

CML
COLORADO MUNICIPAL LEAGUE
The Voice of Colorado's Cities and Towns

Achieving Fiscal Health and Wellness through PRIORITY BASED BUDGETING

COLORADO MUNICIPAL LEAGUE
 Jon Johnson & Chris Fabian
 June 19, 2015

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TRANSFORMING EDMONTON
 BRINGING OUR CITY VISION TO LIFE

Evolution of Budgeting

Line-by-Line Budgeting Incremental Budgeting Zero Based Budgeting Results Based Budgeting Priority Based Budgeting

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Achieving Fiscal Health & Wellness 2 Strategic Initiatives

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BRINGING VISION INTO FOCUS WITH A NEW "LENS"

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Who is Looking through the "New Lens"

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Who is Looking through the "New Lens" in Colorado


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CPBB Publications on Fiscal Health & Wellness


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Strategic Questions

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

"Spend Within Our Means"




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Approach to Fiscal Health #1: "Spend Within Your Means"

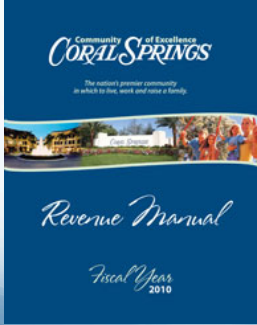
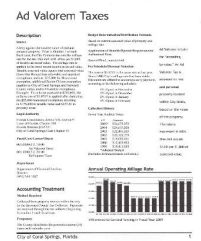
Apply Diagnostics – **DO YOU...**

- **Start with revenues?**
 - Know what "drives" each major revenue source?
 - Prepare a formal organization-wide **Revenue Manual**?
- **Distinguish one-time from ongoing sources and uses?**
 - Have a process in place to "track" them separately?
 - Demonstrate this differentiation in your forecasts and other financial documents?
- **Differentiate Program Revenues from General Government Revenues?**
 - Adjust budget allocations to departments for changes in associated Program Revenues?



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Published "Revenue Manual"

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Differentiate Ongoing and One-time

EXECUTIVE SUMMARY						
GENERAL FUND	2007 Actuals	2008 Budget			2009 Budget	
		Revenues	Ongoing	One-Time	Revenues	Ongoing
SOURCES OF FUNDS						
Beginning Fund Balance	41,961,923	41,871,254	0	41,871,254	41,577,385	0
CAPB Adjustment						
General Governmental Revenues						
Taxes & Special Assessments	110,399,249	117,915,085	117,915,085	0	118,251,318	118,251,318
Licenses & Permits	95,540	95,500	95,500	0	49,000	49,000
Charges for Services	5,687,608	6,213,000	5,785,000	448,000	5,419,000	5,379,000
Intergovernmental Assistance	475,647	2,266,070	133,620	842,450	448,000	448,000
Fines & Forfeitures	131,256	246,000	46,000	200,000	281,500	61,500
Investment Income	4,262,577	2,598,000	0	2,598,000	5,300,000	2,000,000
Other Income	528,344	50,000	0	50,000	100,000	0
Intra-County Transfers (Transfers)						
Interest Cost Allocation	4,502,135	3,549,984	3,549,984	0	4,668,296	3,846,477
Treasurer's Fees	2,426,932	2,689,600	2,689,600	0	2,692,000	2,692,000
Interfund Transfers						
Employee Benefits Fund	4,000,000	2,000,000	2,000,000	0	3,000,000	0
Social Services M&C	1,742,688	0	0	0	0	0
Public Trustee Fund (net revenues)	7,982	0	0	0	0	0
Public Trustee Fund (net revenues)	916,219	0	0	0	250,853	100,000
Total General Governmental Revenues	170,066,312	178,526,239	178,526,239	6,040,050	178,416,799	171,941,295
Program/Project/Program Revenues						
Intergovernmental Assistance	5,018,814	4,214,427	4,214,427	0	4,397,766	4,397,766
Fines & Forfeitures	30,814	0	0	0	25,000	25,000
Licenses & Permits	2,630,640	2,892,000	2,892,000	0	2,154,000	2,154,000
Charges for Services	15,399,233	18,728,024	14,809,624	1,914,400	15,319,225	15,010,432

Approach to Fiscal Health #1: "Spend Within Your Means"



Available Treatments:

- Achieve ongoing alignment**
 - Fund operating expenditures with reliable ongoing revenues
 - Prevent reliance on volatile revenues (*that might not come in!*)
- Achieve one-time alignment**
 - Fund one-time costs with one-time sources
 - Ensure reserves aren't used for ongoing expenses
- Promote revenue diversification and enhancement**

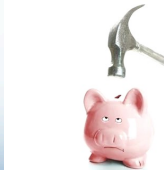
Diagnostic Questions to Ask

- ? 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?

Strategic Questions

2. Why do we need to keep "money in the bank"?

Establish & Maintain Reserves



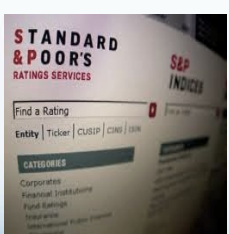
Approach to Fiscal Health #2: Establish and Maintain Reserves



Apply Diagnostics – DO YOU...

- Understand what makes up Fund Balance(s) and why you hold reserves?**
- Have a formal "inventory" of all restricted or designated fund balance reserves, stating their purpose, the authority establishing them and how they are to be calculated?
- Have a written fund balance reservation policy?**
 - Monitor fund balances to ensure that reserves are maintained?
 - Ensure established working capital reserves are sufficient to meet emergency needs or short-term revenue shortfalls?
- Monitor Fund Balance levels to ensure they "aren't too little" OR "too much", but "just right"?**

Standard & Poor's Views



- Low** = 0% or below
- Adequate** = 1% to 4%
- Good** = 4% to 8%
- Strong** = 8% to 15%
- Very Strong** = Above 15%

Approach to Fiscal Health #2: Establish and Maintain Reserves



Available Treatments

- **Establish a written Working Capital/Emergency Reserve policy**
 - Provides back-up plan for emergencies, revenue shortfalls, or other unforeseen changes
- **Identify, document and understand all reserves**
- **Review adequacy of Fund Balance levels**
 - Hold only appropriate amount in reserve to establish credibility with internal and external stakeholders
- **Set aside funding for long-range plans, major maintenance and asset replacement**

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Diagnostic Questions to Ask

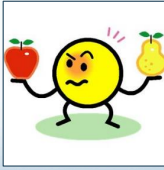
- ? Does your organization have a written fund balance reservation policy?
 - ? If yes, how are you monitoring to ensure that reserves are maintained?
- ? Check to see if established working capital reserves are sufficient to meet emergency needs or short-term revenue shortfalls
- ? Check to see if there 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

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Strategic Questions


3. What's the "difference"?

Understand Variances (Budget to Actual)



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Approach to Fiscal Health #3: Understand Variances




Apply Diagnostics – **DO YOU...**

- Include cyclical (one-time) expenditures in ongoing operating budgets?
- Allow Departments to budget for contingencies?
- Consistently have revenue/expenditure variances at year-end?
 - Overlook thorough analysis of budget-to-actual variances?
- Count on "savings" resulting from budget-to-actual variances?
- Have large capital project "carry-forwards" at year end?

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Approach to Fiscal Health #3: Understand Variances



Available Treatments:

- **Strive to align budget with actuals (a source of "hidden treasure")**
 - Refine salary and benefit projections, to align with actual costs incurred
 - Provide more effective budget monitoring and management to eliminate variances
 - Identify and eliminate the "fluff"
- **Fund cyclical expenditures with one-time funding sources**
- **Consolidate contingencies maintained in department budgets**
- **Analyze and understand revenue variances**
- **Promote multi-year budgeting for capital projects**

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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?

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Strategic Questions

4. "It costs how much"?????????



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Approach to Fiscal Health #4: Transparent About "True Cost of Doing Business"

Apply Diagnostics – DO YOU...


- Allocate overhead and administrative costs to Funds and/or Departments that benefit from those services?
- Utilize Internal Service Funds to align delivery and cost of internal services with customer demand?
 - Know what services are best adapted to an Internal Service Fund approach?
 - Understand how internal charges are established and distributed?
 - Ensure that internal customers perceive that costs are transparent and there is an ability to influence those costs by altering their own demand?

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Approach to Fiscal Health #4: Transparent About "True Cost of Doing Business"

Apply Diagnostics – DO YOU...

- Identify total cost (direct AND indirect) for all programs?
 - Prepare a Full Cost Allocation plan in addition to an OMB A-87 Cost Allocation Plan?
 - How is this Plan incorporated into the budget process?
- Establish fees for service that recapture appropriate level of total costs of providing that service?



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Approach to Fiscal Health #4: Transparent About "True Cost of Doing Business"

Available Treatments:

- Establish Internal Service Funds and engage Departments in assessing demands for these services
- Promote enhancement of cost recovery for programs where appropriate
- Diversify cost burden from General Fund by appropriately sharing costs among other dedicated revenue streams
- Inventory and cost all programs
 - Utilize Full Cost Plans to better determine the true cost (direct and indirect) of offering programs/ services

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Diagnostic Questions to Ask

- ? Does your organization utilize **Internal Service Funds**?
 - ? If yes, what are the services provided by each fund and how are internal charges established and distributed?
 - ? Are appropriate demand metrics evaluated when determining how internal charges are to be assessed or distributed?
 - ? Do internal customers perceive that the calculation and assessment of those internal charges is transparent and that they can influence those charges 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?

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Strategic Questions

5. "What's the plan and what could cause it to change?"
6. What does the future look like?
7. What if.....???



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Approach to Fiscal Health #5: Economic Analysis & Long-term Planning

Apply Diagnostics – DO YOU...

- Incorporate ALL long-term plans developed within the organization into your financial forecasts?
- Prepare comprehensive, multi-year Capital Improvement Plan, and clearly identify associated ongoing operating costs?
 - Understand how the CIP impacts the budget process and your long-term financial forecasts?
- Identify only relevant economic indicators to monitor?
- Effectively utilize appropriate “tools” to communicate financial position to all stakeholders (elected officials, citizens and staff)?




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Approach to Fiscal Health #5: Economic Analysis & Long-term Planning

Available Treatments:

- Prepare a 5 to 10 year financial forecast
 - Use relevant key indicators and trend analysis to improve decision-making
 - Update and present on regular basis throughout the year
 - Identify potential points of failure and plan for needed changes
- Utilize simple, graphic communication tool to illustrate fiscal health position to all stakeholders
 - Keep decision makers focused on high-level stewardship role
 - Access impact of “today’s” decisions on future financial sustainability
 - Allow scenario-planning which encourages flexible and adaptive decision-making



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Let’s Look through a Different Lens!

CITY OF WHEAT RIDGE COLORADO
COMBINED GENERAL AND CAPITAL FUNDS
Wednesday, May 13, 13

Additional Ideas for Revenue Enhancement

Item	Year 1	Year 2	Year 3	Year 4	Year 5
...

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

City of Wheat Ridge Colorado

Year	Active	Amount
2013	36	\$1,889,897 (remove)
2014	36	\$0 (remove)
2015	36	\$0 (remove)
2016	36	\$0 (remove)
2017	36	\$0 (remove)

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Aligning Resources with Priorities through PRIORITY BASED BUDGETING

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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 cuts 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."

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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"

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CONNECTING AMERICA'S LEADERS

GOVERNING

"Across the board cuts spreads the pain evenly and also evenly spreads the mediocrity"

- Budget Director for the State of Louisiana

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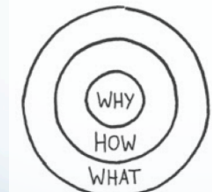
STEPS to SUCCESS – Priority Based Budgeting

- Determine Results**
 - "What are we in business to do?"
- Clarify Result Definitions**
 - "What do those Results mean to us?"
- Identify Programs and Services**
 - "What exactly do we do & what does it cost?"
- Value Programs Based on Results**
 - "What is of the highest importance?"
- Allocate Resources Based on Priorities**
 - "What can we "see" differently?"

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Start with "Why"

The Golden Circle



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What
Every organization on the planet knows WHAT they do. These are Products they sell or the services they offer.

How
Some Organizations know HOW they do it. These are things that make them special or set them apart from their competition

Why
Very few Organizations know WHY they do what they do. WHY is not about making money. That's a result. It's a purpose, cause or belief. It's the very reason your organization exists.


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Priority Based Budgeting Steps

1. DETERMINE RESULTS –

“What are we in “business” to do?”

- Accurate prioritization of programs, reflecting the organization’s stated objectives, depends on the comprehensive identification of the *Results* it is in business to achieve



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What are “Results”

- High-level and over-arching reasons the organization exists in the eyes of the community
- Identifies the “Role of Local Government” in your Community
- Remain consistent and unchanged over time
- Comprehensive
- Distinguished from (i.e. “Results” are not...)
 - Vision or Mission Statements
 - Specific short-term, projects, goals or initiatives
 - Organizational Values
 - How we want to achieve our results
 - “Marketing” statements
 - Look and feel of the community

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Step 1: Determine Results

City of Grand Island, Nebraska

Stewardship of the Environment

- Safe Community
- Strategic, Sustainable and Maintained Development
- Mobility Options

Efficient Services

- Transparent Services

Financial Stewardship

- High-quality Workforce
- Regulatory Compliance

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

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SUMMARY of RESULTS by COMMUNITY

BILLINGS, MT	CARY, NC	BLUE ASH, OH	LEHIGH COUNTY, PA	CHESAPEAKE, VA
Safe Community	Safe Community	Safe Community	Safe Community	Safe Community
Preservation of Community Resources	Quality Cultural, Recreational & Leisure Opportunities	Attractive and Well-Maintained Community	Quality Recreation, Leisure and Lifestyle Opportunities	Ecological Stewardship
Leisure, Cultural and Learning Opportunities	Economic, Vitality & Development	Quality and Diverse Leisure-time Activities	Healthy Nurturing & Social Responsible Environment	Healthy, Nurturing and Secure Community
Involved, Engaged and United Community	Attractive, Well-Planned & Livable Community	Quality and Desirable Neighbourhoods	Economic Health & Vitality	Economic Vitality
Sustainable Economic Development	Effective Transportation & Mobility	Strong and Vibrant Economic Environment	Quality Infrastructure & Transportation Systems	Quality Infrastructure and Transportation Systems
Comprehensive, Orderly Growth and Development	Reliable, Sustainable Infrastructure	Connected, Accessible and Reliable Transportation Network	Managed, Well-Planned Growth	Good Governance
Effective and Connected Transportation Systems	Good Governance	Governance	Good Governance	


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Priority Based Budgeting Steps

2. CLARIFY RESULTS DEFINITIONS –

“What do those Results mean to us?”

- Precision in prioritization depends on the articulation of the cause and effect relationship between a program and a *Result*
- Using clearly defined “*Result Maps*”, detailing the factors that influence the way *Results* are achieved, the organization can minimize subjectivity in the process of linking programs with its *Results*



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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

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Creating Result Maps

CITY OF SPRINGFIELD, OREGON
Result: ENCOURAGE ECONOMIC DEVELOPMENT through COMMUNITY PARTNERSHIPS

The City of Springfield ... will have successfully achieved its goal of growing (ECONOMIC DEVELOPMENT) through COMMUNITY PARTNERSHIPS

Markets itself as a safe, attractive, thriving and desirable place to live and work promoting its location, amenities and flexibility

Provides and encourages opportunities for local businesses to be successful

Works collaboratively to attract, recruit and retain a well-trained workforce that enhances and elevates the quality of life in the community

Works collaboratively to attract, recruit and retain a well-trained workforce that enhances and elevates the quality of life in the community

Provides and encourages opportunities for local businesses to be successful

Markets itself as a safe, attractive, thriving and desirable place to live and work promoting its location, amenities and flexibility

Offers a variety of safe activities and safety education to engage with youth and families

Fosters a feeling of personal safety through a visible and approachable presence that ensures proactive prevention and responds to community concerns

Ensures regulatory compliance in order to protect property, the environment and the lives of its residents and visitors

Provides safe traffic flow, safe roads and a well-maintained transportation system

Protects the Community by justly enforcing the law, promptly responding to calls for service and being prepared for all emergency situations

ENCOURAGE ECONOMIC DEVELOPMENT through COMMUNITY PARTNERSHIPS

Encourages economic growth through development in redevelopment, revitalization, entrepreneurship and job creation programs supported by efficient City services and infrastructure

Facilitates business development and growth through effective incentives, assistance with financing and efficient permitting and "business-friendly" processes

Supports and encourages the development of startups, job accessible and re-employment business centers focused on making training, education, and workforce development a priority

Promotes the availability of quality and diverse employment opportunities, job training and job placement services that provide a high quality of life for the community

Provides and encourages opportunities for local businesses to be successful

Markets itself as a safe, attractive, thriving and desirable place to live and work promoting its location, amenities and flexibility

Offers a variety of safe activities and safety education to engage with youth and families

Fosters a feeling of personal safety through a visible and approachable presence that ensures proactive prevention and responds to community concerns

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SAFE COMMUNITY

Center for Priority Based Budgeting

City of Chandler, Arizona

SAFE COMMUNITY

Protects the Community by justly enforcing the law, promptly responding to calls for service and being prepared for all emergency situations

Provides safe traffic flow, safe roads and a well-maintained transportation system

Fosters a feeling of personal safety through a visible and approachable presence that ensures proactive prevention and responds to community concerns

Offers a variety of safe activities and safety education to engage with youth and families

Ensures regulatory compliance in order to protect property, the environment and the lives of its residents and visitors

Center for Priority Based Budgeting

City of Wheat Ridge, Colorado

SAFE COMMUNITY

Offers and supports a variety of safe activities and facilities that provide for the physical health and social well-being of the community

Fosters a feeling of personal safety throughout the community by establishing a visible, accessible presence that proactively provides for prevention, intervention, safety education, and community involvement

Offers protection, enforces the law and is well-prepared to promptly and effectively respond to emergencies and calls for service

Creates a secure, well-regulated, well-maintained community that is healthy, clean, well-lit and visually attractive

Provides for a safe transportation network that is well-maintained, accessible, enhances traffic flow and offers safe mobility to motorists, cyclists and pedestrians alike

Provides for the protection and sustainability of the environment through regulatory compliance, planning and effective stormwater management

Center for Priority Based Budgeting

Town of Christiansburg, Virginia

GOOD GOVERNANCE (Sound Financial Entity)

Provides assurance of regulatory and policy compliance to minimize and mitigate risk

Protects and prudently manages its financial, human, physical and technology resources

Enables and enhances transparency, accountability, integrity, efficiency and innovation in all operations

Responsive, accessible and courteous to its customers

Supports decision-making with timely and accurate short-term and long-range analysis

Attracts, motivates and develops a high-quality workforce, dedicated to public service


Center for Priority Based Budgeting

Priority Based Budgeting Steps

3. IDENTIFY PROGRAMS and SERVICES –

"What exactly do we do and what does it cost?"

- Comparing individual programs and services as opposed to comparing departments that provide those services allows for better prioritization



Center for Priority Based Budgeting

Identify "Programs" within Departments/ Divisions

- Departments develop their own "program" inventories
- Comprehensive list of "what we do"
- Comparing relative value of programs, not relative value of departments

Goldilocks & the Three Bears: Not too big, not too small, just right!

- TOO BIG = Departments/Divisions
- TOO SMALL = Tasks
- JUST RIGHT = Measure relative size based on costs/people associated with program to more discretely demonstrate how resources are used

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 Reszor

Fund No.	Department	Providing Program	Program Name
000	Community Planning & Sustainability	General Business Assistance	Business Retention and Expansion
000	Community Planning & Sustainability	Business Incentive Programs	Business Partnerships and Encouragement
000	Community Planning & Sustainability	Energy Conservation	Green Job Creation
000	Community Planning & Sustainability	Climate Adaptation Planning	Comprehensive Planning
000	Community Planning & Sustainability	Microgovernmental Relations	Historic Preservation
000	Community Planning & Sustainability	Ecological Planning	

City of Boulder, Colorado

OBJECTIVES for Developing Program Inventories

- Create a comprehensive listing of all services offered by each operating division (to both "external" and "internal" users)
- Provide a better understanding of "what we do" to staff, administration, elected officials and citizens
- Provide a framework to better understand how resources are used to support "what we do"
- Provide a valuable tool for staff, management and elected officials to use when faced with budgetary "choices" about how funds are distributed.
- Allow for the preparation and discussion of a "program budget" rather than a "line-item budget"

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Defining Programs

- To determine "just right", look for "differences" that might help determine if an activity can be defined as a "stand-alone" program
 - "Who" are you doing the activity for?
 - Does it benefit a specific demographic group or population?
 - "What" are you doing the service to?
 - Does it affect a specific property or asset (infrastructure, facility, etc.)
 - "How" is it funded? – Is there someone paying for it?
 - Are there revenue sources associated directly with the program ("Program Revenues")
 - What "type" of service are you providing?
 - Preventative, Replacement; Repair/Maintenance; Instruction; Protection; Informative; etc.

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Defining Programs

- Has someone told us we "have to do it"?
 - Are there statutes, ordinances, resolutions, or other legislative documents that require us to provide the service?
- Is there an "End Product" as a result of doing it?
 - Does the external or internal user get something tangible when the service is delivered?
- "Is there someone outside the organization that "does the same thing"?
 - Does a private business offer a similar service ("Yellow Pages test")
- Do we "advertise" that we do it?
 - Is there a separate phone directory or website reference to the service?

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How to Identify Program Costs

- 1) Associate **Salary & Benefit Costs** with your **Personnel**
- 2) Assign **Personnel** to the **Programs** they Provide
- 3) Associate **Non-Personnel Costs** with **Programs**
- 4) **Line item** Budget is now expressed as a **Program Budget!**

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1) Associate Salary & Benefit Costs with your Personnel

City of Wheat Ridge, Colorado
211 - Patrol
Personnel Costing Development Worksheet
June 26, 2015

Accounting Year	2014	2015	2016	2017	2018	2019
Total Number of FTEs	48.500	3,559,382.00	3,129,543.00	6,955.00	38,807.00	301,084.00

ACCOUNTING FUND	DEPARTMENT	DIVISION	POSITION TITLE	POSITION NUMBER	NUMBER OF FTEs IN POSITION	ACCOUNTING NUMBER	Personnel Salary	Personnel Benefits	Personnel Health	Personnel Pension	Personnel Other
General	Police Department	Patrol	Police Lieutenant	2	1	211	\$98,797	\$0	\$0	\$0	\$0
General	Police Department	Patrol	Police Lieutenant	3	1	211	\$105,291	\$0	\$0	\$0	\$0
General	Police Department	Patrol	Police Trooper	6	0.5	211	\$26,870	\$1,666	\$390	\$0	\$0
General	Police Department	Patrol	Police Trooper	7	1	211	\$41,191	\$2,354	\$597	\$0	\$0
General	Police Department	Patrol	Police Trooper	7	1	211	\$44,129	\$2,735	\$640	\$0	\$0
General	Police Department	Patrol	Police Trooper	8	1	211	\$44,129	\$2,735	\$640	\$0	\$0

• Key is understanding how personnel line items are distributed (per FTE, on a percentage of salary basis.)

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2) Assign Personnel to the Programs they Provide

City of Wheat Ridge, Colorado
211 - Patrol Operations
Program Costing Development Worksheet
June 26, 2015

ACCOUNTING FUND	DEPARTMENT	DIVISION	PROGRAM NAME	PROGRAM NUMBER	ACCOUNTING NUMBER	Personnel FTEs	Personnel Salary	Personnel Benefits	Personnel Health	Personnel Pension	Personnel Other
General	Police	Patrol Operations	Officer Personnel Officer's Program	200	211	211	\$1,666,000	\$100,000	\$20,000	\$0	\$0
General	Police	Patrol	Supervisor's Program	201	211	211	\$100,000	\$10,000	\$2,000	\$0	\$0
General	Police	Patrol	Crime Analysis Program	202	211	211	\$100,000	\$10,000	\$2,000	\$0	\$0
General	Police	Patrol	East Wheat Ridge Community Program	203	211	211	\$100,000	\$10,000	\$2,000	\$0	\$0
General	Police	Patrol	Overhead Patrol Program	204	211	211	\$100,000	\$10,000	\$2,000	\$0	\$0
General	Police	Patrol	Patrol Operations	205	211	211	\$1,666,000	\$100,000	\$20,000	\$0	\$0
General	Police	Patrol	Patrol Operations	206	211	211	\$1,666,000	\$100,000	\$20,000	\$0	\$0
General	Police	Patrol	Patrol Operations	207	211	211	\$1,666,000	\$100,000	\$20,000	\$0	\$0

• Estimate for a given year (this is not a time study!)
• Accuracy, not precision, is the goal
• Can't allocate an FTE over 100% (no matter how overworked they think they are)

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3) Associate Non-Personnel Costs with Programs

City of Wheat Ridge, Colorado
Program Costing Development Worksheet
Tuesday, June 23, 13

211 - Patrol Operations
Responsible for all of the programs and services in your Section / Division, unless otherwise specified.

How are Programs Supported?

Accounting Fund	Department	Division	Program Name	Program Number	Accounting Number	How are Programs Supported?
General	Police	Patrol	East Wheat Ridge Community Policing	211	211	...
General	Police	Patrol	Community Patrol Program	211	211	...
General	Police	Patrol	Patrol Operations Strategic Plan	211	211	...
General	Police	Patrol	Patrol Operations Non-Strategic Plan	211	211	...
General	Police	Patrol	Patrol Operations Non-Strategic Plan	211	211	...
General	Police	Patrol	Patrol Operations Non-Strategic Plan	211	211	...

- Choose a reasonable allocation methodology:
 - Divide costs by FTE (i.e. supplies line item)
 - Assign costs directly to program (i.e. annual audit)

4) Review "SUMMARY" of Inventory and Costs

City of Chandler, Arizona
Program Inventory and Costs
Last updated: 6/27/2012

Responsible for all of the programs and services in your Section / Division, identify the program name and a brief program description.


ACCOUNTING FUND	DEPARTMENT	COST CENTER	PROGRAM NAME	PROGRAM NUMBER	Program Cost	# of FTE	Program Revenue	Total Available for Personnel	Other Cost
10	General Fund	Neighborhood Resources	Housing & Redevelopment (HSD)	Housing Youth Program	244	\$ 8,079	3.00	\$ 73,128	\$
10	210 First Family State Fund	Neighborhood Resources	Housing & Redevelopment (HSD)	Public Housing Operations & Maintenance	246	\$ 1,361,987	1.38	\$	\$ 324,832
10	217 Public Safety & Homeland State Fund	Neighborhood Resources	Housing & Redevelopment (HSD)	Public Housing Operations & Maintenance	246	\$ 84,124	3.35	\$	\$ 207,263
10	218 Public Safety & Homeland State Fund	Neighborhood Resources	Housing & Redevelopment (HSD)	Public Housing Operations & Maintenance	246	\$ 541,338	1.69	\$	\$ 180,941
10	220 Public Safety & Homeland State Fund	Neighborhood Resources	Housing & Redevelopment (HSD)	Affordable Housing Management	245	\$ 84,032	4.15	\$	\$ 480,342
10	224 Public Safety & Homeland State Fund	Neighborhood Resources	Housing & Redevelopment (HSD)	Public Housing Capital Improvement Program	245	\$ 6,076	1.00	\$	\$ 87,662
10	227 Public Safety & Homeland State Fund	Neighborhood Resources	Housing & Redevelopment (HSD)	Public Housing Capital Improvement Program	245	\$ 6,888	3.88	\$	\$ 141,105

Priority Based Budgeting Steps

4. VALUE PROGRAMS BASED ON RESULTS –

"What is of the highest importance?"

- With the right *Results* that are clearly defined, the organization can more accurately "value" a program relative to its influence on achieving *Results*



Step 4: Score Programs against Results & Attributes

City of Boulder's Results

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

Basic Program Attributes

- Mandated to Provide the Program
- Reliance on the City to Provide the Program
- Cost Recovery of the Program
- Change in Demand for the Program
- Portion of the Community Served by the Program
- And/or any other criteria that is relevant to your community

Simple Scoring Scale – "Degree" of Relevance to a Result

4 = Program has an essential or critical role in achieving Result	} "High Degree" of Relevance
3 = Program has a strong influence on achieving Result	
2 = Program has some degree of influence on achieving Result	} "Lower Degree" of Relevance (still a clear connection)
1 = Program has minimal (but some) influence on achieving Result	
0 = Program has no influence on achieving Result	} No Clear Connection

Basic Program Attributes: Mandated to Provide Program

- Programs that are mandated by another level of government (i.e. federal, state or county) will receive a higher score for this attribute compared to programs that are mandated solely by the City or have no mandate whatsoever.
- The grading criterion established to score programs, on a 0 to 4 scale is as follows:
 - 4 = Required by Federal, State or County legislation
 - 3 = Required by Charter or incorporation documents OR to comply with regulatory agency standards
 - 2 = Required by Code, ordinance, resolution or policy OR to fulfill executed franchise or contractual agreement
 - 1 = Recommended by national professional organization to meet published standards, other best practice
 - 0 = No requirement or mandate exists

Basic Program Attributes: Reliance on City to Provide Program

- Programs for which residents, businesses and visitors can look only to the City to obtain the service will receive a higher score for this attribute compared to programs that may be similarly obtained from another intergovernmental agency or a private business.
- The grading criterion established to score programs, on a 0 to 4 scale is as follows:
 - 4 = City is the sole provider of the program and there are no other public or private entities that provide this type of service
 - 3 = City is currently the sole provider of the program but there are other public or private entities that could be contracted to provide a similar service
 - 2 = Program is also offered by another governmental, non-profit or civic agency
 - 1 = Program is offered by other private businesses but none are located within the City limits
 - 0 = Program is also offered by other private businesses located within the City limits

Identify "Value" of Program Based on their Influence on Results

Individual Department Program Scorecard
Thursday, January 29, 2015

Objectives: For all the programs in your department, assess how they influence the City's ability to achieve its Priority Results. When completed, please email the Program Scorecard back to ipibb@cityofboulder.com.

Department	Program	Basic Program Attributes				Evaluation Criteria				
		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	Healthy, Well-Maintained Infrastructure
Office of Economic Development	Business Attraction/Retention/Expansion	4	2	4	4	2	4	3	2	0
Office of Economic Development	International Business	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	Development Management	1	2	4	4	3	2	0	3	4
Office of Economic Development	Arts / Festival Events and Activities	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 Management	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	1	1	3	0	1	2	1	4	2

Peer Review (Quality Control) Process

City of Boulder, CO
Program Prioritization
Peer Review of Organizational Program Scoring
Community Results: ECONOMICALLY VITAL COMMUNITY

Each department has agreed to program using a two-step process. (1) Determine the relevance of a program in respect to the Priority Results and (2) Determine the influence of the program on each program's own community result using a "0" to "4" scale. The goal of the Peer Review is to review the information provided regarding these programs with the context of the Priority Results definition. (3) Review the program's score and determine whether to agree with the department's score based on how well the program aligns with the Priority Results (above the program score) or if it needs additional information to understand the department's score, if necessary, and (4) After reviewing additional information and discussion, recommend a different score to the City Manager, if necessary.

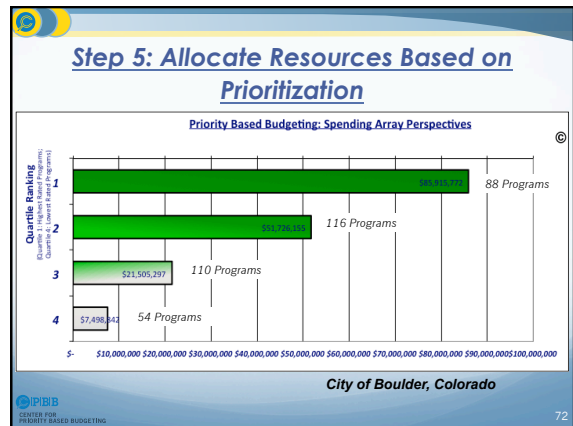
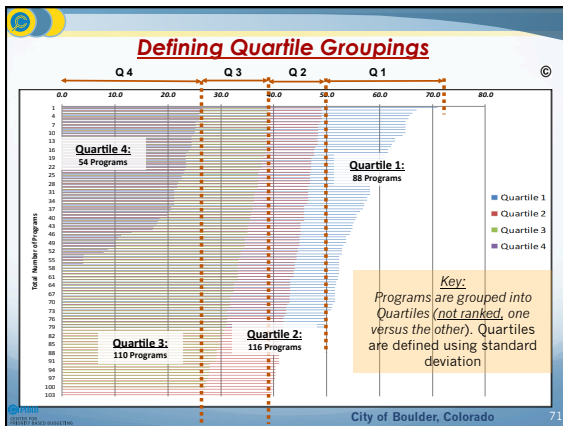
Department	Division	Program Name	Program Description	Program Number	Program Score	Peer Review Score	Peer Review Comments	Peer Review Score
Community Planning & Sustainability	Economic Vitality	Economic Vitality Program & OpenSpace	Multi-step initiative to create a strong, well-planned, economically vibrant, and sustainable community. Includes: economic vitality, open space, and transportation.	21	3	3		3
Community Planning & Sustainability	LEAD	City Organization Sustainability	Multi-step initiative to create a strong, well-planned, economically vibrant, and sustainable community. Includes: economic vitality, open space, and transportation.	26	3	3		3
DEADSPS	OA	OpenSpace & Community Organization	Multi-step initiative to create a strong, well-planned, economically vibrant, and sustainable community. Includes: economic vitality, open space, and transportation.	41	3	3		3
Fire	Fire Safety	OpenSpace/Code Enforcement	Multi-step initiative to create a strong, well-planned, economically vibrant, and sustainable community. Includes: economic vitality, open space, and transportation.	76	3	3		3
OpenSpace & Mountain Parks	Land Use Services	OpenSpace/Code Enforcement	Multi-step initiative to create a strong, well-planned, economically vibrant, and sustainable community. Includes: economic vitality, open space, and transportation.	88	3	3		3

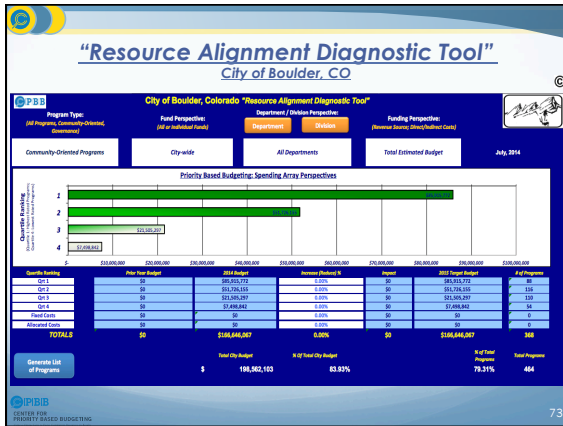
Priority Based Budgeting Steps

5. ALLOCATE RESOURCES BASED ON COMMUNITY PRIORITIES –

"What can we see differently?"

- Through the "new lens" of the "Resource Alignment Diagnostic Tool", the organization can ask "different" questions that lead to more informed, data-driven decisions about "what we do" and "why we do it".





Live Demonstration of

“Resource Alignment Diagnostic Tool”

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The most dangerous phrase in the language is **“we’ve always done it this way.”**

Rear Admiral Grace Hopper (1906-1992)

Thank You !

CPBB
CENTER FOR PRIORITY BASED BUDGETING
Using a Unique Lens to Focus Community Resources on Results

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