

# City of Cincinnati

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PBM/RET

## An Ordinance No. 309 - 2018

**AUTHORIZING** the City Manager to utilize performance-based contracts with all contractors that receive operational support from the City or are awarded grants through a process overseen by a third party to ensure that taxpayer funds achieve maximum results from such contracts.

WHEREAS, the City contracts directly with third parties to provide a wide range of services, and the City also contracts with a third party to review and score proposals from entities seeking funding from the City to provide human services; and

WHEREAS, the process currently used by the City's contractor to review and score proposals for human services funding is a rigorous process involving competitive proposals and specific reporting outcomes from entities that are awarded funding; and

WHEREAS, the City's service contracts may be established as fee-for-service contracts where contractors are paid a fixed amount for providing certain services; and

WHEREAS, performance-based contracts can give the City more control over contract outcomes, which can be specified and tracked; and

WHEREAS, the City also provides funding to third parties that is used by those third parties to pay for their organization's operations, and those contracts also could benefit from performance-based assessments; and

WHEREAS, according to information published by the City of Chesapeake, Virginia, performance-based contracts "define the work to be accomplished in measurable, mission-related terms, contain performance standards, include quality assurance plans for measuring contractor performance against those standards, and provide financial incentives and penalties based on performance measurement"; and

WHEREAS, an Urban Institute study of performance contracting in six states cited in the information published by the City of Chesapeake found that states that tied payments to outcomes tended to obtain results more quickly and that when governments work with providers to formulate client outcomes, indicators, and targets and to design payment schedules, performance-based contracts are more successful; and

WHEREAS, providing contractors with incentives as part of performance-based contracts makes such contracts more successful, and such incentives can be both monetary, such as bonus payments for exceeding performance goals, and non-monetary, such as public recognition of meeting or exceeding performance goals; and

**WHEREAS, successful performance-based contracting requires the City to formulate contracts with appropriate performance metrics, receive timely information from contractors on a variety of issues, monitor contractors' performance, and adjust contract metrics as necessary to obtain the best outcomes, and this contracting approach will take time to implement fully and successfully; and**

**WHEREAS, successful performance-based contracting also requires individualized metrics and goals for each organization providing services for the City and its residents because each organization's capacity, mission, and strengths are unique; and**

**WHEREAS, successfully implementing performance-based contracting requires the City Administration to have flexibility in approach and timing, especially in introducing this model into contracts with smaller organizations that may have to develop capacity to collect and report necessary performance data; and**

**WHEREAS, the Administration should conduct regular community needs assessments to determine which services are most needed by City residents, establish how best to meet those needs, and award funding to organizations that are best able to meet those needs identified through such an assessment; and**

**WHEREAS, the community needs assessment could be conducted by the Administration using existing studies determined relevant, applicable, and reliable by the Administration; and**

**WHEREAS, the interest of the City's residents and taxpayers in receiving full and efficient benefit for the money spent on services by the City and in having a transparent process for spending money for such services is best protected by those services being procured through an open process; now, therefore,**

**BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:**

**Section 1. That the City Manager is hereby authorized to utilize an outcome-based performance contracting approach for City service contracts and contracts that pay for an organization's operations, including those contracts awarded through a third party's review and recommendation process, which contracting approach may result in individualized metrics and goals for each organization providing services for the City and its residents because each organization's capacity, mission, and strengths are unique.**

**Section 2. That the City Manager is hereby authorized to have the flexibility necessary to successfully develop and implement performance-based contracting for appropriate City services**

contracts, including without limitation the City's contract with a third party hired by the City to assist with the City's evaluation of human services grant applications or human services proposals, and for City contracts by which the City pays for an organization's operations, and is further authorized to work with such contractors so they understand how to collect and track the data necessary to comply with performance-based contracts.

Section 3. That the City Manager is authorized to develop performance-based contracts with those organizations providing services for the City or those organizations that receive financial operational support from the City, and that such contracts may include some or all of the following aspects:

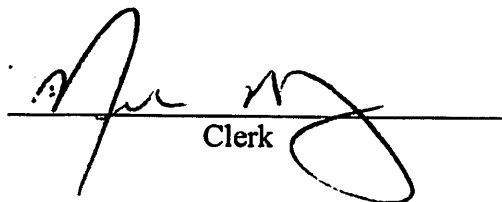
- Clearly establish the information and data deemed necessary by the City for the contractor to provide in a timely manner to measure performance, including organization and project budget, employee information, other contracts or work being done by the organization, and the organization's mission and priorities;
- Require regular and frequent performance review and discussion with the contractor of any performance problems or insufficiencies;
- Publish the performance data to provide transparency and inform the public regarding the success of the contractors' work

Section 4. That the proper City officials are authorized to do all things necessary and proper to comply with the provisions of Sections 1 through 3 hereof.

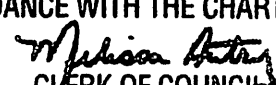
Section 5. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

Passed: October 3, 2018

Attest:

  
Clerk

  
John Cranley, Mayor

HEREBY CERTIFY THAT ORDINANCE No. 309  
WAS PUBLISHED IN THE CITY BULLETIN  
IN ACCORDANCE WITH THE CHARTER ON Oct. 16, 2018  
  
CLERK OF COUNCIL