

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 1/25/2010
Item No.: 13. d

Department Approval

City Manager Approval

Christopher K. Miller

W. J. Mahinen

Item Description: Discuss 2011 Budgeting-for-Outcomes Process

BACKGROUND

In 2010, the City Council committed to using a 'Budgeting for Outcomes' (BFO) process, whereby budget monies are allocated based on desired outcomes and priorities. With the initial undertaking, it was acknowledged that the City was not positioned to fully implement this process as prescribed by industry standards. In all likelihood, it would take 2-3 years of gradual phasing before the full benefits of this process are realized.

During the past year, the City took the following BFO steps for the property tax-supported programs and services:

- 1) Completed time-spent profiles
- 2) Calculated direct program costs
- 3) Identified mandatory vs. non-mandatory services
- 4) Categorized current service levels
- 5) Identified various outputs, service standards, and performance measures
- 6) Prioritized programs and services

City Staff recently met to discuss the merits of BFO. It was concluded that this new process was consistent with industry-recommended budgeting practices and was preferred over the previous one. Staff recommends the City continue using it for 2011. As part of this discussion, Staff discussed the strengths and weaknesses of last year's BFO process, and identified potential improvements for the upcoming year. A summary of Staff's assessment is included below.

Strengths

- ❖ Designed to ensure that high priority programs receive sufficient funding
- ❖ Greater transparency of program costs
- ❖ Emphasis on outcomes, not inputs
- ❖ Reject the premise that the current budget is the *right* budget

Weaknesses

- ❖ Bigger learning curve compared to traditional budgeting process
- ❖ More challenging to reflect intangible benefits of programs
- ❖ Sometimes difficult to define or identify outcomes and levels of service
- ❖ Resistance to {any} reform movements
- ❖ Program categories may not have been appropriately selected

2011 Suggested Process Improvements

- ❖ Refine program categories and sub-categories
- ❖ Establish performance measures
- ❖ Quantify varying levels of service
- ❖ Establish a uniform program ranking process
- ❖ Need to use total Program costs; i.e. we will no longer separately identify inflationary costs
- ❖ Establish links to IR2025 and Council Goals

The items noted above are not meant to represent the complete list. It is expected that the Council will hold a discussion to determine what improvements are needed. City Staff will be available to answer any Council inquiries.

POLICY OBJECTIVE

Establishing a budget process that aligns resources with desired outcomes is consistent with governmental best practices, provides greater transparency of program costs, and ensures that budget dollars are allocated in the manner that creates the greatest value.

FINANCIAL IMPACTS

Not applicable.

STAFF RECOMMENDATION

Not applicable.

REQUESTED COUNCIL ACTION

No Council action is requested. The presentation is submitted for informational and discussion purposes.

Prepared by: Chris Miller, Finance Director
Attachments: A: Examples of Changes to Program Categories

City of Roseville
2011 Budgeting for Outcomes Process
Property-Tax Supported Programs

Attachment A

<u>Department /</u> <u>Division</u>	<u>2010</u> <u>Program / Function</u>	<u>2011</u> <u>Program / Function</u>
38 Finance Finance Finance Finance	Finance - Finance Director position	Finance - Finance Director position Finance - Budgeting / Financial Planning Finance - Debt Management Finance - Economic Development
52 Finance Finance	Finance - Financial acct./reporting	Finance - Financial acct./reporting Finance - Purchasing
92 Finance	Finance - Cash receipts	Finance - Cash receipts
106 Finance	Finance - Banking / investing	Finance - Banking / investing
82 Finance	Finance - Payroll	Finance - Payroll
93 Finance	Finance - Reception Desk	Finance - Reception Desk
75 Finance	Finance - Risk Management	Finance - Risk Management
149 Finance	Finance - Business licensing	Finance - Business licensing
129 Finance	Finance - Organizational Management	Finance - Organizational Management
116 Finance	Finance - Contract administration	Finance - Contract administration
117 Finance	Finance - Software maintenance	Finance - Software maintenance
107 Finance	Finance - Other (4%)	Finance - Other (4%)
155 Police	Admin - Animal control	Admin - Animal control
138 Police	Admin - Background investigations	Admin - Background investigations
21 Police	Admin - Business licensing, compliance	Admin - Business licensing, compliance
112 Police	Admin - Criminal prosecutions	Admin - Criminal prosecutions
111 Police	Admin - Execute warrants	Admin - Execute warrants
127 Police	Admin - Fire arms permits	Admin - Fire arms permits
8 Police	Admin - Organizational Management	Admin - Organizational Management
90 Police	Admin - Pawn shop oversight	Admin - Pawn shop oversight
40 Police	Admin - Police Chief position	Admin - Police Chief position
64 Police	Admin - Police records	Admin - Responding to Public Requests
5 Police	Admin - Police reports	Admin - Police Records / Reports
84 Police	Admin - School Liaison	Admin - School Liaison
122 Police Police	Admin - Security alarm responses	Admin - Security alarm responses Admin - Community Liaison
39 Police	Comm Svcs - general	Comm Svcs - general
124 Police	Emergency Mgmt - general	Emergency Mgmt - general
91 Police	Investigations - crime scene processing	Investigations - crime scene processing
3 Police	Investigations - investigations	Investigations - crime scene processing
Police	Investigations - investigations	Investigations - Public Safety Promo / Community Interaction
Police		Investigations - Criminal prosecutions
Police		Investigations - Other
36 Police	Patrol - Case management	Patrol - Case management
2 Police	Patrol - Citizen customer service	Patrol - Public Safety Promo / Community Interaction
135 Police	Patrol - City of St. Paul Radio support	Patrol - City of St. Paul Radio support
67 Police	Patrol - Collaborate with others	Patrol - Collaborate with others
22 Police	Patrol - Community Liaison	Patrol - Community Liaison
30 Police	Patrol - Dispatch	Patrol - Dispatch
16 Police	Patrol - Patrol (state aid)	Patrol - Patrol (state aid)
4 Police	Patrol - Patrol Other	Patrol - 24x7 / First Responder
73 Police	Patrol - RMS maintenance	Patrol - RMS maintenance

City of Roseville
2011 Budgeting for Outcomes Process
Property-Tax Supported Programs

Department / <u>Division</u>		2010 <u>Program / Function</u>	2011 <u>Program / Function</u>
123 Police	Police	Patrol - Training (state aid)	Patrol - Training (state aid)
	Police		Patrol - Animal Control
	Police		Patrol - Police Reports (by officer)
33 Police		Patrol - Other	Patrol - Other