

## Legislation Details (With Text)

**File #:** ID# 18-291 **Name:**

**Type:** Report **Status:** General Business

**File created:** 8/20/2018 **In control:** City Council

**On agenda:** 8/28/2018 **Final action:**

**Title:** Priority Based Budgeting Review

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Priority Based Budget (PBB) Plan, 2. PBB Presentation

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Agenda Date: 08/28/2018

Subject:  
Priority Based Budgeting Review

Presented By: Tiffany Hooten, Finance Director and Chris Fabian, Co-Founder,  
Resource X

### BACKGROUND:

The long-term financial sustainability of the city has necessitated deferring many operating and capital requests. The 2018 and 2019 budgets are no exception. For this reason, council supported staff's pursuit of Priority Based Budgeting (PBB) as a comprehensive approach for the city to evaluate and align programs with council priorities.

The city contracted with Resource X (formerly the Center for Priority Based Budgeting), a Colorado company, who provides priority based budgeting tools and guides organizations through the implementation process. The Finance Department and City Manager's Office are managing the process internally in conjunction with a multi-departmental steering committee. Staff has followed an aggressive implementation timeline and is one of Resource X's few 6 month implementers (most organizations take 18 months).

### PRIOR ACTIONS OR DISCUSSIONS:

PBB was discussed at the council study session on January 9, 2018.

### STAFF ANALYSIS:

Chris Fabian will review Littleton's current program inventory and provide examples of how the information can be used. The next steps for the city team (outlined in the attached Gantt chart) include:

- 1) Initial Setup (2018)
  - Defining programs has allowed staff to better understand resource allocations
  - Staff will work to finalize the initial system setup

- Staff continues to review and refine the program data
- 2) Incorporate the Vision Council Imperative
  - The “Envision Littleton” formal document will be incorporated into PBB
  - Council will meet at a workshop in January 2019 to set goals related to the vision
  - Programs will then be rated against the updated goals
  - Departments will have the opportunity to refine their programs
- 3) First Year Implementation (2019)
  - Directors will be tasked with evaluating three programs through the PBB blue print (presentation will provide more details)
  - This includes:
    - Examining and setting service levels
    - Evaluating programs through the PBB Blueprint
    - Setting and regularly measuring key performance indicators (KPIs)

In addition, the Finance Department and City Manager’s Office will pursue opportunities such as a coordinated program review with Englewood and other governmental entities, as well as evaluations of fee recovery by program. Some of these tasks may result in policy recommendations. In those cases, staff will present the information to council in a study session and request guidance.

Council will have the opportunity to engage in the PBB process in the following ways:

- 1) Adopting “Envision Littleton” scheduled for December.
- 2) Setting goals at the January 2019 Council Retreat
- 3) Quarterly reports from staff on progress of program evaluations
- 4) Potential requests for policy direction as opportunities to enhance programs or reallocate resources are identified
- 5) Support for budget requests in 2020 and beyond

Staff looks forward to the outcome of this process and how it can be a valuable evaluation tool for the city.

#### **FISCAL IMPACTS:**

The initial cost was \$30,000 with \$25,000 annually thereafter (subject to annual appropriation). There will be a time commitment throughout the organization as information is gathered and processed. There may be offsetting factors as a result of working through and evaluating the programs, including potential cost savings opportunities and revenue increases through fee change recommendations.

#### **STAFF RECOMMENDATION:**

Continue staff efforts to implement Priority Based Budgeting (PBB).

#### **OPTIONS/ALTERNATIVES:**

N/A