Grand Rapids, Michigan: Linking Sustainability to Performance

by Danielle Goodwin

The International City/County Management Association (ICMA) identifies “building sustainable communities as a core responsibility of local government.” Likewise, ICMA asserts that local governments should use performance data for establishing goals and outcomes in budget decisions, setting targets of performance, learning from other jurisdictions, and making improvements to government finances. Many local governments take small and large steps towards building a more sustainable community through the use of performance management, but the city of Grand Rapids, Michigan took performance management and sustainability a few steps further. Not only has the city used performance data to track and manage progress made on sustainability efforts, but the city institutionalized both sustainability and performance management through the help of businesses and residents of the community and by budgeting for sustainability outcomes.

Utilizing performance management to establish sustainability goals and outcomes is no easy task. One of the most difficult challenges for local governments is acquiescing on the meaning of sustainability. There are many local governments who define sustainability through a narrow perspective, typically focusing on environmental goals and outcomes, but the more holistic approach to identifying sustainability is focused on environmental integrity, economic prosperity, and social equity. While the approach to building sustainable communities varies, the city of Grand Rapids, Michigan has taken a bold step by making its FY 2011 to 2015 sustainability plan the “umbrella plan” for all other plans, ultimately institutionalizing sustainability. In short, the city of Grand Rapids uses the sustainability plan’s outcomes to prioritize budget allocations.

“The annual budget is developed within the context of a five-year plan. The city is transitioning to a planning and performance measurement process that is inclusive of all city services. It measures achievement of outcomes in relation to sustainability principles called the triple bottom line—economic prosperity, environmental equity, and social equality. What once was known as the city of Grand Rapids’ strategic plan has evolved into the city of Grand Rapids’ Sustainability Plan.”

After the first year of implementing the sustainability plan, 92 percent of the sustainability targets have been completed or are in progress. What has attributed to the city’s success? While several factors play a key role in the city’s success thus far, this case study will focus on the following:

• Involving staff in creating a target driven sustainability plan
• Prioritizing the budget around sustainability outcomes

For more information on the city of Grand Rapids, Michigan sustainability plan or any other topics discussed in this case study, please contact Haris Alibašić, director of the Office of Energy and Sustainability for the city of Grand Rapids, Michigan at halibasic@grcity.us or visit the www.sustainablegr.com website.
Background
As the second most populous city in Michigan, Grand Rapids has been evolving rapidly over the past ten years. Much of this progress has been attributed to the city’s focus on economic, social, and environmental outcomes or, as the city calls it, their sustainability plan. Grand Rapids Mayor George Heartwell and the Community Sustainability Partnership (CSP) initiated sustainability efforts in 2005, which helped lead to the creation of the city’s first sustainability plan. The CSP “is a diverse network of for-profit and nonprofit organizations in West Michigan that supports sustainability in its planning and operations, and is striving to make a positive impact in its community. Members of CSP have committed to work together to restore environmental integrity, improve economic prosperity, and promote social equity, or the ‘triple bottom line.’” Since the launch of CSP, more than 200 organizations have joined the partnership with almost 70 percent private sector partners. The citizens and businesses and community-wide support for and commitment to Grand Rapids’ sustainability efforts have given rise to many national awards and recognition. Such honors include:

- 2012 U.S. Conference of Mayors Climate Protection Award in the large cities category
- 2010 U.S. Chamber of Commerce Civic Leadership Center and Siemens Corporation—Grand Rapids the nation’s most sustainable mid-size city
- 2007, the city was recognized along with the Community Sustainability Partnership by United Nations University as the first regional center of expertise in education for sustainable development in the United States
- First city in Michigan to have a LEED certified government building facility
- One of the top 20 Green Power purchasers [For more information check the following web site: http://grcity.us/enterprise-services/officeofenergyandsustainability/Pages/Achievements.aspx

Involving Staff in Creating a Target Driven Sustainability Plan
In 2006, the city of Grand Rapids, Michigan created the city’s first sustainability plan, utilizing the triple bottom line approach (goals of economic prosperity, environmental integrity, and social equity). The first sustainability plan served as a blueprint. However, the FY 2010 to 2015 sustainability plan is more robust and serves as a target driven and goal oriented plan. The city’s sustainability plan is considered one of the most innovative in the nation with specific environmental, economic, and social sustainability outcomes and targets as goals for all city departments connected directly to the FY2011 to 2015 fiscal plan. The layout of the plan is simple; 14 goals, 40 outcomes, and 214 targets. The targets are the foundation of the entire sustainability plan, as these are the immediate measures of success. Haris Alibašić, the director of energy and sustainability, stated that the city did not want to only report on sustainability indicators, like most cities, but instead they wanted to take it a step further and report on actual targets. He continued to say that targets add a measure of accountability and ownership, as various city staff across the organization become outcome champions of specific targets in the sustainability plan.

As most local governments know, developing performance measures and targets is no small task. Government leaders in the city of Grand Rapids decided to involve staff throughout the creation of the sustainability plan especially during the target creation phase. When measuring employees’ performance, a top-down approach can be looked at as unfavorable by staff. Establishing targets without staff engagement can result in staff opposition or failure to reach the desired outcome. Not only did the city of Grand Rapids engage staff in the target setting process, but they involved staff early in the planning process. During the development phase of the sustainability plan, the staff who would be held accountable for reaching the targets set forth in the plan was the ones directly involved in creating the targets. By allowing staff to craft aggressive, yet feasible targets for the plan, they would not only be held accountable for meeting those targets, but they would also take ownership in the plan. Furthermore, by reporting on actual targets and having staff involved in the planning and implementation phases of the plan, individuals are able to own their accomplishments and see real progress. Haris Alibašić believes staff
involvement in the creation of the plan is one of the reasons the plan has been successful thus far. As Mr. Alibašić added, these targets have performance measures that are both quantified and qualified. The first year report of this five-year plan showed departments had met 24 percent of all targets, and another 68 percent of the targets are in progress and moving the city closer to fiscal, social, and environmental sustainability. [Source: http://grcity.us/enterprise-services/officeofenergyandsustainability/Documents/Year1ProgressReport.pub.pdf]

Prioritizing the Budget around Sustainability Outcomes

As a way to further prioritize sustainability, the city of Grand Rapids implemented a priority-based budgeting system, where the budget reflects the outcomes and priorities set forth by the sustainability plan. This system is unlike the traditional budgeting process “where governments start with funding levels by department from the previous year and then adjust by either increasing or cutting, no longer meets the needs of many organizations4.” For the creation of the city’s budget, department directors are required to adjust their upcoming fiscal year’s estimated revenues and their appropriation request to desired services outcomes by preparing a “proposal for outcomes” for each major service. The package typically includes direct and indirect costs as well as comments regarding the prior year’s outcomes. It should be noted that because Grand Rapids approaches sustainability holistically, all city departments are responsible for outcomes and targets outlined in the plan.

Aligning department revenue and appropriations to the goals, outcomes, and targets of the sustainability plan helps ensure the following:

- Funding goes directly to priorities set forth by the city in the sustainability plan
- Government leaders and mid-level managers can oversee and direct performance
- Staff are held accountable and are given ownership for meeting the appropriate targets; and help to eliminate funding shortages for targets not being met
- The city is held accountable to residents and community.

Conclusion

The city of Grand Rapids has taken a progressive approach to sustainability planning. The city has replaced their strategic plan with the sustainability plan, used targets and goals to accomplish its sustainability objectives, involved staff early during the planning process of the sustainability plan, especially when identifying performance measures, and linked sustainability outcomes and targets to the budget. The city utilized the triple bottom line approach to sustainability, which is to improve environmental integrity, enhance economic prosperity, and promote social equity. While not all local governments are going to find Grand Rapids approach to sustainability viable, the important take away from the approach is how the city developed targets and measures and linked them to the budget. After one full year of implementing the 2011 to 2015 sustainability plan, the city has either completed or is in progress to complete 92 percent of targets. Staff accountability and ownership of sustainability targets, as well as sustainability goals and targets linked to the budget are two major contributors to the success thus far.

Notes

3. http://wwwgrppartners.org/about

Complete data set, comments, and chapter PDFs are available only to CPM participants at http://icma.org/cpm. For information about CPM, please visit http://icma.org/performance.