

Legislation Text

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Subject:
Priority Based Budgeting

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BACKGROUND:

The city council and staff have discussed for several years, the increased demand for services throughout Littleton. However, the long-term financial sustainability of the city has necessitated deferring many operating and capital requests. The 2018 budget is no exception. The policy of transferring funds from the General Fund to the Capital Projects Fund for public infrastructure and capital replacements is unsustainable. This is evidenced in the 2018 budget as there are no transfers from the General Fund to the Capital Projects Fund or any transfers forecasted in any other year of the fiscally constrained 5-year plan for the General Fund.

A council and community conversation as to the level of investment needed for the community infrastructure is required, not just in 2018, but more importantly in the years that follow. It is clear that a substantial investment is necessary to maintain the value of community assets. In the next couple of years it will be essential for the city to establish priorities within the General Fund and confirm the resources are assigned appropriately in order to manage the critical city services citizens have come to expect.

Priority Based Budgeting (PBB) is a comprehensive approach for the city to identify current programs and related expenditures and to allow for a broad evaluation and alignment of these programs with council priorities. At the outcome of this process, the city council and staff will objectively determine how to match available resources with community priorities and provide a “picture of fiscal health” which leads to better informed decisions, while engaging citizens in a new comprehensive budget process.

It is important for the city to understand the programs that it provides and costs associated with these programs in order to ensure services are beneficial, meaningful and valued while ensuring future financial stability and reviewing new revenue options or opportunities.

STAFF ANALYSIS:

The city has contracted with the Center for Priority Based Budgeting, a Colorado company, who will provide priority based budgeting tools and manage the implementation process. They have experience across the nation with cities including Cincinnati, Ohio and Sacramento, California, as well as Fort Collins, Boulder, Wheatridge, Englewood, and Parker.

The Finance Department and the City Manager’s Office will be leading the project. In addition, a steering committee comprised of representatives from all departments in the city will be selected to monitor progress and communication throughout the process.

PBB will allow the city to show costs by program, along with the line item budget, to allow users a better understanding of the programs and services the city provides. This will allow the city to better evaluate and align these services and programs with council and community priorities.

Staff has set an aggressive timeline to implement and utilize PBB in the 2019 budget and will provide periodic updates to council.

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

FISCAL IMPACTS:

The cost for this program is initially \$30,000 and \$25,000 annually thereafter (subject to annual appropriation). There will be a time commitment throughout the organization as information is gathered and processed.