



AGENDA ITEM
CITY COUNCIL MEETING DATE – FEBRUARY 27, 2018
BUSINESS ITEMS

TO : City Council

FROM : City Manager

SUBJECT : **INTRODUCTION OF PRIORITY-BASED BUDGETING AND CONFIRMATION OF STRATEGIC RESULTS**

EXECUTIVE SUMMARY:

The City’s budget has been described as “fragile” and that continues to be true. Expense growth continues to outpace revenue increases, and future challenges associated with pension costs, workforce retention and attraction, and aging infrastructure also loom. We need new tools to understand these circumstances ourselves and develop response strategies, and to explain them to the public. Priority-Based Budgeting creates a tool that can help us achieve these objectives.

RECOMMENDATION:

Accept the report and presentation, and discuss and finalize “results” for use in the Priority-Based Budgeting process.

BUDGET INFORMATION:

The City has contracted with ResourceX for services associated with Priority-Based Budgeting. There is no additional budget impact at this time.

BACKGROUND:

Introduction of Priority-Based Budgeting

Tonight’s meeting has just one topic—Priority-Based Budgeting (PBB). We will have a presentation by one of the founders of the PBB process, Chris Fabian, who will provide an overview and explain how the process works.

The International City/County Management Association (ICMA) identified PBB as a “leading practice” for local agencies. More information can be found on its website at <https://icma.org/priority-based-budgeting> and a copy of an article that describes PBB is included as Attachment 1.

The PBB process can help us in several ways. Through PBB, the City’s budget is translated from being presented at the department level into a set of programs that are more understandable and meaningful to the public. In addition, the final product is a tool that shows how the City’s funds

are being used to produce quality services for the Community. As we look ahead to the City's financial future, we need new ways of understanding it, talking about it and making decisions. PBB will help.

The Priority-Based Budgeting Process

The PBB process has a number of steps that include the following:

- Each department develops a list of programs that reflect all of its activities.
- The City Council establishes a set of overarching "results" we are trying to achieve for the Community.
- The Community is asked to define the results.
- Staff uses this information to then score the programs on how well they achieve the results based on the definitions; the scores are double-checked through a "peer review" process.
- Budget dollars including staff time are associated with each program.

All of this information is combined into an analytical tool that shows how funds are being used to deliver results to the Community, which programs are most effective in achieving those results (and those that are not as effective), and answers questions such as how much of a program is supported by tax revenues vs. fees and charges, what programs are we mandated to provide, etc.

Our current budgeting process is focused on the department level such as Public Works, Fire, Community Development, Police, etc., which can be fairly opaque to the public.

Tonight: City Council Confirms Strategic Results

As part of tonight's meeting, the Council will be asked to confirm a set of strategic goals or results that will guide the process. I say "confirm" because the Council has set five "strategic issues" a few years ago and will be asked to review and confirm their continued use. Of course, the Council can make modifications as well, if desired. The strategic issues that have been in place for years follow:

1. Protecting Community Health and Safety
2. Protecting and Enhancing the Environment
3. Strengthening Economic and Fiscal Conditions
4. Preserving and Enhancing Infrastructure
5. Maintain and Enhance a High Quality of Life

A way of thinking about these results is that they answer the question "What is the City in the business of doing?" or "What does it take for Benicia to be a successful community?"

The final set of results will become part of the PBB process and be used in the next steps.

NEXT STEPS:

Defining the Results. With Council’s confirmation of the overarching, strategic results tonight, staff will launch a community engagement process to gather public feedback on defining those results that include use of Benicia Town Hall’s online survey tool as well as two in-person community meetings (one at a local school in the evening and the other at the Senior Center in the morning), and other means to gather input from a broad range of the public during the month of March. More information about the outreach specifics will be shared at the Council meeting.

The outcome of the definition process will be presented to the Council for finalization at an upcoming meeting.

Finishing the Process. With the strategic results confirmed and defined, staff will then proceed with the next steps needed to complete the process and develop the tool. We expect to complete the PBB process by the end of the summer and present it to Council in the fall for use in developing the 2019-21 Budget.

ALTERNATIVE ACTIONS:

Do not pursue the Priority-Based Budgeting process at this time.

| | |
|---------------------|---|
| General Plan | The overarching goal is sustainability. |
|---------------------|---|

| | |
|-----------------------|---|
| Strategic Plan | Strategic Issue #3: Strengthening Economic and Fiscal Conditions. |
| | Strategy Issue #4: Manage City finances prudently. |

| | |
|----------------------|---|
| CEQA Analysis | The PBB process is exempt from the California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3), the “general rule” exemption which states that where it can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment, the activity is exempt from CEQA. The City has determined that the PBB process will not have an impact on the environment and therefore is exempt from CEQA under the general rule. |
|----------------------|---|

ATTACHMENT:

1. “Seeing Things Differently,” Public Management Magazine, September 2012.

For more information contact: Lorie Tinfow, City Manager

Phone: 707.746.4200

E-mail: ltinfow @ci.benicia.ca.us