



**PRIORITY DRIVEN BUDGETING AND THE POLICY BUDGET DIRECTION**

**Cincinnati's Priority-Driven Budgeting Initiative**

As we adjust to the "new normal" of limited resources, Cincinnati, like cities across Ohio, has been faced with the dilemma of how to maximize the efficiency of its funding allocations. As part of the solution to that dilemma, the City of Cincinnati has undertaken a Priority-Driven Budgeting initiative with the assistance of the Center for Priority Based Budgeting.

Priority-Driven Budgeting is a structured process that will help City Council make funding allocation decisions based on analytical data about how programs and services help achieve results. In the past, we established targeted departmental budget cuts while preparing their biennial budgets.

**Identified Strategic Priorities**

The first stage in the process was to identify strategic priorities for the City government. Cincinnati engaged the public in this process using focus groups; open public meetings; and Facebook and Wiki pages to find out what programs and services citizens feel are most important for government to provide.

Over 240 people attended the sessions outlined below. Focus group sessions were held with the following targeted populations: City Board and Commission members; Community Council leaders; large employers; small business enterprise owners; socially disadvantaged; United Way service recipients; City Health Clinic patients; and senior citizens. Open to the public meetings were held at various locations throughout the City, including: Main Library (Downtown); Pleasant Ridge Recreation Center; Hartwell Recreation Center; Dunham Recreation Center (West Price Hill); Avondale Library; and College Hill Recreation Center.

As a result of these sessions, seven priorities were identified -- five community-oriented priorities (Safe Community; Commerce and Jobs; Well Planned and Developed Infrastructure; Inclusive, Thriving, and Livable Community; and Sustainable Built and Natural Environment) and two that are government-oriented (Leadership and Financial Stewardship and Efficient and Effective Basic Services).

**Define Strategy Maps**

The second stage was to define "strategy maps" to show the cause and effect between programs and strategic priority Results. Using words and/or images, these maps help viewers understand the cause-effect connection between activities, strategies, factors and the outcome. Summary of the strategy maps follow below:

**Safe Community**

Cincinnati recognizes that creating a safe community requires a *holistic approach to crime prevention*. In addition to maintaining *professional and responsible public safety* services, the City provides opportunities for *positive youth development, enforcement of chronic nuisance ordinances, neighborhood preservation,* and well-maintained infrastructure.

**Commerce and Jobs**

Cincinnati maintains an *attractive and thriving environment for businesses of all sizes*. The City invests in programs, incentives, and technology that support economic development and *business retention*. *Small businesses are fostered*, including those that directly support the basic needs of neighborhoods. The City is a leader in *regional development opportunities*, particularly those that result in *job creation* and encourage more individuals to locate and stay in our City. *Transportation networks* help Cincinnati residents get to their places of employment.

## City Manager's Message

### Priority Driven Budgeting and the Policy Budget Direction



#### Well Planned and Developed Infrastructure

Cincinnati provides for *timely maintenance, repair and replacement of our physical assets*. Adequate planning, funding, and *construction oversight* is provided to ensure our infrastructure remains *safe and accessible*. Affordable and reliable *multi-modal transportation* is planned for and promoted, and density is encouraged near transportation hubs.

#### Inclusive, Thriving, and Livable Community

Cincinnati is a community comprised of *healthy, attractive, and livable neighborhoods* that *embrace our diversity* and offer a *variety of housing options* for all ages and income levels. The City *cares for our most vulnerable populations* by ensuring health, welfare, and social services are provided *equitably* across the community. The City provides *quality parks* and a variety of *recreational opportunities* and *cultural amenities* that contribute to a high quality of life.

#### Sustainable Built and Natural Environment

Cincinnati has developed a reputation for *high environmental standards* by implementing and encouraging *sustainable practices* and exploring new *green technology*. Our *historical assets are properly maintained*, and a *proactive code enforcement* program ensures our residents live in safe and healthy buildings. Education and opportunities for *citizen and business participation* in environmentally sensitive initiatives is provided. The City aggressively *maintains its active and passive open spaces* and *leverages its natural assets* to beautify the City.

#### Leadership and Financial Stewardship

City leaders model *civility, cooperation, and open-mindedness* in seeking *long term financial solutions* that benefit the community. Our leaders instill *trust*, demonstrate *accountability*, and exercise *stewardship* as they deliberate with *transparency*, ensuring that all residents have *equal access to information* about their City government. The City *supports our public education system* and *works collaboratively with other elected officials* from all government sectors throughout the region to identify long-term regional solutions. They actively engage with the community and recognize the value of *citizen input and interaction*. The City *fosters and supports aspiring leaders* throughout the community.

#### Efficient and Effective Basic Services

Cincinnati ensures the delivery of *high quality basic services* by maintaining an *effective, efficient and well-trained workforce*, regularly *investing in technology, equipment* and other resources, and *communicating with residents and businesses regularly* to understand how responsiveness may be enhanced to meet the needs of the community. The City makes decisions to increase its operational efficiency and reduce redundancies based on *data and proven results*. This includes *regularly reporting on performance indicators* and pursuing *alternatives methods of service delivery* when they are in the community's best interest.

#### Identified Departmental Programs and Services

The third stage was to identify programs and services within each department. Differentiating programs and services across the entire city organization, as opposed to comparing the departments which provide those services, allowed for better prioritization. We identified all programs and services that the City offers and defined discrete decision units for evaluation. Department staff played a key role in creating this list, describing the programs, and estimating the current cost to provide each of these programs and services.

#### Scored Programs and Services and Peer Review

In the fourth stage, departments scored the programs based on several factors, including the effectiveness in achieving each of the strategic priorities, as well as the program's basic attributes: the degree to which it



impacts the strategic priorities, whether or not the City is mandated to provide the service/program; any changes in the demand for the service/program; the level of cost recovery for the service/program; and whether or not other options exist to provide the service/program.

Once each department had completed its self-measurement process, a peer-review Team reviewed each department's programs to confirm the rankings and correct any discrepancies that may have occurred. Members of the peer-review team could not review their own department, ensuring objectiveness and "quality control" throughout the process.

#### **Surveyed Residents for Program and Service Weights**

The fifth stage of the process involved assigned weights to each of the Strategic Priorities. We included a second round of public engagement through a web-based survey, in-person survey, and statistically valid mail survey to find out what is most important to Cincinnati residents and businesses. The surveys were designed with two goals in mind – to determine the validity of the Strategic Priorities; and to evaluate the relative weight of each of the seven Strategic Priorities.

In this step, citizens were also asked to rank the community-oriented Strategic Priorities. In the survey, each resident was given a total of \$100 to spend on city services. The respondent could spend the \$100 on any combination of five categories, with more money representing a higher priority. The consultants then measured the number of respondents who spent money towards a service and how much money was spent.

This allowed Cincinnati to quantify public sentiment and move forward on a budget process that was representative of the wants of the population. We had over 2,400 respondents - 1,672 to the web-based survey, 665 to the statistically valid mail survey, and 66 to the in-person survey - and all surveys validated the Strategic Priorities and ranked them in the same order of importance. The scored and weighted programs were compiled and separated into quartiles in order to compare the programs. This will evaluate how the services/programs achieve the Strategic Priority Results, and to what degree this occurs.

#### **Analyzed Results in Diagnostic Tool**

In the sixth stage, we received the Center for Priority Based Budgeting's Resource Allocation Diagnostic Tool to provide City leaders a way to analyze the quantifiable information about our programs. We can filter by the Basic Attributes, by Fund, by Department, by Strategic Priority area, etc., and see the program rankings in quartiles one through four. Those programs that are most relevant to achieving results are in the higher quartiles. The tool presented a visual representation of the results of the Priority-Driven process and allowed officials to more easily compare priorities and allocations.

#### **Analyzed Results Based on City Council Policy Direction**

In June, the City Council received the results of the Priority-Driven Budgeting initiative and provided this budget policy motion with direction for formulating the 2013/2014 Operating Budget: *"That the Administration construct a budget based on the following factors:*

- *Use the information from the Priority-Driven Budget process to recommend elimination or reduction of functions based upon whether other organizations or entities are serving the same populations or providing the same function. If this is the case, the administration should outline a method of transitioning individuals to the other services or programs.*

## City Manager's Message

### Priority Driven Budgeting and the Policy Budget Direction



**Administration Response:** Departments were asked to review this policy direction. Ultimately, the Administration did not eliminate many programs as part of the Plan A budget. However, both the Juvenile Firesetter program and the Child Seat Installation program are services provided by other entities.

- *Recommend changes to mandated programs that exceed the minimum requirements of the mandate.*

**Administration Response:** Departments were asked to review this policy direction. There are 19 programs in the General Fund which are ranked quartile 3 or 4 but which are mandated. Of these 19 programs, four programs in Human Resources (Civil Service Commission, Civil Service Testing and Selection, Classification and Compensation, and Employee Relations) are under review to use technology to provide more efficient cost effective service, one is in Health (Vital Statistics) and is under review to establish new sites and methods to issue birth and death certificates, which will generate additional revenues, and one in Police (Evidence & Property Management Section: Court Property Unit) is under review for a service sharing arrangement; two of Health's programs (Health Centers - Pharmacy Services and Sexually Transmitted Disease Prevention and Treatment) fall into the category of cost shifting because they will generate more fee revenue from the American Care Act; one program (Cemetery Maintenance) increased due to the costs from removing trees infected with the Emerald Ash Borer; while the remaining 11 programs are anticipated to change significantly as part of this budget.

- *Identify functions that can be shared with other political jurisdictions.*

**Administration Response:** Departments were asked to review this policy direction. This budget includes the co-location of the Hamilton County Permitting function at the City's One Stop Permitting Center. In addition to this, there are 17 programs/services which departments propose to be candidates for service sharing with other jurisdictions. Because service sharing arrangements take time implement, these are not reflected in the budget. However, the administration is pursuing the proposals in Table V for implementation during the next two years.

Table IV - Service Sharing Proposals

Lead Department	Initiative Name	Brief Description	Key Stakeholders	Target Date
Community Development	Municipal Demolition Crew	This proposal would create a municipal demolition crew as part of the Moving Ohio Forward Grant which could be shared with the Port Authority.	Community Development; Private Demolition Companies	2013
Finance	Expand Procurement Services to Other Municipalities	City procurement would offer services to other municipalities in the region.	Finance; Other Local Jurisdictions	2013
Finance	Centralize Printing Stores	Printing Stores would handle all large printing services for City departments. Savings will be realized by other City agencies by reducing duplicate staff duties and equipment and by receiving the discounted rates negotiated by Printing Stores with postage (bulk rates), reproduction, and office supply suppliers.	Finance; Other City Departments	1/1/2014
Finance	Expand Taxpayer Services to Other Municipalities	The Income Tax Division would perform tax collection services for other local municipalities. A fee would be charged to the municipalities for this service.	Finance; Other Local Jurisdictions	N/A



**City Manager's Message**  
**Priority Driven Budgeting and the Policy Budget Direction**

Lead Department	Initiative Name	Brief Description	Key Stakeholders	Target Date
Fire	Usage of Training Facilities by Other Entities	Currently other entities utilize Fire Department Training Facilities under a shared agreement but are not charged. This proposal would add a service charge for use of the Training Facilities.	Fire Department; Other Regional Fire Departments; Other Local Jurisdictions	1/1/2014
Human Resources	Cincinnati Human Resources Information System (CHRIS) Joint Licensing Venture	This proposal would provide access to the Cincinnati Human Resources Information System (CHRIS) to other local governments including Hamilton County, the Cincinnati Public Schools (CPS), and other local jurisdictions that are small and cannot afford a large expenditure for their Human Resources Information System.	Human Resources; Hamilton County; Cincinnati Public Schools (CPS); Other Local Jurisdictions	2013
Human Resources	Civil Service Commission Cost Sharing with Cincinnati Board of Education	This proposal would provide Civil Service Commission services and share related expenses with the Cincinnati Public Schools (CPS) and the Cincinnati Board of Education.	Human Resources; Cincinnati Public Schools (CPS); Cincinnati Board of Education	2013
Human Resources	Civil Service Testing Services	This proposal would provide Civil Service Testing to other local governments including Hamilton County, the Cincinnati Public Schools (CPS), and other local jurisdictions that are small and cannot afford consulting fees for this service.	Human Resources; Hamilton County; Cincinnati Public Schools (CPS); Other Local Jurisdictions	2013
Human Resources	Service Provider of Compensation and Classification Expertise	This proposal would provide Compensation and Classification services to other local governments including Hamilton County, the Cincinnati Public Schools (CPS), and other local jurisdictions that are small and cannot afford consulting fees for these services.	Human Resources; Hamilton County; Cincinnati Public Schools (CPS); Other Local Jurisdictions	2013
Human Resources	Service Provider of Investigations and Policy Writing Expertise	This proposal would provide Investigations and Policy Writing services to other local governments including Hamilton County, the Cincinnati Public Schools (CPS), and other local jurisdictions that are small and cannot afford consulting fees for these services.	Human Resources; Hamilton County; Cincinnati Public Schools (CPS); Other Local Jurisdictions	2013
Human Resources	Service Provider of Contract Negotiations Expert Services	This proposal would provide Contract Negotiations services to other local governments including Hamilton County, the Cincinnati Public Schools (CPS), and other local jurisdictions that are small and cannot afford consulting fees for these services.	Human Resources; Hamilton County; Cincinnati Public Schools (CPS); Other Local Jurisdictions	2013
Human Resources	Service Provider of Training Expertise	This proposal would provide Training services to other local governments including Hamilton County, the Cincinnati Public Schools (CPS), and other local jurisdictions that are small and cannot afford consulting fees for this service.	Human Resources; Hamilton County; Cincinnati Public Schools (CPS); Other Local Jurisdictions	2013
Police	Regional Crime Lab	A Regional Crime Lab would be pursued to be shared by the Police Department and the Hamilton County's Sheriff's Office to achieve economies of scale in forensic science. Other Police Departments could gain access to the services of the Crime Lab.	Police Department; Hamilton County Sheriff's Office; Other Police Departments	2013

# City Manager's Message

## Priority Driven Budgeting and the Policy Budget Direction



Lead Department	Initiative Name	Brief Description	Key Stakeholders	Target Date
Public Services	Greenspace Service Betterment	This proposal would utilize greenspace maintenance staff from the departments of Parks and Recreation and the Hamilton County Sheriff's Office. These crews would supplement the Department's greenspace crews. Anticipated incremental savings cannot be determined at this time.	Public Services; Parks; Recreation Department; Hamilton County Sheriff's Office; Keep Cincinnati Beautiful (KCB); Citizens	1/1/2014
Transportation & Engineering	Bicycle Infrastructure Cost Sharing	Bicycle Infrastructure Cost Sharing with neighboring municipalities that share or may share access to the infrastructure is being pursued. Cost savings will be primarily capital in nature.	Department of Transportation & Engineering (DOTE); Hamilton County; Other Local Jurisdictions Adjacent to the City of Cincinnati; Bicycle Riders	1/1/2014
Transportation & Engineering	Traffic Signal Cost Sharing	Currently, the Department Transportation & Engineering (DOTE) has agreements with various public and private entities to operate and service certain traffic signals where the signals are situated across the corporation line or where the signals are interdependent in their operation. DOTE could pursue agreements to operate and service additional traffic signals to neighboring municipalities. This proposal is in the early stages of conceptualization, and demand for these services would be investigated in 2013. Therefore, estimated savings are not available at this time. Depending on the scope of these agreements additional personnel may be required.	Department of Transportation & Engineering (DOTE); Hamilton County; Other Local Jurisdictions Adjacent to the City of Cincinnati; Citizens	1/1/2014
Transportation & Engineering	Client Services Cost Sharing	The department offers project design, engineering, construction management, and project management services to other City departments. The department is reimbursed at the prevailing salary of the staff providing the work plus benefits. By the continued use of Client Services, costs to other City departments are less than if an outside consultant is hired to provide these services. These services may be marketable to other agencies outside the City.	Department of Transportation & Engineering (DOTE); Hamilton County; Other Local Jurisdictions	1/1/2014

- *Identify functions that, rather than eliminate them, can be made self sufficient through the establishment of a fee structure."*

**Administration Response:** Departments were asked to review this policy direction. There are seven programs/services that are increasing fees or establishing fees to cover their costs. Please see the Taxes and Fees section of this document for more details. In addition, there are an additional seven programs/services where new or expanded fee structures in order to cover their costs are being explored. These are not reflected in the budget, but the administration is pursuing the proposals in Table V for implementation during the next two years.



*Table V – Revenue Generation Proposals*

Lead Department	Initiative Name	Brief Description	Key Stakeholders	Target Date
Emergency Communications Center (ECC)	E9-1-1 Cell Phone Fee Funding Extension/ Changes	The 9-1-1 Cell Phone Fee is collected by the State of Ohio via a charge on each individual cell phone bill. These funds are then distributed to the counties who, in turn, distribute them to Public Safety Access Points (PSAPs). This fee is scheduled to sunset on December 31, 2012. Legislation is being considered that would either extend the current legislation or replace the current legislation with a new system for collecting and distributing the 9-1-1 Cell Phone Fee.	Emergency Communications Center (ECC); Citizens	01/01/13
Finance	Implement an Online Storefront for Printing Stores	This proposal would implement an online storefront and market Printing Stores for reproduction and supply needs to other entities. Printing Stores would be a "one stop" shop with fast and effective online ordering and competitive rates to allow outside agencies to receive the City's discounted pricing.	Finance; Enterprise Technology Solutions (ETS); Other Local Jurisdictions	06/01/13
Finance	Increase Employee Contribution to Healthcare	Medical deductibles would increase to \$500 in network / \$1,000 out of network, a spousal surcharge of \$50 per month for health insurance would be applied, and the employee health insurance premium cost share would increase from 5% to 10%.	Finance; Human Resources; Budget & Evaluation; City Employees	01/01/14
Health	Vital Statistics Satellite Sites	The department is exploring how to establish new sites and methods to issue birth and death certificates. In 2012, the State of Ohio implemented a new software system that allows local health departments to issue birth certificates from the state database of scanned certificates. The Vital Statistics group is exploring options on how this change will allow the city to open satellite sites. Also, the city is also deploying an unmanned kiosk for taking orders at UC Health. While this kiosk does not issue any certificates (they are mailed), this process allows the person ordering the certificate to avoid a trip to the Vital Statistics' office. There is no projected revenue enhancement.	Health Department; Citizens; Business Community	2013
Metropolitan Sewer District (MSD)	Incineration Services	The Metropolitan Sewer District (MSD) is seeking additional customers to sell excess capacity in the incinerators at the Mill Creek and the Little Miami Wastewater Treatment Plants. MSD currently sells excess capacity to Butler County for a fee.	Metropolitan Sewer District (MSD); Other Wastewater Treatment Facilities in the Area; Ratepayers	Mid-Year 2013
Police	Alarm Registration Fee	The Police Department is researching an alarm registration fee for all new and renewed residential alarms within the City. This action would require City Council to amend the False Alarm Ordinance.	Police Department; Finance Department; Citizens	2013
Police	Background Investigation Fee	The Police Department currently provides background investigations to other city departments at no charge. This proposal would implement a fee charged to other city departments for cost reimbursement.	Police Department; Other City Departments	2013

# City Manager's Message

## General Fund Multi-Year Forecast



Lead Department	Initiative Name	Brief Description	Key Stakeholders	Target Date
Public Services	Dumpster Service to City Departments	This proposal would charge fees to other City Departments who utilize the Department's dumpster service. Anticipated incremental savings cannot be determined at this time.	Public Services; Parks; Recreation Department; Health Department; Greater Cincinnati Water Works (GCWW); Metropolitan Sewer District (MSD); Fleet Services	01/01/14

### Budget Balancing

Senior leadership evaluated the City-wide results with a focus of review quartile 3 and 4 programs at a City Manager's Retreat held in late August to determine additional program reductions, changes and/or eliminations. Based in part on that retreat, the following Priority Driven Budgeting Quartile 4 programs are reduced or eliminated in this budget:

- Media Bridges Support is eliminated (\$300,000)
- Downtown and Neighborhood Gateways Program is eliminated (\$57,480)
- Child Seat Installation Service is eliminated (\$200 in direct costs plus time and training)
- Juvenile Firesetter Program is eliminated (\$84,100)
- Mounted Patrol is eliminated (\$188,350)
- Arts Grants is eliminated (\$50,000)
- Human Services Funding is reduced (\$610,770)

### Priority Driven Budgeting Community Engagement

Community Engagement didn't stop with the identification of the seven community priorities. Budget staff held four follow-up meetings with a group of community leaders, community council leaders, the public at large, and a focus group related to the Office of Environmental Quality programs to discuss the results and next steps in the budget process.

The Diagnostic Tool provided data to start discussions about the programs and services we provide to help the City analyze programs and services for cost savings, revenue enhancements and budget reductions. All of the analysis conducted allowed the City to more strategically allocate resources, and provide citizens more transparency, as well as a clearer understanding of the budget decision as we move forward.

While it is the first year Cincinnati has engaged in priority-driven budgeting to this extent, it provides a foundation for examining the services and programs the City provides that are important to the people the City serves.

### GENERAL FUND MULTI-YEAR FORECAST

The 2013 Budget for the General Fund is recommended in the context of a multi-year financial forecast of resources and expenditures. Table VI shows the initial forecast presented to the City Council in June 2012 as amended for reduced casino revenues and property tax. Table VII shows the November forecast which is a result of this recommended budget. The revisions are based on: 1) updated expenditures for 2012; 2) new revenue estimates for the forecast period beginning in 2013; 3) new revenue enhancements beginning in 2013; and 4) recommended expenditure reductions for the forecast period beginning in 2013.