

ACHIEVING FISCAL HEALTH and WELLNESS through PRIORITY BASED BUDGETING

Center for Priority Based Budgeting

Jon Johnson & Chris Fabian

ICMA Conference Presentation



Who am I?

- Why Am I Here?
- What will I accomplish?
- What can you glean from listening to me?

TODAY'S PRESENTERS



Local Governments Achieving Fiscal Health & Wellness

- Blue Ash, OH
- Boulder, CO
- Chandler, AZ
- Chesapeake, VA
- Christiansburg, VA
- Delray Beach, FL
- Fairfield, CA
- Fort Collins, CO
- Grand Island, NE
- Lakeland, FL
- Larimer County, CO
- Longmont, CO
- Manitou Springs, CO
- Mission Viejo, CA
- Monterey, CA
- Pasco County, FL
- Plano, TX
- San Jose, CA
- Seaside, CA
- Thornton, CO
- Tualatin, OR
- Walnut Creek, CA

The “New Normal ”for Local Governments

- 2 out of 3 local governments believe that changes made during the recession represent a **“new way” of doing business** that will continue beyond the fiscal crisis. - ICMA ‘s **“State of the Profession Survey”**
- Local governments are **rethinking what services they provide**, how much they pay for them and what taxpayers expect for their tax dollar. - **Financial Times**
- 9 in 10 City finance directors report their cities are **less able to meet fiscal needs** than in the previous year. - NLC’s **“City Fiscal Conditions” Survey**
- **Ending fund balances decreased** as cities used them to weather the effects of the downturn. -NLC’s **“City Fiscal Conditions” Survey**
- States will **continue to struggle** to find the resources needed to support critical public services for a number of years. - ***Center on Budget and Policy Priorities***
- 32 % of citizens report that their recently **depressed spending habits will become a “new normal”** in the years ahead. **New normal” consumer spending** implies slower economic growth than in the past. - ***Gallup Poll***



NATIONAL LEAGUE OF CITIES



BRINGING VISION INTO FOCUS WITH A NEW “LENS”

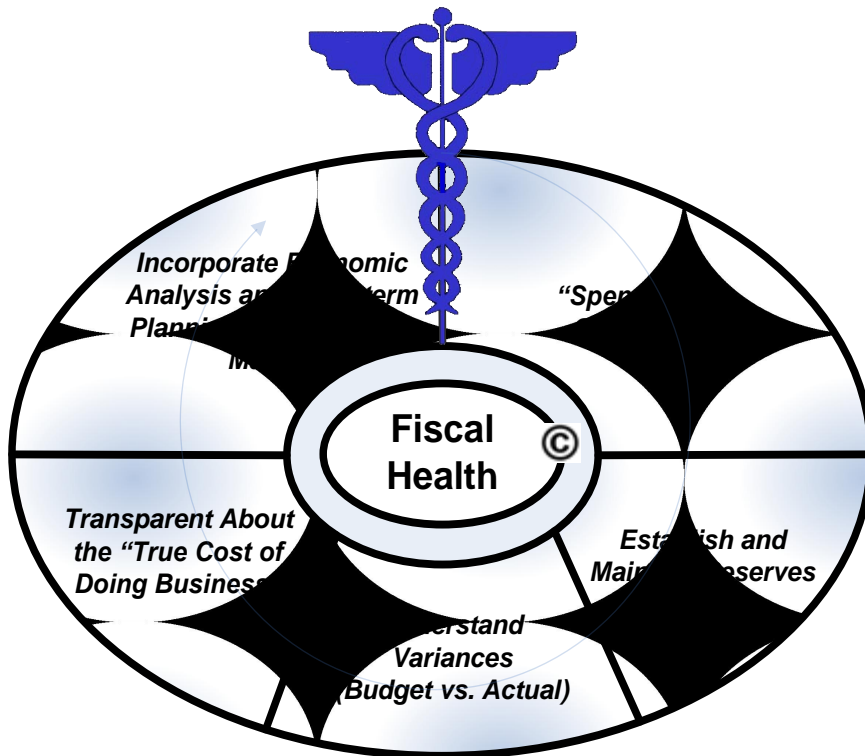


Achieving Fiscal Health & Wellness

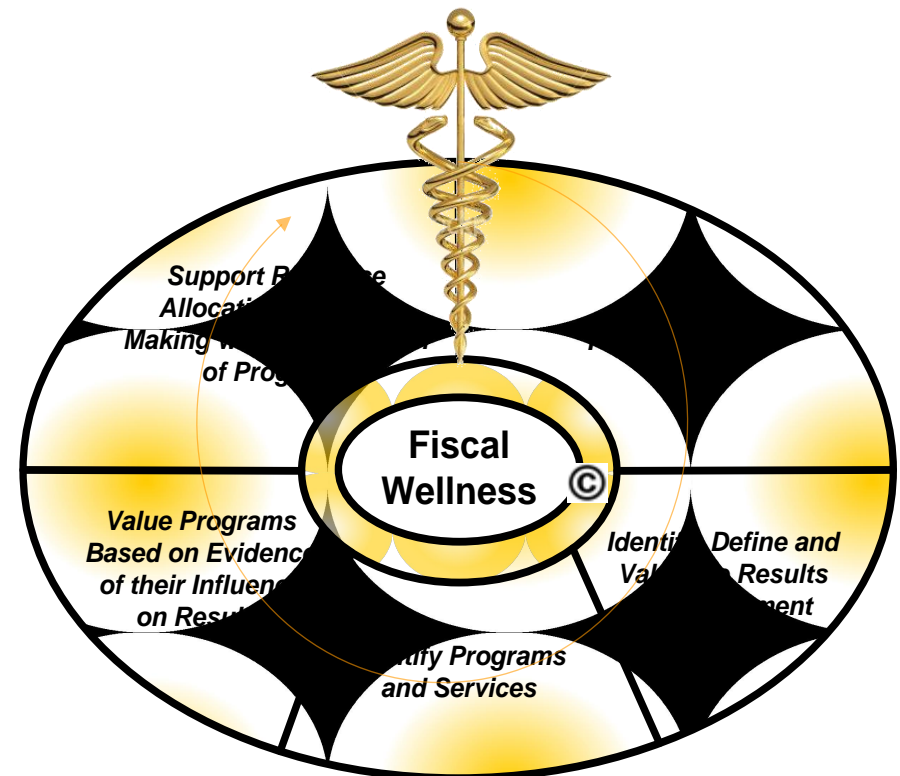
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2 Strategic Initiatives

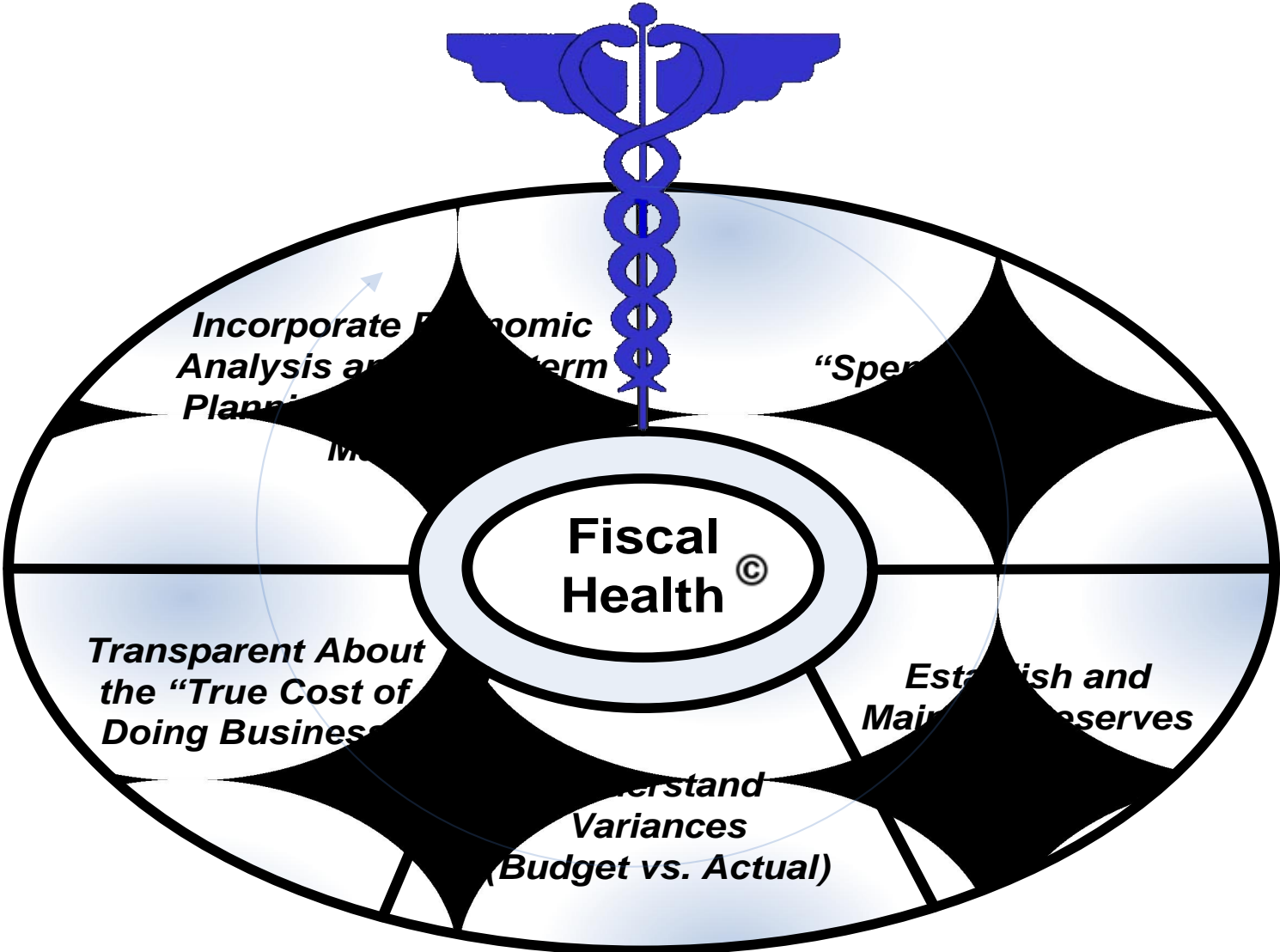
Fiscal Health



Long-term Fiscal Wellness



ACHIEVING FISCAL HEALTH



Strategic Questions

- 1. How much do we have available to spend?
(not “How much do you need”?)*

Approach to Fiscal Health #1:

“Spend Within Your Means”

- ***Symptoms of Good Fiscal Health***
 - Start with Revenues
 - One-time and Ongoing Alignment
 - Differentiate Program Revenues from General Government Revenues
 - Budget Allocations Responsive to Changes in Program Revenues
- **“Spend Within Your Means” in order to:**
 - Base budgets on reliable sources of funding
 - Perform analysis to ensure reserves aren’t used for ongoing expenses
 - Prevent reliance on volatile revenues (that might not come in)
 - Promote revenue diversification
 - Engage departments in enhancing revenue sources
 - Provide for flexibility and promote collaboration when responding to program revenue shortfalls

Strategic Questions

1. *How much do we have available to spend? -
(not “How much do you need”?)*
2. ***Why do we need to keep “money in the bank”?***

Approach to Fiscal Health #2:

Establish and Maintain Reserves

- ***Symptoms of Good Fiscal Health***
 - Establish Working Capital Reserve Policy
 - Identify, Document and Understand All Reserves
 - Review Adequacy of Fund Balance Levels – too Little or too Much
- **Establish and Maintain Reserves in order to:**
 - Provide a back-up plan for emergencies, revenue shortfalls, or other unforeseen changes
 - Set aside funding for long-range plans
 - Hold only the appropriate amount of reserves establishes credibility with internal and external stakeholders

Strategic Questions

1. *How much do we have available to spend? - (not “How much do you need”?)*
2. *Why do we need to keep “money in the bank”?*
3. ***What’s the “difference”?***

Approach to Fiscal Health #3:

Understand Variances (Budget to Actual)

- ***Symptoms of Good Fiscal Health***

- Identify ongoing resources devoted to one-time or cyclical (“seemingly ongoing”) expenditures
- Eliminate unnecessary contingencies maintained in department budgets
- Analyze and understand revenue variances
- Don’t overlook thorough analysis of budget-to-actual variances
- Promote multi-year budgeting for capital projects
- Refine salary and benefit projections, to align with actual costs incurred
- Effectively monitor revenue billing and collection

- **Understand Variances in order to:**

- Promote collaborative engagement of organization in understanding variances
- Allow for more effective budget monitoring and management
- Provide source of “hidden treasure” when looking for budget reductions
- Help identify the “fluff”
- Uncover “shadow” / “decentralized” support functions hidden in department budgets

Strategic Questions

1. *How much do we have available to spend? -
(not “How much do you need”?)*
2. *Why do we need to keep “money in the bank”?*
3. *What’s the “difference”?*
4. ***“It costs how much”????????***

Approach to Fiscal Health #4:

Transparent About “True Cost of Doing Business”

- ***Symptoms of Good Fiscal Health***

- Align supply/cost of internal services with customer demand
- Appropriately allocate overhead and administrative costs to funds or departments who benefit
- Identify total cost (direct and indirect) for all programs
- Establish fees that recapture appropriate level of total costs of service delivery

- ***Be Transparent About the “True Cost of Doing Business” in order to:***

- Engage departments in assessing demands for internal services
- Promote enhancement of program revenues
- Provide collaborative discussion of the total cost to provide services
- Diversify burden from General Fund by appropriately sharing costs among other dedicated revenue streams
- Establish cost parameters for assessing “centralization” vs. “decentralization”

Strategic Questions

1. *How much do we have available to spend? - (not “How much do you need”?)*
2. *Why do we need to keep “money in the bank”?*
3. *What’s the “difference”?*
4. *“It costs how much”?????????*
5. ***“What’s the plan and what could cause it to change?”***

Approach to Fiscal Health #5:

Economic Analysis & Long-term Planning

- ***Symptoms of Good Fiscal Health***
 - Incorporate all long-term plans in forecasting
 - Prepare comprehensive, multi-year Capital Improvement Plan, and clearly identify associated ongoing operating costs
 - Utilize simple, graphic communication tool to illustrate fiscal health position to all stakeholders
- ***Focus on Economic Analysis and Long-term Planning in order to:***
 - Use key indicators to forecast trends which frames and influences better decision making
 - Use of single graphic tool ensures shared understanding of long-term fiscal position
 - Promote accuracy and understanding of financial forecasting
 - Keep decision makers focused on high-level stewardship role
 - Identify potential points of failure and allows foresight in response
 - Provide for improved long-term planning and financial modeling
 - Allow scenario-planning which encourages flexible and adaptive decision-making

Strategic Questions

1. *How much do we have available to spend? - (not “How much do you need”?)*
2. *Why do we need to keep “money in the bank”?*
3. *What’s the “difference”?*
4. *“It costs how much”?????????*
5. *“What’s the plan and what could cause it to change?”*
6. ***What does the future look like?***
7. ***What if.....???***

FISCAL HEALTH DIAGNOSTIC – Tell the Story with a “Picture”

GENERAL FUND

Monday, June 08, 2009

(Key: Items in "Blue" can be modified; items in "Black" can not)



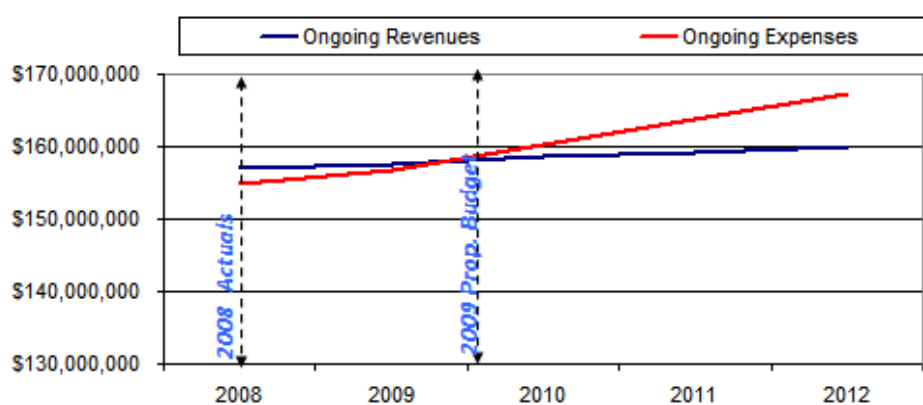
Fiscal Health Diagnostic (Do we meet the objectives?)

Objectives	Status	1st Year Missed	1st Year Impact
Set Aside Reserves	Meets	-	\$0
Fund "True Cost of Business"	Meets	-	\$0
Achieve "Ongoing" Alignment	Does Not Meet	2010	(\$1,492,879)
Achieve "One-time" Alignment	Meets	-	\$0

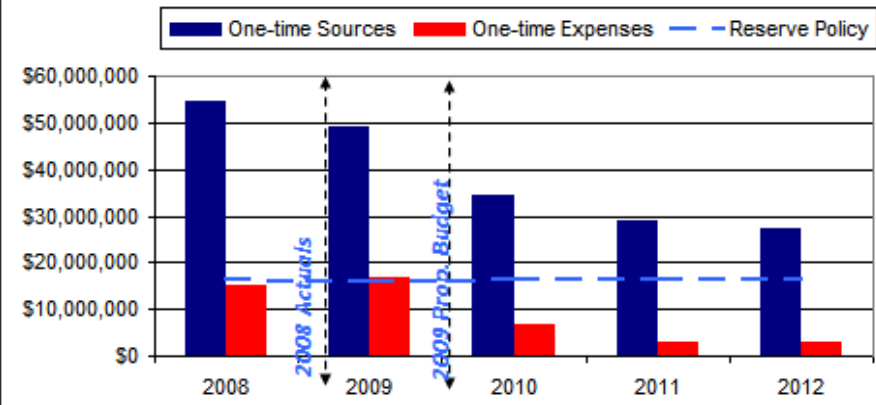
Ideas for Cost Containment or Additional Revenue

Description	R / E	Ongoing	Year 1	Year n	One-time	Year
Raising Taxes	R	\$1,500,000				2009
			2007	2012	\$0	
			2007	2012	\$0	2007
Use FB for Ongoing	N		2010	2010		

Ongoing Alignment, 2008-2012



One-time Alignment, 2008-2012



Ongoing Business Cases

Ongoing Projects	Y/N	Approval Year	First Year \$
Detention Center Expansion	Y	2009	\$ 760,000
Sheriff's PC Replacement	Y	2009	\$ 35,232
Assessor System	Y	2009	\$ 316,046
Treasurer's System	N	2009	\$ -

One-time Business Cases and 5-Year Plan

One-time Projects	Y/N	Approval Year	First Year \$
Detention Center Expansion	Y	2009	\$ 9,500,000
Sheriff's PC Replacement	Y	2009	\$ 440,400
Assessor System	Y	2009	\$ 3,950,580
Treasurer's System	N	2009	\$ -

Diagnostic Questions to Ask

- ? Does your organization differentiate between one-time and ongoing revenues and expenditures? If yes, how are they tracked? Does your forecast demonstrate this differentiation?
- ? How does your organization differentiate “program” revenues from “enterprise” revenues such as taxes, earnings on investments, franchise fees, etc.?
- ? Does your organization prepare a formal Revenue Manual? If yes, what type of information is included?

Diagnostic Questions to Ask

- ? Does your organization have a written fund balance reservation policy? If yes, how are you monitoring to ensure that reserves are maintained?
- ? Check to see if established working capital reserves are sufficient to meet emergency needs or short-term revenue shortfalls
- ? Check to see if there is an inventory of all other restricted or designated fund balance reserves, stating their purpose, the authority establishing them and how they are to be calculated

Diagnostic Questions to Ask

- ? Are variances between budgeted and actual revenues and expenditures analyzed and explained? If yes, how do those variances impact future budget cycles?
- ? Does your organization utilize a formal Compensation Plan to establish employee salary/wage ranges? How often is the plan updated?
- ? When assessing the adequacy of employee compensation, are employee benefit packages included in this assessment?

Diagnostic Questions to Ask

- ? Does your organization utilize Internal Service Funds? If yes, what are the services provided by each fund and how are the internal charges established and distributed?
- ? Check to see if appropriate demand metrics are evaluated when determining costs
- ? Check to see if customers perceive that costs are transparent, and that they have the ability to influence those costs by altering their own demand
- ? Does your organization prepare a Full Cost Allocation plan in addition to an OMB A-87 Cost Allocation Plan? If yes, how is this plan incorporated into the budget process?

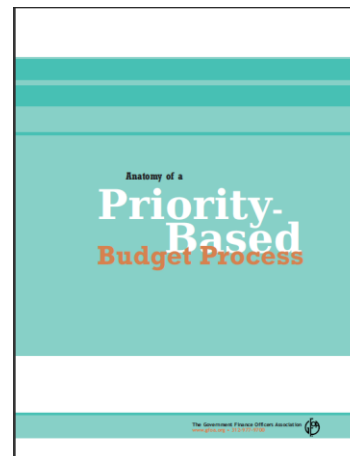
Diagnostic Questions to Ask

- ? Does your Five-Year forecast incorporate other long-term plans developed by your organization?
- ? Does your organization prepare a Capital Improvement Plan? If yes, what information is included and how is it utilized in your budget process and your financial forecasts?
- ? What tools does your organization use to communicate financial information to its elected decision-makers?

LIVE DEMONSTRATION OF “FISCAL HEALTH DIAGNOSTIC” TOOL



From Health to Wellness



The Mercury News

From 2007

Across the Board Cuts Address \$14.5 Billion Shortfall

- California Governor's Office: "Across-the-board approach spreads reductions as evenly as possible so no single program gets singled out."
- Reaction: "the governor's approach would be like a family deciding to cut its monthly mortgage payment, dining-out tab and Netflix subscription each by 10%, rather than eliminating the restaurant and DVD spending in order to keep up the house payments."

According to Moody's:



- Across-the-Board versus Targeted Budget Cuts
 - “Across-the-board cuts can be a way to avoid tough decisions”
 - “Targeted cuts require a **serious discussion of community values, relative benefits of different services, and long-term implications**”
- Moody's wants to see how local governments plan for and respond to financial challenges over the long term
 - *“Making targeted cuts can demonstrate a more strategic approach to managing the fiscal crisis”*

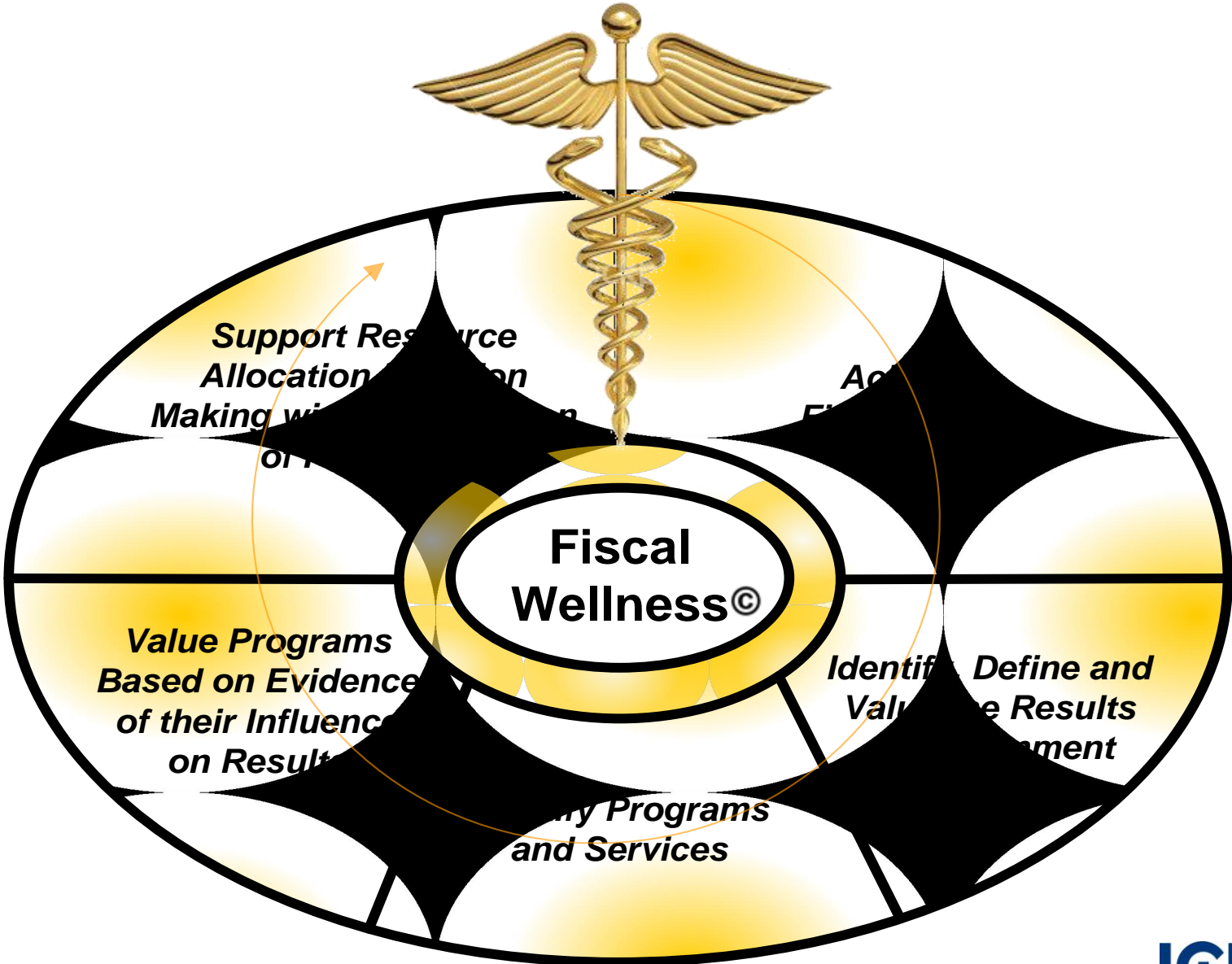
GOVERNING

CONNECTING AMERICA'S LEADERS

“Across the board cuts spreads the pain evenly and also evenly spreads the mediocrity”

- Budget Director for the State of Louisiana

ACHIEVING LONG-TERM FISCAL WELLNESS



Steps to Successful Prioritization

- **1.) Determine Results**
 - Accurate prioritization of programs, reflecting the City’s stated objectives, depends on the comprehensive identification of the Results we are in business to achieve
- **2.) Clarify Result Definitions**
 - Precision in prioritization results from the articulation of the cause and effect relationship between a program and a Result
 - With clearly defined Result Maps, detailing the factors that influence the Results we are in business to achieve, we can seek to minimize subjectivity in the process of linking programs with Results
- **3.) Identify Programs and Services**
 - Differentiating programs and services we offer, as opposed to comparing the departments who provide those services allows for better Prioritization
- **4.) Value Programs Based on Results**
 - With the right Results, and with clear definitions of those Results, we can more accurately place a value on a program relative to its influence on achieving Results
- **5.) Allocate Resources Based on Priorities**
 - Using “Resource Allocation Tool”

Strategic Questions

1. What are we in “business” to do?

Step 1: Determine Results

City of Grand Island, NE

<i>Quality of Life</i>
<i>Stewardship of the Environment</i>
<i>Safe Community</i>
<i>Strategic, Sustainable and Maintained Development</i>
<i>Effective, Efficient and Sustainable Organization</i>
<i>Accessible and Transparent Organization</i>
<i>Stewardship of Resources</i>

Community Results

- *Used to Differentiate Programs Offered to the Community*
- *Not All Programs Achieve these Results*
- *Programs that Achieve Many Results, with a High Degree of Influence, Achieve Highly in Prioritization (demonstrate high degree of relevance)*

Quality Service Results

- *Every Program Should Achieve these Results (though potentially, not every program does)*
- *Not Used to Differentiate the Relevance of Programs in Prioritization*

Governance Results

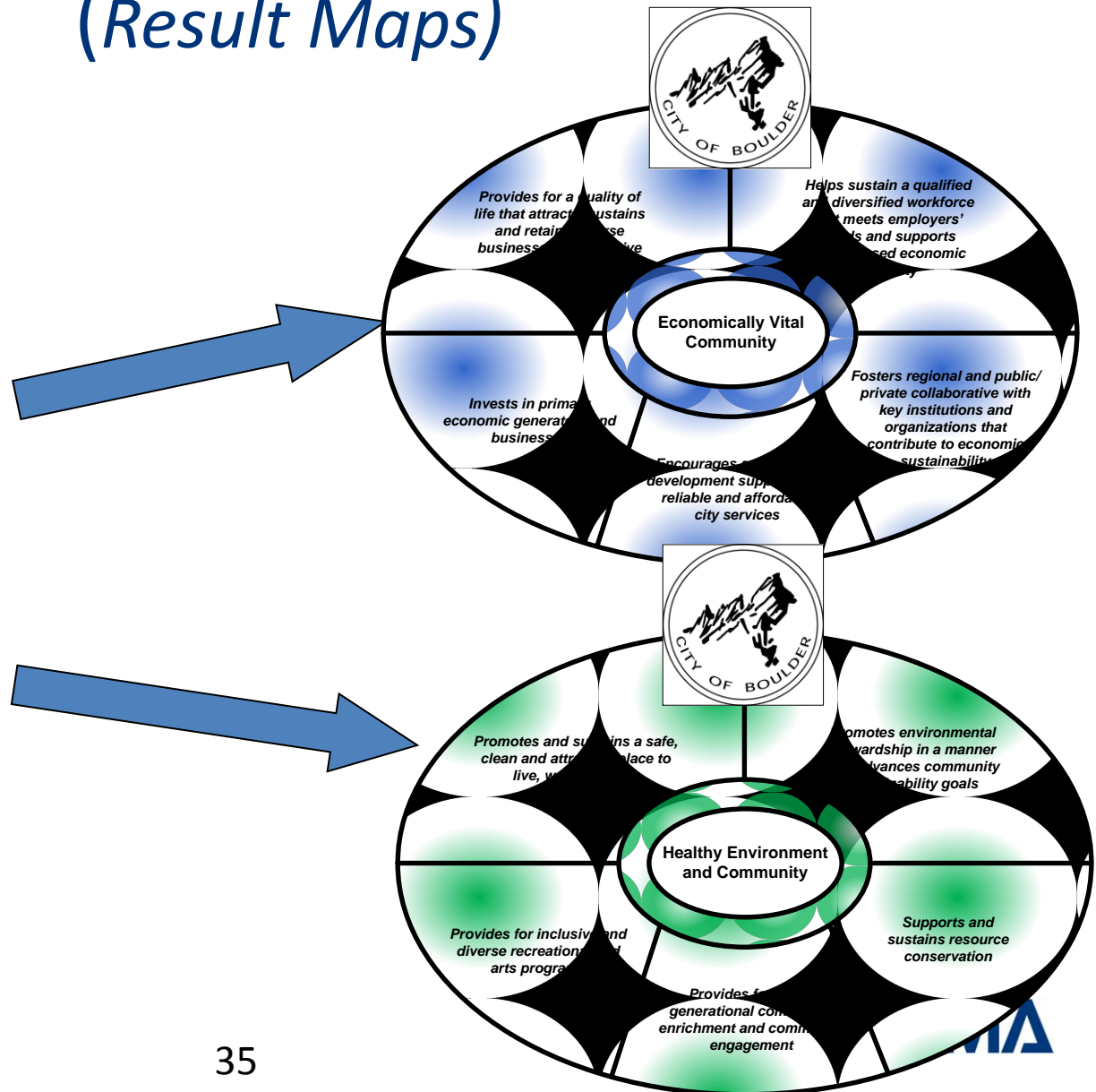
- *Used to Differentiate Programs Designed to Support Governance*

Step 2: Clarify Result Definitions

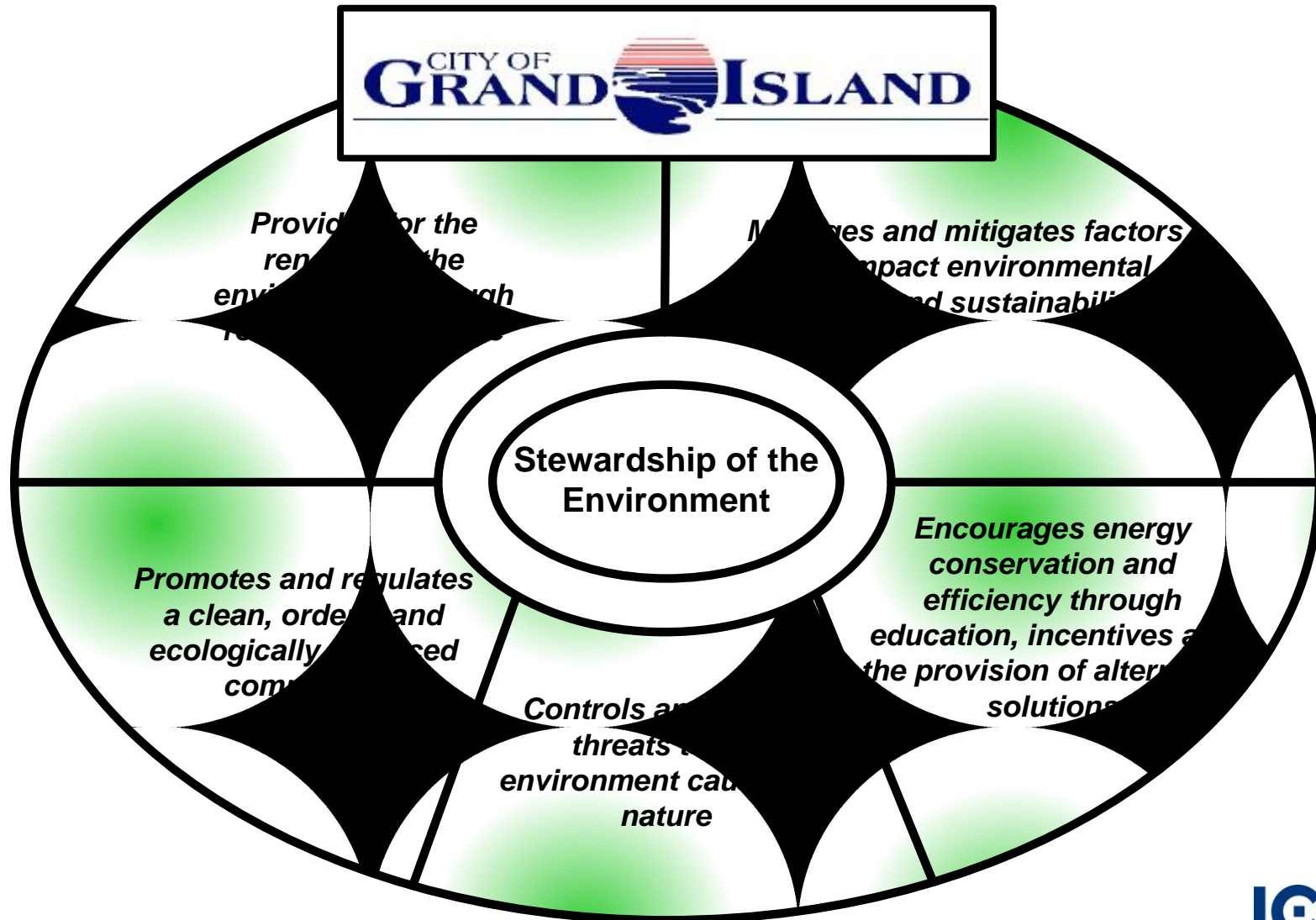
(Result Maps)

City of Boulder, CO Results

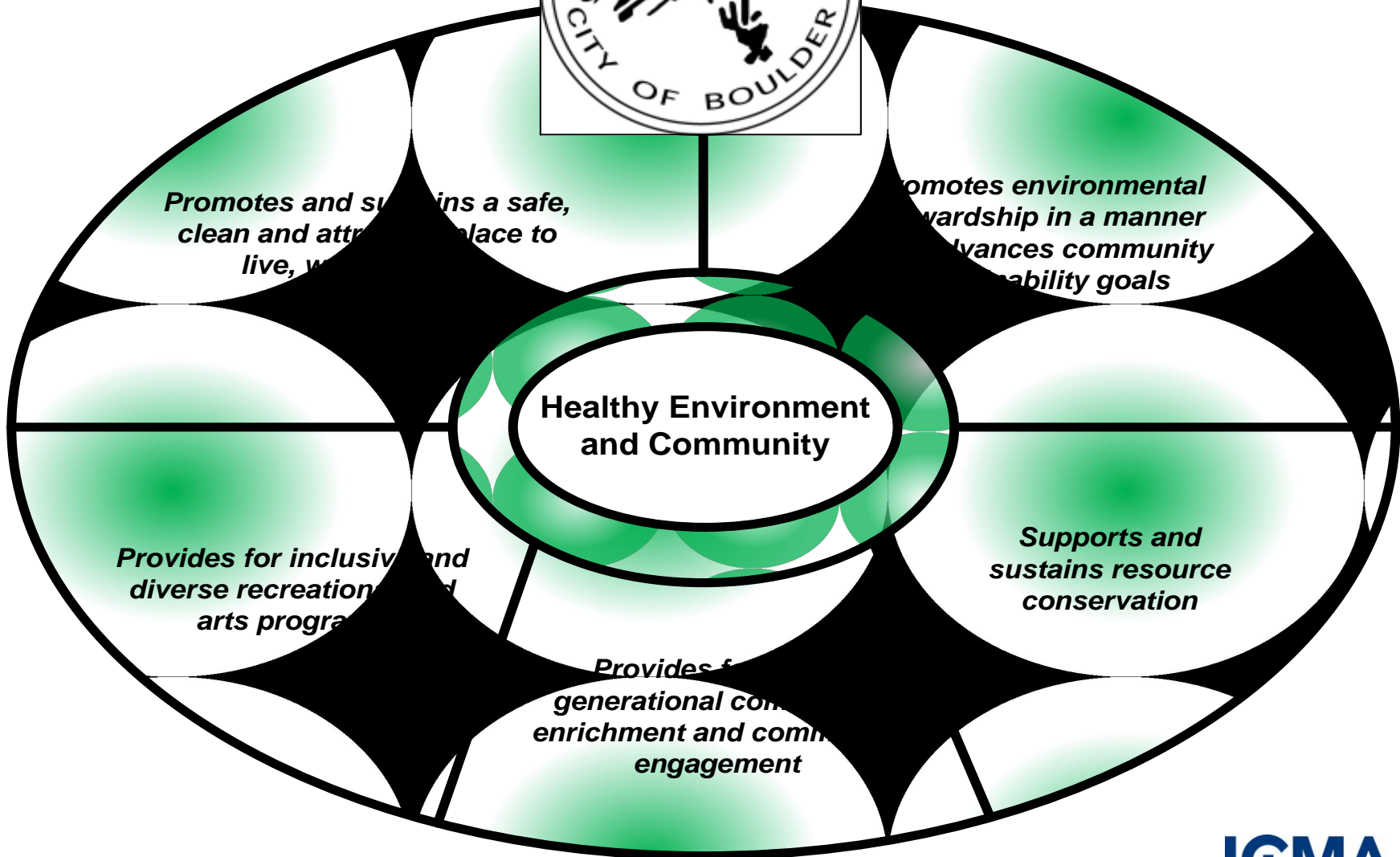
- ❖ Accessible & Connected Community
- ❖ Economically Vital Community
- ❖ Healthy Environment & Community
- ❖ Inclusive & Socially Thriving Community
- ❖ Safe Community



Identify and Define Results









PROVIDES ASSURANCE OF REGULATORY and POLICY COMPLIANCE TO MINIMIZE and MITIGATE RISK

PROTECTS and PRUDENTLY MANAGES ITS FINANCIAL, HUMAN, PHYSICAL, and TECHNOLOGY RESOURCES

ATTRACTS, MOTIVATES and RETAINS HIGH-QUALITY WORKERS DEDICATED TO PUBLIC SERVICE

GOOD GOVERNANCE (Sound Financial Entity)

ENABLES and PROMOTES TRANSPARENCY, ACCOUNTABILITY, INTEGRITY, EFFICIENCY and INNOVATION IN ALL OPERATIONS

SUPPORTS DECISION-MAKING WITH TIMELY and ACCURATE SHORT-TERM and LONG-RANGE ANALYSIS


RESPONSIVE, ACCESSIBLE and COURTEOUS TO ITS CUSTOMERS

Strategic Questions

- 1. What are we in “business” to do?*
- 2. What exactly do we do?**


Step 3: Identify Programs and Services

- Departments develop their own program inventories
- When defining programs, be clear on the objectives of what inventory will be used for
- Not too big, not too small, just right!
 - Measure relative size based on costs, people associated with program
 - Departments and Divisions = too big
 - Tasks = too small

CITY OF BOULDER, COLORADO 

Department Program Inventory
Monday, July 26, 2010

Directions: For all of the programs and services in your department, identify the program name. When completed, please e-mail the Program Inventory back to Jim Reasor



Fund No.	Department Providing Program	Program Name
010	Community Planning & Sustainability	General Business Assistance
010	Community Planning & Sustainability	Business Retention and Expansion
010	Community Planning & Sustainability	Business Incentive Programs
010	Community Planning & Sustainability	Business Partnerships and Sponsorships
140	Community Planning & Sustainability	Energy Decarbonization
140	Community Planning & Sustainability	Green Job Creation
140	Community Planning & Sustainability	Climate Adaptation Planning
112	Community Planning & Sustainability	Comprehensive Planning
112	Community Planning & Sustainability	Intergovernmental Relations
112	Community Planning & Sustainability	Historic Preservation
112	Community Planning & Sustainability	Ecological Planning

Strategic Questions

- 1. What are we in “business” to do?*
- 2. What exactly do we do?*
- 3. How do we figure out what is “core” OR What is of the highest importance?***

Step 4: Score Programs on Basis of Results & Basic Program Attributes

Basic Program Attributes

- Mandated to Provide the Service
- Reliance on the City to Provide the Service
- Self-Sustainability (*Program Revenue*)
- Change in Demand for Service

City of Boulder's Results

- Accessible & Connected Community
- Economically Vital Community
- Healthy Environment & Community
- Inclusive & Socially Thriving Community
- Safe Community

Simple Scoring Scale – Relevance to a Result

- 4** = Program has an essential or critical role in achieving Result
- 3** = Program has a strong influence on achieving Result
- 2** = Program has some degree of influence on achieving Result
- 1** = Program has some (but minimal) influence on achieving Result
- 0** = Program has no influence on achieving Result

Identify “Value” of Program Based on their Influence on Results

Individual Department Program Scorecard © Thursday, January 28, 2010

Directions: For all the programs in your department, please rate how these programs score in the four Basic Attributes and they influence the City’s ability to achieve its Priority Results. When completed, please email the Program Scorecard back to mariah.dabel@sanjoseca.gov



Evaluation Criteria												
Basic Program Attributes					Priority Results							
Mandated to Provide Program	Cost Recovery of Program	Change in Demand for Service	Reliance on City to Provide Service	Safe City	Prosperous Economy	Green, Sustainable City	Attractive, Vibrant Community	Reliable, Well-Maintained Infrastructure				
0-4 Scale (4=State/Federal Mandate; 2=Charter; 1=Ordinance/Resolution; 0=No Mandate)	0-4 Scale based on Percentage (4=75-100%; 3=50-74%; 2=25-49%; 1=1-24%)	-4 to 4 Scale (-4=demand significantly decreasing; 4=demand significantly increasing)	0 to 4 Scale (4=Only City can provide service; 2=Only public entities can provide service; 0=other entities can provide service)	On a scale of 0 to 4 points, 0 = program has no influence on achieving the Result; 1 = program has some influence, though minimal; 2 = program influences the Result; 3 = program has a strong influence on the Result; 4 = program is essential to achieving the Results								

Department	Program	Enter Score Below	Enter Score Below	Enter Score Below	Enter Score Below	Enter Score Below	Enter Score Below	Enter Score Below	Enter Score Below	Enter Score Below
Office of Economic Development	Business Attraction/Expansion Assistance	4	2	4	4	2	4	3	2	0
Office of Economic Development	International Business Relations/Sister City	0	1	2	2	0	2	1	1	0
Office of Economic Development	Economic Strategy, Policy and Analysis	1	2	4	2	0	3	3	2	0
Office of Economic Development	Downtown Management	1	2	4	4	3	2	0	3	4
Office of Economic Development	Arts / Festival Grants and Assistance	1	1	3	0	1	3	1	4	1
Office of Economic Development	K-12 Arts Education	0	0	2	0	1	2	0	4	0
Office of Economic Development	Cultural Planning, Policy and Initiatives / Arts	1	0	2	4	1	3	1	4	1
Office of Economic Development	Public Art Project Management	1	1	2	0	1	2	2	4	3
Office of Economic Development	Public Art Master Plan Implementation and	1	1	3	0	1	2	1		2



Strategic Questions

- 1. What are we in “business” to do?*
- 2. What exactly do we do?*
- 3. How do we figure out what is “core” OR What is of the highest importance?*
- 4. What do you want to “keep” (not “What do you want to cut”) – THE ROLE OF CITIZENS**

3 Keys to Public Engagement

- 1.) Determine Your Objective for Engaging the Public
 - Is it a “Means to an End” or an “End in and of Itself?”
- 2.) Determine a Role for the Public Where they Can Have Meaningful Influence
- 3.) For Greatest Participation, Go to Them

Many Challenges Inherent to Engaging Public

Where would YOU find \$51 million?
Building the Citizens' Budget

WHO MAKES THE CUT—YOU HELP DECIDE
POLICE OR POOLS? FIREMEN OR FEES?



Here's the challenge!

- The City of has a \$51 million deficit—How can we balance the budget while still having the services we need?

Your voice is important!

- City Council wants and needs your input to make budget decisions that best reflect the values of our citizens.
- Come talk with other citizens—*together* you will decide what is most important for our community.

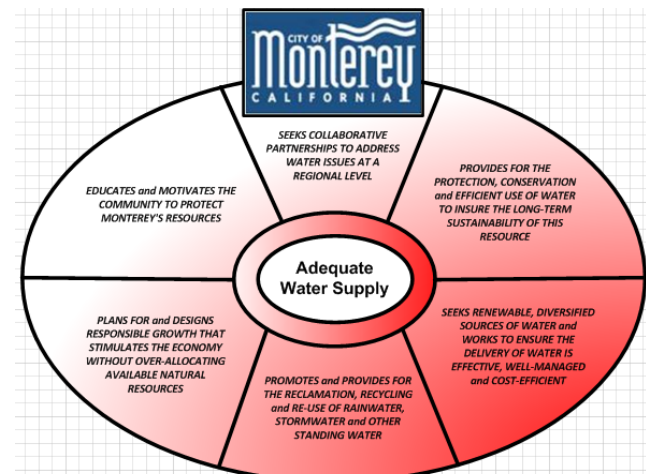
- Level of discussion too “Big Picture”
- Conversation is framed contentiously (and possibly with “fear”)
- Unclear about “how” citizens will be able to participate

Engaging Public in New Discussion About *“What They Want to Keep”*



CITY OF MONTEREY
Result: MULTIPLE MODES OF TRANSPORTATION
If the City of Monterey _____ then it will have successfully achieved the result of providing MULTIPLE MODES OF TRANSPORTATION

DESIGN, BUILD and MANAGE A TRAFFIC NETWORK THAT EASES CONGESTION, IMPROVES TRAVEL TIME AND ENHANCES MOBILITY		PROVIDES ACCESSIBLE, SAFE AND WELL-PLANNED MOBILITY ALTERNATIVES FOR CYCLISTS AND PEDESTRIANS THAT CONNECT THE COMMUNITY		ENCOURAGES AND INCENTIVIZES TECHNOLOGIES AND STRATEGIES THAT REDUCE VEHICLE USE, ESPECIALLY BY INDIVIDUALS	
STAFF RESPONSE	CITIZEN RESPONSE	STAFF RESPONSE	CITIZEN RESPONSE	STAFF RESPONSE	CITIZEN RESPONSE
Review traffic control plans	Review traffic signals & vehicle flow	Event reduction (e.g. closing public use when not needed)	Safe pedestrian lanes	Provision healthy modes of transport (walking, for kids, babies, strollers)	Encourage car sharing
Focus on traffic engineering	Traffic flow	Prohibit bikes on the freeway	Prohibit bikes that are easy to follow	Multiple modes of traffic, reduce impact on environment	Know how for bicycling & carpooling
Traffic plan	Get lightwave traffic routing	Encourage walkways beyond the recreation park	Signal bike lanes (safety lanes)	Car pools	More car sharing
Coordinate transportation planning	Consider creative solutions to "last mile" "first mile" issues	Maintain bike lanes	Safety improvements for bicyclists	Car-sharing	Know how for bicycling & carpooling
Revisit the need for transportation planning beyond traffic engineering	Traffic routes & lanes on busy traffic routing with traffic efficiency	Walkways	Education for bicycling & carpooling	New modes of transportation	Encourage businesses to provide transportation to employees
Use traffic routing flexibility	Alternative ways	Prohibit e-bikes on bike lanes	Coordinate bike lanes	Share employees car-pooling/bikes	Actively plan to reduce need for single person transportation
Event/low traffic, limited or no parking	Add lanes on the Marine Blvd	Prohibit alternative modes (public transit, bike lanes, etc.) of transportation	Prohibit e-bikes on bike lanes	Prohibit workers to car-pool/bikes to reduce car use	
Support traffic flow	Early residential road signage	Walkways connectivity	Multimodal paths with lighting (bikes)	Prohibit signs to reduce car use	
Walkways, with signage & direction	Design new developments (lightweight)	Water bike lanes	Bike lanes (C)	Environmentally friendly goods	
Improve & reorganize public areas	Open Parks (C)	Maintain the recreation trail	Multimodal bike trails & paths	More or improve school zoning	
Walkways and improve traffic flow	Address traffic flow issues to determine effective modes of transportation	Prohibit heavily bicycling & walking	Prohibit bike lanes	Require business to provide alternative transportation options (e.g. bike lanes, bike trails, showers, etc.)	
No traffic signage		New walkway signage/graphics	Signal bike lanes on all city streets	Bike share programs	
Alternative solutions to traffic engineering (e.g. bike paths, trails, etc.)		Event signage to guide users	Signal walkways	Design a plan (B)	
Walkways connectivity		New pedestrian paths	Safe bike lanes	Prohibit signs for water & storm	
Trade traffic & pedestrian safety		Exclude alternative pathways & walking trails	Signal bike lanes		
Reduce traffic lanes (C)		Connect major destinations by bike paths & pedestrian walkways	Create bike lanes		
New solutions		Improve alternatives for pedestrians & bicyclists	Bike & pedestrian lanes		
Event low traffic, limited or no parking (to improve alternative)		Improve bike lanes to pedestrian paths	Monterey pedestrian connections to downtown		
Traffic engineering		Prohibit bike lanes	Other "walkable" city		
Encourage the public on traffic safety		Use a bike path	Safe walkways		
Maintain traffic engineering		Walking trails (C)	Encourage & promote walking		
		Multimodal (e.g. pedestrian, library, train, transit)	City of Monterey to encourage walking & biking		



Valuing the Results of Government

Invest \$100 in Results, according to their relative importance

Valuing the Results of Government

Thursday, February 04, 2010

Giving Emphasis to the Priorities of Government

Directions: The results that our Government strives to achieve are identified in the table below. As a citizen, your job is to help the City understand clearly the results that you value most. For this exercise, you are to imagine having \$100 to invest in achieving the City's results. Where would you invest your money? You can distribute the funds evenly to all results, you can invest all of your money in one single result, or you can invest your money toward the achievement of various results emphasizing those which are most important to you. Spend the \$100 until it's gone by typing the amount you intend to invest in a result into the empty box to the "right" of the Result Statement.



Money You Started With

Money You Have Invested

Money You Have Left (When this box reads "\$0" you have completed Step 1.)

Results of Government

Amount of Money Citizen Intends to Invest in Result

<i>A Safe Community</i>	\$ 30
<i>Strong Neighborhoods and a Sense of Community</i>	\$ 5
<i>Economic Vitality</i>	\$ 20
<i>Culture, Recreation and Learning Opportunities</i>	\$ 15
<i>Stewardship of the Environment</i>	\$ 10
<i>Effective Transportation and Mobility Options</i>	\$ 20

Strategic Questions

1. *What are we in “business” to do?*
2. *What exactly do we do?*
3. *How do we figure out what is “core” OR What is of the highest importance?*
4. *What do you want to “keep” (not “What do you want to cut”) – THE ROLE OF CITIZENS*
5. ***How do we know we are successful?***

Peer Review (Quality Control) Process

City of Boulder, CO

Program Prioritization

Peer Review of Departmental Program Scoring

Community Result: ECONOMICALLY VITAL COMMUNITY



7/27/2010



Each department has scored its programs using a two-step process: (1) determine the relevance of a program in respect to the Priority Result and (2) determine the influence of the program to achieve the Priority Result. Based on that process, programs were scored within a range of between "0" and "4". For details on the scoring, please refer to the departmental scoring instructions in your packet. As part of the validation process, each Peer Review team will review those programs which departments scored with a "3" or "4." The task of the Peer Review team is to review the information provided regarding these programs within the context of the Priority Result definition. Specifically, you are tasked with the following:

1. review the program descriptions and determine whether you agree with the departmental score based on how well the program aligns with the Priority Result (does the program achieve the Priority Result and to what extent);
2. request additional information to understand the departmental score, if necessary; and
3. after receiving additional information and discussion, recommend a different score to the City Manager, if necessary.

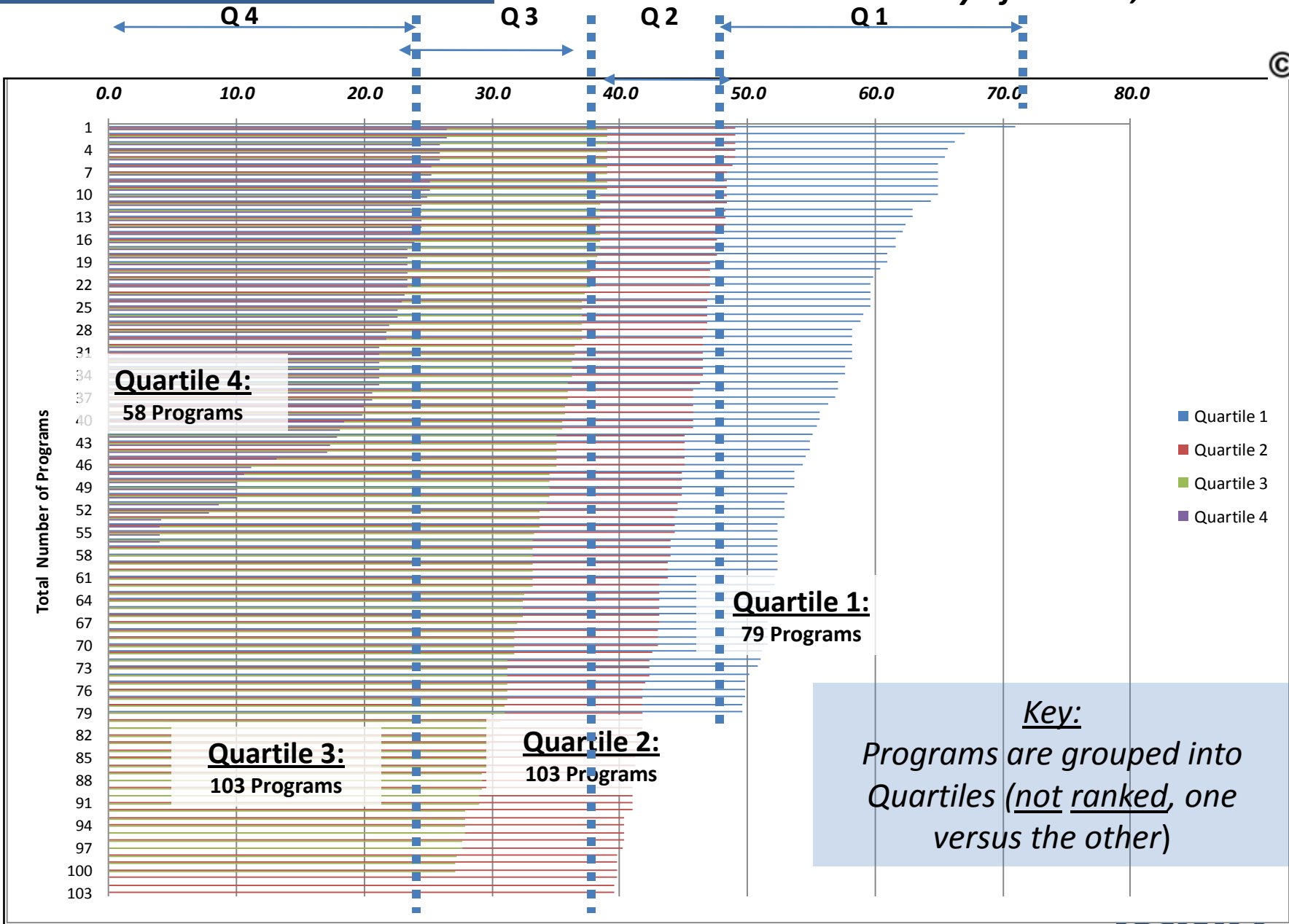
The following Programs are Listed in Order of Score, From High to Low, Relative to this Result

DEPARTMENT OFFERING PROGRAM	Division	PROGRAM NAME	PROGRAM DESCRIPTION	Program Number	Program Notes	Dept. Score	Agree with Dept. Score? (Yes/No)	Need More Information? (Yes/No)	Notes for Review Team Member	Revised Score
Community Planning & Sustainability	Economic Vitality	Economic Vitality Program & Sponsorships	Wide range of assistance to new & existing, small & large businesses; retention/expansion critical to the city's economic health and revenues (sales & use taxes/permit fees); sponsorships supports service to small and independent businesses.	29		4				4
Community Planning & Sustainability	LEAD	City Organization Sustainability	New City Sustainability Plan; Economically vital-could not ask the same of businesses in the community if we as a city organization are not doing our part; Safe-ranked for environmental health.	39		4				4
DUHMD/PS	04	Downtown & Community Improvements-streetscape	Mall Infrastructure improvements and FFR replacement for items such as PopJet fountain, weeping rock, benches, etc	49		4				4
Fire	Fire Safety	Inspections/Code Enforcement	Provides inspection and enforcement services to ensure existing buildings and new construction meet fire and safety code requirements prescribed in the Boulder Revised Code.	76		4				4
Open Space & Mountain Parks	Land & Visitor Services	Trail Program Maintenance and Construction	Desc: Annual maintenance of existing trail system. New trail construction and large scale maintenance projects to make existing trails more sustainable Mandated: Charter Section 176c & 176h Provide for passive recreation such as hiking, equestrians and biking Change: As surrounding communities continue to grow, more people visit the OSMP trail system. Reliance: The City would not allow a private citizen to construct a new trail on public land nor would we expect the private citizen to pay for it. Access: OSMP constructs and maintains ADA accessible trails, this is a unique opportunity for mobility impaired people to recreate outside. OSMP also plans, constructs and maintains a trail infrastructure system that provides an opportunity to bring people closer. Econ: The opportunity to recreate on OSMP, via the trail system, is essential to the economic vitality	168		4				4

Strategic Questions

1. *What are we in “business” to do?*
2. *What exactly do we do?*
3. *How do we figure out what is “core” OR What is of the highest importance?*
4. *What do you want to “keep” (not “What do you want to cut”) – THE ROLE OF CITIZENS*
5. *How do we know we are successful?*
6. ***How do we ask “better” questions that lead to “better” decisions about “what we do” and “why we do it”?***

Defining Quartile Groupings



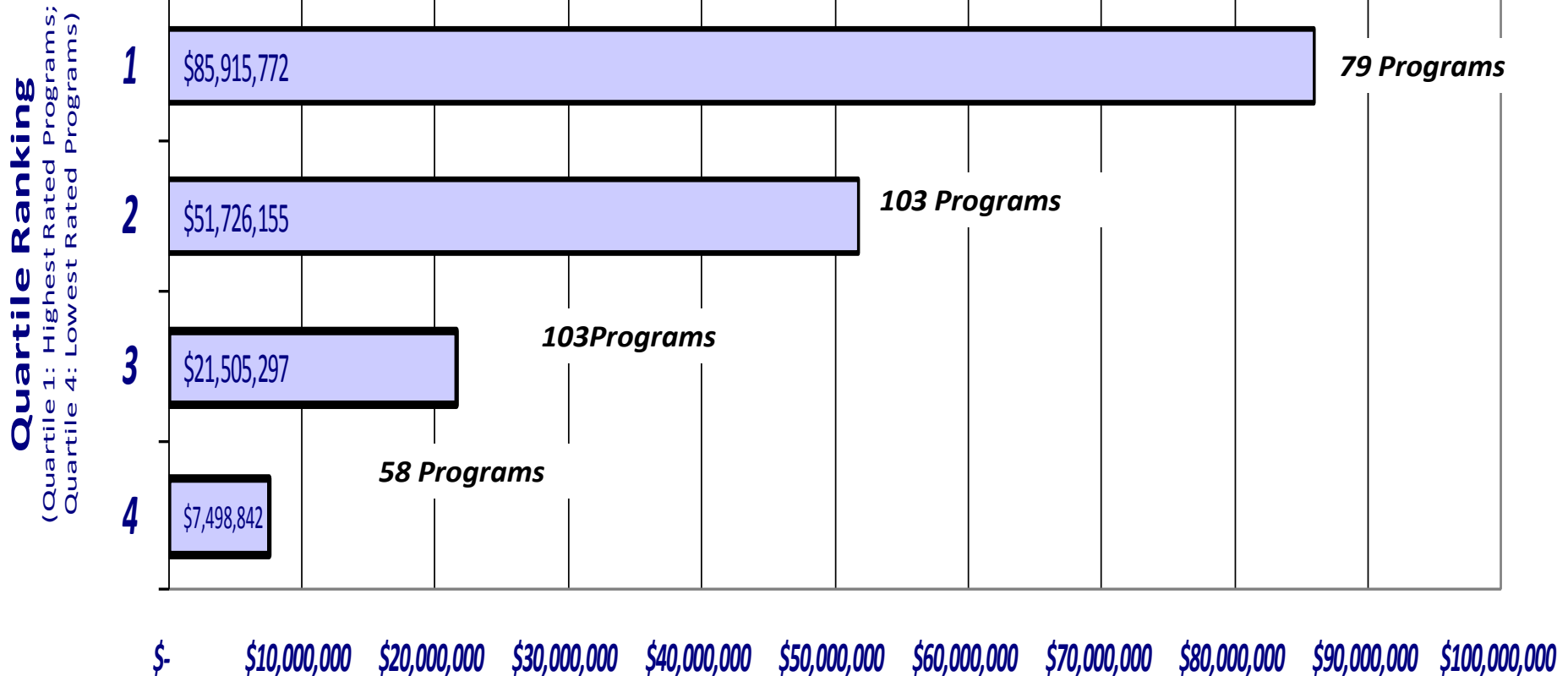
Key:
Programs are grouped into Quartiles (not ranked, one versus the other)

Step 5: Allocate Resources Based on Prioritization

City of Boulder, Colorado

Prioritization Array: Combined City-wide Programs

©



Resource Allocation Tool

Program Type:

(All Programs, Governance, Community-oriented)

Prioritization Perspective:

(City-wide, Fund, Funds)

Choose Department:

(All Departments, Specific)

Funding Source:

(Est. Budget, Gen Gov Revenue, Program Revenues)



Every City Program

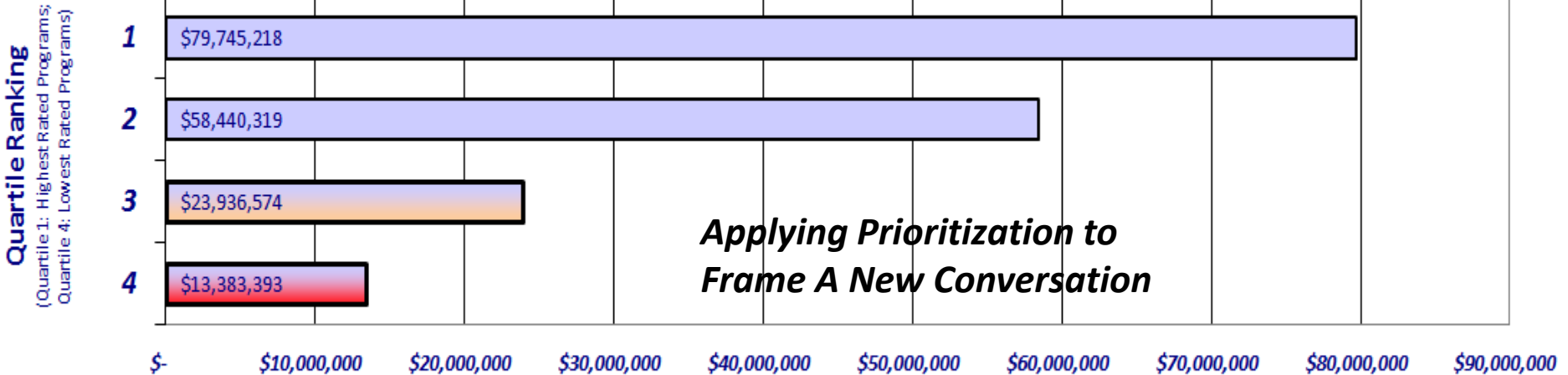
City-wide

All Departments

Portion Funded by General Government Resources

June 13, 2011

Priority Based Budgeting: Spending Array Perspectives



Quartile Ranking	2010 Budget	2011 Proposed Budget	Increase (Reduce) %	Impact	2011 Target Budget
Qrt 1	\$0	\$79,745,218	2.00%	\$1,594,904	\$81,340,122
Qrt 2	\$0	\$58,440,319	-3.00%	(\$1,753,210)	\$56,687,110
Qrt 3	\$0	\$23,936,574	-10.00%	(\$2,393,657)	\$21,542,917
Qrt 4	\$0	\$13,383,393	-20.00%	(\$2,676,679)	\$10,706,714
TOTALS	\$0	\$175,505,504	-2.98%	(\$5,228,641)	\$170,276,863

LIVE DEMONSTRATION OF RESOURCE ALLOCATION TOOL

Thank You !

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Questions/Comments?



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