Date: Tuesday, July 5, 2016
Time: 6:10 pm
Place: City Hall

FINANCE AND TAXATION COMMITTEE
AMENDED 7/1/2016

A. CALL TO ORDER & ROLL CALL

B. CORRECTION OF MINUTES

C. BUSINESS: OPEN

1. CITY BAND WOULD LIKE TO SELL MUSIC STANDS FOR $5.00 EACH TO MEMBERS AND DONATE THE OLD CHAIRS

   The City Band purchased new equipment through the John McElhaney Memorial Monroe Band Fund and they would like to sell or donate the old equipment.

Individual Requesting Item	Brian Bruggeman/Marge Klinzing
Expected Length of Discussion	5 minutes

2. PRIORITY BASED BUDGETING
   Continuing discussion

Individual Requesting Item	Finance Committee
Expected Length of Discussion	20 min.

   Documents:

   City of Monroe WI Priority Based Budgeting.pdf

3. 2017 ANNUAL BUDGET OBJECTIVES

Individual Requesting Item	City Administrator
Expected Length of Discussion	20 MIN

4. REVIEW OFFER BY LAMBERT PROPERTIES, LLC TO PURCHASE LOT 1 OF CSM 2131 IN NORTH INDUSTRIAL PARK

Individual Requesting Item	Martin Shanks
Expected Length of Discussion	5 Minutes

   Documents:

   2016-06-28 Lambert Offer.pdf

5. BUSINESS: CLOSED
   Under Wis. Stats. 19.85(1)(e) Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session

   Attendance is limited to the governing body, necessary staff and other officers such

as Clerk and Attorney and other persons whose presence is necessary for the business at hand.

a. REVIEW AND DISCUSS CITY'S NEGOTIATING STRATEGY WITH RESPECT TO OFFER BY LAMBERT PROPERTIES, LLC TO PURCHASE LOT 1 OF CSM 2131 IN NORTH INDUSTRIAL PARK

Individual Requesting Item	Martin Shanks
Expected Length of Discussion	10 Minutes

6. BUSINESS: OPEN

   Take any necessary action related to offer by Lambert Properties, LLC to purchase Lot 1 of CSM 2131 in North Industrial Park

D. BUSINESS BY MEMBERS

   May make brief informative statements or bring up items to be discussed at a future meeting.

E. ADJOURNMENT

This Committee may take any action it considers appropriate related to any item on this agenda.

Requests from persons with disabilities who need assistance to participate in this meeting, including need for an interpreter, materials in alternate formats, or other accommodations, should be made to the Office of the City Clerk at (608) 329 2564 with as much advance notice as possible so that proper arrangements can be made.

Agenda was amended on July 1, 2016 to modify item 4 and added items 5 and 6.

Members: Chairperson Reid Stangel, Brooke Bauman, Chuck Koch, and Alternate Michael Boyce

CENTER FOR
PRIORITY BASED BUDGETING

Using a Unique Lens to Focus Community Resources on Results

Achieving Fiscal Health and Wellness *through* PRIORITY BASED BUDGETING

A Proposal for

The City of Monroe, Wisconsin

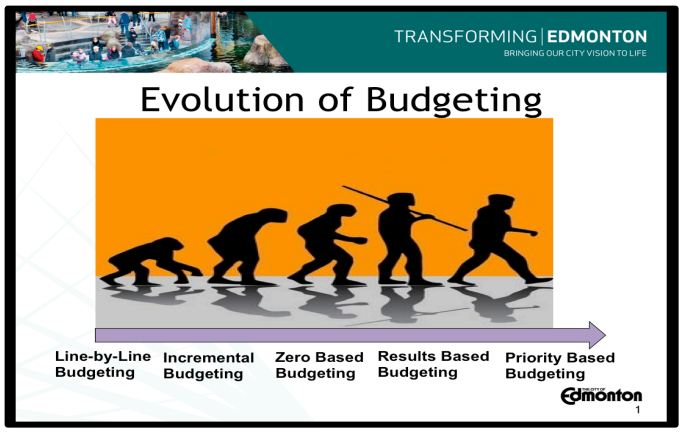
Center for Priority Based Budgeting
1000 Englewood Pkwy, Unit 308
Englewood, CO 80110

Executive Summary

"Challenges facing local governments today literally requires a new way to see. It's as if our vision has been blurred by the extraordinary stress of managing in this complex economic environment. Whether attempting to rebuild in a post-recession climate, or persevering through another year of stagnating or declining revenues, the challenge remains: how to allocate scarce resources to achieve our community's highest priorities. Through the new lens of Fiscal Health and Wellness through Priority Based Budgeting, which provides powerful insights, local governments are making significant breakthroughs."

- Jon Johnson and Chris Fabian, *Seeing Things Differently*, Public Management (PM) Magazine, 2012

The ***Center for Priority Based Budgeting*** is extremely pleased to provide this proposal in response to ***the City of Monroe's*** request for advisory, analytical and facilitation assistance in the development and implementation of a ***Priority Based Budgeting*** (***PBB***) process. We believe that our unique and timely results-based approach to resource allocation addresses the needs of local governments everywhere as they struggle to deal with unprecedented budgetary constraints as well as strive to achieve long-term financial sustainability.

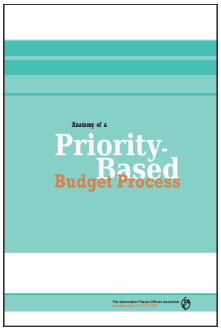


While serving as local government practitioners, ***CPBB*** co-founders Jon Johnson and Chris Fabian developed the process and tools needed to successfully implement this approach to ***Priority Based Budgeting.*** We created this process to address our belief that there needed to be a methodology that would successfully link the stated strategic priorities that an organization strives to accomplish with the way resource allocation decisions are made through the budget process. Because of its specific relevance to local governments needing to address their immediate short-term budgetary distress, our ***Priority Based Budgeting*** process has gained nationwide recognition and has been promoted by the International City/County Management Association *(ICMA)*, the Government Finance Officers Association *(GFOA)* and the Alliance for Innovation.

In 2012, the International City/County Management Association (*ICMA*) recognized ***Fiscal Health and Wellness through Priority Based Budgeting*** as a leading practice for local governments. Seeing that the results of this process have helped over one hundred communities from across the nation find a common approach in their pursuit of results-oriented resource allocation has been overwhelmingly rewarding. Having ICMA declare this work as a leading practice, encouraging every local government to move toward the achievement and implementation of ***Priority Based Budgeting*** furthers the purpose and mission of ***CPBB*** for the future.

In collaboration with GFOA, we were honored to co-author "***Anatomy of a Priority Based Budget Process***", a white paper published by GFOA in 2011, which establishes and documents a step-by-step methodology for any organization to successfully implement ***Priority Based Budgeting***. This white-paper

relied heavily on our experiences and the lessons learned from the pioneering organizations we assisted from 2009 through 2010 as they implemented this unique and innovative process. Since that time, we have significantly enhanced the process even further, incorporating citizen engagement strategies, addressing succession planning, and assisting in the framing of labor negotiations.



In the one hundred twenty plus (120+) local governments that ***CPBB*** has provided advisory leadership in the implementation of ***Fiscal Health and Wellness through Priority Based Budgeting,*** we have seen that this process not only provide a way in which an organization can make better short-term resource allocation decisions based on the relative priority of the various programs and services it offers, but also provide a new way to link budget decisions to the strategic results and outcomes that the organization wishes to achieve for the long-term. Furthermore, our "***Resource Alignment Diagnostic Tool***" is truly unlike anything previously available to local governments, providing (*as the City Manager of Fairfield, California coined the phrase*) "***a new and unique lens***" on how government spending is aligned with priorities.

The following proposal was developed with the understanding that the full Priority Based Budgeting project would begin in ***June 2016*** and that the final web-based "***Resource Alignment Diagnostic Tool"*** would be completed by ***November 2016*** in order to assist the ***City of Monroe*** in the development of its fiscal year (***2017) Budget***. With the delivery of the "***Resource Alignment Diagnostic Tool"***, your ***City*** will be ready to engage in new and unique conversations as the information gathered during the ***Priority Based Budgeting*** process is utilized to better inform and validate the ***City's*** budget decisions, as well as demonstrate how this process might be used to engage the community in future budget cycles.

The City of Monroe has already established Community Results (pending review in conjunction with the acceptance of this proposal). Given your previous efforts that can be directly leveraged and the conversations we've been fortunate to have with you to better understand process expectations and timing, ***the total proposed budget for this project is $47,500.00***.

An alternative proposal option for the City of Monroe consists of the City strictly implementing a Program Inventory and Costing project. Program Inventory and Costing is a valuable component of PBB on its own and will present a strong starting point for the City to assess their programs. The total proposed budget for the Program Costing project is $12,000. This project can be initiated in June 2016 with an estimated completion date of August 2016.

- **1st Year: ~~$15,000~~** (includes building your organization's program inventory, translating your line-item budget into a program budget, and equipping and training your organization on the "Online Program Costing Analyzer" which opens up the key analysis on Program Costs, sourcing, efficiency of services, and a total cost of service review for fees and rates and charges)
- **2nd Year Subscription: $10,000** (ongoing support for the online "Program Costing Analyzer")

Should the City wish to continue the full Priority Based Budgeting project in the future (after completing Program Inventory & Costing project), CPBB will honor the original full project cost.

- **1st Year: $32,500** (includes leading your organization through the development of "Results" and "Result Definitions," scoring your organization's programs relative to Results and Basic Program Attributes, Peer Review, ranking programs in the PBB Quartile system, and equipping and training your organization on the "Online Resource Alignment Diagnostic Tool" as well as

the "Policy Questions" which guide departments to the opportunity areas they have with specific programs to re-allocate resources)

- **2nd Year Subscription: $20,000** (total ongoing support for the full package of Online PBB: Program Costing Analyzer, Resource Alignment Diagnostic Tool and the Policy Questions)

It is gratifying and rewarding for ***CPBB*** to be able to offer its assistance to ***the City of Monroe***. ***CPBB*** very much respects the work that you have already accomplished and the vision you have in bringing this leading practice to your organization. It will be an honor and a pleasure to work with you to help it achieve all the benefits and outcomes of our ***Fiscal Health and Wellness through Priority Based Budgeting*** process, which we believe will lead local governments to more open, transparent and sustainable decision-making for years to come.

Best Regards,

Jon Johnson Chris Fabian

Center for Priority Based Budgeting
1000 Englewood Pkwy
Unit 308
Englewood, CO 80110
Jon - 303-909-9052 *or* jjohnson@pbbcenter.org
Chris - 303-520-1356 *or* cfabian@pbbcenter.org
Website - www.pbbcenter.org

Scope of Implementation Services – Priority Based Budgeting

Fiscal trends and conditions, which are primarily beyond an organization's control, represent a reality with which all local governments, school districts, special districts and non-profit entities must cope. Addressing those fiscal realities while still meeting the objectives of the organization as well as the expectations of its constituents represents the biggest challenge to any organization's long-term sustainability.

Traditional responses to a financial crisis such as "***across-the-board cuts," employee furloughs, pay freezes, selling assets,*** or mere cosmetic *"**accounting gimmicks**"* are typically ***not*** the most effective treatments to turn to when trying to close an ongoing *"gap"* between ongoing revenues and ongoing costs to provide programs and services. Local governments choosing to implement ***Fiscal Health and Wellness*** as a treatment regimen are making substantial progress because they are doing the analytical work required to more accurately diagnosis the reasons behind their fiscal issues and then determining the best treatments that lead to a viable cure.

Fiscal Health can only be achieved by properly diagnosing the symptoms and causes of your organization's budget issues, allowing you to "*prescribe*" the correct treatments that can alleviate your fiscal distress. Applying the wrong treatment will not "*cure what ails you*" and may even make matters worse. Once your organization is fiscally healthy, it can then become financially sustainable in the long term by implementing a ***Fiscal Wellness*** regimen that revolves around the principles of ***Priority Based Budgeting***. Through this process, Jon Johnson and Chris Fabian have already helped dozens of local governments achieve ***Fiscal Health and Wellness*** in this tough and unprecedented economic climate. Additionally, by implementing ***Priority Based Budgeting***, cities and counties alike have now found a way to link their strategic goals and objectives with the budget process and with their performance measurements.

Fiscal Health and Wellness *through* ***Priority Based Budgeting***, is an objective and transparent decision-making process, one that ensures programs of higher value - those that achieve an organization's objectives most effectively – can be sustained through adequate funding levels regardless of the fiscal crisis "*du jour*." Regardless of whether there are ***more*** resources to distribute or ***less, Priority Based Budgeting*** leads decision-makers away from the traditional "*across the board"* reduction mentality and guides them towards allocating available resources to those programs most highly valued by the organization and the community it serves.

The creative, organic, and diagnostic process developed by the ***Center for Priority Based Budgeting*** **(CPBB)** progresses from a diagnosis to a prescription that ultimately enables communities to link funding decisions to their avowed priorities. The processes also bring together local government managers, finance officers, elected officials, civic leaders, and community stakeholders to make decisions that better align the community's resources with what the community and its leaders value the most.

Through this unique results-based resource allocation process, organizations successfully:

- Identify and define the strategic *Results* that their organization seeks to achieve to meet community expectations

- If desired, provide a framework for involvement of community stakeholders in validating and/or helping to define the organization's *Results*
- Develop a comprehensive list of programs and services offered by the organization and identify the costs of those services
- Evaluate and determine the degree to which those programs and services contribute to the achievement of the identified *Results*
- Prioritize programs that highly achieve those identified *Results* as compared with programs that are less of a priority in terms of their impact on *Results*
- Align resource allocation decisions with higher priority programs
- Provide a "*new lens*" through which the organization can clearly see where opportunities exist to refocus attention on programs that are of the highest priority to the community and shift resources away from those programs that are not highly relevant in terms of achieving the organization's *Results* for the community
- Lead the organization in the development of measures and metrics that demonstrate how a program achieves the identified *Results*

The methodology and approach involved in the implementation of ***CPBB's*** unique and innovative approach to ***Priority Based Budgeting (PBB)*** are as follows:

Step 1) – DETERMINE RESULTS - accurate prioritization of programs, reflecting the organization's stated purpose, depends on the comprehensive identification of the *Results* it exists to achieve.

Results help to identify the very fundamental reasons that a local government exists – articulating all the ways it serves the needs of the community (*as opposed to a list of specific projects or initiatives that need to be considered during the next budget cycle*). They are meant to answer the question, "***What are we, as an organization, in business to do?***" *Results* are more overarching in nature and will "*stand the test of time*," as opposed to more short-term needs or tasks that normally have a targeted "finish-line." Finally, *Results* are truly unique to your community, in that they attempt to represent why your local government exists and why it offers the types of unique services it does to the community.

As *Results* are developed, there is a distinction made between ***"Community-oriented Results",*** which help define why certain programs are offered directly to the community, and ***"Governance-oriented Results***", which help define why internally focused programs are offered by various support functions such as Finance, Human Resources, and Information Technology. Through its research and work with other local governments, ***CPBB*** has found it imperative in achieving the best outcomes from its ***Priority Based Budgeting*** process that an organization distinguish between "*Community Programs*" (i.e. programs that directly serve the community) and *"Governance*

Options to Consider:

- Has your organization already identified and established a set of ***Results***?
- Will a new set of ***Results*** need to be developed?

You have the flexibility in the ***PBB*** process to validate existing ***Results***, or start fresh by establishing new ***Results***

Programs" (i.e. programs that are more internal in nature and generally support the administration, elected officials and departments within the organization). In order to understand the relevance of *Governance Programs*, we need to evaluate them against different *Results* than *Community Programs*, because *Governance Programs* exist within the organization for fundamentally different reasons than do the *Community Programs*. Even though the scoring criteria might be different for each of these two types of programs, the process allows you to ultimately look at all offered programs from an overall City-wide perspective in the eventual program prioritization array.

The main deliverable for ***Step 1*** includes the identification of *Results* for both "*Community-focused*" programs and "*Governance-focused*" programs, against which programs and services can be validated to establish priorities for the City as the ***PBB*** process unfolds.

CPBB *will help the* ***City of Monroe*** *validate its* ***Results*** *by:*

- Leveraging the strategic planning efforts already completed by the City as it works to articulate the City's stated *Results* for the purposes of program prioritization
- Conducting a "*Results Validation*" exercise to confirm that the City's current *Results* are complete, and provide an opportunity to address any *Results* that may not have been identified
- Assisting in distinguishing those *Results* from more specific *(and short-term*) objectives, tasks, and projects, for the purposes of facilitating program prioritization.

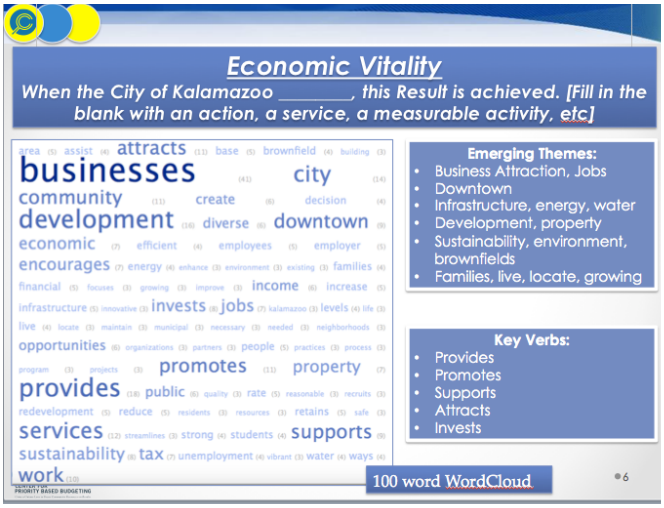
OR

- Facilitating a collaborative workshop with the ***City Board, the City's Budget Team, administrative staff, department heads and/or other identified stakeholders*** to identify the *Results* that the City wishes to achieve.
- Assisting in distinguishing those *Results* from more specific *(and short-term*) objectives, tasks, and projects, for the purposes of facilitating program prioritization.

Step 2) Clarify Result Definitions **- precision in Priority Based Budgeting depends on the clear articulation of the cause and effect relationship between a program and a defined *Result*. With clearly defined "*Result Maps*," detailing the factors that influence the *Results* the City is in business to achieve, it can seek to minimize subjectivity in the process of linking those *Results* to programs or services offered to the community**.

CPBB will lead your Elected Officials, Executive/Leadership Team, Budget staff, Department heads, Management staff and/or community stakeholders (*if desired*) through both "live" as well as interactive, web-based exercises to develop comprehensive definitions for your City's *Results* that were identified as outlined in ***Step 1***. Participants in both the "live" and web-based "brainstorming" exercise will contribute by expressing all of the many ways that the City's *Results* can be achieved, with ***CPBB*** then organizing all of those answers into similarly themed groups that form the basis for each of the *Result Definitions*. The technique is called ***Affinity Diagramming*** - a proven and powerful method that: a) gathers large and comprehensive amounts of information about all of the different ways your City's *Results* can be defined, and b) does so in an extremely efficient manner that makes the most optimal use of the participant's time while still producing complete definitions.

The screen capture to the right is the outcome of an extensive outreach process to gather a vast array of various opinions and input to help define the Result of "Economic Vitality" (for example, in the City of Kalamazoo). The "emerging themes" stood out as crucial to the way the City would demonstrate that this Result is being accomplished – therefore creating a clear "path" for the alignment of the City's programs with their Results.



Following the exercises, ***CPBB*** will produce draft "***Result Maps"*** for each of your City's stated *Results*. These "***Result Maps"*** provide a simple, graphic way to organize and articulate the concepts identified in the facilitated exercises as the definitions around each *Result*. "***Result Maps"*** serve as one of the key criteria for *program scoring*, which will take place in ***Step 4*** outlined below.

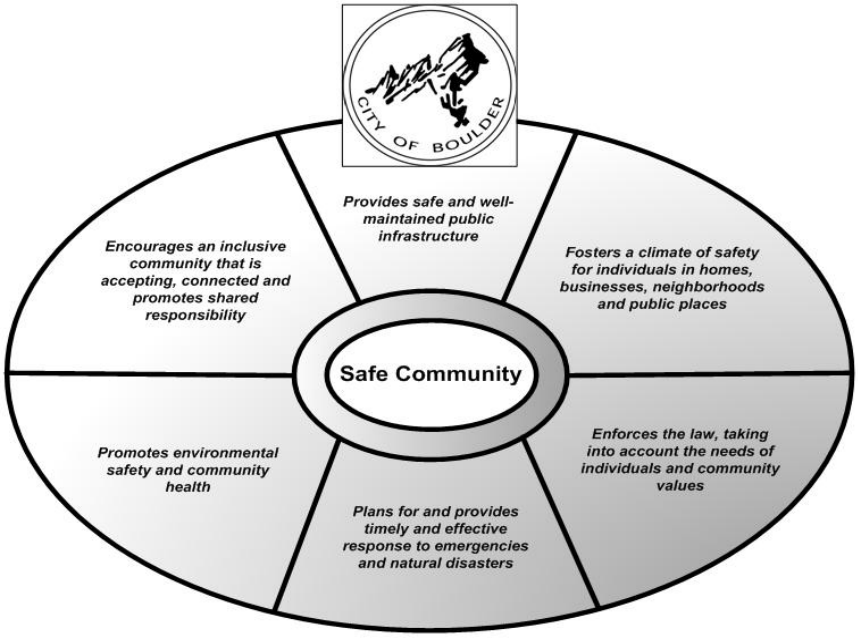
CPBB prides itself on its ability to train organizations it has worked with on the ***Affinity Diagramming*** approach. Staff from your City will not only participate in the development of the City's "***Result Maps"***, but will also be trained so that they may conduct their own "***Result Mapping"*** sessions when facilitating their own "brainstorming" sessions involving staff or citizens.

Specifically, ***CPBB*** *will help the* ***City of Monroe*** *clarify* ***Result Definitions*** *by:*

- Utilizing the proven "*Result Mapping*" exercise, ***CPBB*** will facilitate both "live" and online, interactive experiences with ***City Council, the City's Budget Team, Administrative staff, Department heads and/or other identified stakeholders*** to define outcomes and objectives relative to each *Result*. The process uses affirmative inquiry and open-ended questioning to garner a specific response that helps better define the City's *Results*.
- Leveraging information included in any of the City's existing strategic documents, vision statements and/or mission statements to ensure that this work is incorporated in the development of the *Result Definitions*.
- Facilitating a collaborative work session to establish *"Governance" Results* to support the prioritization of internally focused programs (*i.e. Finance, Legal, Human Resources, Information Technology, etc.).*
- Developing "***Result Maps"*** for each of the determined *Results* for review and approval by staff and/or City Council members.
- Summarizing the responses provided during the "*Result Mapping*" exercise to capture the entirety of ideas offered by the participants.
- Facilitating, if desired, a process with elected officials, Administrative staff, Department Heads, and/or other internal or external stakeholders to "*weight*" the relative importance of the City's stated *Results,* which establishes the *Result* weighting factors utilized in the calculation of

program scores. This is another effective exercise proven to engage community stakeholders in the process of validating the organization's *Result Definitions*.

This graphic illustrates a "Result Map" from the City of Boulder, Colorado that clearly defines their Result of achieving a "Safe Community."



Step 3) Identify Ongoing Programs and Services **- differentiating programs and services offered by the City to the community, as opposed to drawing only a comparison between each of the individual departments that provide services to the community, builds a common understanding of exactly what the entire City offers to its constituents and leads to a more effective means of making discrete resource allocation decisions through the Priority Based Budgeting process.**

One of the key objectives that your City will achieve with this process is the identification of programs and services it offers, as well as the cost for these programs. The "***Program Inventory***" will clarify the breadth of services provided by your City, and highlight key characteristics of each program *(e.g., the full cost of providing the program and level of revenues that program directly generates to support its operations).* The "***Program Inventory***" is a tremendously valuable tool in and of itself but also serves as the basis for discussion of prioritizing resources – programs are prioritized based on their influence on *Results* (which will be the focus of ***Steps 4 and 5***).

Many organizations attempt to "*prioritize*" their spending by comparing one department or division against another rather than determining which of the typically hundreds of programs and services offered across the organization are more highly valued than others. By developing a comprehensive list of programs offered by the City and identifying the costs of those services, your City will be able to better understand at a more discrete level what programs it provides and how much it costs to provide them.

CPBB founders wrote the guidelines for developing a "***Program Inventory"***, as published by the Government Finance Officers' Association (GFOA) white paper on ***Priority Based Budgeting***, entitled "***Anatomy of a Priority Based Budgeting Process***" (GFOA, 2011). These guidelines form the basis for ***CPBB's*** work with an organization in developing a "***Program Inventory"***. Critical to this process is finding the right level of detail when identifying discrete programs. If a program is too big or encompasses too much, it will not provide sufficient perspective and information – that is, it will be very difficult to describe the precise value the program creates, or to use program cost information in decision making. However, if program definitions are too small, decision makers can become overwhelmed with detail and be unable to see the big picture. ***CPBB*** will work with your City to establish the right level of discretion in the creation of "***Program Inventories***".

Tool Profile: Program Costing Tool

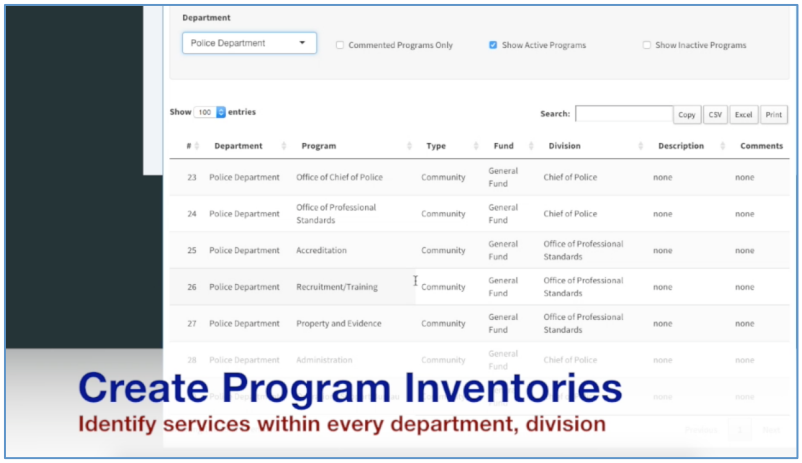
Individual elements of the ***Priority Based Budgeting*** approach can actually be valuable, in and of themselves. Getting to a program level understanding of "*what you do,*" and a transparent and accurate understanding of "*how much it costs*" to provide those programs is a critical ingredient for understanding what options you have as an organization to change what you're currently doing. Furthermore, the only way to get to the answer of questions like "*can we provide this program more efficiently*," or "*are we the best source to offer this service*," or "*are we truly recovering the direct AND indirect costs for providing this service"* requires a more complete understanding of what the program ***"is",*** and how much it costs.

Besides being useful for ***Priority Based Budgeting***, you'll have a user-friendly, web–based user-interface Tool that:

- allows you to evaluate established or potential fees, rates and charges on a program-by-program basis;
- allows you to compare your organization with other public or private sector providers to help evaluate the efficiency or appropriate sourcing of your programs;
- allows departments to gain a better understanding and more clearly communicate, at a program level, what they do and how much it costs;
- allows you to clearly see how your workforce is associated with programs (i.e. - what are staff spending their time doing);
- and ultimately allows you to transition your approach to budget development from "line-item budgeting" to "program budgeting" - a key breakthrough!

If your City already has a head start in developing a "***Program Inventory"*** or estimating program costs, that information can be directly leveraged as part of this effort. As part of its work, ***CPBB*** will conduct a more comprehensive review of your City's listing of programs and offer additional comments and guidance with respect to specific programs identified. The City will be provided an illustrative listing of program examples gathered from other organizations that have worked with ***CPBB*** for its review and use in refinement of its own "***Program Inventory***". This will provide your City with the assurance that it has developed a complete and comprehensive listing of all activities at a level discrete enough to offer the full benefit of the ***PBB*** process. ***CPBB*** will also evaluate the "***Program Inventory***" listing to ensure that it reflects only programs and services of an ongoing nature as opposed to one-time initiatives or capital-related projects.

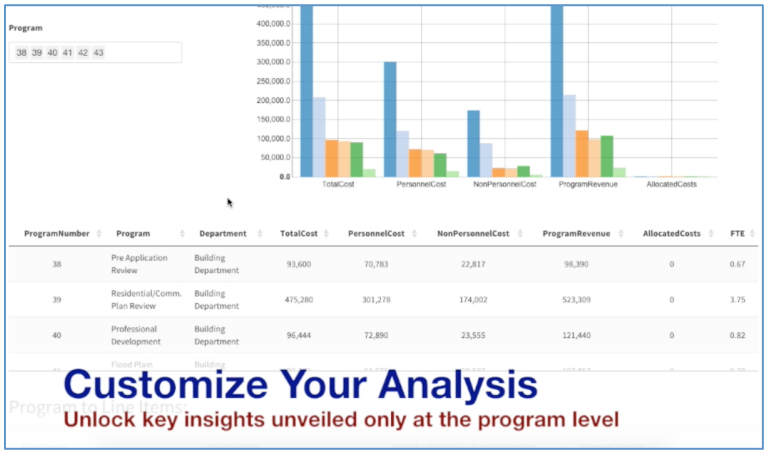
With respect to identifying costs for each of the programs identified, ***CPBB*** will provide a workshop and provide templates in order to train staff on how to derive these *program costs*, as well as serve as a resource to staff in providing assistance in the estimation of these costs. ***CPBB*** will provide guidance and coaching that will offer your City techniques and methodologies used in calculating indirect and direct *program costs* and identifying the number of staff associated with each program offered with ***CPBB's*** proven cost allocation tools and templates. ***CPBB*** offers an intuitive "***Program Costing Tool"*** that truly



simplifies the process of developing *program costs* through a step-by-step approach that is a shared "task" between each operating department and Budget staff - where each fills in the relevant information that they are best suited to provide.

*Specifically, **CPBB** will help the **City of Monroe** develop an effective "**Program Inventory**" listing and determine program costs by:*

- Facilitating a workshop to help department heads and other identified staff gain a better understanding of how to define and identity the individual programs and services that are offered by each individual department and to provide guidance in distinguishing between a task (*too small to be considered a program*) and a department/division (*oftentimes too large to be considered a program*).
- Sharing an illustrative listing of program examples gathered from other organizations that have worked with ***CPBB*** to use in developing and/or refining its own "***Program Inventory***".
- Providing worksheets, feedback and coaching in support of the City's overall efforts in developing individual department's "***Program Inventory"*** listings.
- Facilitating a workshop to help department heads and other identified staff gain a better understanding of how to utilize ***CPBB's*** "***Program Costing Tool***" to determine program costs
- Developing individualized department and/or division "***Program Costing Tool***" templates to assist in the determination of program costs and associated FTE needed to provide the program; effectively "*flipping*" your line item budget to a program budget.
- Providing guidance and coaching to department heads, division directors, managers and/or supervisors to train them on techniques and methodologies used in calculating program costs (*including direct and indirect costs*) and identifying the number of staff associated with each program offered *(if desired).*



Step 4) Value Ongoing Programs Based on Results **- with the right *Results*, and with clear definitions of those *Results*, your City is now ready to more accurately place a value on individual programs (and potentially one-time initiatives) relative to its influence on achieving the City's stated *Results*.**

In evaluating programs through the scoring phase, it is essential to give departments the first opportunity to score their own programs, relative to your City's *Results* and demonstrate why they believe their programs are influential in achieving those *Results*. This gives departments the chance to provide their own unique intelligence on their own programs that no one else but the program providers would have known. Not only does this help solidify organizational buy-in but at the same time provides a more thorough and complete understanding about everything the City does and how those programs help achieve the identified *Results* (i.*e. "why" we offer the program*).

The ***Peer Review*** phase then provides for an authentication process to validate (*and question*) the department's belief that their programs are indeed relevant to your City's *Results*. Several organizations have commented that, unlike other more conventional approaches to performance measures, ***Peer Review*** provides a forum for a far better discussion that leads to a clearer understanding of how programs truly influence *Results*. Furthermore, departments gain a City-wide perspective about programs being offered across the organization, which has led to uncovering program redundancies. This step in the process has also led to cross-departmental collaboration, as departments discover that they provide similar programs to other departments. Additionally, this process has contributed to a change in the organizational culture as departments are tasked with the duty of objectively analyzing programs that aren't their own (i.*e. a "jury of their peers").*

The effect of ***Peer Review*** has been remarkable, not only for the purposes of ***PBB***, but for bringing an organization together to look at the programs they offer in the context of how they collectively achieve the *Results* that the community finds meaningful. In a sense, ***Peer Review*** begins to break down the old departmental "*silos*" and lets staff see the world from a more global perspective. Ultimately, it is through this step that more accurate *program* scores emerge, that a better understanding of *programs* is developed, and an assurance that the outcome of the entire process is objective and valid. For the long-term, this phase in the process sparks the discussion of how to determine what measure, metric or "*key indicator*" will substantiate the fact that a program's desired outcome is achieving that objective.

Specifically, ***CPBB*** *will help the* ***City of Monroe*** *value programs based on their stated Results by*:

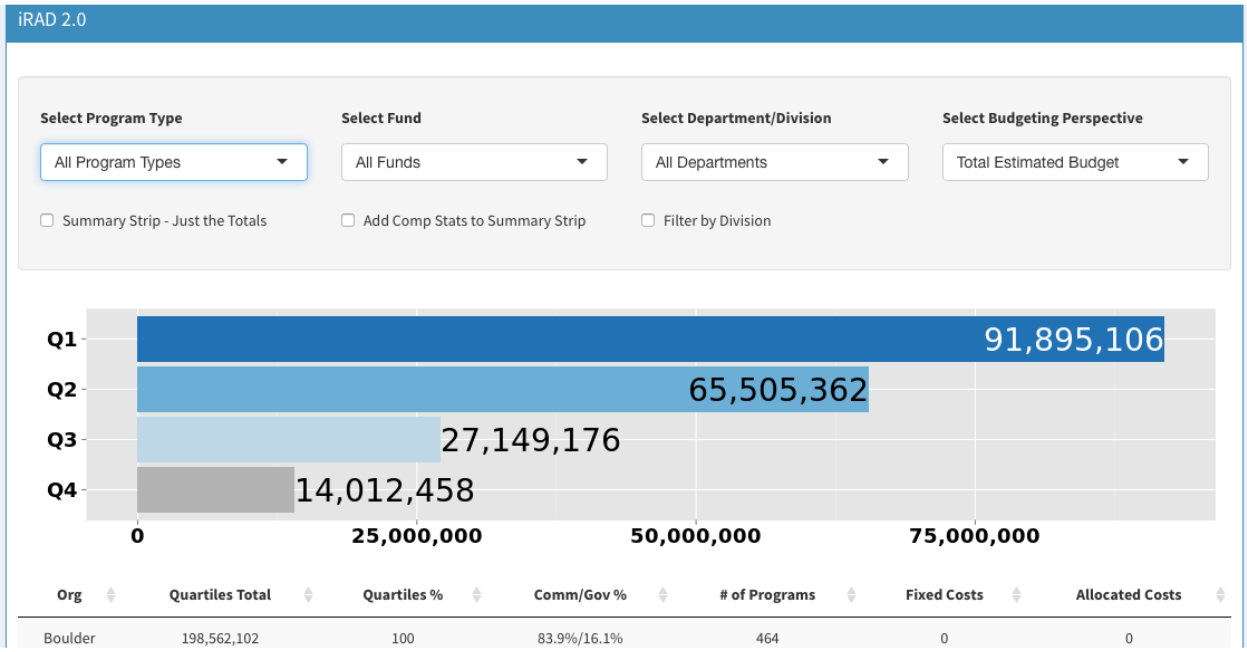
- Developing and creating individual department "***Program Scorecards***" that facilitate the City's effort to score programs based on the program's influence on *Results* and on the identified *"Basic Program Attributes".*
- Conducting a workshop for department heads, division directors, managers and/or supervisors to train them on the program scoring process.
- Facilitating a discussion to identify "***Basic Program Attributes***" to help the City determine "*what characteristics would make a program a high priority*?" "***Basic Program Attributes***" are defined as additional program characteristics that influence the priority of a program, beyond the program's ability to influence *Results*.

- Assisting the organization with the development of ***Peer Review Teams*** to ensure they are cross-functional in nature and maintain the level of objectivity needed to make this phase of the process successful. This is another part of the process where including external stakeholders from the community is a potential area of interest.
- Providing coaching and support to the ***Peer Review Teams*** in the evaluation of program scores, encouraging them to interview program managers to hear evidence that justify assigned program scores, and then in recommending program score adjustments where appropriate.
- Evaluating the City's efforts in performance management and performance measurement to leverage existing measures in the process of justifying program scores – linking performance management and measurement to program scoring, and thus tying these measures into the budget process.
- Accumulating the information provided through the program scoring and peer review phases into a "***Master Program Scorecard***"
- Developing a "*Peer Review Exception Report*" to identify the impact of changes to the department's initial program score made by the ***Peer Review Teams***.
- If desired, coaching the City on how to utilize a similar process in evaluating significant capital projects and other one-time initiatives to determine which of these are of the highest priority in terms of accomplishing the City's overall *Results.*

Step 5) Allocate Resources Based on Priorities **–ultimately, the *Results* identified and defined by the City and the programs that achieve those *Results* become clearly articulated in the budget through a process in which resource allocation decisions are linked to the prioritization of those individual programs and services.**

Once programs have been scored against the *Results* and a relative value determined, the entire list of your City's offered services can be arranged in order of "*highest priority*" (those programs most relevant in achieving the City's stated *Results*) to "*lowest priority*" (those programs that are less relevant in achieving those *Results*). The programs are then grouped into four "***Quartiles***" based on the similarity of the scoring ranges, with *Quartile 1* representing those programs of the highest priority and *Quartile 4* including those programs of the lowest priority.

Individual costs are then associated with each program in order to develop a final "*Spending Array by Quartile*." ***CPBB*** takes this information and develops a customized "***Resource Alignment Diagnostic Tool"*** that can be utilized by the City in 1) assessing its spending profile in terms of aligning resources with identified priorities; 2) developing "*target budgets*" for departments based on their individual prioritized spending profile and 3) analyzing programs using the "***Resource Alignment Diagnostic Tool's"*** unique filtering capabilities.



This graphic depiction from the City of Boulder, Colorado's of its ***"Resource Alignment Diagnostic Tool"*** helps illustrate how the *Results* of your ***Priority Based Budgeting*** work can be used to derive departmental resource allocation ***"targets."*** With the "***Resource Alignment Diagnostic Tool"***, your City will have a "*unique lens*" to see your programs not only in terms of their relevance to *Results*, but also in light of mandates, fee structures, citizens' reliance and community partnerships. This *unique lens* allows staff to efficiently analyze programs and gain insights into areas such as:

- *Programs supported by specific user-fees **VS**. those funded through general government revenues (taxes)*
- *Stringently mandated services **VS.** programs without any legislative requirement*
- *Programs that the community depends exclusively upon the local government to provide **VS**. programs offered by other entities in the community (private, non-profit, etc.)*
- *Programs that highly achieve one or more of the local government's stated Results **VS.** those programs that do not help to achieve any of those Results.*
- *Direct **VS**. indirect costs for services (potentially, if desired)*

In addition, the "***Resource Alignment Diagnostic Tool"*** provides staff and the City's Board with a way to engage in more powerful and meaningful discussions that address questions such as:

- *What services are truly mandated to be provided by the local government, and how much does it cost to fulfill those mandates?*
- *What programs are most appropriate to consider a discussion about establishing or increasing user-fees?*
- *What programs are most appropriate for discussions about partnerships with other service providers in the community?*
- *What services might the City consider "getting out of" the business of providing altogether?*

- *Where are there apparent duplications in services offered across the organization that might lead to a meaningful efficiency discussion?*
- *How can succession planning be incorporated to focus on training staff providing lower priority programs to fill the positions left vacant in higher priority programs?*

*Specifically, **CPBB** will help the **City of Monroe** develop a **resource allocation** methodology based on priorities by:*

- Calculating final program scores and developing the quartile rankings for all the City's programs and services based on their relative score.
- Calculating and applying the "weighting factor" to each *Result* as determined by the responses from the "*Results Weighting Exercise*" *(if desired).*
- Associating program costs and associated FTE counts with the scored programs to develop a final calculation of the City's total budget by quartile ranking (*the "Spending Array by Quartile" – a summation of program costs by quartile ranking).*
- Providing the City with an interactive "***Resource Alignment Diagnostic Tool***" that will guide all resource allocation calculations based on the prioritization of programs (*allowing allocations to be summarized by Fund, by Departments, etc.*)
- Training staff on how to use the "***Resource Alignment Diagnostic Tool"*** to provide them with both the ability to efficiently analyze programs by way of the filtering capabilities of the "***Resource Alignment Diagnostic Tool***," creating unique perspectives on the City's programs as outlined in the discussion above, and to gain a new perspective on the programs offered by the City, allowing for better analysis and leading to more powerful and meaningful discussions.
- Offering guidance in using the "***Resource Alignment Diagnostic Tool***" to identify which of the City's highly relevant programs should be evaluated in terms of effectiveness and efficiency and how to use the ***Priority Based Budgeting*** process to continuously refine performance metrics to ensure the identified *Results* are being achieved.
- Providing a high level interpretive analysis of the data available in the "***Resource Alignment Diagnostic Tool***" and identifying opportunity areas for discussion related to programs and their continued relevance to the City.
- Recommending ways to incorporate ***PBB*** into the City's budget development process as well as providing "***Budget Transmittal Form***" templates to guide departments in communicating their recommended program level budgets within the context of ***PBB*** and to demonstrate the allocation of general government resources is being focused on higher-priority programs. *(if desired)*

Implementation Plan and Approach to Pricing

Once the June 2016 start date for the project is confirmed, ***CPBB*** will develop an implementation timeline that normally spans a ***five to six month*** time period in which it can guide the City of Monroe through the ***Priority Based Budgeting*** process. This time frame might vary slightly depending on the level of citizen engagement that might be desired ***OR*** the amount of information that might already be in place before the work begins. Typically, ***CPBB*** works with staff to ensure that the process concludes before the City's normal budget development process begins. Once the process is in place and ready to be utilized for the upcoming budget cycle, ***CPBB*** remains available for questions, guidance and general advisory assistance until the City completes its' budget process.

While the duration of the implementation process is anticipated to span several months, the actual workload placed on staff in the City is by no means of a "*day-to-day*" nature. The timeline allows for staff to manage their own internal workload and still participate effectively in the process. This timeline also provides for the scheduling of workshops, team meetings and the tasks performed off-site by ***CPBB*** in the development of the various templates used as well as the final "***Resource Alignment Diagnostic Tool."*** Having experienced processes that burdened organizations with more intense time requirements and having been practitioners in a local government environment ourselves, ***CPBB*** has specifically designed this process to require staff to devote manageable amounts of time along the way as each step is completed.

CPBB's commitment as a results-driven entity is to make this process available and affordable to any organization that wishes to receive the benefits it can provide. The necessary budget for any organization will depend on the size of the organization and the amount of work that has already been started before ***CPBB*** is engaged. Typically the budget required for the full implementation of ***Priority Based Budgeting***, exclusive of travel related expenses, is between $43,500 and $79,000. However, we pride ourselves in being flexible and reasonable as we engage in conversations with organizations about the implementation process and will work with you in negotiating costs.

Given the work that has already been accomplished and can be leveraged for this implementation ***the total proposed budget for this project with the City of Monroe is $47,500.00*.**

An alternative proposal option for the City of Monroe consists of the City strictly implementing a Program Inventory and Costing project. Program Inventory and Costing is a valuable component of PBB on its own and will present a strong starting point for the City to assess their programs. The total proposed budget for the Program Costing project is $12,000. This project can be initiated in June 2016 with an estimated completion date of August 2016.

- **1st Year: $15,000** (includes building your organization's program inventory, translating your line-item budget into a program budget, and equipping and training your organization on the "Online Program Costing Analyzer" which opens up the key analysis on Program Costs, sourcing, efficiency of services, and a total cost of service review for fees and rates and charges)
- **2nd Year Subscription: $10,000** (ongoing support for the online "Program Costing Analyzer")

Should the City wish to continue the full Priority Based Budgeting project in the future (after completing Program Inventory & Costing project), CPBB will honor the original full project cost.

- **1st Year: $32,500** (includes leading your organization through the development of "Results" and "Result Definitions," scoring your organization's programs relative to Results and Basic Program Attributes, Peer Review, ranking programs in the PBB Quartile system, and equipping and training your organization on the "Online Resource Alignment Diagnostic Tool" as well as the "Policy Questions" which guide departments to the opportunity areas they have with specific programs to re-allocate resources)
- **2nd Year Subscription: $20,000** (total ongoing support for the full package of Online PBB: Program Costing Analyzer, Resource Alignment Diagnostic Tool and the Policy Questions)

Travel costs will be billed separately on an occurrence basis and will include airfare, lodging, ground transportation (*rental car, fuel, taxi service*); airport parking and a modest per diem *($60 per day*). ***CPBB*** agrees to work cooperatively with you to reduce travel costs to the greatest extent possible while still meeting the requirements specified in this proposal.

The ***City*** may be asked and should be prepared to provide certain office supply items for use in onsite workshops such as paper, markers, white boards, and other needs as requested by ***CPBB***. These items are estimated to cost no more than $300.

The quotation of fees and compensation shall remain firm for ***a period of 120 days*** from the submission of this proposal.

Company Credentials

The Center *for Priority Based Budgeting*, formed in 2010 by Jon Johnson and Chris Fabian, prides itself in providing creative solutions to local governments struggling to address their own fiscal realities. Our mission is to share our experience and technical knowledge of government financial operations and budget development with organizations that are seeking to achieve ***Fiscal Health and Wellness*** that is sustainable for the long-term. Above all, ***CPBB*** strives to be viewed as a trusted advisor and a dependable, objective resource that assists local governments who are seeking service excellence, transparency to their stakeholders and a strong desire to achieve the *Results* that are important to their community. In particular, our experience in dealing with finance-related issues combined with our backgrounds in performance measurement, achievement of efficiencies, and genuine community engagement, makes the ***Center for Priority Based Budgeting*** a truly unique and beneficial partner in dealing with fiscal issues and budgetary concerns, especially in these unprecedented and turbulent times.

Prior to the creation of ***CPBB,*** Jon and Chris worked as independent local government advisors during 2009 after leaving their positions with Jefferson County, Colorado. During that time they were associated with the International City/County Management Association (*ICMA*) as consulting contractors as well as serving as trainers and speakers for the Government Finance Officers Association (*GFOA*) and the Alliance for Innovation. Before becoming local government advisors, Jon served local governments as a finance/budget practitioner for over 28 years, while Chris served as both a local government budget professional and a management consultant to government organizations, specializing in outcomes-based budgeting initiatives.

The ***Center for Priority Based Budgeting,*** a mission-driven organization, proudly offers its services in helping local government organizations address their fiscal realities both in the short-term and long-term through a new and creative process that is actively being implemented across the country. These "hands-on" practitioners have developed the ***Fiscal Health and Wellness*** process to help cities, counties, school districts, special districts and non-profit agencies find the answers to the most relevant questions of the day:

- *How do we **"stop the bleeding"** and properly diagnose our fiscal issues in order to apply the proper treatments?"*
- *How can our organization "**spend within its means**?"*
- *How do we allocate scarce resources to **"top priority"** programs?*
- *How can we link our budget with our strategic goals/objectives and then "**measure**" their performance?*
- *How does our organization head down a path of long-term "**financial sustainability**?"*

CPBB offers the professional expertise, analytical skills and diagnostic tools needed to help your jurisdiction turn these tough times around. For the short-term we can provide you with the tools and techniques you need to assess and monitor your organization's "***picture of Fiscal Health"***. For the long-term, we can assist your organization in clearly defining its goals and objectives and lead you in a process that prioritizes your spending to align with these goals. Our objective is to help you:

- Diagnose the root cause of your fiscal problems
- Identify effective treatment options

- Establish clearly defined goals for your organization
- Prioritize resource allocation to your most valuable programs and services
- Engage the community in determining what they highly value and expect
- Provide decision-makers with better information about the impacts of their decisions
- Develop the tools you need to see things more clearly through a "*new lens*" with our unique "***Fiscal Health Diagnostic Tool***" and our "***Resource Alignment Diagnostic Tool***"

The ***Center for Priority Based Budgeting*** offer several levels of services to meet the individual needs of your organization as it addresses its short-term and long-term fiscal concerns. These flexible and attainable approaches can be tailored to work with any level of engagement your organization is ready to embark upon. Jon and Chris are available to talk through these alternative approaches and find the best one that meets your particular needs with the main objective being to find the best way to assist your organization in dealing with its fiscal stress and reaching a stable and sustainable level of ***Fiscal Health and Wellness***.

Among the wide range of services available through the
Center for Priority Based Budgeting:

==========

- ***Priority Based Budgeting*** Process Implementation
- ***"Resource Alignment Diagnostic Tool"*** Development
- ***Fiscal Health*** Diagnostic Assessments
- "***Fiscal Health Diagnostic Tool***" Development
- Utility Rate Modeling (*using our "**Fiscal Health Diagnostic Tool**"*)
- Facilitated Goal-Setting / Strategic Planning Retreats *and* Workshops
- Citizen Engagement Facilitation
- ***Fiscal Health and Wellness*** Workshops
- Financial Policy Development
- Revenue Forecasting Support
- Revenue Manual *and* Program Inventory Development
- ***Capital Improvement Plan*** *(CIP*) Development *and* Prioritization
- Internal Service Fund Analysis *and* Development
- Program Costing Support (*direct, indirect and overhead components)*

Please visit our website: www.pbbcenter.org

The CPBB Team

JON JOHNSON

Jon is the co-founder of the ***Center for Priority Based Budgeting***, a Denver-based organization whose mission is to help local governments achieve "*fiscal health and wellness*" during these challenging economic times. Jon has more than 28 years of experience as a practitioner in financial administration for municipalities, counties, school districts and public universities. Throughout his career as a finance/budget director, he has been responsible for the management of all aspects of local government finance operations for both small and large organizations. Jon brings with him not only the "hands-on" technical skills associated with the day-to-day financial operations of local governments, but also the ability to apply a diagnostic approach to the analysis needed to assess the fiscal health of an organization and the management experience to implement the resulting solutions from that diagnostic analysis.

Most recently, Jon served as the Director of Budget and Management Analysis for Jefferson County, Colorado. Previous to that position, he was Assistant Director of Finance for Douglas County, Colorado. Prior to moving to Colorado in 2002, Jon served as the Director of Finance for several municipalities in Missouri, including the City of Blue Springs, the City of Joplin, and the City of Kansas City (MO) Aviation Department. He has also been associated with ICMA as a Senior Management Advisor and with GFOA as a regional trainer and workshop presenter. Jon holds a B.A. in political science and a B.S. in accounting from Missouri Southern State University, as well as a master's degree in College Administration from Pittsburg (KS) State University.

CHRIS FABIAN

Chris co-founded the ***Center for Priority Based Budgeting,*** a mission-driven firm located in Denver, CO, which is dedicated to assisting local governments address their fiscal reality in an entirely new way. During his career, Chris has provided consulting and advisory services to numerous local governments across the country. His consulting experience has focused on public entities at all levels, advising top municipal managers, department heads and program directors from over 60 organizations concerning the fundamental business issues of local government. Of most significance, his work has centered on the budget process as a lever to produce results, accountability and change; performance and outcome-based management; purpose, productivity, and efficiency in operations; and rigorous financial analysis and strategy. Pursing the objectives of Budgeting for Outcomes (BFO), Chris was a partner of the consulting team that implemented BFO in Ft. Collins, Colorado, one of the leading organizations using this approach and is now assisting with their conversion to the priority based budgeting model he developed in partnership with Jon.

Most recently Chris has served as a budget practitioner with Jefferson County, Colorado, where he incorporated the lessons learned from BFO into the development of the ***Priority Based Budgeting*** process. He holds a B.S. in engineering from the Colorado School of Mines.

Jon and Chris have been featured speakers at numerous national and regional conferences webinars, and workshops sponsored by the ***International City/County Management Association*** (ICMA), the ***National League of Cities*** (NLC), the ***National Association of Counties*** (NACo)***,*** the ***Government Finance Officers Association*** (GFOA), and the ***Alliance for Innovation*** as well as numerous state and regional organizations such as the ***Municipal Managers Association of Southern California*** (MMASC), the ***Municipal Managers Association of Northern California*** (MMANC), the ***Virginia Local Government Managers Association*** (VLGMA) the ***Tennessee Municipal League*** (TML), the ***Colorado Government Finance Officers Association*** (CGFOA), the Oregon ***Emerging Local Government Leaders*** and the ***Senior Executive Institute at the University of Virginia*** (SEI). They have co-authored several articles describing their approach to ***Fiscal Health and Wellness through Priority Based Budgeting*** for local governments including:

- ***"Getting Your Priorities Straight"*** published by ICMA in the June 2008 issue of ***PM Magazine***

- ***"Leading the Way to Fiscal Health"*** published by Government Finance Officers Association (*GFOA*) in their December 2008 issue of the ***Government Finance Review***

- ***"It's All in the Questions: The Manager's Role in Achieving Fiscal Health"*** a two-part article appearing in the September and October 2009 issues of ***PM Magazine***

- ***"Anatomy of a Priority Based Budget Process,"*** co-authored with Shayne Kavanagh of GFOA, published in the May, 2010 issue of the ***Government Finance Review***

- ***"Anatomy of a Priority Based Budget Process,"*** a white paper on "**Priority Based Budgeting**" as a best practice, published by GFOA in March 2011, co-authored with Shayne Kavanagh

- "***Seeing Things Differently***," published by ICMA in the September 2012 issue of ***PM Magazine***

Who's Looking through the "Unique Lens"…?

The ***Priority Based Budgeting*** process was first developed by Jon Johnson and Chris Fabian for Jefferson County, Colorado, where both of them served prior to April, 2009. After publishing an article in ICMA's professional journal "*Public Management*" ("*PM")* magazine, Jon and Chris were contacted by several organizations seeking assistance in implementing their ***Fiscal Health and Wellness through Priority Based Budgeting*** initiative. We are honored to be working with some of the most notable local governments in the country to implement and integrate our process and have learned so much because of the work we have accomplished together. Non-profit associations such as the International City/County Management Association (*ICMA*), the Alliance for Innovation, the National League of Cities (NLC), the Government Finance Officers Association (*GFOA*), and the Institute for Local Government (*ILG*) in California are among the most prominent organizations endorsing ***Priority Based Budgeting*** as a best practice – publishing case studies, journal articles and hosting seminars and conferences to promote the accomplishment of cities and counties implementing this work. Among those local governments that have worked with Jon and Chris to introduce ***Priority Based Budgeting*** to their organization are:

- *ARIZONA -* Chandler (*2 years*); Lake Havasu City; Queen Creek; Goodyear;
- *CALIFORNIA -* Walnut Creek *(3)* ; San Jose *(3)*; Sacramento *(2)* ; Monterey *(2)*; Salinas, Seaside; Fairfield; Placentia; Mission Viejo; Temple City; La Palma; Hermosa Beach
- *CANADA -* Edmonton*;* Alberta Ministry of Health; Edmonton Police; Strathcona County; Town of Beaumont
- *COLORADO -* Boulder *(3)*; Longmont *(3)*; Fort Collins *(2)*; Wheat Ridge *(2)*; Thornton; Manitou Springs; Victor; Mountain View Fire Protection City; Denver International Airport; Dillon Valley Water/Sewer City; Loveland; Buena Vista; Trinidad; JeffCo Public Schools
- *FLORIDA -* Lakeland *(3)*; Delray Beach *(2)*; Plantation; Pasco County; New Smyrna Beach; Jupiter
- *GEORGIA-* Roswell; Cobb County
- *IDAHO -* Post Falls; Idaho Falls
- *ILLINOIS -* Boone County
- *KANSAS -* Shawnee
- *MICHIGAN-* Kalamazoo
- *MINNESOTA-* Scott County
- *MISSOURI -* Branson
- *MONTANA -* Billings (2)
- *NEBRASKA -* Grand Island *(3)*
- *NEW MEXICO -* San Juan County; Las Lunas
- *NEVADA -* Douglas County *(2); Henderson*
- *N. CAROLINA-* Cary; Gaston County; Garner; Asheville; Mooresville
- *OHIO -* Cincinnati: Blue Ash
- *OREGON -* Springfield, Tualatin
- *PENNSYLVANIA-* Lehigh County; Duquesne
- *TEXAS -* Plano *(2)*

- VIRGINIA - Chesapeake *(2)*; Christiansburg
- *WASHINGTON*- Bainbridge Island; Kenmore
- *WISCONSIN*- Janesville, Washington County
- WYOMING- Green River
- *NON-PROFIT'S*- Alliance for Innovation; International City/County Management Association (ICMA)

The following examples of engagements with local government entities are meant to be illustrative of the types of advisory services offered by ***CPBB***. While we pride ourselves in tailoring the process to the needs of each organization, the work done with all of our organizations is of a similar nature. Based on the number of local governments that have introduced our process into their culture, we feel we have the technical and creative skill set to work with any entity that wishes to embrace the concepts of ***Priority Based Budgeting.***

1. City of Walnut Creek, California -Priority Based Budgeting Project

Project Scope	Anticipating significant budget shortfalls – even before the national recession unfolded – the City of Walnut Creek began exploring in the summer of 2008 a variety of ways to achieve a balanced budget for 2010-12 and beyond. ***CPBB's*** project scope was described in a memo to staff: "*The process first identifies and defines community Goals; and then scores city programs based on their ability to achieve those Goals. Council, staff and the community each play a specific and important role in the prioritization process. Figuring out together what should change as resources shrink reflects the City's mission of working in partnership with the community*." The City outlined the following notes on the process: ▪ ***Involves both the community and the staff in the process in an appropriate way.*** The Council as representatives of the community should set the overall goals for what we try to achieve—it's their appropriate role—and involving the community at large is part of our way of doing business. Staff knows the programs best—which are mandated, which generate revenue, which increase efficiency, etc. Figuring out *together* what should change as resources shrink makes sense. ▪ ***It's a positive process, not a negative one.*** The community process focuses on determining what's most important from a high level, value-based perspective that focuses on common ground and identifying what folks like and want most. It doesn't ask them what programs should be cut which instantly brings out defensiveness and competition. From staff perspective, the process provokes discussion of and learning about programs and activities in a deeper way designed to weaken silo-thinking. ▪ ***The prioritization process is just a tool not something magic***. It's not intended to cut of all the 4th quartile programs nor leave all the 1st quartile programs untouched. The process has helped us, all of us, have conversations about the how and the why of programs, services and activities in a new and very effective way. But it's not a machine that spits out automatic decisions made without tempering by experience and judgment. ▪ ***The process is useful both when making reductions and when deciding where to allocate new revenues***. This is not a one time investment of time and energy into a new process. This is a new way to make sure we're spending community resources in ways that match community priorities. ▪ ***And lastly, we believe the prioritization process is a good fit for the "new normal" that we face.*** The shortfalls between our revenues and our expenses that we have been dealing with for many years, and most dramatically in the last two, are not likely to subside. As we look ahead, a permanent reset back to revenues of 10 years ago or more are what we see. Neither uniform across the board cuts nor major influxes of one-time funds are suited to address the new situation in which we find ourselves. ***CONTACT***: *Ms. Lorie Tinfow, Assistant City Manager* *925-943-5899 or Tinfow@walnut-creek.org*

2. City of Boulder, Colorado -Priority Based Budgeting Project

Project Scope	The City of Boulder engaged ***CPBB*** in November, 2009 to assist them with the implementation of a ***Priority Based Budgeting*** process in order: • To establish the core goals results and/or objectives (the "results") of the City of Boulder and its citizens and also to articulate them to external as well as internal stakeholders, thus providing a "roadmap" to determine that decisions made are leading the City in the direction of Prioritization; • To implement a holistic process that will align strategic planning with resource allocation decisions (i.e., the budget process) as well as performance measurement and management; • To provide a process by which programs and services offered by the City can be evaluated in order to identify those areas that are of the highest priority in terms of accomplishing the City's overall results; • To provide a process by which significant capital and other one-time expenditures for the foreseeable future can be evaluated in order to identify those projects and initiatives that are of the highest priority in terms of accomplishing the City's overall results; and • To undertake a strategic process that will achieve the identified results Now entering its fourth budget cycle using the ***Priority Based Budgeting*** process, the City of Boulder continues to work with the ***CPBB*** in using this process to link resource allocation decisions with their strategic goals and objectives. ***CONTACT***: Mr. Bob Eichem, Chief Financial Officer 303-441-1819 or Eichemb@bouldercolorado.gov

3. City of Monterey, California -Priority Based Budgeting Project	
Project Scope	"We have cut millions of dollars out of the City budget over the last two years, and there really isn't anything left to cut that won't be painful for our residents and our employees," said City Manager Fred Meurer. "That is why we have worked diligently this year to get the all of our stakeholders involved in the priority-based budgeting process." In 2010, the City of Monterey engaged staff and residents in a priority-based budgeting process to determine how to best address reduced revenues and a five million dollar budget gap. Rather than make across the board cuts, the city brought in *The Center for Priority Based Budgeting* to help them engage staff and residents in transparently crafting a budget linked to results and values most important to the community. The city hired CPBB because of the proven and refined process for aligning city resources and services with community values that had been implemented successfully in neighbouring California communities. Residents were asked to further define broad goals set by the City Council, and then to prioritize how they wanted their tax dollars spent to achieve those goals. According to "Strong Cities, Strong State," a California think-tank: *"Using a mathematical model developed by consultants with the Center for Priority-based budgeting, the priorities given to specific City programs were considered by executives and the City Council during budget deliberations. The Monterey City Council adopted a balanced 2011-2012 budget and closed a $5 million gap between expenses and revenues with public support and a more informed citizenry.* *"The success of the program encouraged the City to continue its commitment to priority-based budgeting. During the current fiscal year, the program focuses internally as departments analyze their programs, staffing and costs. Next year, the City will once again reach out to its citizens for feedback through a comprehensive community survey. Ultimately, the City hopes its new approach to budgeting will monitor the performance of individual programs; help set fees more accurately, and assist in decision-making about where to invest and / or withdraw City resources."* ***CONTACT***: Mr. Don Rhoads, Director of Finance 831-646-3940 or rhoads@ci.monterey.ca.us

3. City of Cincinnati, Ohio - Priority Based Budgeting Project	
Project Scope	Confronted with the 'new normal' of flat or declining revenues, spiraling health care and pension costs, and persistent structural imbalances, the City of Cincinnati chose Priority Based Budgeting an alternative to the traditional incremental budgeting approach that automatically makes this year's budget the basis for next year's spending plan. Council approved the administration's recommendation to hire the Center for Priority Based Budgeting (Center for PBB) to help with the intensive citizen engagement that drives the new approach. According to Council: "Priority-driven budgeting offers a common-sense, strategic alternative to conventional budgeting. It creates a fundamental change in the way resources are allocated by using a collaborative, evidence-based approach to measure services against community priorities. By bringing together community leaders and citizens to determine strategic priorities, the city can align resources with what the community values most, and create service efficiencies and innovation." For 2013, the City faces a projected $34.0 million budget deficit for the General Fund Operating Budget and will need to cut spending and increase revenues to fill this need. ***CONTACT***: Ms. Lea Eriksen, Director of Budget 513-352-1578 or lea.eriksen@cincinnati-oh.gov

Additionally, the following individuals may also be contacted for more information about the implementation of the ***Priority Based Budgeting*** model in their communities:

- **City of Wheat Ridge, Colorado** – Ms. Heather Geyer, Administrative Services Director at 303-235-2826, or hgeyer@ci.wheatridge.co.us
- **Douglas County, Nevada** – Mr. Stephen Mokrohisky, County Manager at 775-782-9821 or smokrohisky@co.douglas.nv.us or Ms. Christine Vuletich at 775-782-9097 or cvuletich@co.douglas.nv.us
- **City of Fort Collins, Colorado** – Mr. Darin Atteberry, City Manager at 970-221-6505 or datteberry@fcgov.com
- **Town of Cary, North Carolina** – Mr. Scott Fogleman, Budget Director at 919-462-3911 or Scott.Fogleman@townofcary.org
- **City of Chandler, Arizona** – Ms. Dawn Lang, Management Services Director at 480-782-2255 or Dawn.Lang@chandleraz.gov
- **City of Edmonton, Alberta** – Mr. Todd Burge, Branch Manager, Client Financial Services at 780-423-1362 or todd.burge@edmonton.ca or Ms. Jodie Buksa, Director of Financial Strategies and Budgeting Planning at 780-5342 or jodie.buksa@edmonton.ca
- **City of Shawnee, Kansas** – Ms. Carol Gonzales, City Manager at 913-742-6200 or cgonzales@ci.shawnee.ks.us
- **City of Sacramento, California** – Ms. Leyne Milstein, Director of Finance at 916-808-8491, or LMilstein@cityofsacramento.org
- **City of Billings, Montana** – Ms. Tina Volek, City Administrator at 406-657-8430 or VolekC@ci.billings.mt.us
- **City of Blue Ash, Ohio** – Mr. David Waltz, City Manager at 513-745-8538 or DWaltz@BlueAsh.com, or Ms. Kelly Harrington, Assistant City Manager at 513-745-8503 or kharrington@blueash.com
- **City of Seaside, California** – Ms. Daphne Hodgson, Deputy City Manager at 831-899-6718 or dhodgson@ci.seaside.ca.us
- **City of Plano, Texas** – Ms. Karen Rhodes-Whitley, Finance Director at 972-941-7472 or Karenr@plano.gov
- **City of San Jose, California** – Ms. Kim Walesh, Chief Strategist at 408-535-8177 or Kim.Walesh@sanjoseca.gov

… and What have they seen!

"Councilmen Larry Carney and Scott Dugan praised Pederson and Brown for the prioritization process. They called it a logical and understandable method of making some difficult decisions to come."

- ***Grand Island (Nebraska) Independent Newspaper***

Using ROI for City Budgeting: Business Planning Meets Government Spending - the city of Boulder is going about this full spectrum analysis of the highest ROI where "return on investment" is the return of City programs on the results our citizens expect in the community.

- ***"Boulder Tomorrow" – Colorado Business Association on Priority Based Budgeting process***

Budget process requires clear priorities, vision - *By examining each of the 365 programs that are directed out of City Hall, the administration, mayor and city council are looking under every rock for ways to save taxpayer dollars and keep core services intact. It is a responsible and rational ways to control expense growth on programs that may be well intended, but do not significantly support the community in the four core areas.*

- ***Grand Island (Nebraska) Independent Newspaper***

"*I read with both pleasure and envy the recent article on the city's (Grand Island) new Program Prioritization process. Pleasure because a discerning approach like this is the type of focused decision-making model that successful businesses use. I am glad to see its use in our city's governance. I am envious because it is the type of approach the Unicameral is moving toward with our recently initiated planning committee process. In this instance, the city of Grand Island is well ahead of the state of Nebraska."*

- Nebraska State Senator Mike Gloor on the Priority Based Budgeting Process

Walnut Creek, California, which must close a $20m (€14m, £12.5m) deficit for the 2010 financial year, is polling citizens on what services they value most, so it can make targeted cuts. Lorie Tinfow, assistant city manager, also expects the expansion of volunteer programs such as checking on the elderly at home. "*We are rethinking what services the city provides, what we are paying for them and what we are expecting as American taxpayers to get for that dollar*," Ms. Tinfow said.

- ***Financial Times, quoting Lorie Tinfow, City of Walnut Creek, California***

The City of Monterey is launching a public review of its budget priorities this fall and your participation is vital to the success of the Priority-based Budgeting project. In good times, the City allocated its resources to a wide range of programs and services. Now, the City needs to adjust to "the new normal" of reduced revenues. In Monterey, revenue from hotel, sales and property taxes have fallen to levels not seen in years. Significant recovery is unlikely for the next several years. So, the City needs to tighten its belt just like other municipalities, businesses and citizens have done.

- ***Press Release -City of Monterey, California***

"*The process is called Priority-based Budgeting and it recasts the budget into programs instead of line items*."

- ***Monterey County (California) Herald Newspaper***

The city of Boulder is looking to change the way it manages its annual budget. Under the new model, the programs that best help the city achieve the community's goals of having a safe, economically sustainable and socially vibrant place to live will receive top priority for funding. *Those programs that are duplicated, waste money or don't meet the community's goals could be cut.*

- ***Boulder (Colorado) Daily Camera Newspaper***

"Although Boulder is in a better financial condition than many of its peer cities, the economic outlook continues to be uncertain," said City Manager Jane Brautigam. "In response, we're taking a prudent and strategic approach to the 2011 recommended budget by focusing on achieving greater efficiencies in how services are delivered to the Boulder community. In many cases we have been able to reallocate staff and funding to those areas most likely to achieve community goals, and are reducing duplication of services to hold the line on spending at 2010 levels."

- ***Boulder (Colorado) Daily Camera Newspaper***

The new list divides the city's 443 programs into four categories, ranking them from highest to lowest priority, based on whether they help meet the community's general goals of cultivating a safe, economically sustainable and socially thriving community.

- ***Boulder (Colorado) Daily Camera Newspaper***

With budgets getting tighter across the country, more cities are turning to Prioritization. "*I just feel like we need to begin to put proactive steps in place so we can prepare the organization for what is ahead*," said William Harrell, City Manager. *"Sure, we can just start eliminating things. But then is that what the citizens are saying? Is that what council is saying to us? This is a more disciplined and analytical approach."*

- ***(Chesapeake) Virginia Pilot Newspaper***

"It sounds intuitive but what we found was there was no real methodology to connect all of the things that government does" to what policymakers want to see for their cities."

- ***(Chesapeake) Virginia Pilot Newspaper***

Recent information from **Moody's** (the nation's largest bond rating agency) confirms that prioritization processes such as what Blue Ash is going through demonstrate a strategic approach to managing the current fiscal environment. So where do we go from here? The local government advisors developed a unique tool that Blue Ash can utilize for years to come as a part of the city's annual budgetary planning process. This tool will be valuable in assisting the council and administration in determining what services and programs contribute directly to the city's overall objectives, including the evaluation of any future new programs or services being considered.

- ***Press Release - City of Blue Ash, Ohio***

Even cities with a relatively well-off population are facing difficult choices due to falling revenues. In the eastern San Francisco bay area city of Walnut Creek, as in many other cities around the state, local officials faced the unpleasant task of cutting programs in 2009 due to budget shortfalls, and the more unpleasant task of explaining this to the public. Building on an ongoing tradition of collaboration with residents and community building programs, city staff and officials worked with consultants and adopted a multi-stage public engagement ***Fiscal Health and Wellness*** prioritization process to educate and gather informed input from hundreds of residents.

- ***Institute for Local Government on Priority Based Budgeting process***

"PBB is attractive to the City because it relies on community input and the work of employees to be successful. In contrast to past years, decisions on potential funding reductions are expected to occur at the program level rather than at the level of individual budget line items that run across multiple programs. The results of this process are anticipated to enable decision makers to reallocate funding between programs based upon changing needs and priorities."

- ***Internal Memo - City of Fairfield, California***

San Jose Outcomes of Prioritization Approach:

• Increased connection of budget to City's Priority Results
• Stakeholder engagement in program priorities
• Rationale for reducing or eliminating programs that have the least impact on achieving the City's Priority Results

- ***City Manager's Budget Message, City of San Jose, California***

The Program Prioritization effort will inform the development of the City's 2010-2011 Proposed Budget and serve as a tool to identify potential service reductions and eliminations. The evaluation of programs as part of this process may also identify potential duplication of efforts or opportunities to consolidate similar programs and/or services that can delivered through partnership with other governmental agencies, non-profit agencies, or the private sector.

It is important to note that a high rating of a program will not guarantee that a program will be retained; nor does it guarantee that a lower-ranking program will be proposed for elimination. Also, the rankings do not reflect whether a program is being delivered in the most efficient manner. The prioritization process will provide valuable information for budget proposal development and City Council deliberation. It will not be the "only answer" to how best to rectify the City's budget shortfall.

- ***City Manager's Budget Message, City of San Jose, California***

*This document contains proprietary and confidential information of Chris Fabian and Jon Johnson d/b/a the **Center for Priority Based Budgeting** and cannot be used without their express written consent. Altering, copying, distributing or reproducing any of these proprietary materials in whole or in part is expressly prohibited.*

*Copyright ©2009 by Chris Fabian and Jon Johnson d/b/a the **Center for Priority Based Budgeting.***

CITY OF MONROE

Office of the Assistant City Administrator
Martin Shanks
(608) 329-2521
mshanks@cityofmonroe.org

1110 18th Avenue
Monroe, Wisconsin 53566
(608) 329-2500
www.cityofmonroe.org

MEMORANDUM

DATE: June 28, 2016
TO: Finance & Taxation Committee
FROM: Martin Shanks
RE: Offer for Industrial Park Land

Mike Lambert, M&D Truck and Equipment Sales, has submitted an offer to purchase 2.95 acres in the north industrial park. This acreage was previously in a purchase and development agreement with Matthew Mau and Benjamin Dalee for an Arctic Cat Dealership. That agreement was rescinded in May following the developer's inability to negotiate terms with Arctic Cat.

The offer made by Lambert is $30,000 for the 2.95 acres. The typical "$1.00/acre in exchange for $100,000/acre in value" incentive would not apply in this instance as the offer is simply cash for the land. The offer states a plan to expand M&D's current display area for light equipment sales. The offer also states improvements to the visual appearance of the property by adding white split rail fence, similar to what is currently on the M & D properties; constructing a gravel driveway and fully landscape the property.

M&D currently owns a similar sized parcel (2.57 acres) that is utilized for similar purposes. That property was assessed at $51,400 and had property taxes totaling $1,375.76 in 2015. M&D also owns a second parcel that encompasses their primary office. That property is 3.44 acres and assessed at $292,700 in 2015. That property paid $7,764.83 in property taxes in 2015.

As in the past for offers on City-owned land the Committee is asked to consider accepting, rejecting or negotiating the offer.

LAMBERT
PROPERTIES, LLC

June 15, 2016

City of Monroe
Attn: Martin Shanks
1110 18th Ave
Monroe, WI 53566

Re: Offer to purchase parcel located in Monroe Business and Industry Park.

Dear Mr. Shanks:

I first want to thank you for responding to me so quickly regarding the availability of a parcel located within the Monroe Business and Industry Park. I am interested in submitting an offer to purchase said property and hope you find my offer is one that both meets the Industrial Parks requirements and at the same time allows me to grow my business.

I would like to submit an offer of $30,000 to purchase property consisting of 2.95 acres of vacant land and described as follows:

Lot one (1) of Certified Survey Map No. 2131 as recorded in Volume 7 of Certified Survey Maps of Green County, Wisconsin on page 76, being in the City of Monroe, Green County, Wisconsin.

The above property currently adjoins my other property and would allow me to expand my display area for my light equipment sales business known as M&D Truck and Equipment Sales, LLC. I would plan to improve the visual appearance of the property by adding a white split rail fence, similar to the one on my current property, constructing a gravel driveway and fully landscape the property with plantings or other landscaping that is approved by the City.

The purchase price shall be paid in entirety in cash at the time of closing the sale. The closing of the sale shall take place within 30 days of an accepted offer.

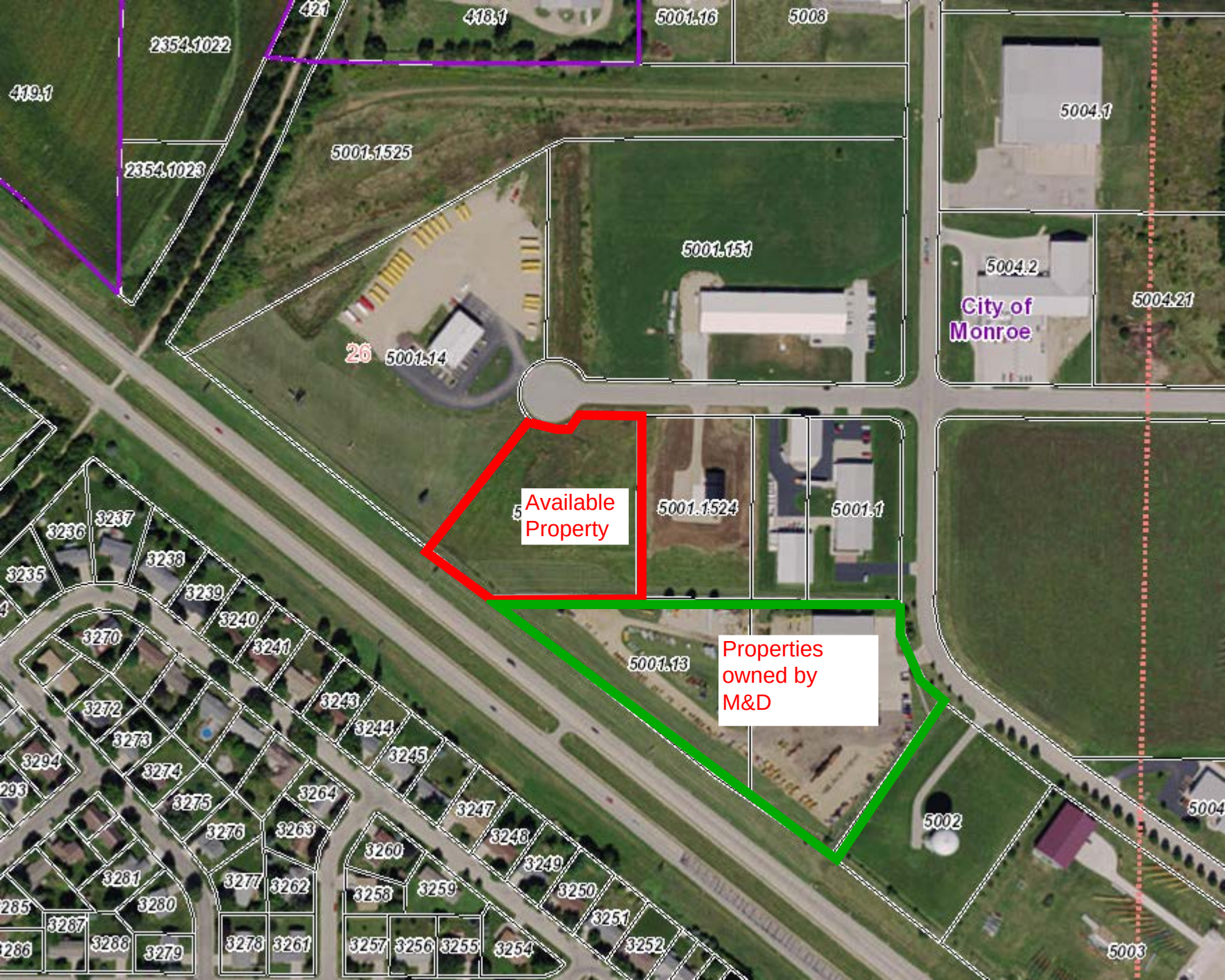
If the above terms are acceptable or you have further questions, please contact me via email at mike@mdtruckequipment.com or via phone at 608-214-9195

201 N. 29TH AVENUE
MONROE, WI 53566

Phone: 608-325-3810
Fax: 877-250-4347

Sincerely,

Michael F. Lambert
Owner/Member
Lambert Properties, LLC


421
418.1
5001.16
5008
2354.1022
419.1
5004.1
5001.1525
2354.1023
5001.151
5004.2
City of Monroe
5004.21
26
5001.14
Available Property
5001.1524
5001.1
5001.13
Properties owned by M&D
5002
5003
3237
3236
3238
3235
3239
3240
3270
3241
3272
3243
3273
3244
3294
3245
3274
3264
3275
3247
3276
3263
3248
3260
3249
3281
3277
3262
3250
3258
3259
3280
3251
3287
3288
3279
3278
3261
3257
3256
3255
3254
3252