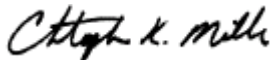


REQUEST FOR COUNCIL ACTION

Date: 5/17/2010
Item No.: 13.d

Department Approval

City Manager Approval



Item Description: Discussion on the 2011 Priority-Based Budgeting Program Ranking Methodology

BACKGROUND

During last year's budget process, individual Councilmembers were asked to rank city programs based on a prioritization scale of 1-5, with 5 being the highest priority. During this process, Councilmembers expressed concern over the lack of a consistent methodology for determining what each ranking category meant.

For example, one councilmember chose to assign rankings based on what they wanted the City to excel at. Another chose to rank it based on the mandatory nature of each program along with other criteria. Because of these varying methodologies, it is recommended that the Council reach a consensus on what each category depicts *prior* to conducting the upcoming prioritization process.

For discussion purposes, it is suggested that the Council retain the ranking scale of 1-5. With this scale, a program that is assigned #5 would be a high priority, #3 would represent a medium priority, and #1 would be a low priority. A priority of #2 or #4 would depict something in-between these primary categories. These categories could be clarified further as shown below:

1) High priority (Priority #1)

- ❖ High priority items include any federal or state mandates, legal or contractual obligations, or functions that are essential to preserving the health, safety, and welfare of the community.

2) Medium priority (Priority #2)

- ❖ Medium priority items include functions not included in category #1, yet create the greatest value and/or benefit the largest number of residents. It also includes those functions that help the City distinguish itself from other communities.

3) Low priority (Priority #3)

- ❖ Low priority items include functions not included in category #1 or #2, yet create added or complimentary value to high or medium priorities. These priorities are funded only after it has been determined that high and medium priorities have been funded at a sufficient level.

The scale and categories noted above are not meant to represent the sole methodology that could be used. Staff recommends that the Council discuss and modify the scale in such a way that creates a consensus

33 amongst the Council on how the upcoming prioritization process should be conducted.

34 **POLICY OBJECTIVE**

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

38 **FINANCIAL IMPACTS**

39 Not applicable.

40 **STAFF RECOMMENDATION**

41 Staff recommends that the Council discuss and modify the above scale in such a way that creates a
42 consensus amongst the Council on how the upcoming prioritization process should be conducted.

43 **REQUESTED COUNCIL ACTION**

44 Review and modify the prioritization methodology as presented above.

45

Prepared by: Chris Miller, Finance Director

Attachments: A: None