

**Metropolitan King County Council**

**Committee of the Whole**

## STAFF REPORT

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| **Agenda Item:** | 5 | **Name:** | Mary Bourguignon John Resha |
| **Proposed No**.: | 2014-0162 | **Date:** | June 17, 2015 |

**SUBJECT**

Proposed Ordinance 2014-0162 is an ordinance relating to a continuous improvement program and reporting requirements.

**SUMMARY**

Proposed Ordinance 2014-0162 would require the Office of Performance, Strategy and Budget (PSB) to develop and implement a continuous improvement program using Lean[[1]](#footnote-1) thinking and tools to:

(1) Develop Lean leaders,

(2) Transform value streams, and

(3) Build capacity for employees to use Lean tools and thinking.

The proposed ordinance would require ongoing electronic reporting. It would also revise K.C.C. 2.16.025 by incorporating a statement assigning to PSB the role of “leading, coordinating and implementing a coordinated program of continuous improvement.”

The committee was briefed on this proposed legislation in 2014. At that time, committee members expressed an interest in written annual reporting (rather than undefined “ongoing” reporting). In addition, since the time Proposed Ordinance 2014-0162 was transmitted, the affected section of Code has been modified by other unrelated ordinances.

Amendment S1 would respond to both of these issues by incorporating the recent changes to K.C.C. 2.16.025 and requiring annual written reporting.

**BACKGROUND**

Over the course of the last six years, the Council and Executive have worked to develop a performance and accountability system to ensure that County priorities are realized in a way that is transparent and accountable to the people of King County. This work has included:

* A framework for a countywide performance and accountability system (Ordinance 16202);
* A Council/Executive interbranch Performance Management Action Team to review and make recommendations on how to realize County goals and priorities through agency operational and budgeting processes (Ordinance 17410);
* Establishment of a Continuous Improvement Team within the Office of Performance, Strategy and Budget, to guide departmental efforts to improve and streamline business processes (Ordinance 17695); and
* A revision to K.C.C. Chapter 2.10 to establish a new performance management and accountability system (Ordinance 17834).

During the 2014 budget process, leadership from PSB identified the primary drivers for how and in what organizations continuous improvement efforts were being implemented. Specifically, continuous improvement processes were viewed as being driven by the intersection of Pain (problems), Resources (staff and/or consulting appropriations), and Leadership (Department/Division Director interest in improving).

During that 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, approved the creation of a Continuous Improvement Team within the Office of Performance, Strategy and Budget, and issued a proviso (Ordinance 17695, Section 18, Proviso 4) requesting an implementation plan for the new Continuous Improvement Team.

The Executive responded to the proviso in April 2014 with a Continuous Improvement Implementation Plan, which the Council acknowledged through Motion 14150 (see Attachment 4). Proposed Ordinance 2014-0162 is a companion to this planning effort: it would make the needed changes to Code to implement the Continuous Improvement Implementation Plan.

**ANALYSIS**

Proposed Ordinance 2014-0162 consists of two sections. Section 1 would adopt a purpose 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 staff for County value streams;[[2]](#footnote-2)
  + Implementing and facilitating process improvements; and
  + Broadly delivering a range of training opportunities and creating a Lean/continuous improvement community of practice.

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 (which defines PSB's functions and responsibilities) to make PSB responsible for "Leading, coordinating and implementing a coordinated program of continuous improvement."

**AMENDMENT**

When Council was first briefed on the proposed ordinance, Councilmembers expressed an interest in receiving more formal and regular reporting than the undefined “ongoing” reporting specified in the ordinance as transmitted. Amendment S1 would respond to that interest by requiring annual, written reports to Council. Specifically, the striking amendment would require:

…an annual report to the council on the implementation of the continuous improvement program, including, but not limited to, a description of the number of people and agencies that have received training, the processes changed as a result of Lean implementation and the budget and other impacts of the changes. Each report shall be filed 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 and the lead staff of the committee of the whole, or its successor. (S1, lines 107-113)

The striking amendment also reflects updated language for K.C.C. 2.16.025 as amended by Ordinance 17929 and 17884, which were enacted last year after Proposed Ordinance 2014-0162 had been transmitted; and also incorporates technical corrections from the Code Reviser to K.C.C. 2.16.025.

**ATTACHMENTS**

1. Proposed Ordinance 2014-0462
2. Striking Amendment S1
3. Transmittal Letter dated April 14, 2014
4. Continuous Improvement Plan (as received via Motion 14150)

**INVITED**

* Jim Chrisinger, Director, Continuous Improvement, Office of Performance, Strategy and Budget
* Dwight Dively, Director, Office of Performance, Strategy and Budget

1. 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. [↑](#footnote-ref-1)
2. In performance management, a value stream is defined as the activities, materials, people, and information that must flow and come together to provide customers what they want, when they want it and how they want it. [↑](#footnote-ref-2)