

**Committee of the Whole**

## STAFF REPORT

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| **Agenda Item:** | 6 and 7 | **Name:** | John Resha |
| **Proposed No**.: | 2014-01622014-0163 | **Date:** | June 11, 2014 |
| **Invited:** | Jim Chrisinger, Director Continuous Improvement |

**SUBJECT**

Proposed Ordinance 2014-0162 is an ordinance relating to a continuous improvement program and reporting requirements; and amending Ordinance 12075, Section 3, as amended, and K.C.C.2.16.025.

Proposed Motion 2014-0163 is a motion acknowledging receipt of a continuous improvement implementation plan, in compliance with the 2014 Annual Budget Ordinance, Ordinance 17695, Section 18, Proviso P4.

**SUMMARY**

Proposed Ordinance 2014-0162 would update K.C.C. 2.16.025 and adopt a statement regarding the continuous improvement program. There are outstanding policy questions regarding this proposed ordinance.

Proposed Motion 2014-0163 would acknowledge receipt of a report, in response to Ordinance 17695, Section 18, Proviso 4.

**BACKGROUND**

As part of the 2012 budget, Executive Constantine introduced investments in Lean thinking through a Continuous Improvement Team and numerous consulting and departmental resources. This focus on process improvement was supported by Council, due to its early perceptions of success and a clear countywide need to focus on business process management.

Lean is one of many business management programs that focuses on the processes and systems of a business and, through a series of analytic processes, identifies opportunities to make the processes and systems more effective or efficient.

Generally, the County has implemented a decentralized approach with limited central accountability and prioritization. During the 2014 budget process leadership from the Office of Performance Strategy and Budget identified the primary drivers for how and in what organizations Lean was being implemented as being driven the intersection of Pain (problems), Resources (staff and/or consulting appropriations) and Leadership (Department/Division Director interested in improving).

During this budget process, the Council, citing a goal of better understanding the entirety of the County's continuous improvement program and an interest in focusing continuous improvement resources on the highest priorities, centralized a number of FTE and approved a proviso in Ordinance 17695, Section 18, Proviso 4 stating:

 *Of this appropriation, $667,230 and 4.00 FTE shall not be expended or encumbered until the executive transmits a continuous improvement implementation plan, a draft ordinance establishing a continuous improvement program and reporting requirements in the King County Code, and a motion that acknowledges receipt of the plan and the motion is passed by the council. The motion shall reference the proviso's ordinance, ordinance section, proviso number and subject matter in both the title and body of the motion.*

 *The executive must file the plan and motion required by this proviso in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff and the lead staffs for the committee of the whole and the budget and fiscal management committee, or their successors.*

 *The plan shall include, but not be limited to:*

 *A. A description of the county's continuous improvement program;*

 *B. The role, responsibilities, including program accountability, and membership of an interbranch continuous improvement advisory board;*

 *C. Processes for ongoing project assessment, prioritization, selection, resourcing, implementation and evaluation;*

 *D. An ongoing process for approving improvement targets for projects, including quality, cost, safety and delivery, including timeliness, per the charter for specific projects;*

 *E. A post project review process;*

 *F. A process for regular, at least annual, reporting of performance and results;*

 *G. A training and development plan for countywide implementation of continuous improvement, with milestones for 2014 and 2015;*

 *H. A process for continuously improving the plan; and*

 *I. A description of how the achievement of continuous improvement targets and goals will be included in the performance evaluations of all department directors and division managers to provide for departmental, division and agency improvement, learning and accountability.*

**ANALYSIS**

**Proposed Ordinance 2014-0162**

Proposed Ordinance 2014-0162 consists of two sections. Section 1 would adopt a purpose/charge statement for the Office of Performance, Strategy and Budget (PSB) stating:

The office of performance, strategy and budget shall develop and implement a continuous improvement program to systematically improve results and make better use of resources through the use of Lean thinking and tools. Three major strategies of the program will be developing Lean leaders, transforming value streams, and building capacity, including training, for employees to use Lean tools and thinking. Reporting on the program's activities, results and learning shall be made available electronically on an ongoing basis.

This statement, while not intended to be codified, would:

Formally establish the use of Lean as a primary continuous improvement philosophy;

Identify the three functions of the continuous improvement program as:

* Training and coaching to executive leadership, as well as agency leaders and value streams;
* Implementing and facilitating process improvements; and
* Broadly deliver a range of training opportunities and create a Lean/continuous improvement community of practice.

Additionally this proposed section of Proposed Ordinance 2014-0162 includes a general statement regarding reporting, that it "shall be made available electronically on an ongoing basis".

Section 2 adds one statement to KCC 2.16.025 (defining PSB's functions and responsibilities), make PSB responsible for "Leading, coordinating and implementing a coordinated program of continuous improvement".

**Policy Questions for Proposed Ordinance 2014-0162:**

1. Is this approach with a codified general statement and a non-codified specific statement consistent with Council goals for the Continuous Improvement Program?
2. Are the identified functions consistent with Council goals for the Continuous Improvement Program?
3. Is the broad, non-codified approach to reporting consistent with Council goals for the Continuous Improvement Program?

**Proposed Motion 2014-0163**

Proposed Motions 2014-0163 would acknowledge receipt of the report attached to the proposed motion. The report is intended to be responsive to Ordinance 17695, Section 18, Proviso 4.

The report is drafted as a business plan for the continuous improvement team in response to a proviso rather than simply as a proviso response. As a result, the terminology and organization do not directly follow the proviso. In an effort to better cross-walk the team's work with Council needs, The Continuous Improvement Director provided an additional document dated June 3, 2014 organizationally aligned with the proviso. This document is provided as Attachment 4 to the staff report.

Based on staff review of the original response and the June 3 document, the Executive's response appears responsive to the proviso. These documents provide an initial opportunity for Council to better understand the Executive's approach to continuous improvement.

The conditions of the proviso appear to have been met. Although staff continues to seek direction on Proposed Ordinance 2014-0162, staff analysis of Proposed Motion 2014-0162 is complete. If the Council chooses to adopt the motion at this time, the restrictions on $667,230 and 4.00 FTE in PSB’s budget would be removed.

**AMENDMENTS**

None at this time.

**ATTACHMENTS**

1. Proposed Ordinance 2014-0162
2. Proposed Motion 2014-0163 and its attachments
3. Transmittal letter
4. Continuous Improvement Proviso Response dated June 3, 2014