financial Strength	Collect Delinquent utility accounts through Debt Setoff program	% of bad debt collected (cumulative)	29.5% (CY12)	33% (CY13)	37% (CY14)	40% (CY14)	Collections efforts will continue.
			\$ amount of bad debt collected (cumulative)	\$153,790	\$203,089	\$224,695	230K	Collections efforts will continue.
Develop Know-How	Support Training, Learning & Growth	Provide customer service training on an annual basis	% of employees that have completed customer service training within the last 3 years	16.7%	60%	100%	TBD	

BILLING & COLLECTIONS – FY15 YEAR-END BALANCED SCORECARD OVERVIEW

ACCOMPLISHMENTS:

Which targets did your department meet and/or exceed? What is the significance of meeting these targets? How did the department meet/exceed these targets? What will be done to ensure continued success?

The Billing and Collections Office exceeded its goal for delivering efficient services to the public this year. Although the measure is listed as automatic bank draft customers, the town now accepts online payments as well. The combined percentage, taking into account both bank draft and online payments, is 38 percent. This is a significant accomplishment because not only does this provide convenience in payment for the customer, but also results in a lighter workload on the town's employees as these customers do not have to be serviced in person or by mail. To ensure continued success we will offer these services to new customers as well as promote these services on our website, water/sewer bills and in press releases.

Billing and Collections also met its goal to develop a skilled and diverse workforce by providing opportunities for staff to attend training on existing software, computer usage, customer service and supervisory skills to ensure best practices and promote growth. One-hundred percent of employees attended at least one class, workshop, seminar, or conference within the reporting period/fiscal year. Meeting this goal contributes to the ability to stay up-to-date on rapidly changing business practices and remain proficient with their customer service skills.

CHALLENGES:

Which targets did your department not meet? What challenges did the department face in meeting these targets? What will be done to try to meet the targets going forward (i.e. adjustments in strategy)?

Billing and Collections did not meet its debt setoff collections goal this year. Although there continues to be many accounts listed in the N.C. Debt Setoff programs, submitting new accounts for collections has been delayed due to staff limitations. Once all staff become more comfortable with the town's new financial accounting and billing software and two more collections clerks are hired/trained, more time can be devoted to submitting delinquent accounts. Being fully staffed will allow the Billing and Collections Supervisor to delegate some of her duties, allowing more time for collections processes to be completed.

The department did not reach its goal of having phone numbers for 100% of our customers. This was also unobtainable due to staff limitations. Once we are fully staffed and up to speed on our new software system, staff can devote time sending letters and doing research to try to obtain phone numbers for the accounts without them.

The department also did not meet its goal of reading 100 percent of our meters electronically. This is due to the fact that there is one meter in front of the police station in a difficult location and we cannot replace it with a radio read meter without tearing up the sidewalk and street. The replacement of this meter will be coordinated with the future paving of Churton Street by the N.C. Department of Transportation.