



**THE TENNESSEE MUNICIPAL BENCHMARKING PROJECT:  
AN INVESTMENT IN TENNESSEE'S CITIES**  
Accompanying Brief to Presentation Given at the  
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### **Mission and Values of the Tennessee Municipal Benchmarking Project (TMBP)**

The Tennessee Municipal Benchmarking Project serves to provide accurate and timely performance and best practices information to improve the efficiency and effectiveness of Tennessee cities. The program works to foster a strong sense of community between its participating municipalities and their staffs. TMBP staff supports this relationship building through the documentation of best practices discovered in the project, by creating opportunities for city staff to network and share experiences, and by providing program training to share data collection methods which lead to excellence.

We recognize the need for both city managers and staff to be engaged in the TMBP. We also believe that the benchmarking experience must provide value to the operations of every participating city. To accomplish this, the project will educate cities on the actual return on investment that benchmarking delivers, helping cities enhance revenue and avoid costs. The project will launch Tennessee cities into the future as the most efficient and effective municipal service providers in the country.

### **Who We Are and What We Do**

TMBP is a project housed in the Municipal Technical Advisory Service, an agency of the University of Tennessee. The project began in 2002 with nine inaugural cities, including five cities which currently participate. Initial service areas measured were fire, police, and refuse. Today the project includes twelve cities, with eight cities participating for eight or more years.

The current project measures performance in the following service areas:

- Fire
- Police
- Refuse & Recycling
- Human resources
- Employment benefits
- Finance
- Building code enforcement
- Property maintenance code enforcement
- Planning and zoning

For most of its history TMBP has operated primarily as a data collection and analysis vehicle. TMBP staff distribute updated data collection forms to cities in August each year during our annual kick-off meeting. The distributed data collection forms ask for quantitative data on a wide variety of performance, cost, and resource indicators. Staff conduct an initial analysis of the data as it comes in from cities starting about October of the year, mainly attempting to spot and correct major outliers in the data, likely attributable to differences in measurement technique used by the individual cities. In January of the year, participating city and TMBP staff engage in a collective data cleansing session, where service area experts convene in a central location to evaluate the complete set of data submitted by all cities. These meetings also generate ideas about definitions to improve and measures which should be deleted or added in the coming year.

Based on feedback and review from the data cleansing meeting, TMBP staff produce the annual report, selecting key performance measures to include. This involves the construction of hundreds of charts which display group averages and individual city performance levels. The annual report is sent out via email for editing by cities in early February, and is finalized and printed later in the month. In early March, TMBP staff hold a final meeting for steering committee members to highlight major trends in the data and to distribute printed copies of the report.

In summer of year, TMBP staff reviews the measures in selected service areas and holds smaller service area meetings to refine measures and discuss any definitions requiring clarification. This evaluation process is crucial to continually improving our data collection, which helps us ensure “apples-to-apples” comparisons of the data across cities.

## Publications and Data

The TMBP produces an annual report, which provides a graphic presentation of performance analysis in the service areas measured. Since there is a cohort of long-term project participants, the report includes historical analysis of the group average computed in each year for selected performance measures. It also includes individual city profiles for each service area, with graphic depiction of the city's historical comparison to the group average. The report does not rank order cities according to their performance levels, but it does present the group averages as a tool for cities to compare their performance to other municipalities.

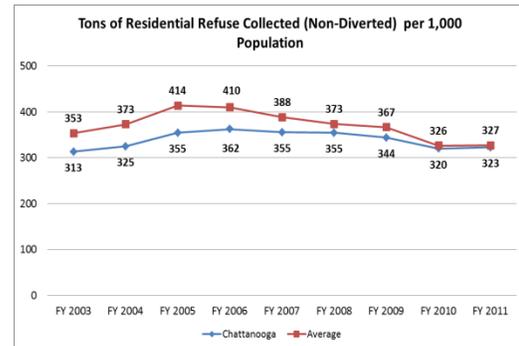
Performance measures used in the report are grouped into four different categories:

- Workload (output measures)
- Resource (input measures)
- Effectiveness (outcome measures; relate to quality of work performed)
- Efficiency (outcome measures; relate resources expended to work performed)

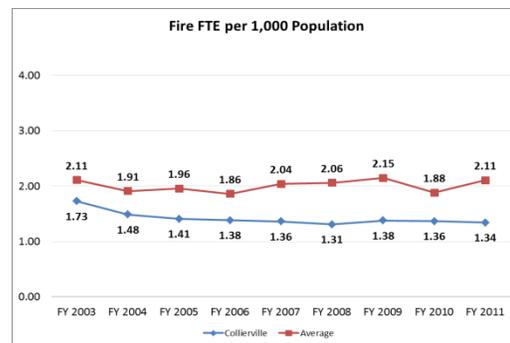
*(See accompanying charts to the right)*

This categorization of the performance measures is used to make the report a more meaningful performance management tool for cities. As in many other noted benchmarking projects, ours prioritizes the reporting of true outcome-based measures over resource and workload measures. Although these input/output measures are important for providing context on the operating environments of cities, outcome measures are superior tools for helping cities to make decisions

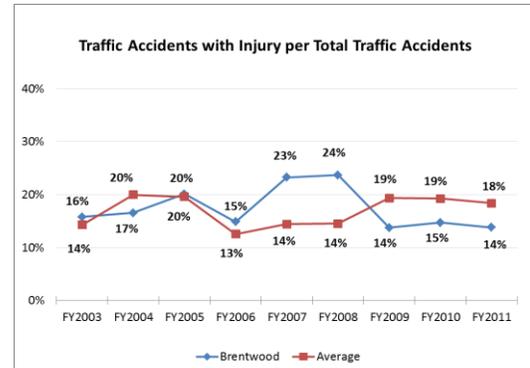
### Workload Measure



### Resource Measure



### Effectiveness Measure



### Efficiency Measure



that can improve the management of their operations.

The annual report is a snapshot of selected performance measures. The complete set of data collected by all cities is provided only to members of the project, while the annual report is available to all on MTAS' public website.

We also publish a TMBP User Manual, updated each year, which lists all measures for the year, accompanied by definitions which clarify the way each indicator is to be tracked and reported. The manual also includes key information on methods used in the report, governance structure and role of project committees, and a general description of the benchmarking process.

### **Moving Forward in a Project with a 10 Year History**

The TMBP greatly benefits from the fact that it has been in operation for over 10 years. Most of the current participants in the project are long-term members who began the process of collecting data years ago, and as a result many of the initial challenges in establishing consistency and validity in reporting have been met. This has provided the project with a rich store of historical data, used in presenting data for the annual report each year. The project's duration has also given the individual cities an invaluable cache of data which can be used to track performance internally, in addition to generation of comparisons to peer cities.

However, the TMBP staff also recognizes the challenges that are associated with the project's age. One is the inevitable issue of project "staleness". The dedication of our core members to the project is apparent, but project staff has at times noticed a lack of responsiveness from participating city leaders to project activities. TMBP staff found themselves questioning whether or not the project was offering anything "new" to cities after so many years. Was it continuing to add value to municipalities involved or was the involvement among cities simply a function of habit?

Even more problematic was the turnover among MTAS staff in the coordination of the project. When it was first initiated, the project was modeled off a similar program in North Carolina that used university staff to coordinate and centralize the data collection function across its group of cities. MTAS staff adopted this approach, assuming responsibility to provide the labor needed to collect and analyze data provided by the cities. Nevertheless, MTAS staffers already carried a workload from their consulting duties to cities. For the first 10 years of the project, the MTAS benchmarking coordination role was performed by one or two staff members who took on the project as an addition to their primary duties. The project shifted hands five times or more during the decade – with two of the former project coordinators leaving MTAS altogether. This inconsistency in staffing meant that much learning was lost between project cycles. It also

weakened the lines of communication between participating city and MTAS staff over the years. While the core group of participating cities remained aboard the project, less engaged cities drifted in and out. The project ceased to grow, and membership levels settled to around nine or ten cities participating in any given year.

In 2010 the Benchmarking Program was moved into the Research and Information Center of MTAS, under the leadership of Frances Adams-O'Brien, the Center's Manager. Adams-O'Brien coordinated the project for a year along with her other duties, as the other MTAS staffers had done in the past. Recognizing the significant labor input that was needed to maintain and improve the project, she petitioned MTAS leadership for a dedicated position to be created to staff the project. A 30-hour-a-week Project Coordinator line was established in February, 2012 and Sarah Young, a former research intern on the project, was hired to staff the position. The Coordinator's role is largely to handle the day-to-day operations of the project, including data collection and analysis. A contract-based Outreach Coordinator line was also added to provide as-needed marketing and recruitment assistance to grow the base of participating cities. John Crawford, who previously worked for the Tennessee Department of Labor and Workforce Development, was brought aboard for this position in early 2012. With dedicated staffing lines and continuity in management offered by the Research and Information Center, the project was on more solid footing by early 2012.

## **The Case for a "Best Practice" Repository**

In April of 2012, TMBP Project Staff and participating city representatives held a strategic planning session to establish a 5 year plan for direction and goals of the project. The participating city staff offered their candid assessment of the project, identifying increased growth, continued emphasis on data integrity, better governance processes, and expanded understanding of how to apply the project data to city servicing as core goals. TMBP staff went to work establishing strategies to meet these goals.

The staff created a marketing plan and has been successful in bringing in two new cities this year, Goodlettsville and Greeneville. TMBP staff members are currently pursuing talks with major Tennessee cities - Knoxville and Nashville - as likely participants. A thorough data integrity review was conducted in four service areas over the summer, resulting in updated measures and an edited User Manual. A 30-hour-a-week graduate level intern was hired for data cleansing and reformatting over the summer of 2012. The staff is working hard to re-invigorate and re-define the governance structure of the project, brainstorming ways to activate the Steering Committee and re-build the project's Service Area Committees.

Perhaps the primary revelation coming from the Strategic Planning Session was that although many cities were clearly committed to the collection of project data, city staff were less likely to point out “bigger picture” applications of the data. Some city staff expressed specific uses of the data in evaluating or enhancing servicing in their cities, but others did not. Initially, both city and participating MTAS staff hesitated to identify “best practices” that had been revealed after 10 years of involvement in the project. Current TMBP staff members sensed that valuable lessons had been uncovered over the years, especially given the number of cities that continued to participate, but project drift had made it hard for participating city staff to engage in discussions around these accomplishments.

TMBP staff agreed that identification of best practices needed to be a core element of the benchmarking program and made plans to begin constructing a “best practices repository” to record and publicize such practices. The repository could serve both a retrospective and prospective function. At one level, it would house practices and accomplishments learned over the first ten years of the project, some of which had been forgotten. This would serve as a morale boost to current participants, reminding them of why they joined the project years ago and would shore up their continued buy-in for the project. At another level, it would work to nurture the discussion of best practices as they continue to emerge. Staff knew that much learning had been transferred in informal conversations between participants during the data cleansing sessions and other TMBP meetings over the project’s history. However, most of this information had never been collected in a central location so that all city participants could gain from it. The “best practices” program could help cities recognize the significance of the discovery process while it was taking root by facilitating the conversion of good ideas into clear practices to be replicated and applied by public managers.

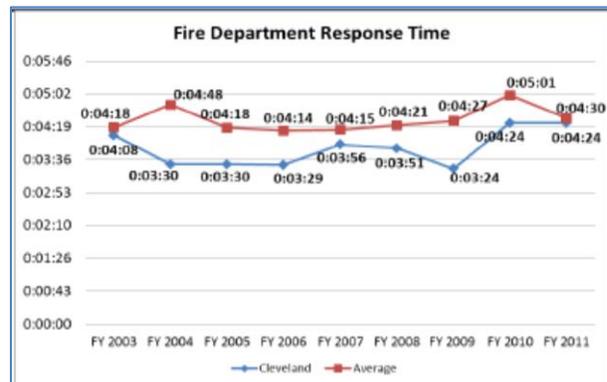
Since the strategic planning session, TMBP staff members have engaged in discussions and have identified best practices applied from the project’s history. The examples that follow describe some of these, as well as other ways participating staff members from cities have used project data.

## BEST PRACTICE EXAMPLES

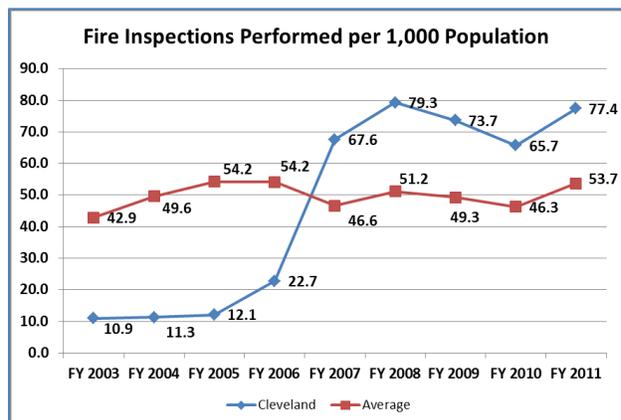
### *Cleveland, TN Gains Valuable Information on Practices to Improve Fire Response*

For many years, the fire halls in Cleveland, TN had used an extended duration audio tone to alert the staff that a fire incident had been reported from dispatch. The tone lasted 30 seconds, meaning that a half minute elapsed before emergency service dispatchers could announce the location of the fire over the audio system. Cleveland fire staff working on the Tennessee Municipal Benchmarking Project noticed that high-performing cities used alternative alert methods. Over conversations held during the

yearly data cleansing session, Cleveland staff became aware of up-to-date audio tones with shorter durations, allowing dispatchers to more quickly announce the location of the fire. Cleveland also learned about other methods, including a “rip-and-go” system, which could provide fire staff an efficient, portable information source easily accessed as they rushed to the scene of the emergency. Cleveland changed its fire tones in the first half of FY 2007 (middle of calendar year 2006), and while there was a one year lag, Cleveland did improve fire department response time in fiscal years that followed, FY 2008 and 2009 (see chart above). While this data can not verify with certainty that the changes in fire tones led to the improved responses in 2008 and 2009, policy analysis research finds that improved performance often involves a lag time from the point of when a change in operations is made. Interestingly, Cleveland consistently posted lower response times than the group average even before the tone change, but its willingness to learn from other cities appears to have helped it to further improve its fire response time.



Cleveland staff also noticed that they lagged behind other departments in the number of fire inspections performed. Through TMBP meetings they learned that in other departments it was common practice to use engine companies to make routine inspections, in addition to the use of fire inspectors. Cleveland was using its two certified fire inspector positions to conduct all inspections up to June of 2006. By shifting some of



its inspections workload to engine companies, Cleveland dramatically increased the amount of inspection output by end of FY 2007. Moreover, Cleveland reported lower numbers of structure fires per 1,000 population in FY2007-2009 than was reported in FY2006, when that figure spiked upward, indicating that the increased inspection activity may have aided in fire prevention.

### *Using TMBP to Encourage Best Practices in Financial Reporting*

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In 2004, the Governmental Accountability and Standards Board, an independent organization which issues statements for financial reporting in the public sector, issued Statement 45. GASB 45 established guidelines for the reporting of costs for post-employment benefits other than pensions, for instance, retiree health care. Most OPEB (other post-employment benefits) plans prior to this standard did not report costs of benefits until years when the benefits are paid out, which is during an employee's retirement. However, GASB 45 recommended the reporting of benefits costs during the time of the active employment, given that OPEBs "constitute compensation for employee services."<sup>1</sup> This reporting method would allow employers the ability to account for cost of benefits during the period of time the exchange of labor for benefits was occurring.

GASB 45 has no authority to require government organizations to fund these costs during the years they were reported. However, the transparent reporting of OPEB benefits as costs will likely encourage local governments to consider responsible prospective approaches to finance these costs, rather than funding them on a pay-as-you-go basis.

The cities participating in the TMBP took the recommendations of GASB 45 seriously and agreed to begin recording OPEB-related costs on the project's cost forms. However, for a number of years these costs were reported in different ways by participating member cities. TMBP benchmarking staff conducted an inquiry of the reporting location of OPEB related costs in 2011, finding that three cities reported OPEB costs separately per each service area covered, three cities reported total OPEB costs in the city-wide cost schedule for Employment Benefits or Human Resources, and other cities did not report OPEB costs at all. Moreover, staff could not assess from this information whether or not the reported costs were actually being funded or if they were simply being reported as recommended by GASB 45. (See table on the following page.)

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<sup>1</sup> Governmental Accountability and Standards Board, "Summary of Statement No. 45: Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (Issued 6/04); <http://www.gasb.org/st/summary/gstsm45.html>

### Inquiry of Reporting Locations of OPEB Costs <sup>2</sup>

City	Where OPEB Reported for TMBP FY2011
<b>Bartlett</b>	HR--Costs -- Line 10 "Other Employee Benefits"
<b>Brentwood</b>	All service areas -- Costs -- Line 7-- "Retirement contributions"
<b>Chattanooga</b>	All service areas -- Costs--Line 11-- "Other employee contributions" and in Employment Benefits costs Line 11 Line 16 "Other Employer Contributions"
<b>Collierville</b>	All service areas -- costs --Line 10 "Other Employee Benefits"
<b>Germantown</b>	Employment Benefits -- Costs Line 8 --"Retirement Contributions" HR Costs -- Line 10 "Other Employee Benefits"
<b>Kingsport</b>	Employment Benefits -- Costs -- Line 16 "Other employer contributions"

\* Note: Athens, Cleveland, Franklin and Morristown did not report OPEB numbers for FY2011 for the purposes of this project.

In the 2012 data integrity sessions, held to clarify the definitions and reporting of project performance measures, service area committees agreed to report costs per each service area, in addition to reporting a city-wide total. Moreover, a Steering Committee member also requested two additional line items to be added to the Employment Benefits Performance Measures lists. A measure for reporting total annual actuarial valuation of OPEB liabilities was added, followed by a measure requesting the percent of this total that was funded by the city. This provides cities with a performance measure that could gauge effectiveness in financing of OPEB costs, beyond simple reporting of the amount of the cost.

At least one TMBP city, Brentwood, TN, has fully funded its OPEB obligations. With the release of the OPEB reporting requirements in 2004, Brentwood staff realized the need to get a handle on the City's OPEB exposure immediately instead of waiting for the deadline several years in the future. Brentwood is a fairly new city and did not experience rapid growth in the number of City employees until the 1990's. The City provided a fairly generous retiree health benefit plan, but with few retirees actually receiving benefits at that time, the annual costs of the retiree benefit plan were insignificant. However, the OPEB requirements provided an opportunity to look forward and adjust the plan benefits for future retirees. Based on actuarial study results received in 2005, the City began fully funding its Annual Required Contribution (ARC) via direct appropriations in the annual budget. This funding is transferred to an OPEB trust and can be used only for payment of OPEB benefits. At the same time, the City

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<sup>2</sup> Municipal Technical Advisory Service, *Tennessee Municipal Benchmarking Project Annual Report, FY2011*, March 2012, pg. 106.

modified its retiree health insurance plan for all new employees hired after July 1, 2005 with the modified plan having a reduced level of benefits and a retiree cost share for the first time.

TMBP staff wants to spotlight Brentwood's example to help other cities in the project gain useful ideas. Information bulletins or website posts are being considered as possible methods of transmitting this success story to other participants in the project. Cities will be quick to emphasize that the wealth of a community and city agreements established long ago often drive OPEB unfunded liability costs. However, decisions made by forward-thinking financial specialists may also have impact as the Brentwood case demonstrates, and TMBP hopes to be a conduit for public finance analysts to share best practices with their peers in other municipal governments.

## **OTHER IDENTIFIED USES OF TMBP**

The best practices cases provided earlier are examples of the ways benchmarking can generate good ideas to improve servicing. However, TMBP staff members have also discovered more general applications of the project as well.

### ***Collierville Leverages Benchmarking Data As a Public Relations Tool***

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In 2011 heightened media coverage in the *Memphis Commercial Appeal* brought attention to costs, labor inputs, and productivity rates of the City's sanitation department. While Memphis is not a participating city in the Tennessee Municipal Benchmarking Project, three of its suburbs – Collierville, Bartlett, and Germantown are. The sanitation department at the Town of Collierville found its own performance and efficiency being scrutinized as a result of the media attention to refuse collection in Memphis.

Collierville's staff was able to use TMBP data to prepare ahead of time for questions that might arise from its own citizens and local media about this timely subject. Collierville's TMBP Steering Committee representative compared the Town's figure for tons of refuse collected per full time equivalent to similar figures the press reported for the Memphis sanitation department. A quick analysis revealed that Collierville, which used more automated equipment in its sanitation pick-up, had significantly higher productivity rates for collection than Memphis, which still relied heavily on human labor to perform collection work. It also posted productivity rates higher than the group average for TMBP participating cities. Moreover, the author of the article referencing Memphis' performance rates made a pitch in favor of contracting out its City sanitation services to reduce labor costs. Collierville, which provided refuse collection in-house as well<sup>3</sup>, could make a case that it maintained a high rate of productivity by

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<sup>3</sup> Collierville does contract out its recycling services.

using modern equipment to meet increased labor demand due to population growth. Town staff could be ready ahead of time to address issues arising from the article if they surfaced in its town.

Since Memphis is not in the TMBP, one can not assume that the figures quoted in the paper for Memphis and the benchmarking figures for Collierville provide a strict apples-to-apples comparison of productivity rates. Nor does comparison of these figures address the value that Memphis residents place on using human labor rather than equipment to provide sanitation services. Still, the ready availability of data did provide neighboring Collierville a tool to address the issue of labor costs if it percolated among its citizens.

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Some additional ways that TMBP has been utilized by participating cities include:

- **As an information source for MTAS consultants to tap supplemental data for their own studies**

MTAS Fire Service Consultant Dennis Wolf used TMBP data in a study of fire services in Nolensville, TN, which does not currently participate in the project. He found that the comparison data added more support for his own recommendations on servicing to Nolensville.

- **As a diagnostic tool for cities to consider more in depth research into its fire services**

After participating in the TMBP in 2011, the City of Morristown discovered that its Full Time Equivalent figures for the Fire Department were high compared to the average, prompting the City to request a more detailed study conducted by MTAS.

- **As an internal tracking tool**

Even if the cities do not report exposure to best practices from other cities' experiences, the simple act of joining the project has prompted some to begin performance measurement when it was not already in place or upgrade data collection efforts where it was lacking in their own cities. The ability of cities to track their own operations over time, regardless of peer city comparisons, is often cited as a valuable aspect of the project.

## **The data starts the conversation, but the applications are what matters.**

The data collection activity of the Tennessee Municipal Benchmarking Project has proved to be a valuable endeavor. The project has produced ten years' worth of historical data from a core group of dedicated cities, and individual project participants have been able to use this data in their own internal performance tracking. However, it is the comparative aspect of the project that promotes an

environment of sharing new ideas across jurisdictions. Admittedly, it is difficult to ensure comparable data among cities with varying sizes, socio-economic, and demographic profiles. As a result, TMBP staff and participating cities must be committed to continuous evaluation and improvement of the data to secure its reliability and validity. However, the sharing of ideas arising from conversations over the data collection process has yielded real results. The data generated from TMBP is only a conversation starter to the larger aim of the project, which is to encourage networking among dedicated municipal workers of different jurisdictions. The TMBP will build its best practices program as a source of empowerment and information sharing for municipal leaders. Applying the data to inform better management decisions is the most valuable activity of the Tennessee Municipal Benchmarking Project.

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