BOARD OF SUPERVISORS
November 30, 2010

Proposed Design
PRIORITY BUDGETING
Strategic Spending - Vision25

OUR CHALLENGE
Balancing the Budget with Reserves
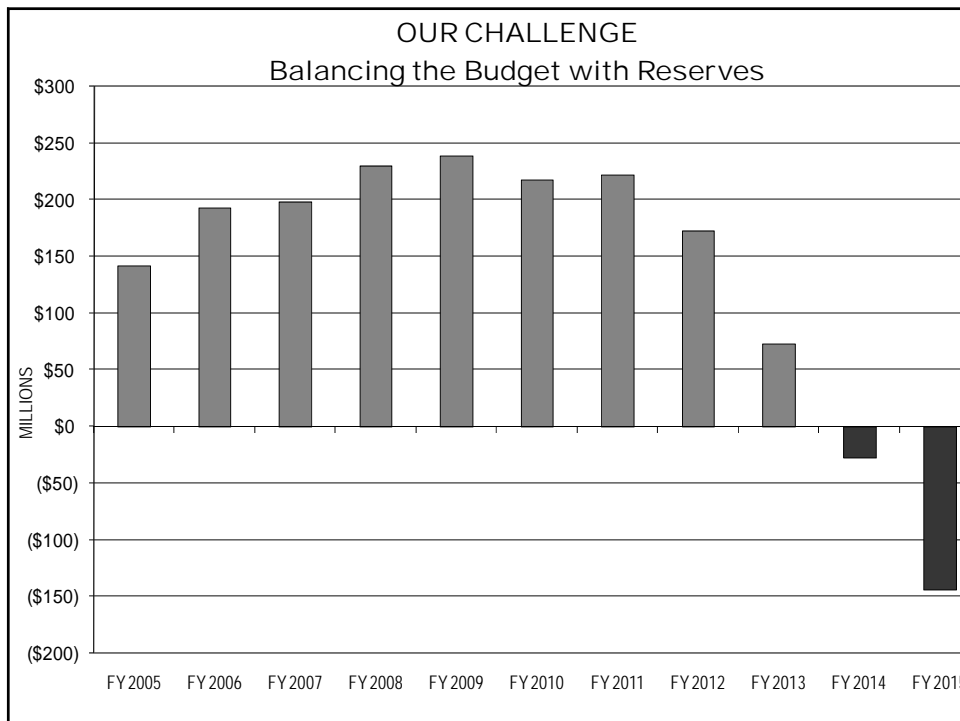
The Future We Want
Shared Vision 2025

Our Shared Vision is for a healthy, livable, prosperous, collaborative and environmentally conscious community.

Board of Supervisors - August 2008

Shared Vision 2025
Priority Community Outcomes

Our neighborhoods are safe and provide residents with access to quality health care and seamless services.

Healthy Community

Prosperous Community

Our economic strategy fosters innovation in all sectors, creates jobs and educational opportunities for all residents.

Livable Community

Collaborative Community

Our growth occurs near transit, promotes affordable, livable connected communities.

Environmentally Conscious Community

Our leaders forge partnerships, promote regional solutions, with informed and engaged residents, and approach issues with fiscal accountability and concern for future impacts.

Our natural resources are preserved through environmental stewardship, reducing our carbon emissions, and using energy, water and land more efficiently.

Our Journey
To A Sustainable Budget

- In FY 2008, the Board adopted a plan to eliminate the structural deficit by FY2013

- Service reductions and Reserves used to address our $100 million+ deficit

- We continue to spend more than we receive

- Reserves will be depleted in 2-3 years

- Projections do not include future salary increases, debt service/operating costs for new facilities
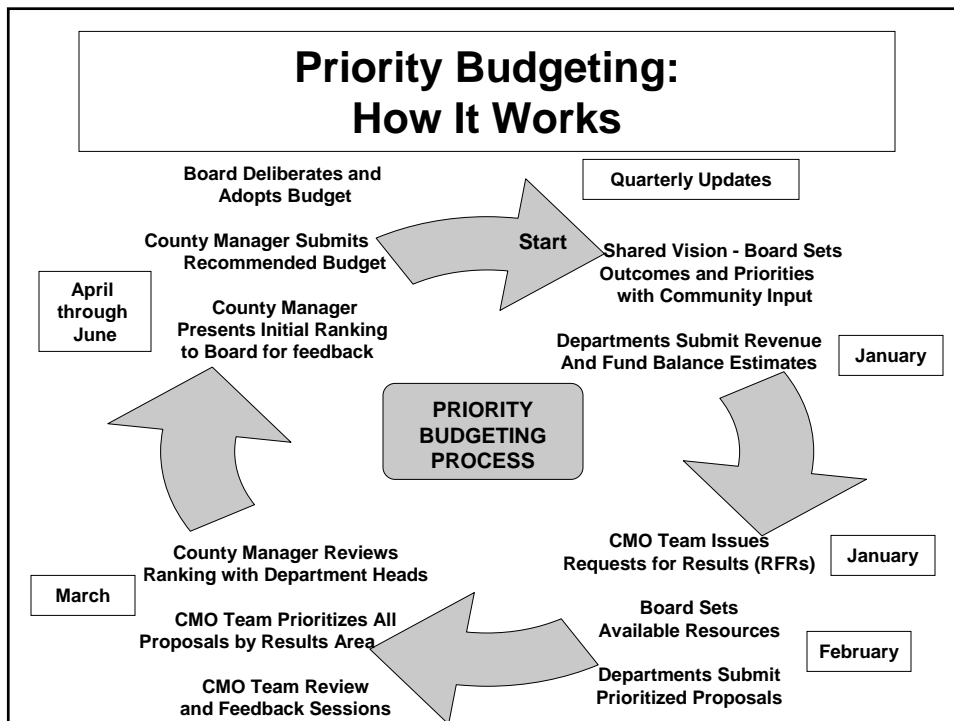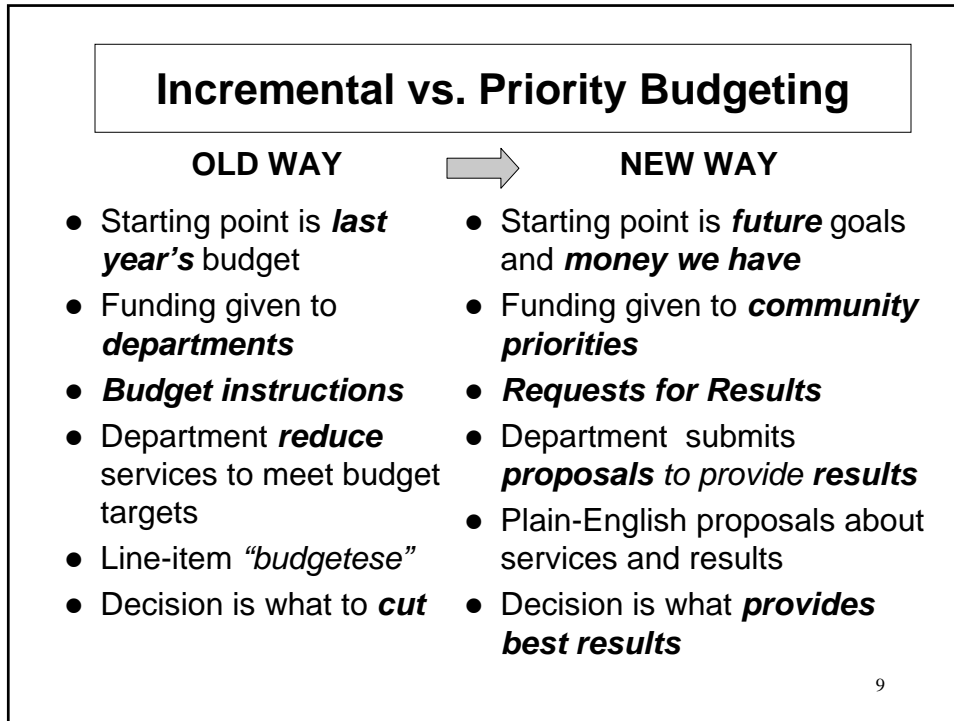
Priority Budgeting
A Better Way…

- Aligns spending to community priorities and shared vision

- Starts with available resources, not last year's budget

- Leverages County and community assets

- Fosters innovation to improve results at less cost

- Integrates budgeting with strategic planning

- Builds on Outcome-Based Management

- Increases transparency and collaboration

What Will Be The Same?

- Board creates a shared vision and sets goals and priorities with the community

- Departments manage resources and measure performance for all services

- Departments prepare budgets for the County Manager's review

- County Manager analyzes performance and prepares a recommended budget for the Board

- Board approves the County budget for all funds

What Will Be Different?

- CMO and Controller will provide revenue projections for the Board to set available resources at the start of the process

- Departments will not be given budget targets

- Departments will submit proposals to provide results

- CMO Team will review and prioritize all proposals

- Broad community input will inform decisions

- Innovation, community partnerships, cross-departmental collaboration, and employee input will be rewarded

Incremental vs. Priority Budgeting

OLD WAY → **NEW WAY**

OLD WAY	NEW WAY
• Starting point is *last year's* budget	• Starting point is *future* goals and *money we have*
• Funding given to *departments*	• Funding given to *community priorities*
• *Budget instructions*	• *Requests for Results*
• Department *reduce* services to meet budget targets	• Department submits *proposals to provide results*
• Line-item *"budgetese"*	• Plain-English proposals about services and results
• Decision is what to *cut*	• Decision is what *provides best results*

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Priority Budgeting: How It Works

- Board Deliberates and Adopts Budget
- Quarterly Updates
- County Manager Submits Recommended Budget
- **Start**
- Shared Vision - Board Sets Outcomes and Priorities with Community Input
- **April through June**
- County Manager Presents Initial Ranking to Board for feedback
- Departments Submit Revenue And Fund Balance Estimates — **January**
- **PRIORITY BUDGETING PROCESS**
- CMO Team Issues Requests for Results (RFRs) — **January**
- County Manager Reviews Ranking with Department Heads
- **March**
- CMO Team Prioritizes All Proposals by Results Area
- Board Sets Available Resources
- CMO Team Review and Feedback Sessions
- Departments Submit Prioritized Proposals — **February**

Shared Vision 2025
Proposal Review: **6 Results Areas**

Healthy Community

Prosperous Community

Collaborative Community

#1 Healthy Residents
#2 Safe Neighborhoods

#3 Economic Self-Sufficiency

#4 Well-Managed Government

Livable Community

Environmentally Conscious Community

Innovation Fund *

#5 Livable and Connected Communities

#6 Environmental Stewardship

Capital Projects **

*CMO/Department Team will review innovative offers for new, expanded or redesigned programs and services.

** Offers with needs for one-time capital and new ongoing facility operating and maintenance costs will go to Board Capital Projects Subcommittees

Proposed Implementation Timeline
October – December 2010

October – November (County Manager):
- Conduct workshops and informational sessions
- Review Priority Budgeting design with Executive Council
- Bring proposed design to Board for sign-off on process and timeline, Results Areas, and one-time support (Nov 30)

December (County Manager):
- Communicate new process to employees and stakeholders
- Define and communicate what will be simplified and eliminated to create time for new process
- Review draft Requests for Results (RFRs) and proposal templates with departments

Proposed Implementation Timeline
January – February 2011

January:
- Board workshop to review Requests for Results (RFRs)
- Departments submit revenue/fund balance estimates
- CMO issues Requests for Results (RFR)
- CMO trains departments on proposal writing
- Internal Services Redesign team formed

February:
- Departments submit prioritized proposals to CMO
- Board approves revenue estimates (available resources)
- Board sets initial results allocations with community input

Proposed Implementation Timeline
March – April 2011

March – early April:
- CMO Team reviews and prioritizes all proposals
- CMO presents initial ranking to Dept Heads and Board
- CMO and HR communicate initial ranking to employees and stakeholders

April – early May:
- Departments modify proposals, re-submit to CMO Team
- CMO Team performs final ranking of proposals
- County Manager reviews final ranking with Dept Heads
- CMO and HR communicate results of final ranking

Proposed Implementation Timeline
May – September 2011

May :
- County Manager submits Recommended Budget to Board, communicates to internal/external stakeholders

June:
- Appreciation for Departments and teams and nominations for most innovative offers and other awards
- Board conducts public hearings prior to budget adoption

July – September:
- Communicate new budget, debrief process, give awards
- Year-end closing, finalize budget and upload to IFAS

Proposed
Role of Board of Supervisors (BOS)

- Adopts new budget process design and timeline, Results Areas, and funding for one-time implementation and support

- Determines available resources at start of process, and allocates resources to results with community input

- Provides feedback during process – reviews Requests for Results (RFRs) from CMO Team before issuance, and reviews initial ranking of budget proposals

- Convenes community gatherings, obtains broad-based community input and holds public hearings before adopting County budget

Proposed
Role of County Manager's Office (CMO)

- Budget and Performance will lead the CMO review and prioritization of all proposals from departments

- Intergovernmental and Public Affairs will lead internal and external communications and obtain broad-based community input on priorities to inform ranking decisions

- CMO will convene groups to review Innovation Fund and Capital Projects proposals

- CMO will be a resource to departments and provide encouragement and support throughout the process

- CMO will prepare a Recommended Budget for the Board
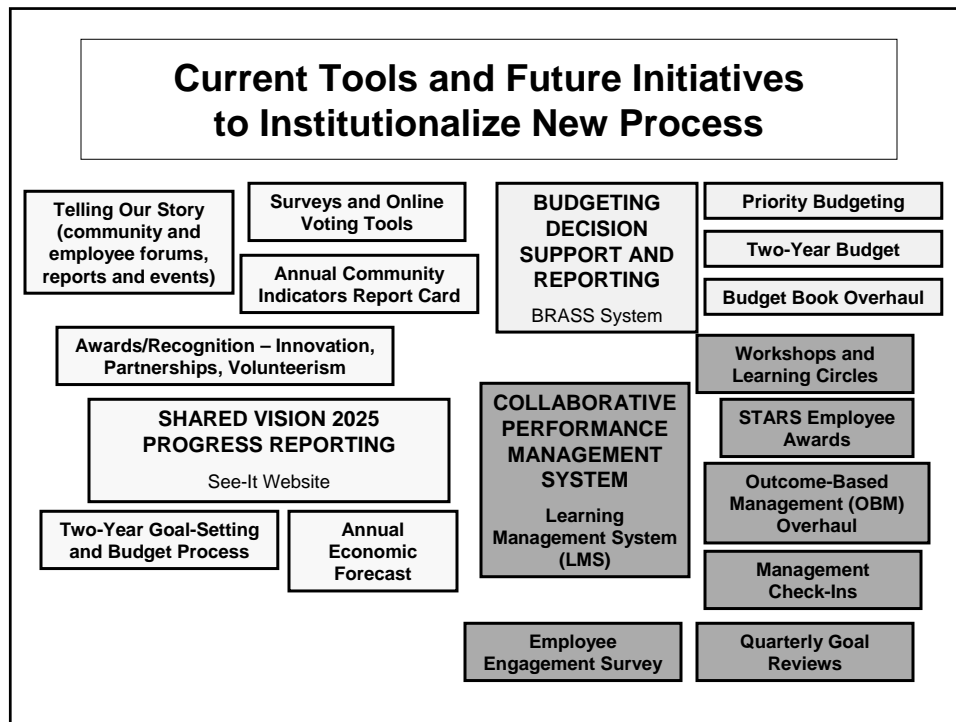
Proposed
Role of Departments

- November - Executive Council provides input on Priority Budgeting design prior to Nov 30 Board meeting;

- December – Departments provide feedback on drafts of Requests for Results (RFRs) and templates

- January – Departments prepare revenue and fund balance estimates for all funds so the Board can set available resources; Departments and Board review Requests for Results (RFRs) before issuance; RFRs issued; Departments trained on proposal writing; Internal Service Redesign team formed.

Proposed
Role of Departments (cont.)

- February – Departments submit prioritized proposals to CMO – all proposals will be posted on the Web

- March-April – CMO Team prioritizes all proposals and presents to Executive Council and Board for feedback

- April-May – Department Heads modify proposals and re-submit to CMO; County Manager meets with Department Heads to review final ranking before submitting Recommended Budget to the Board end of May

- June to September – Budget hearings; year-end closing; final budget hearing and budget detail uploaded to IFAS

Support for Departments
During Implementation

- Ongoing communication and feedback from CMO staff

- Increased authority, task elimination to free up time

- Training and ongoing support
  - Training and coaching on proposal preparation, revenue estimates, service redesign, process improvement, program evaluation, mandates/minimum requirements, cost allocation, facilitation, mediation skills
  - Regular check-ins and debrief sessions to share experiences, make improvements, encourage innovation and collaboration

- Best practice research
  - Resources and contacts in other jurisdictions
  - Toolkits, sample templates and reports

Current Tools and Future Initiatives to Institutionalize New Process

Telling Our Story (community and employee forums, reports and events)	**Surveys and Online Voting Tools**	**BUDGETING DECISION SUPPORT AND REPORTING** BRASS System	**Priority Budgeting**
	Annual Community Indicators Report Card		**Two-Year Budget**
			Budget Book Overhaul

Awards/Recognition – Innovation, Partnerships, Volunteerism

SHARED VISION 2025 PROGRESS REPORTING See-It Website	**COLLABORATIVE PERFORMANCE MANAGEMENT SYSTEM** Learning Management System (LMS)	**Workshops and Learning Circles**
		STARS Employee Awards
		Outcome-Based Management (OBM) Overhaul
Two-Year Goal-Setting and Budget Process	**Annual Economic Forecast**	**Management Check-Ins**
	Employee Engagement Survey	**Quarterly Goal Reviews**

Priority and Outcome Budgeting Best Practices

Baltimore, MD (see FY 2011 Prelim Budget Plan & FY 2012 Budget Guidance)
www.baltimorecity.gov/outcomebudgeting
Dallas, TX (see FY 2011 Proposed Budget):
http://dallascityhall.com/Budget/proposed1011/FY11_proposedBudget.pdf
Fort Collins, CO (Budget is organized around 7 key outcomes)
http://www.fcgov.com/citymanager/budget-2011-2012.php
Mesa County, CO (FY 2010-11 Adopted Budget)
http://www.mesacounty.us/finance/budget2010-2011.aspx
Polk County, FL (see Final Proposed Budget Presentation for program rankings)
http://www.polk-county.net/subpage.aspx?menu_id=70&nav=gov&id=17760
Redmond, WA (see FY 2012 Preliminary Budget)
http://www.redmond.gov/insidecityhall/finance/budget/1112prelimindex.asp
Savannah, GA (see 2010 Adopted Budget Allocations by Priority Area)
http://www.savannahga.gov/cityweb/budget.nsf/
Snohomish County, WA (see Results Teams Requests for Proposals)
http://www1.co.snohomish.wa.us/Departments/Finance/Information/2011budget/

BOARD RESOLUTION

- Approving the Priority Budgeting process design and implementation timeline for FY 2011-12 budget;

- Approving six Results Areas aligned with Shared Vision 2025 community outcomes: Healthy Residents, Safe Neighborhoods, Economic Self-Sufficiency, Livable and Connected Communities, Environmental Stewardship and Well Managed Government; and

- Authorizing County Manager to enter into agreements through 2011 to provide one-time support during implementation, not to exceed $300,000 with quarterly updates to the Board beginning in January 2011.

Questions?