

Development of the Sunnyvale Planning and Management System, 1967-2011

John Dever served as Sunnyvale's city manager from 1967 to 1978. He introduced a performance-based budget and an eight-year financial plan incorporating the annual operating and capital budgets. He emphasized long-range planning and customer service, elements that have since become ingrained in the culture of the organization. Dever was followed by Lee Ayers; his assistant city manager. Tom Lewcock succeeded him in 1980. Ayers and Lewcock built on Dever's foundation a sophisticated planning and management system. The financial plan was extended to 10, then 20 years. The concept was to balance the budget to the 20th year. Intermediate budgets would have surpluses or deficits, depending upon the business cycle, but a constant level of service could be maintained by placing annual surpluses in reserves and by drawing upon reserves in deficit years. Sunnyvale's managers measured the quantity, quality and unit cost of every service they delivered, so that City Council no longer budgeted by line item for personnel and materials, but rather allocated resources by desired service level (quantity and quality of products) for every program and service.¹

This new system changed the thinking of the members of City Council. It disciplined their actions, so that annual surpluses would not be squandered on pet projects, but rather saved to maintain quality services in the inevitable future lean years. An important factor in the evaluation of a proposed new capital project was the impact of its annual operating cost on the budget over 20 years. One-time expenditures which were not part of routine year-after-year service delivery were considered for budgeting purposes as either "projects", to be included in the Projects Budget (an expanded capital budget), or "study issues." The latter were staff research studies of critical policy issues, selected by Council once each year from a long list of potential policy analyses (nominated by Council members, staff, or the community), for which a very limited amount of staff time was allocated in each year's budget. Once the year's study issues were selected and the budget adopted, City Council could not direct staff to undertake other services, projects or studies throughout the year unless it deleted budgeted services, projects or studies of equal cost. The amazing discipline that this system imposed upon City Council eliminated the normal constant pressure on staff to chase after Council's issue *de jour*. The focus of staff effort shifted from addressing petty and temporary political issues, to improving the overall quality and efficiency of City services.

From the planning perspective, Lewcock's most significant innovation was to make the General Plan the single most important policy statement of the City Council. "Look at the logic of linking the performance budget and the General Plan," mused Lewcock. It would overcome the "fractured" nature of city government, giving

¹ David Osborne and Ted Gaebler, *Reinventing Government* (Reading, MA: Addison-Wesley Publishing Co., 1992), 4th printing, pp. 143 – 145.

Council a vehicle for performing their charter-mandated function of setting overall policy for the City. Theretofore, government was often “upside-down,” with staff creating policy and Council meddling in operations. Lewcock formulated the “royal exchange, which empowered the City Council to set policy, and empowered management to manage the City.”²

By the late 1980s, all of the pieces of the new system were in place. It was called the Planning and Management System, or PAMS. Central to the process was the Council-adopted General Plan, whose goals and policies guided the performance-based operating budget, projects budget and study issue program. A complex system of management performance evaluation was devised, which measured and rewarded management performance based upon the quantity of service products and projects, and the quality of service and study outcomes, all within the budget allocated by the Council. Sunnyvale soon became known for its efficient government and for the quality of its public services. Indeed, in 1993, President Bill Clinton and Vice President Al Gore visited Sunnyvale to recognize its excellence in municipal management.

A 378-page *PAMS Manual*³ guides staff and city council through every step of the Planning and Management System. The first chapter of the *Manual* addresses the General Plan, emphasizing the prominence of the Plan and its centrality to the overall PAMS process. The Plan originally consisted of 22 elements and sub-elements, covering literally every aspect of local government. As in every other community in California, its elements cover the seven subject areas mandated by State law. But Sunnyvale also had a Fiscal Management Sub-Element, which set forth the long-range financial plan and the City’s fiscal policies, such as guidelines for borrowing and for the utilization of outside grant funding. It had sub-elements for legislative management and for community engagement.

In planning nomenclature, the Sunnyvale General Plan is clearly a “policy plan.” Its focus on policies is partially the result of its origination by city managers rather than by city planners. This focus also reflects one of the prime objectives of its formulation: to clearly differentiate policy adoption from operations, and to define the unique responsibility of City Council and of management to each, respectively. Council’s role is to formulate and adopt city policy. Management’s role is to run the city government, by designing and operating service programs and projects. Although those elements of the Plan which deal with physical matters (e.g., land use, transportation, housing) include a physical inventory and a long-range physical plan, every element concentrates on policies which, once adopted by the City Council, give guidance and direction to the city manager and his or her staff in the ongoing operation of government.

² Conversation with Tom Lewcock, October 7, 2006, in Carlsbad, California.

³ *PAMS Manual (Sunnyvale, CA: City of Sunnyvale, 2008)*.

It is significant that every department of government is involved in the planning process. Although the Planning Division of the Community Development Department was directly responsible for six of the original 22 elements and sub-elements, the other departments prepared the remaining 16 documents with the support of a planner assigned by the Planning Division. The Library Department prepared the Library Sub-Element, the Parks and Recreation Department prepared the Open Space and Recreation and Arts Sub-Elements, and the Public Safety Department prepared the Law Enforcement, Fire Services and Emergency Preparedness Sub-Elements.

The *PAMS Manual* was updated in 2007 by City Manager Amy Chan. She had served as Lewcock's Director of Finance, and had assisted in devising the original system. After two decades of experience with the system, it became obvious that some updates and revisions were necessary, particularly with respect to the planning process. She asked her Community Development Director, Robert Paternoster, to recommend ways to strengthen the central role of the general plan in the PAMS process. Paternoster identified two major shortcomings in the planning process: first, the goals and policies of the General Plan were so general and so long-range that often it was difficult for council and staff to utilize them effectively in short-range decision-making; and, second, the multiplicity of elements and sub-elements, prepared by different departments at different points of time, lacked consistency and integration into an overall General Plan.

To address the first shortcoming, Chan and Paternoster created a mid-range strategic planning process, to bridge the gap between long-range goals and short-range actions and decisions (the approach is very similar to the "middle-range bridge for comprehensive planning" recommended by Martin Meyerson in his keynote address at the annual meeting of the American Institute of Planners on May 8, 1956⁴)." To address the second shortcoming, a new General Plan component, the *Sunnyvale Community Vision*, was developed. This overarching component of the plan would set forth Sunnyvale's desired future as formulated by the community through extensive community outreach, and would include the long-range city-wide goals and the long-range demographic and economic projections upon which each of the separate general plan elements would be based.

According to the *PAMS Manual*, the mid-range strategic planning process is intended to be an internal process performed on an annual basis by the Executive Leadership Team (ELT), which is composed of the city manager and all department heads. In one or more day-long retreats, the ELT evaluates the success of current action strategies (programs, plans and projects) in achieving the long-range goals of the general plan. Taking into account the current economic, physical and political environment, the ELT revises existing action strategies or devises new ones to be implemented over the next five years. "These action strategies, in turn, guide the

⁴ Martin Meyerson, "Building the Middle-Range Bridge for Comprehensive Planning", *Journal of the American Institute of Planners*, Vol. XXXI (Spring, 1956), pp. 58-64.

rational allocation of resources through the operating budget, projects budget and study issue process to those actions and services which can most cost-effectively meet the needs of the community.”⁵

The diagram on the following page summarizes Sunnyvale’s PAMS process. It is divided into four levels: (1) long-range comprehensive planning, (2) short-range strategic planning (described as mid-range strategic planning in this document), (3) operations, and (4) performance. The general plan, containing the *Community Vision* and the functional elements, drives the strategic planning process. Strategic planning develops action strategies, which drive the operating budget, the projects budget, and the study issue processes. These, in turn, drive the annual work plans upon which management performance evaluation is based.

The most recent chapter in the Sunnyvale story began with the appointment of Gary Luebbers as city manager in December, 2008. He recognized the power of PAMS, but also saw that its complexity was weighing down the management staff. He began an effort to streamline the process, focusing initially on the general plan. “The plan is just too complex and unusable,” he concluded. “There is no reason to have 22 separate documents. Fiscal policies and legislative policies have no place in the general plan. They must be separated out and placed in the City Council Policy Manual. The remaining elements need to be consolidated into a single general plan document.”⁶

The Community Development Department, under the leadership of Community Development Director Hanson Hom and Planning Director Trudi Ryan, recently completed work on the general plan consolidation. The new plan has six chapters: Vision, Land Use and Transportation, Community Character, Housing and Economy, Safety and Health, and Environmental Management. Together they cover the seven subject areas required by State law. The new plan, in combination with an integrated Climate Action Plan also fulfills the greenhouse gas reduction and sustainability requirements of AB32 and S B375. Although the consolidation effort was led by the Community Development Department, each of the operating departments contributed within its area of expertise, with overall review and signoff by the city manager and the ELT.

| Each chapter of the plan begins with a set of goals which tier off one or more of the very general city-wide goals in the Community Vision. Each goal includes a short discussion, a set of related policies, and specific recommended action strategies. Presumably, the policies and action strategies will be updated on a regular basis through the mid-range strategic planning process, as prescribed in the PAMS Manual. City Manager Luebbers has extended the strategic planning process to actively include the city council. The first annual city council strategic planning workshop was held in January, 2011. Admittedly, the council members found it

⁵ *PAMS Manual, ibid.*, p.2.

⁶ Conversation with Gary Luebbers on April 7, 2011.

difficult not to dwell on the minutia of the minute and to take a broader, strategic approach to the problems facing the city.

CITY OF SUNNYVALE PLANNING AND MANAGEMENT SYSTEM (PAMS)

