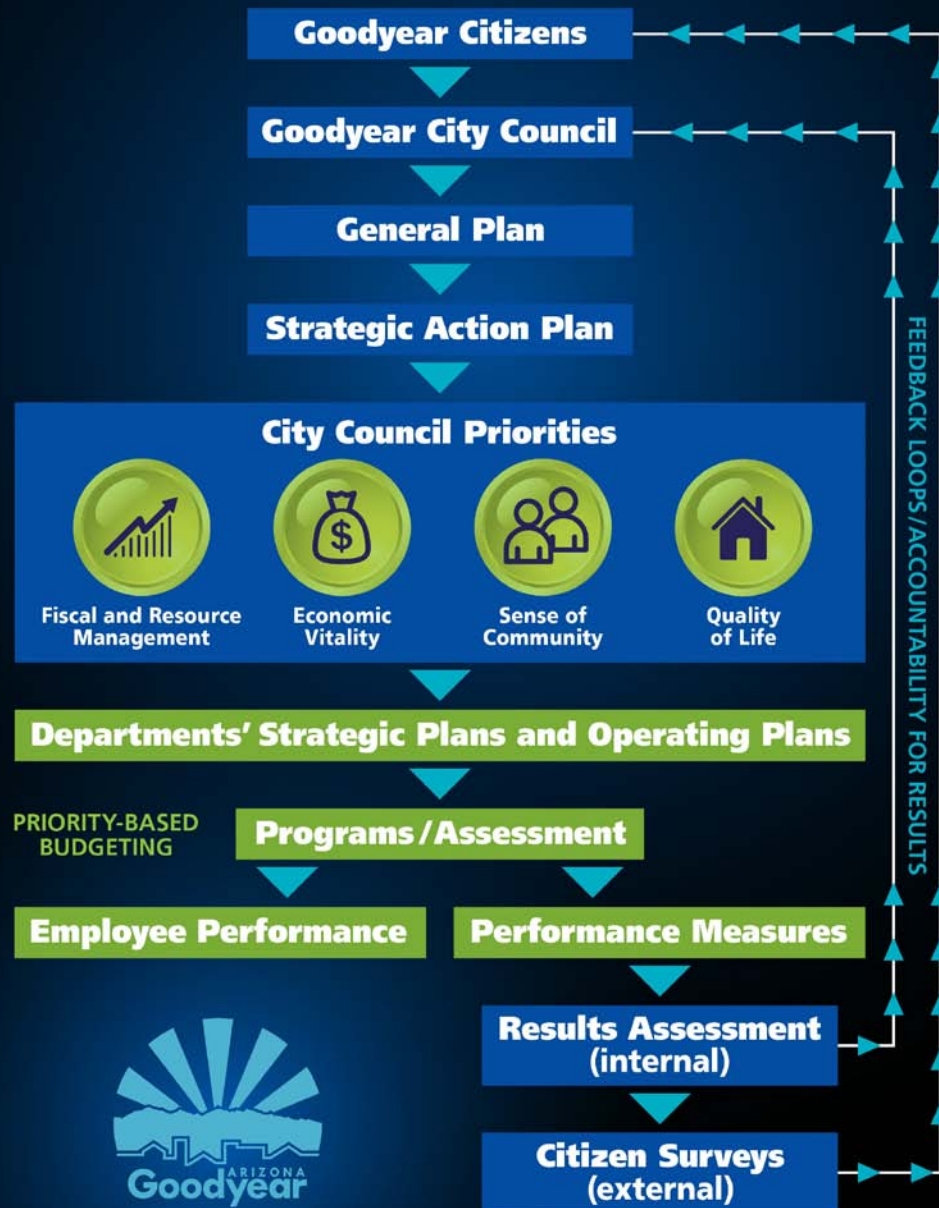


# PERFORMANCE MANAGEMENT PROGRAM





*Orientation to*  
***FISCAL HEALTH and WELLNESS through***  
***PRIORITY BASED BUDGETING***

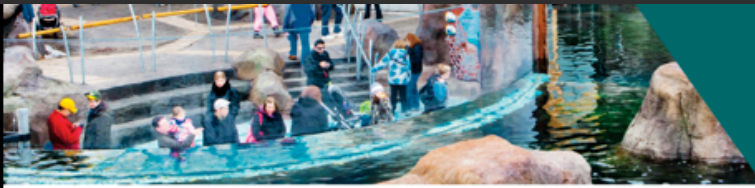


**CENTER FOR  
PRIORITY BASED BUDGETING**

*Using a Unique Lens to Focus Community Resources on Results*

***City of Goodyear, Arizona***  
***Kathie Novak, Jon Johnson & Chris Fabian***

***September 16, 2013***



# Evolution of Budgeting



**Line-by-Line  
Budgeting**

**Incremental  
Budgeting**

**Zero Based  
Budgeting**

**Results Based  
Budgeting**

**Priority Based  
Budgeting**

# The Budget ....

## From an Elected Official's Perspective

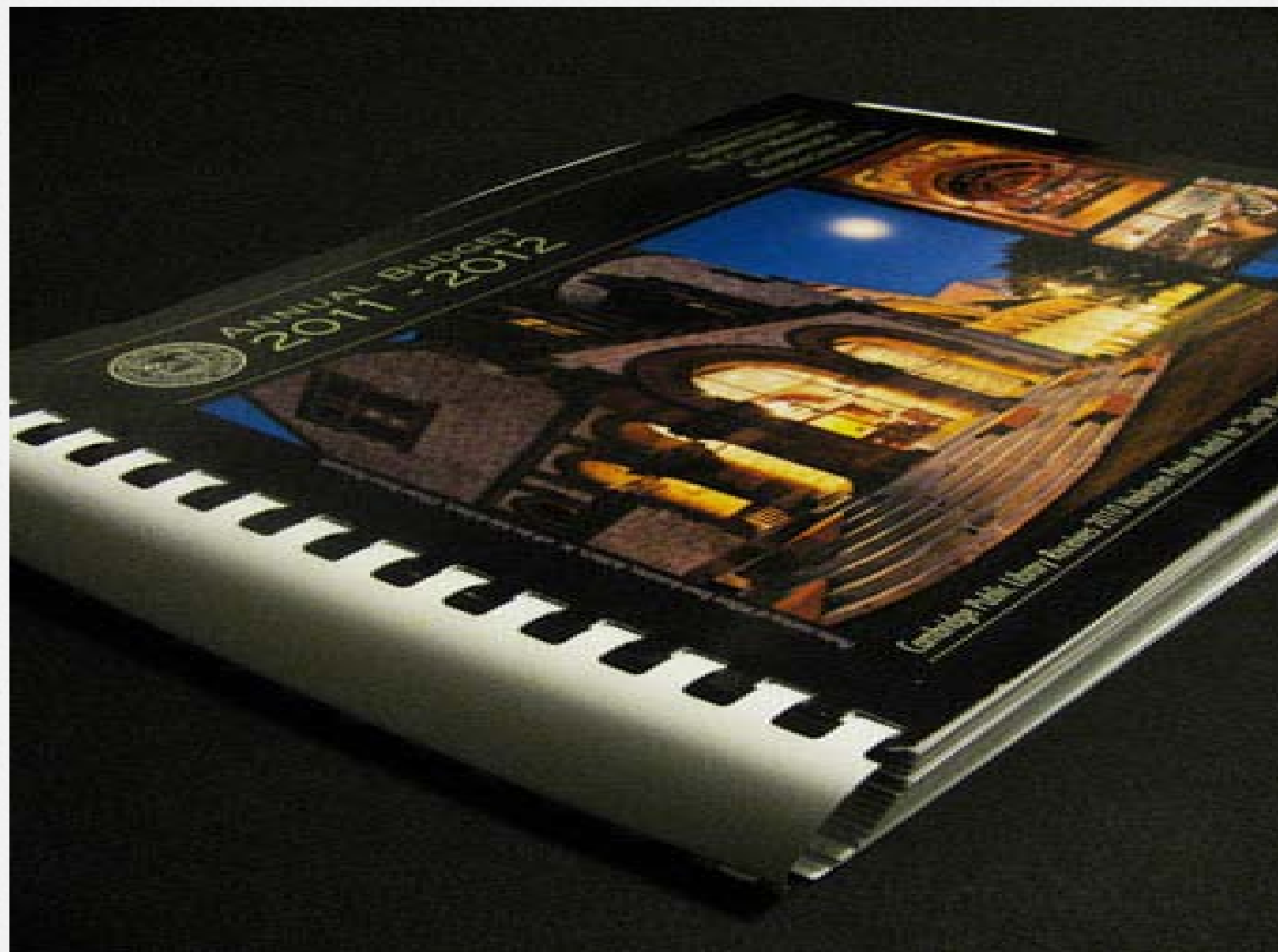


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# A LOOK *at the* BUDGET

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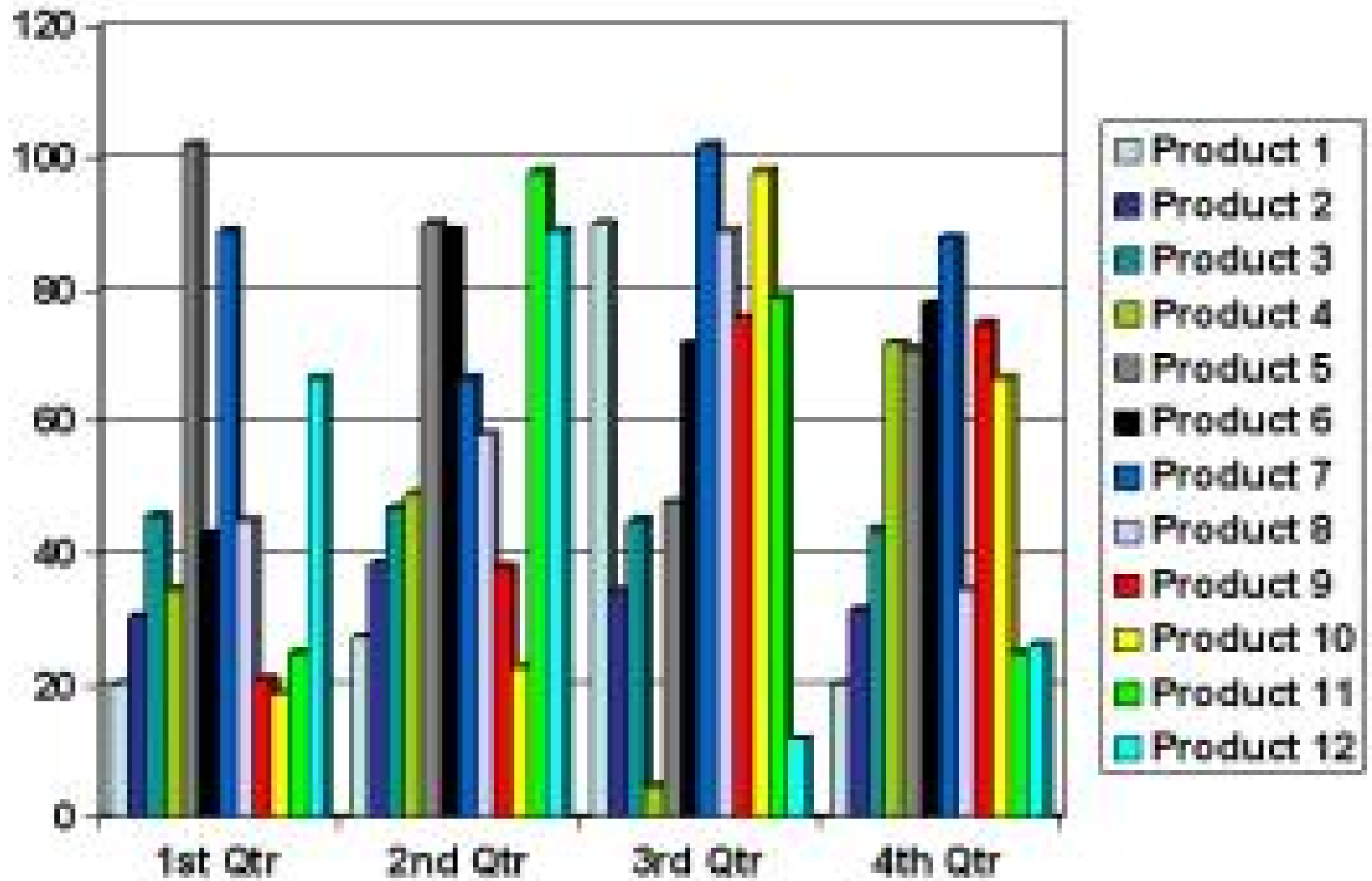
## Comparison of Projected Revenues, Outlays, and Deficits in CBO's March 2009 Baseline and CBO's Estimate of the President's Budget

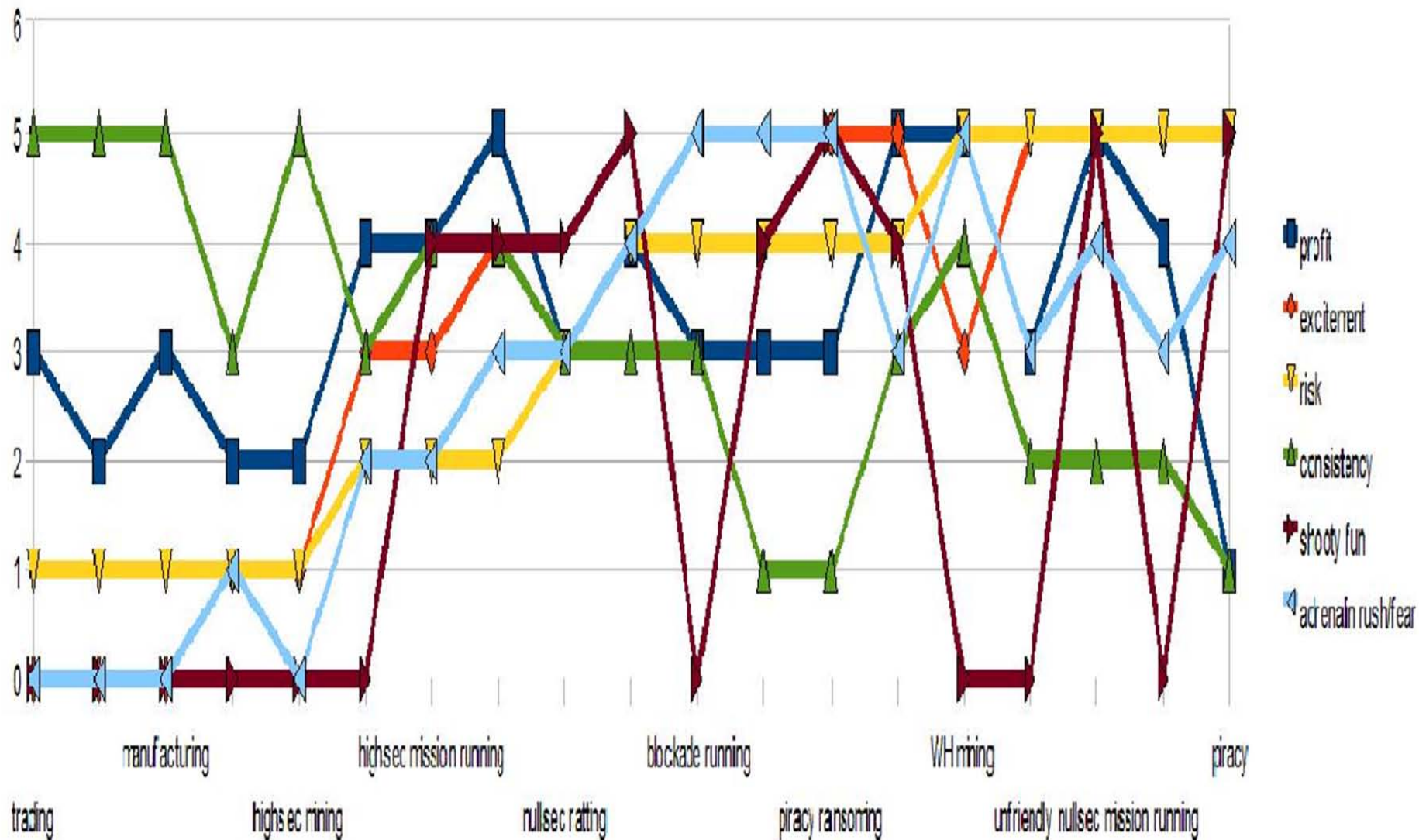
(Billions of dollars)

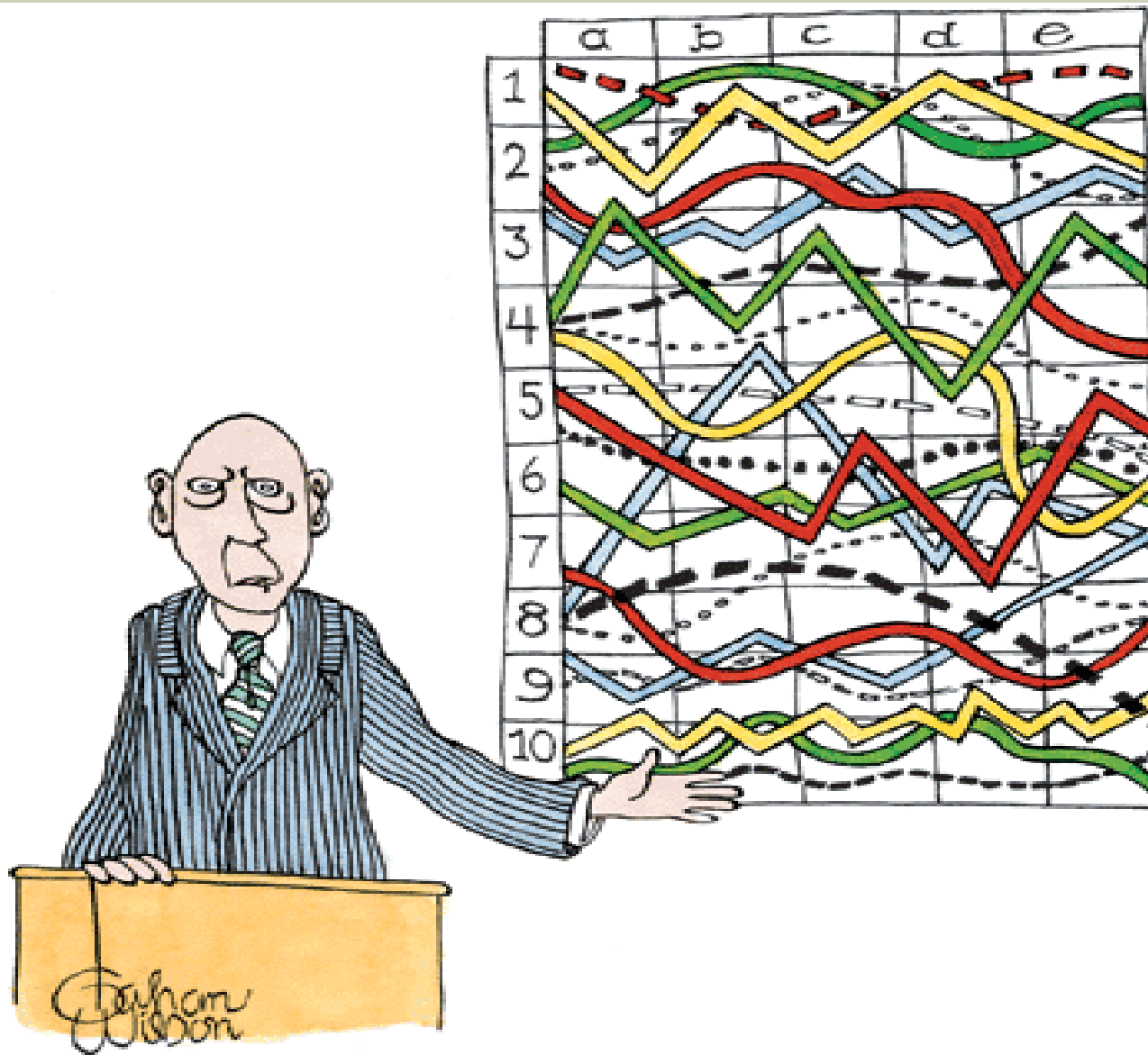
		Actual 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total - Total 2010- 2025	Total - Total 2010- 2025
Revenue:																					
Outlay:																					
Total Deficit:																					
	REVENUE																				
	ACCOUNTS																				
	2008 Actual	2009 Budget	2010 Actual	2011 Budget	2012 Actual	2013 Budget	2014 Actual	2015 Budget	2016 Actual	2017 Budget	2018 Actual	2019 Budget	2020 Actual	2021 Budget	2022 Actual	2023 Budget	2024 Actual	2025 Budget	Difference		
	Annual Taxes	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	0	
	Real Estate Accounts	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	0	
	Land Fees	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Property Transfer Fees	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Finance Charges	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Interest Income	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	CCR Fees	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Real Income	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	0	
	EXPENSES																				
	Real Deductible Off	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	0	
	Accounting	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	0	
	Bank Service Charges	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	0	
	Insurance	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	0	
	Land Care Program	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	0	
	including Snow Removal - please see bottom on page for breakdown of expenses																				
	Postage & Box	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Cable	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Office Supplies	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Printing	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Snow Removal	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	0	
	Snow Events	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Water	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	0	
	Flora Fees	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Taxes - Federal	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Taxes - Property	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Power	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Backflow Testing	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Repairs to Parks & Equipment	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Tier Preparation	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Common Area Cleaning	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Sign - Front Entrance	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Trash Removal	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	0	
	Park Expenses	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	0	
	2008 Outlay Increase of \$2M/year or \$2.0M/month based on 121 Homeowners																				
	Breakdown for Land Care, Mowing, Fertilizer, Weed Control, Pruning, Rating: \$20,000.00, Repairs of Appliances, etc.: \$200.00, Outlay Increase: \$2000.00 and Snow Removal: \$2000.00																				



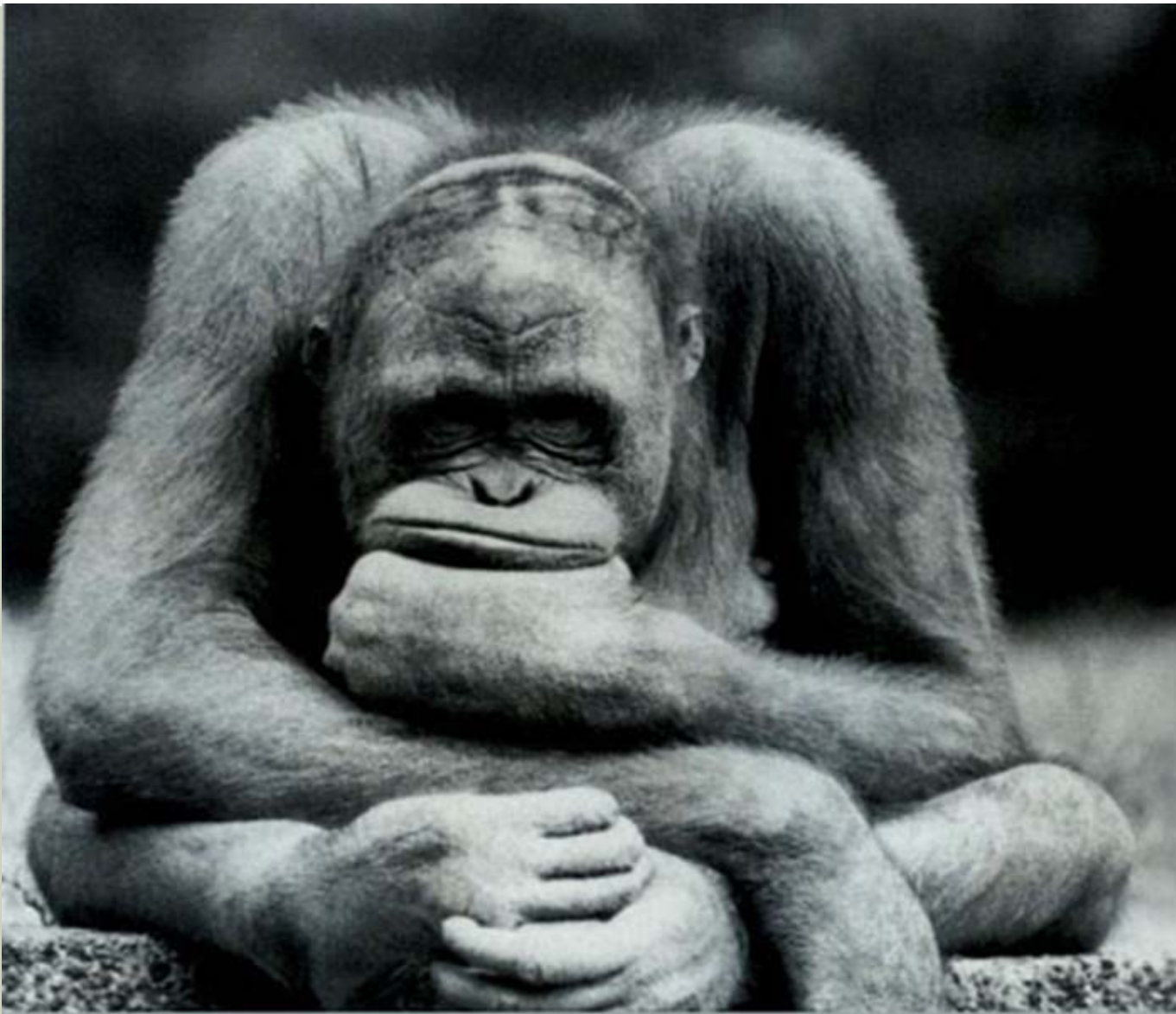








*"I'll pause for a moment so you can let this information sink in."*



Oh what to do, what to doooo?

# Strategic Budget Questions

- *What exactly DO we do?*
- *What should we be doing?*
- *Are we doing things that are highly important to the community?*
- *How well are we doing it?*
- *Are our resources being used to do the things that are important to us?*
- *Are there opportunities to re-allocate resources to things that are more important?*

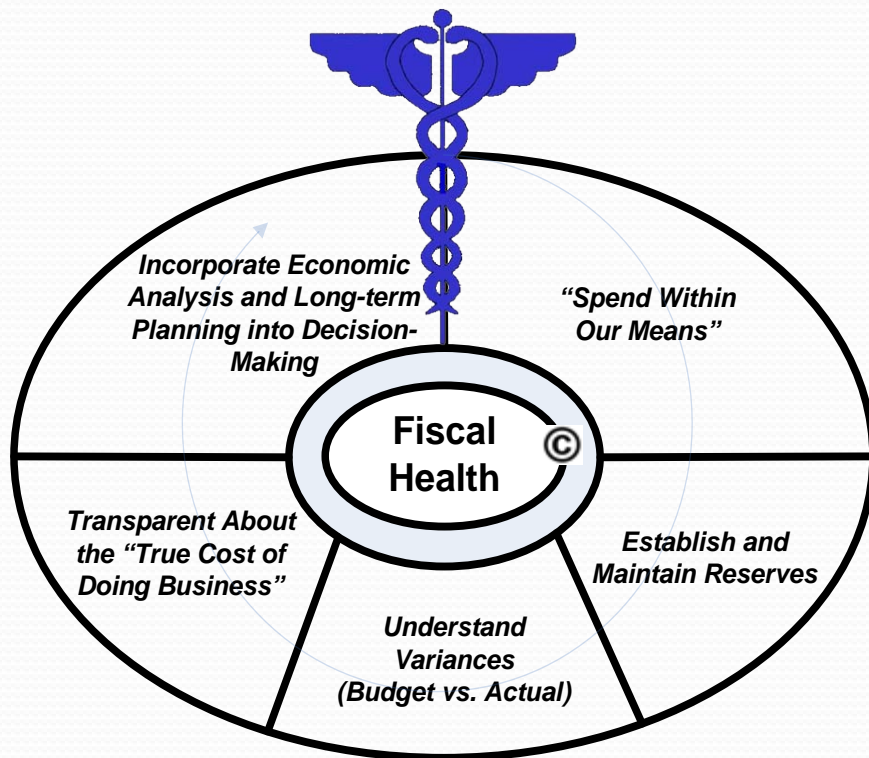
# The Beginnings ....

*Fiscal Health &  
Priority Based Budgeting*

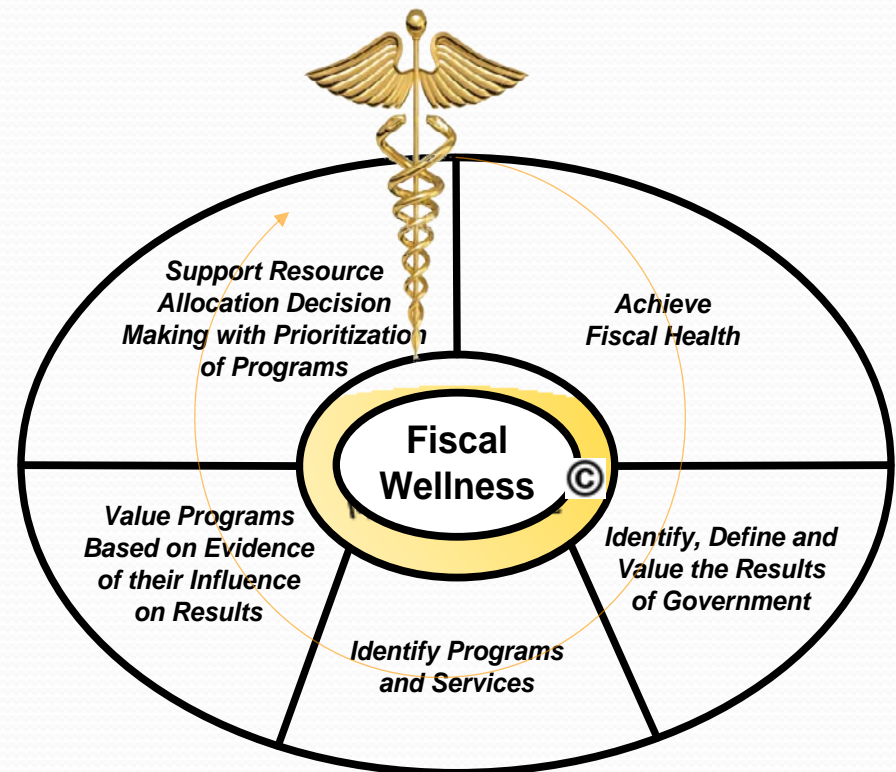
# Achieving Fiscal Health & Wellness ©

## 2 Strategic Initiatives

### ***Fiscal Health***



### ***Long-term Fiscal Wellness***





“



# Who is Looking through the “New Lens”

- **ARIZONA** - **Chandler** ; Queen Creek ;  
**Goodyear**
- **CALIFORNIA** - **Walnut Creek** ; **San Jose**;  
**Monterey**; **Sacramento**; **Seaside**;  
Fairfield; Placentia; Mission Viejo;  
Salinas; Temple City
- **CANADA** - Edmonton; Alberta Ministry of  
Health
- **COLORADO** - **Boulder**; **Longmont**; **Fort  
Collins**; **Wheat Ridge**; Jefferson  
County; Thornton; ; Dillon Valley  
Water/Sewer District; Denver  
International Airport; Manitou Springs;  
Victor; Mountain View Fire Protection  
District
- **FLORIDA** - **Lakeland** ; **Delray Beach**; Pasco  
County; Plantation
- **IDAHO** – Post Falls
- **ILLINOIS** – Boone County
- **KANSAS** - Shawnee
- **MISSOURI** - Branson
- **MONTANA** - **Billings**
- **NEBRASKA** - **Grand Island**
- **NEW MEXICO** - San Juan County
- **NEVADA** - **Douglas County**
- **NORTH CAROLINA** - Cary
- **OHIO** - Blue Ash; Cincinnati
- **OREGON** - Tualatin; Springfield
- **PENNSYLVANIA** - Lehigh County
- **TEXAS** - **Plano**; Southlake
- **VIRGINIA** - **Chesapeake**; **Christiansburg**
- **WYOMING** - Green River

# ICMA

*Leaders at the Core of Better Communities*



alliance for  
**INNOVATION**

Transforming Local Government

# Best Practice

Straight Ahead



Summary of a  
**Priority-Based  
Budget Process**

The Government Finance Officers Association



# Fiscal Health & Wellness through *Priority Based Budgeting*

"Today's challenges have required local governments to work differently, looking to new and innovative approaches to service delivery, while at the same time reducing costs and increasing efficiency of operation. While "best" practices are always important for managers to follow and implement, it is those "leading" practices—creative and innovative ways to approach service delivery—that hold the greatest promise for us to truly "reinvent" government and the ways we do business..."



*Robert O'Neill, Executive Director,  
International City/County Management  
Association (ICMA)*



## Center for Management Strategies

[Center for Management Strategies](#) [About](#) [Leading Practices](#) [Resources](#) [Partners](#) [News](#) [Events](#) [Contact Us](#)

[ICMA Program Centers](#) / [Management Strategies](#) / [Leading Practices](#)

## Leading Practices

Be a part of the community of leading ideas in local government management.

### HIGH PERFORMANCE ORGANIZATIONS

ICMA has identified the High Performance Organization Model as a leading practice for local governments, and is proud to partner with The Commonwealth Centers for High-Performance Organizations to deliver education and technical assistance to you on implementing these effective and proven methods in your organization. You can improve performance and make your organization the gold standard with The Commonwealth Centers for High-Performance Organizations (CCHPO).



### PRIORITY BASED BUDGETING

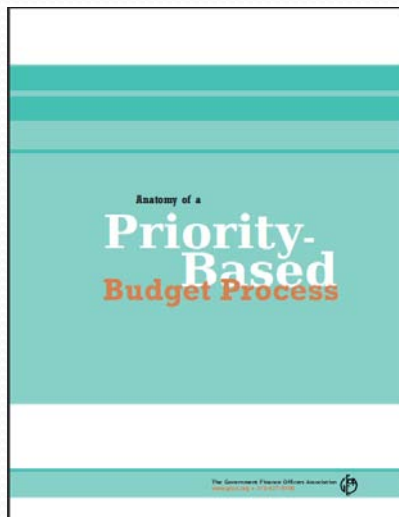
ICMA has identified Priority Based Budgeting as a leading practice for local governments. It is proud to partner with The Center for Priority-Based Budgeting to bring education and technical assistance to you in implementing these effective and proven methods in your organization.

You can increase your budgeting effectiveness through The Center for Priority-Based Budgeting's creative solutions for local governments. Its mission is to share experience and technical knowledge of government financial operations and budget development with organizations that are seeking to achieve sustainable fiscal health and wellness.

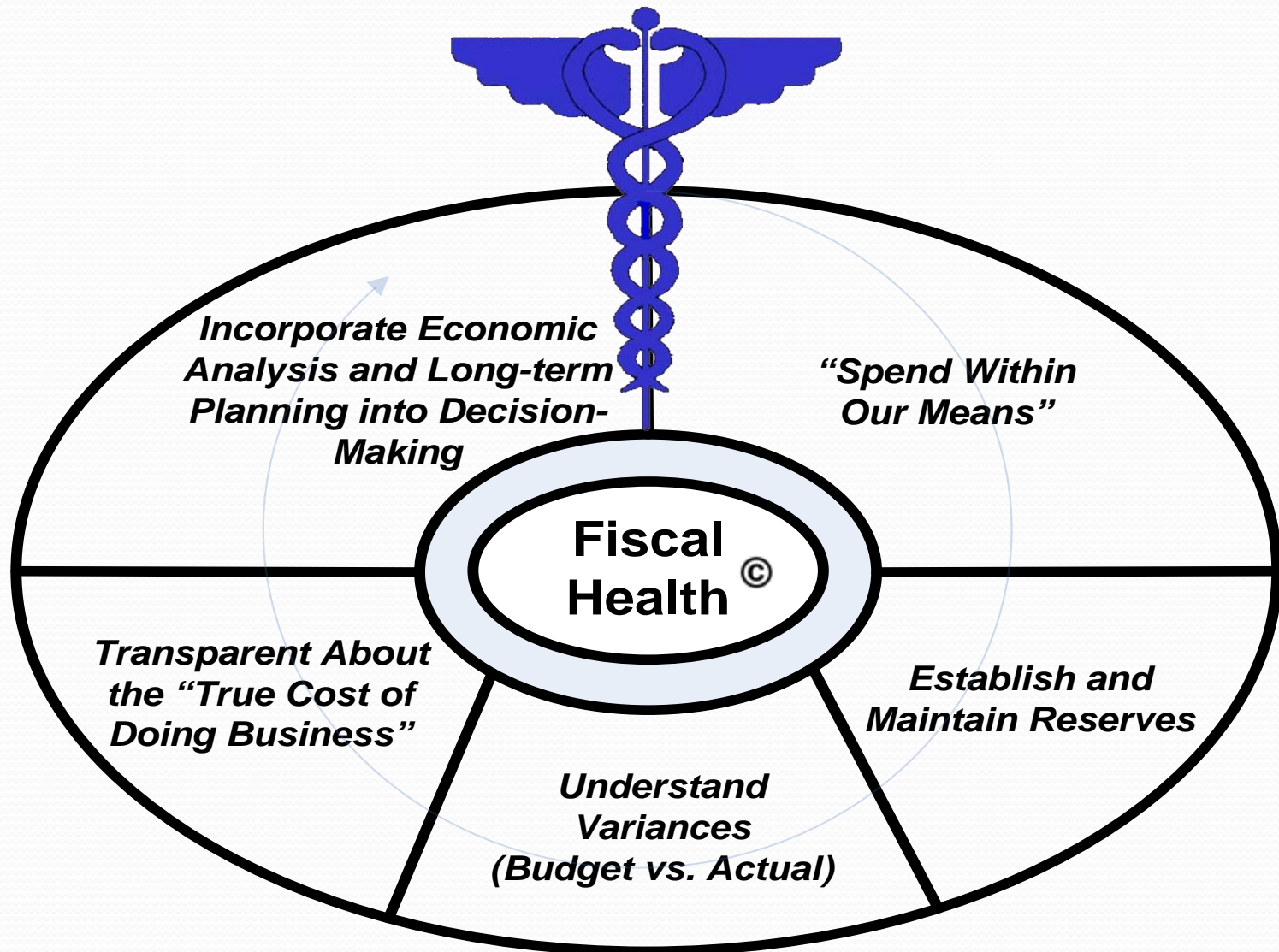




## ***CPBB Publications on Fiscal Health & Wellness***



# ACHIEVING FISCAL HEALTH



# The Mercury News

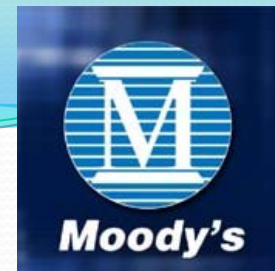
From 2007

## 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”*



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

# ACHIEVING LONG-TERM FISCAL WELLNESS



# **STEPS to SUCCESS – Priority Based Budgeting**

## **1. Determine Results**

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

## **2. Clarify Result Definitions**

- 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*

## **3. Identify Programs and Services**

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

## **4. Value Programs Based on Results**

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

## **5. Allocate Resources Based on Priorities**

- Using “**Resource Alignment Diagnostic Tool**”

# Strategic Questions

1. *What are we in “business” to do?*



# What are “Results”

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

# 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, Score 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 Offered “Internally to Support Organization



# **CITY of GOODYEAR**

## **STRATEGIC FOCUS AREAS**



- **Economic Vitality**



- **Quality of Life**



- **Sense of Community**



- **Fiscal & Resource Management**  
*(Good Governance)*

## SUMMARY of RESULTS by COMMUNITY

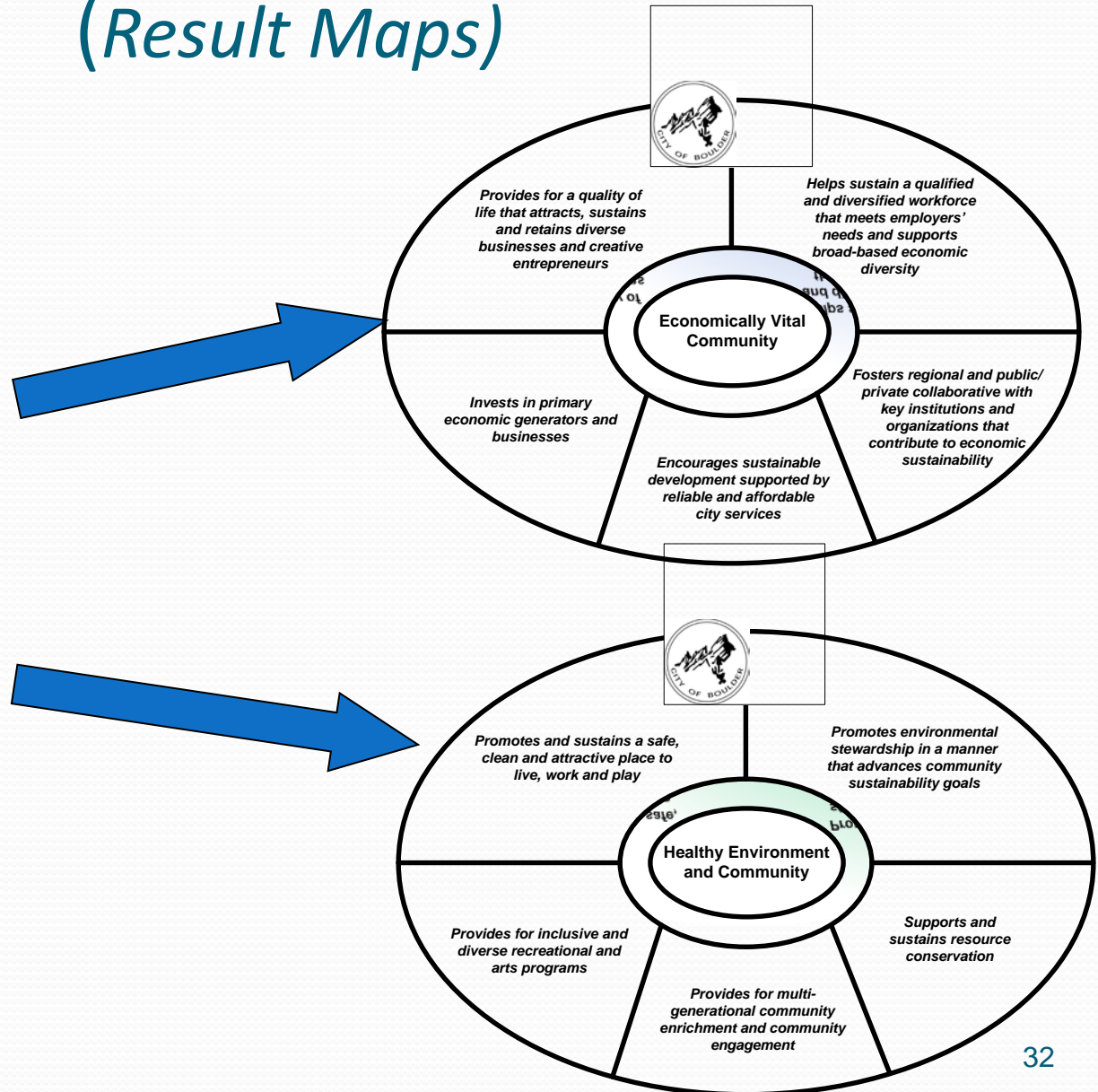
CHANDLER, AZ	QUEEN CREEK, AZ	SACRAMENTO, CA	BOULDER, CO	WHEAT RIDGE, CO
Safe Community	Safe Community	Safe Community	Safe Community	Safe Community
Healthy and Attractive Community	Preservation of a Healthy, Sustainable Environment	Healthy, Sustainable Environment	Healthy Environment and Community	Healthy, Attractive and Well-Maintained Community
Leisure, Culture and Education	Partnering for Community Benefit	Leisure, Cultural and Social Opportunities	Inclusive and Socially Thriving Community	Desirable, Diverse and Connected Neighborhoods
Sustainable Economic Health	Economic Development	Youth Opportunities and Education	Economically Vital Community	Effective Transportation and Mobility Options
Effective Transportation	Managed Land Use and Development	Economic Vitality	Accessible and Connected Community	Economic Vitality
Good Governance	Community Involvement and Identify	Reliable Infrastructure and Effective Mobility	Governance	Good Governance
	Effective and Sustainable Infrastructure	Efficient Government (Governance)		
	Good 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





## Safe Community

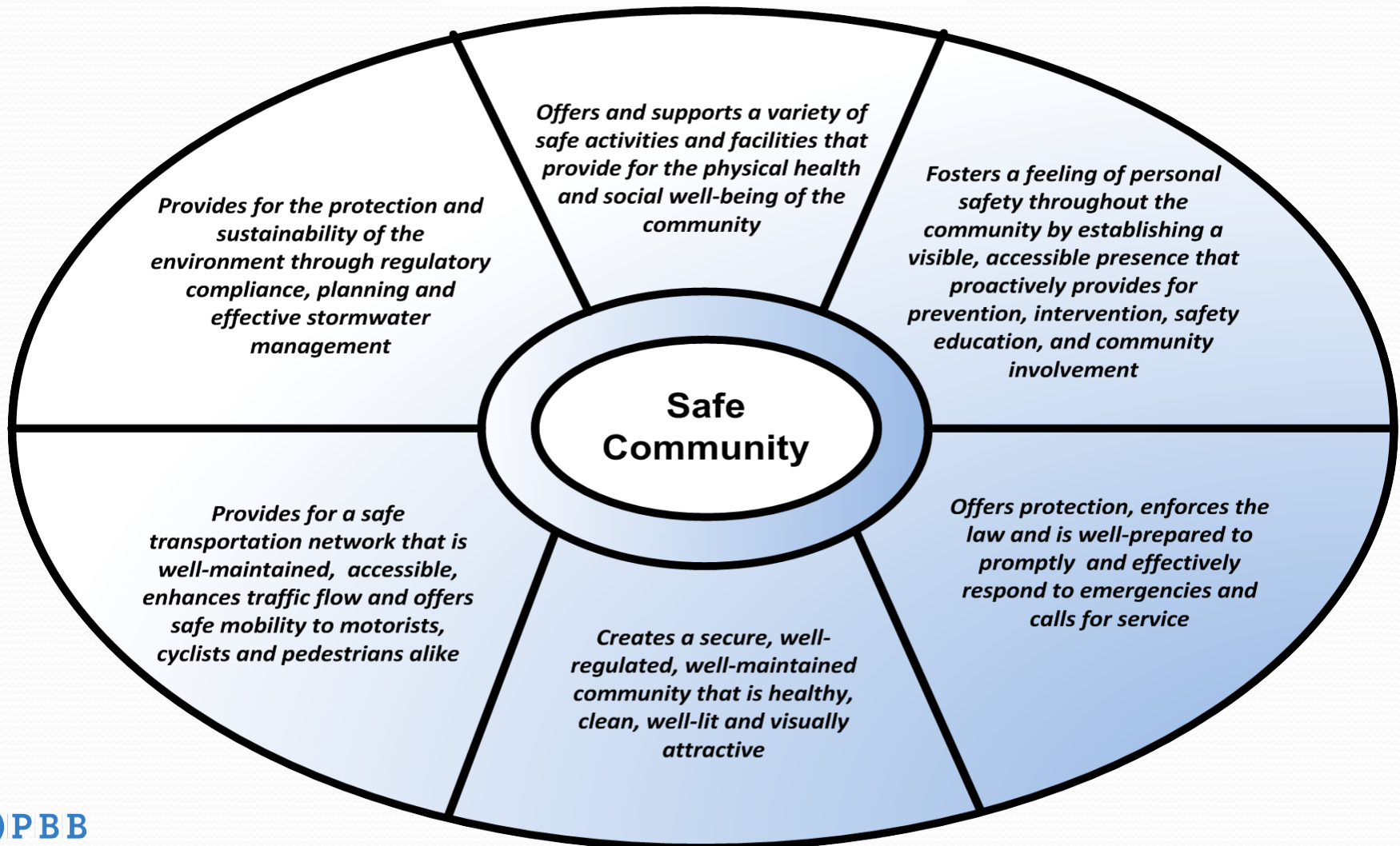
*Ensures regulatory compliance in order to protect property, the environment and the lives of its residents and visitors*

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

*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*

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







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

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

**GOOD GOVERNANCE  
(Sound Financial Entity)**

***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***



# Strategic Questions

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



# Step 3: Identify “Programs”

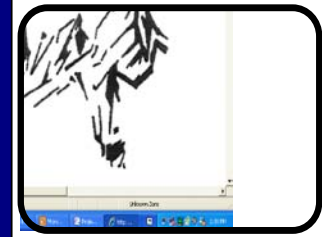
- Departments develop their own “program” inventories – only **ongoing**; exclude capital & one-time
- Comprehensive list of “**what we do**”
- Comparing relative value of programs, not relative value of departments
- ***Goldilocks & the Three Bears: Not too big, not too small, just right!***
  - **TOO 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 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

**City of Boulder, Colorado**

# 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 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 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

**3** = Program has a *strong* influence on achieving Result

**2** = Program has *some* degree of influence on achieving Result

**1** = Program has *minimal* (*but some*) influence on achieving Result

**0** = Program has *no* influence on achieving Result

***“High Degree”  
of Relevance***

***“Lower Degree” of  
Relevance (still a  
clear connection)***

***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 = Program is required in writing by Federal, State or County government legislation
  - 3 = Program is required by Charter or other incorporation documents **OR** is required in order to comply with regulatory agency standards
  - 2 = Program is required by code, ordinance, resolution or policy **OR** is required to fulfill an executed franchise or contractual agreement
  - 1 = Program is recommended by a national professional organization to meet published standards or as a 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 only look 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 service and there are **no** other public or private entities that provide this type of service
  - 3 = City is currently the sole provider of the service but there are other public or private entities that could be contracted to provide the service
  - 2 = Program is only 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 offered by other private businesses within the City limits



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

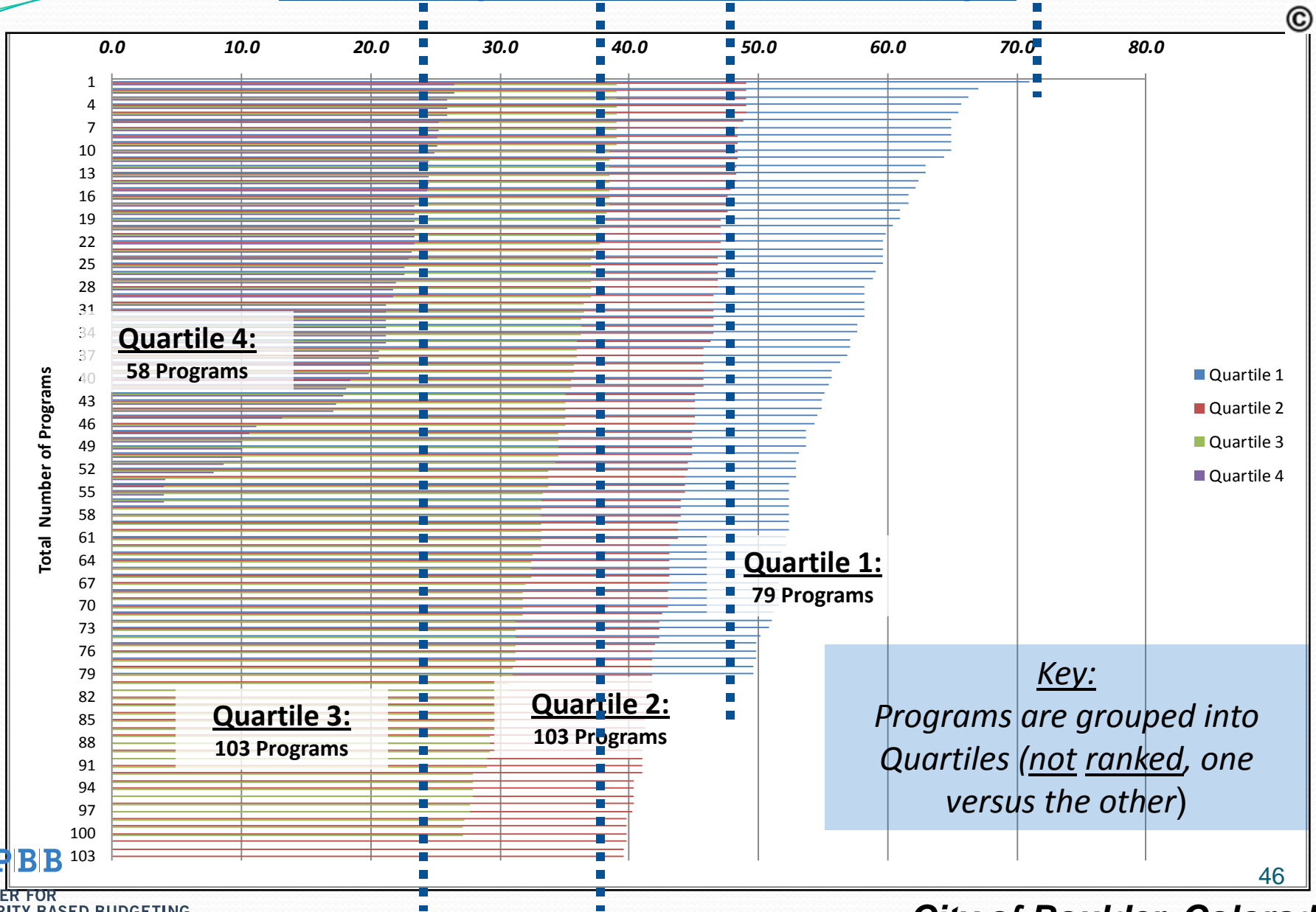


# Strategic Questions

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. *How do we know we are successful?*
5. ***How do we ask “better” questions that lead to “better” decisions about “what we do” and “why we do it”?***



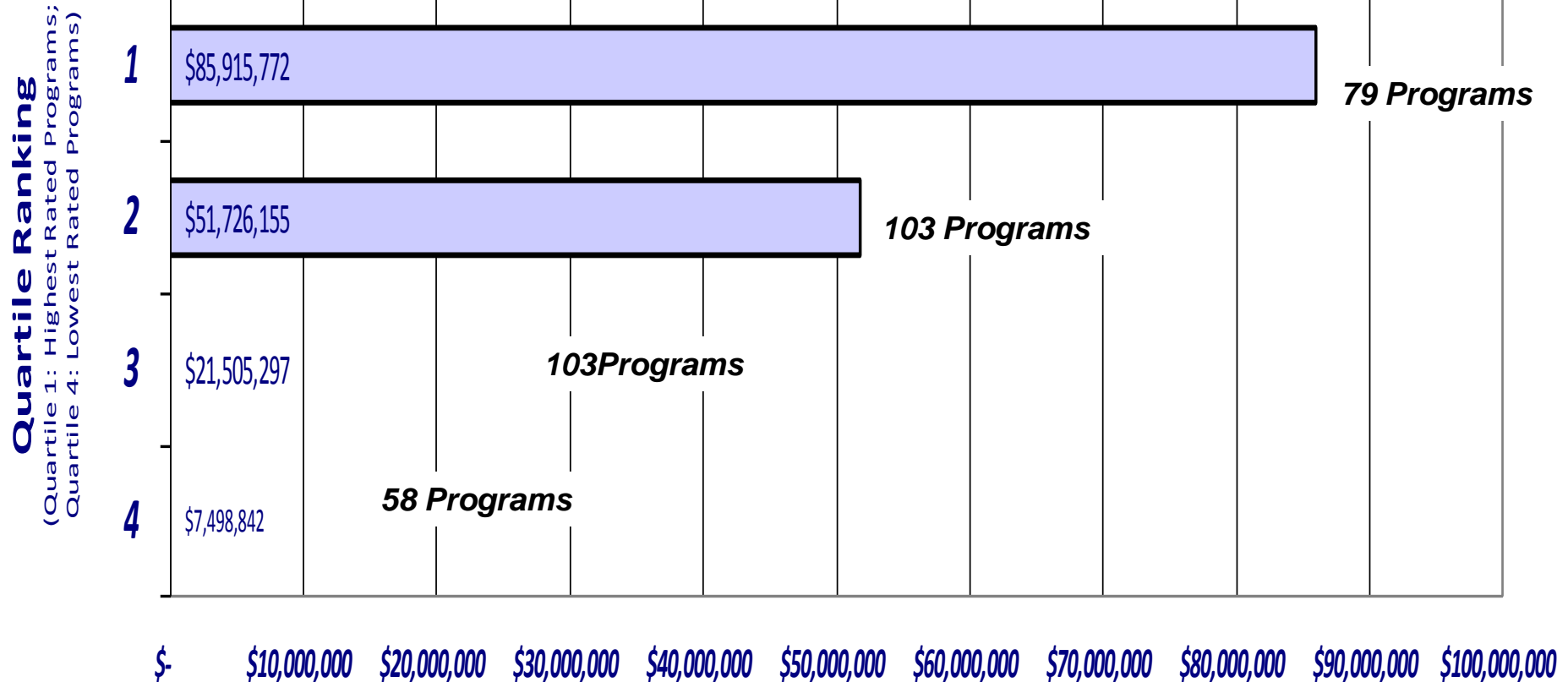
# Defining Quartile Groupings



# Step 5: Allocate Resources Based on Prioritization

Prioritization Array: Combined City-wide Programs

©



# "Resource Alignment Diagnostic Tool"

City of Boulder, CO



October 30, 2012

**Program Type:**

(All Programs, Governance,  
Community-oriented)

**Community-Oriented  
Programs**

**Prioritization Perspective:**

(City-wide, Fund, Funds)

**City-wide**

**Choose Department:**

(All Departments, Specific)

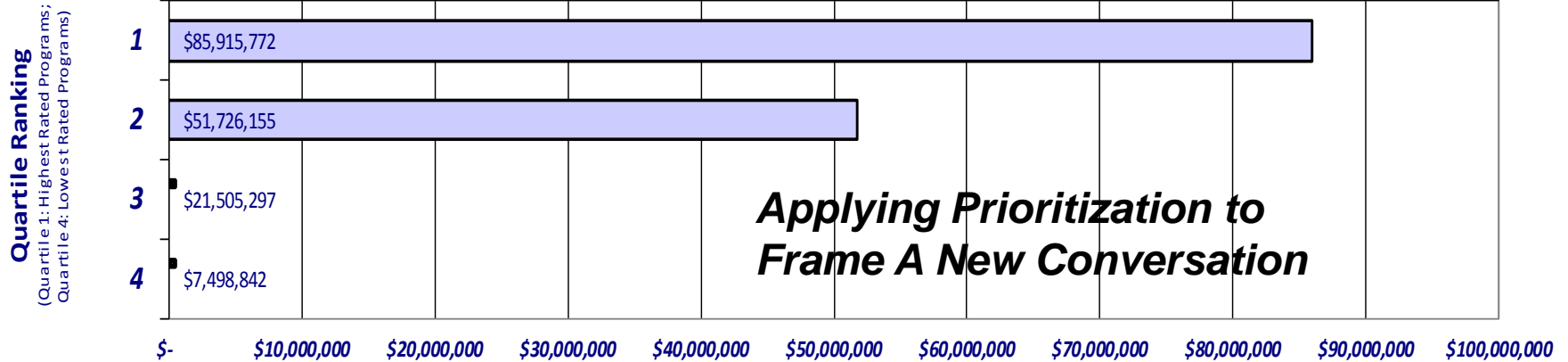
**All Departments**

**Funding Source:**

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

**Total Estimated Budget**

## Priority Based Budgeting: Spending Array Perspectives



Quartile Ranking	2011 Budget	2012-13 Proposed Budget	Increase (Reduce) %	Impact	2012-13 Target Budget	Programs in Arra
Qrt 1	\$0	\$85,915,772	0.00%	\$0	\$85,915,772	88
Qrt 2	\$0	\$51,726,155	0.00%	\$0	\$51,726,155	116
Qrt 3	\$0	\$21,505,297	0.00%	\$0	\$21,505,297	110
Qrt 4	\$0	\$7,498,842	0.00%	\$0	\$7,498,842	54
<b>TOTALS</b>	<b>\$0</b>	<b>\$166,646,067</b>	<b>0.00%</b>	<b>\$0</b>	<b>\$166,646,067</b>	<b>368</b>

# ***“Looking Through the “New Lens”***



- Which programs are of the highest priority in terms of achieving what is expected by the community?
  - *And which are of lesser importance?*
- Which programs are truly mandated for us to provide
  - *And how much does it cost to provide them?*
- Which programs are offered because they are “self-imposed” ?
- Which programs are offered for which there are no other service providers?
- Are there programs might lend themselves to public/private partnerships?



# ***“Looking Through the “New Lens”***



- Who in the private sector is offering programs that are similar in nature?
  - *And should we consider “getting out of that business”?*
- Which programs are experiencing an increasing level of demand from the community?
  - *And which are experiencing a decreasing need?*
- Are there programs offered that are not helping us achieve our intended “Results”?
- What are we spending to achieve our “Results”?

*Live Demonstration of*

# **“Resource Alignment Diagnostic Tool”** ©

# ***Thank You !***



## **CENTER FOR PRIORITY BASED BUDGETING**

*Using a Unique Lens to Focus Community Resources on Results*

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