

Priority Based Budgeting

in the
City of Littleton, Colorado

March 2nd 2021

**200: Applying Resource
Reallocation & Maximization**

GOVA
PA
LOOZA



Samma Fox
City of Littleton

Assistant to
The City Manager



Chris Fabian
ResourceX

CEO
Co-founder







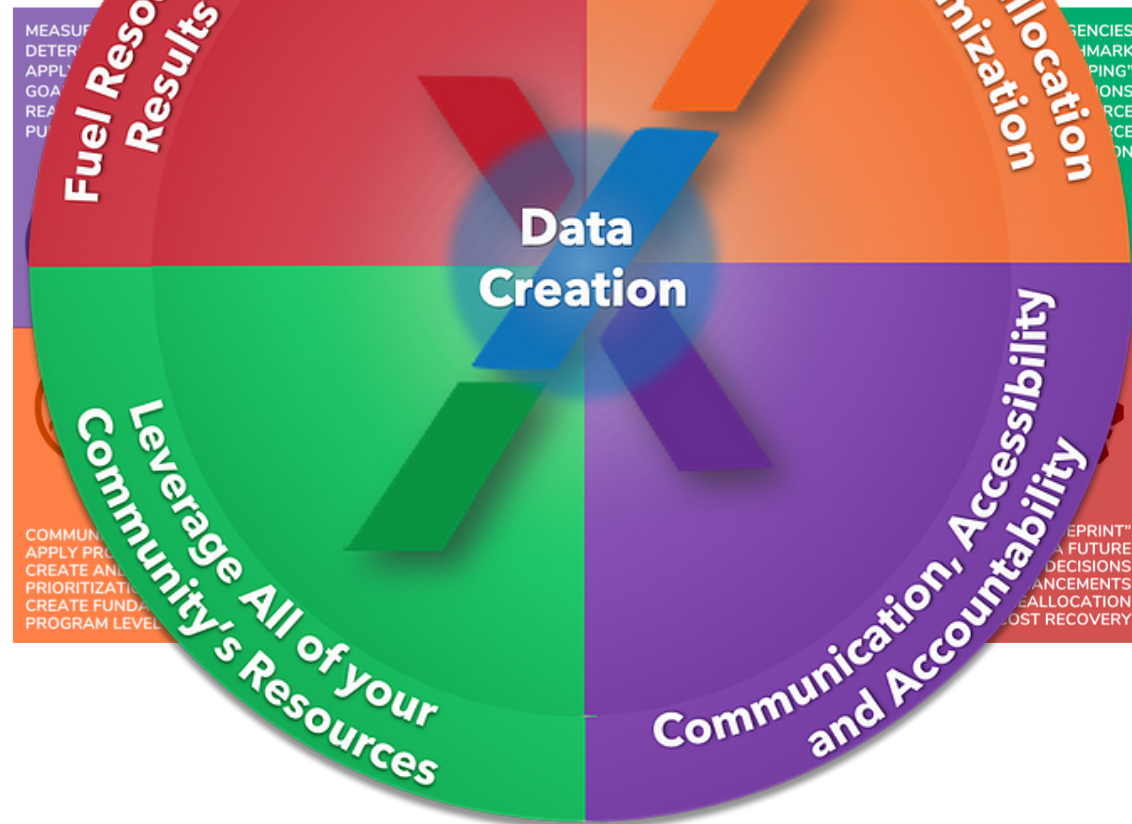
South By Southwest dedicates itself to helping creative people achieve their goals.



PROFICIENCY AND MASTERY

2020

CREAT



First Ever Awards in Resource Optimization and Resource Maximization Bestowed at Annual Priority Based Budgeting Summit



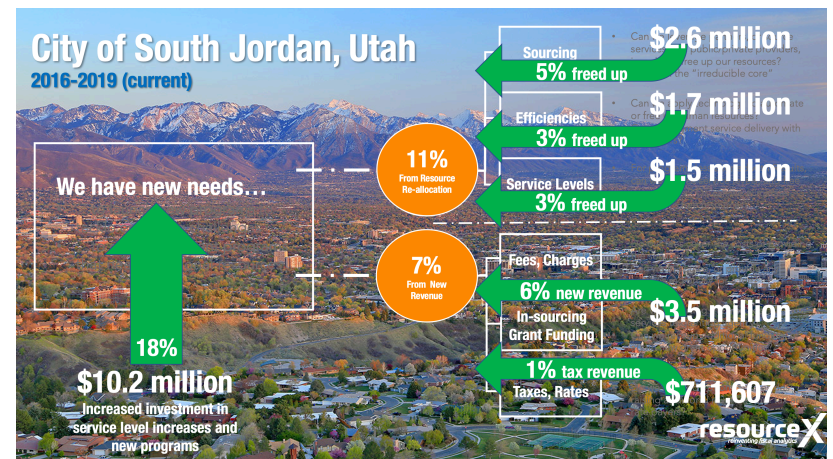
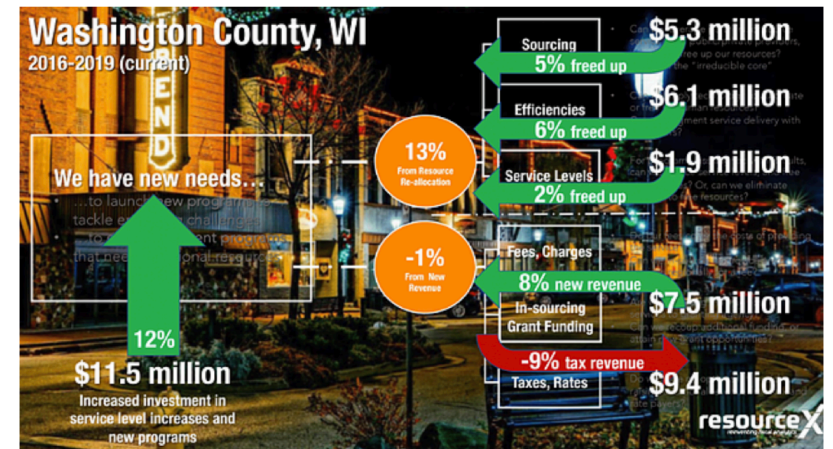
Chris Fabian Aug 30, 2019 · 4 min read



*“There is reason to suspect that **ambition is a rather generic trait of advanced life**. Almost regardless of what it is trying to maximize, be it intelligence, longevity, knowledge, or interesting experiences, it will need resources. It therefore has an incentive to push it’s technology to the ultimate limits, to **make the most of the resources it has**. After this, the only way to further improve is to **acquire more resources**.”*

- Max Tegmark, Future of Life Institute, MIT, Life 3.0

During the 2019 Annual PBB Summit, seven organizations were honored as the first to receive **Resource Optimizer** and **Resource Maximizer** Awards, including: Washington County WI, City of Shawnee KS, City of South Jordan UT, City of Branson MO, Scott County MN, City of Plano TX and the City of Kalamazoo MI.



Who Cares about 10% Reallocation – does it matter?

Let's take climate change as an example. Estimates suggest that for roughly \$300 billion in resources, we could "flatten the curve" on making climate change worse, and for upwards of \$3.8 trillion, we could invest enough to achieve a world-wide energy transition that ends climate change. These resources would be needed for direct capital investment, as well as the workforce required to invest in this energy transformation.

This is calculable: State and Local General Government Spending on programs alone has most recently been estimated at \$3 trillion.

General Government Spending

State	\$ 1,400,000,000
Local	\$ 1,600,000,000
TOTAL	\$ 3,000,000,000

Single-year resource reallocation efforts would therefore yield the following:

Reallocation of Resources by Percentage of General Government Spending

5%	10%	15%	20%
\$ 70,000,000	\$ 140,000,000	\$ 210,000,000	\$ 280,000,000
\$ 80,000,000	\$ 160,000,000	\$ 240,000,000	\$ 320,000,000
\$ 150,000,000	\$ 300,000,000	\$ 450,000,000	\$ 600,000,000

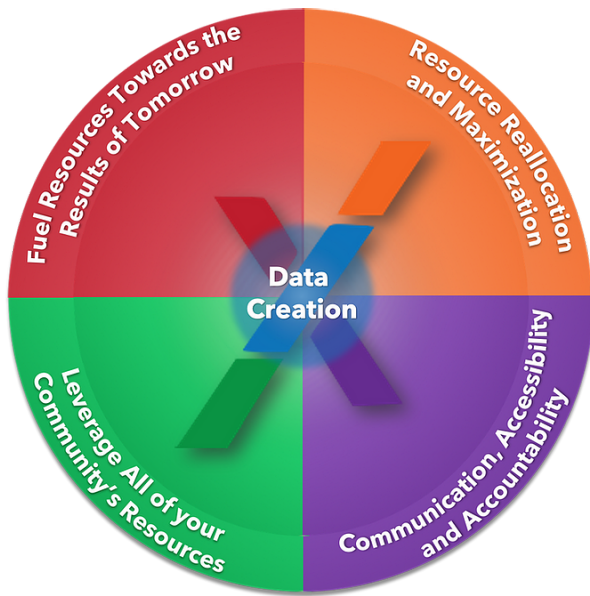
Meaning, that sustained annual resource reallocation over a period of several years could produce the trillions necessary to tackle wicked problems – this is the beauty of the power of government resources in action:

Number of Years to Achieve \$1 Trillion in Re-Investment

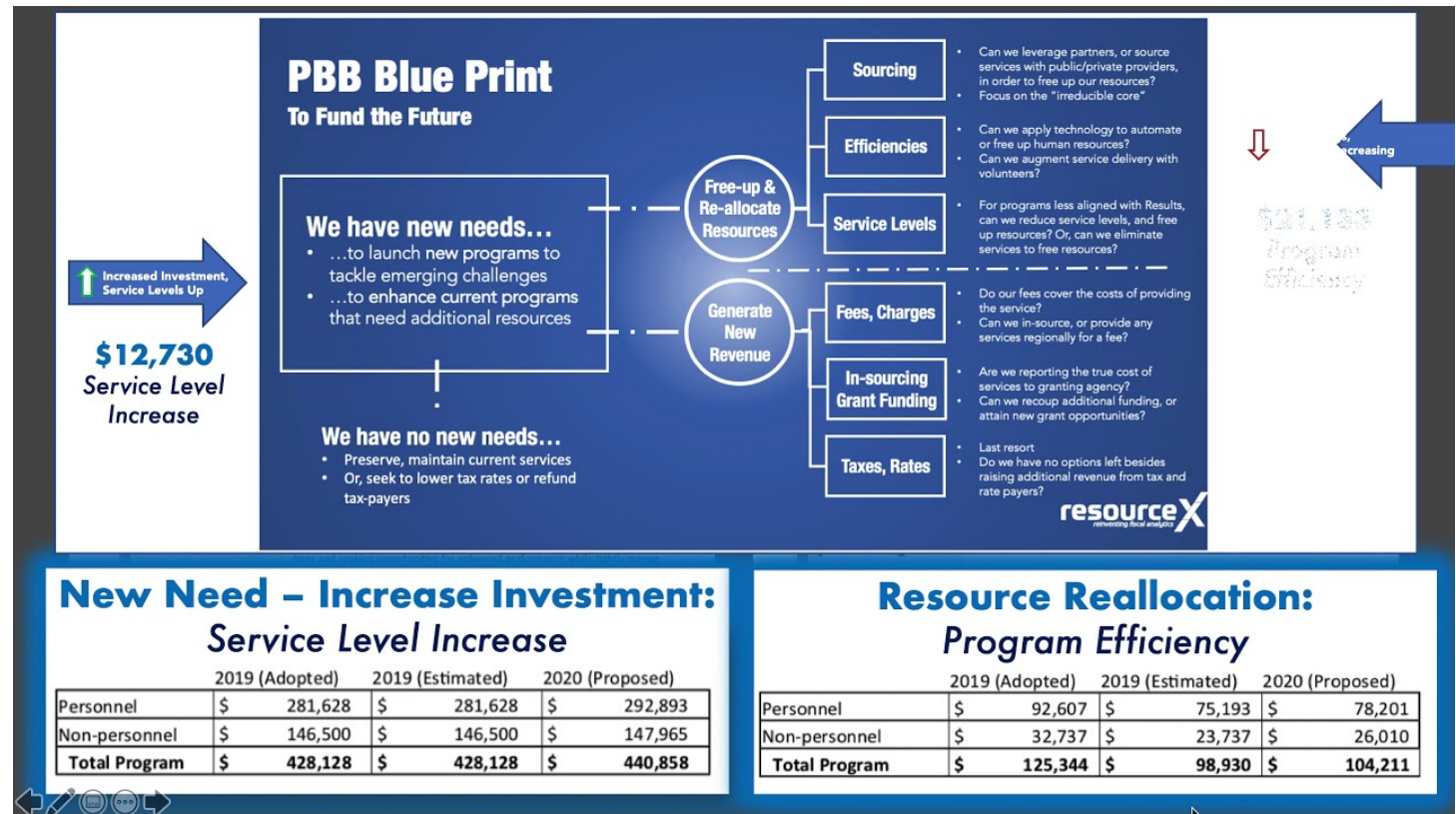
at 5% annually	at 10% annually	at 15% annually	at 20% annually
6.7	3.3	2.2	1.7

Resource Liquidity

ResourceX Practitioner	Reallocate \$\$\$	Reallocate %
Shawnee, KS	\$ (15,308,734)	11%
Unified Government at Wyandotte County & Kansas City, KS	\$ (76,890,439)	11%
on County, WI	\$ (12,465,904)	9%
gton County, WI	\$ (17,485,111)	9%
y, CO	\$ (11,893,231)	8%
ce, KS	\$ (33,812,414)	8%
Crek, MI	\$ (17,090,131)	7%
skatchewan, AB	\$ (11,653,774)	6%
mmit, MO	\$ (21,632,140)	6%
nsing, MI	\$ (8,332,051)	6%
n, ID	\$ (8,117,371)	5%
Calgary, OR	\$ (25,142,250)	5%
Branson, MO	\$ (7,164,845)	4%
X	\$ (42,804,740)	4%
, MI	\$ (5,151,825)	3%
nt, CO	\$ (16,210,872)	3%
zoo, MI	\$ (10,803,079)	3%
ounty, MN	\$ (5,268,847)	2%
Duluth, MN	\$ (19,523,081)	2%
ona County, AB	\$ (14,755,650)	2%
, TX	\$ (4,340,824)	2%
South Jordan, UT	\$ (2,722,335)	2%
Canada Prairie, AB	\$ (8,905,976)	2%
Alexandria, VA	\$ (38,881,037)	2%
D	\$ (6,176,502)	1%
dge, AB	\$ (3,178,376)	0%



Resource Reallocation and Maximization



"In 2020, PBB was further incorporated into the budget process. The economic circumstances caused by the COVID-19 pandemic presented numerous budget challenges, but the City was fortunate to already have the PBB data available to help make difficult budget decisions. For the 2021 budget program review, department directors were tasked with evaluating their programs for opportunities to free up resources city-wide in order to preserve the city's most critical services. To assist with this task, directors were provided with an essential services review, results alignment scores, policy questions and personnel allocations from the PBB system. The opportunities defined in the PBB Blueprint were made the primary means of justifying budget changes and requests by departments."

- City Manager, Mark Relp



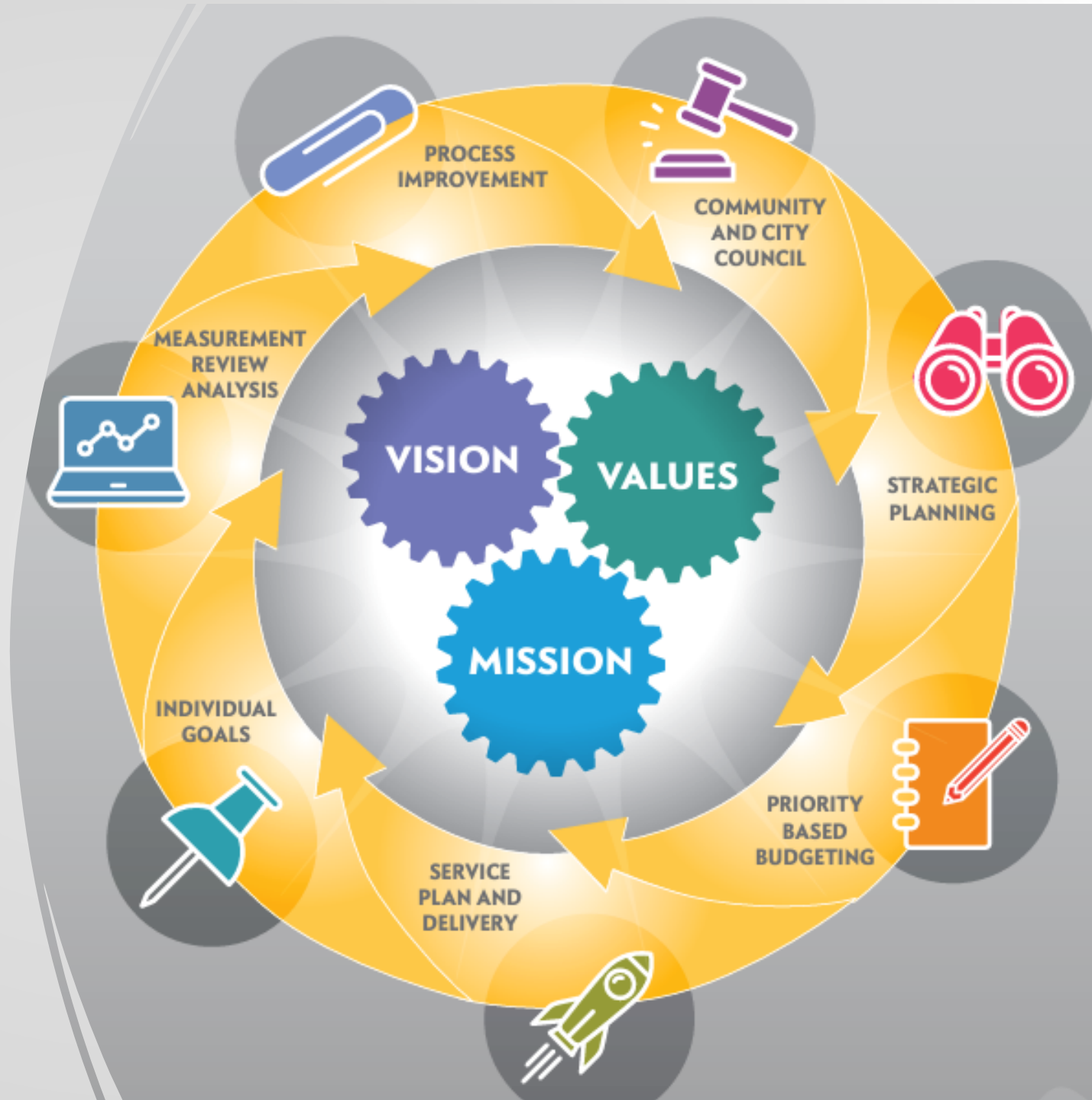
Baseline

- Organization change
- Council change
- Budget challenges
- Need to build trust





Leadership Framework



Our Approach



Year 1: 2018

From Tears to Tacos

- Getting Started
- All-Stars
- Acknowledging Emotions
- Persevering
- Celebrating
- Neighboring City Match Up





Year 2: 2019

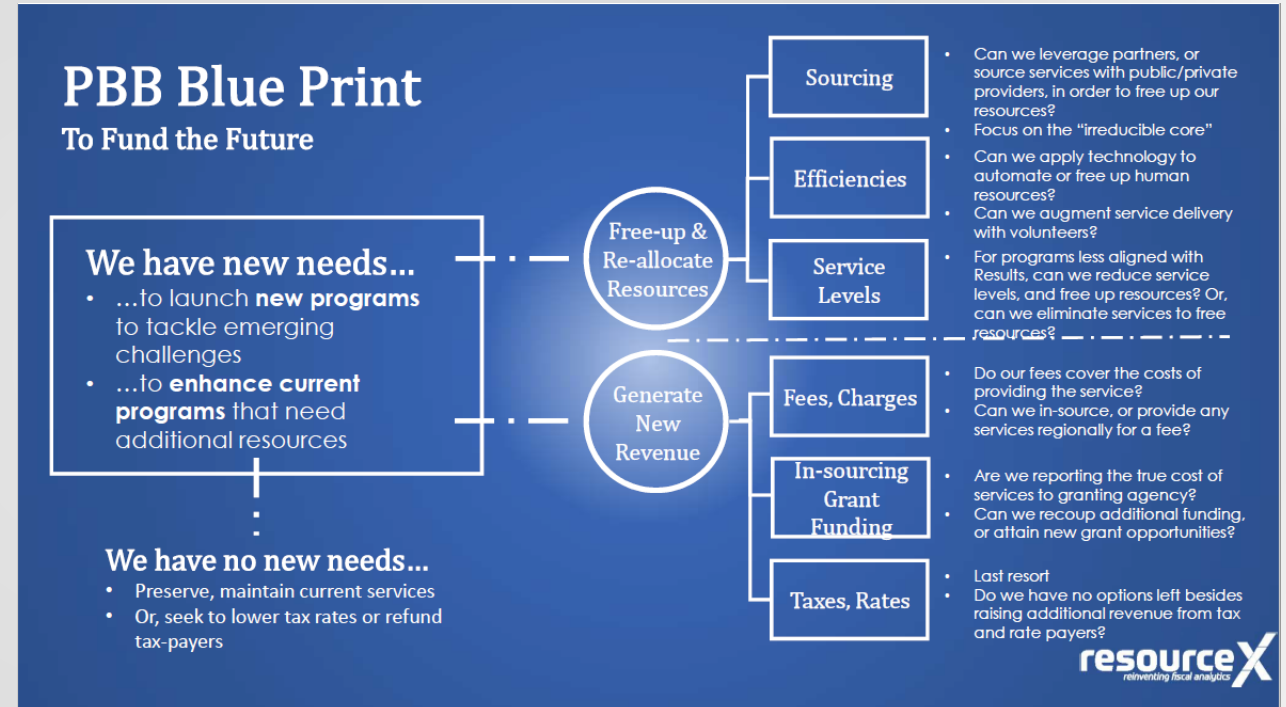
From “We’ll Start Small” to “Woah, Nelly!”

- Pick 3 Program Review
- Building on the Data
- Building our Team
- Regular Council Updates
- Budget Highlights



First Program Evaluations

- Safe
- Supported
- Clear
- Achievable



LITTLETON

pick 3

PBBi Blueprint

To Fund the Future

We have new needs...

... to launch new programs to tackle emerging challenges.
... to enhance current programs that need additional resources.

We have no new needs...

- Maintain, preserve current services.
- Or, seek to lower rates or refund tax-payers

Free Up & Re-Allocate Resources

Generate New Revenue

Sourcing

Efficiencies

Service Levels

Fees, Charges

Grant Funding

Taxes, Rates

- Can we leverage partners, or source services with public/private providers, in order to free up our resources?
- Focus on the "irreducible core"

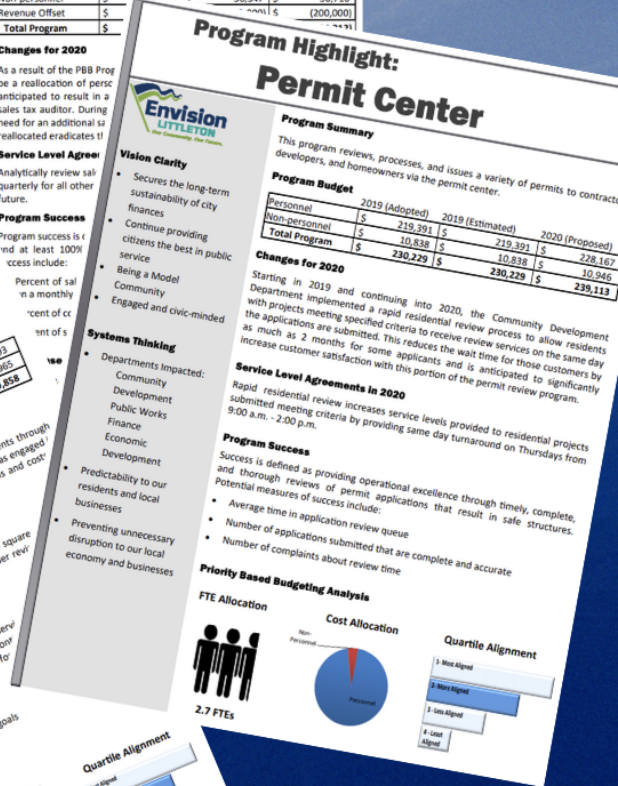
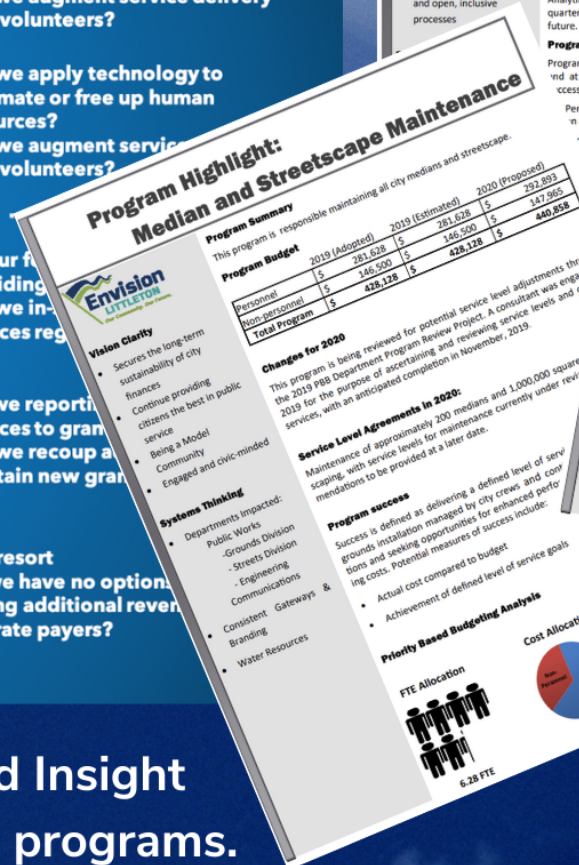
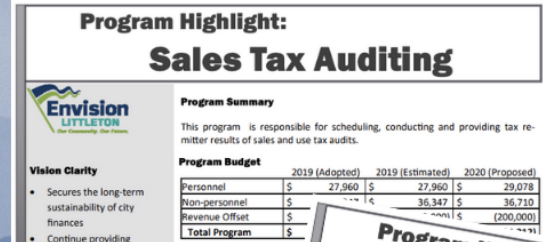
- Can we apply technology to automate or free up human resources?
- Can we augment service delivery with volunteers?

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- Can we augment service delivery with volunteers?

- Do our fees provide value?
- Can we increase service levels?

- Are we reporting services to grant funders?
- Can we recoup a portion of costs or attain new grants?

- Last resort
- Do we have no options for raising additional revenue and rate payers?



The PBB Blueprint is a roadmap for analyzing programs, and Insight identification is the avenue for applying opportunities to those programs.

Program Highlight: Inspections



Vision Clarity

- Secures the long-term sustainability of city finances
- Ensures investments meeting local expectations for quality and compatibility
- Continue providing citizens the best in public service
- Draw upon a culture of innovation and boldness inherited from earlier generations

Systems Thinking

- Departments Impacted:
 - Community Development
 - Public Works
 - Finance
 - Court
- Preventing unnecessary disruption to our local economy and businesses
- Embrace evolving technology and performance excellence

Program Summary

The program is responsible for performing inspections of residential, commercial, and industrial buildings and properties. Properties are inspected for health and safety, and occupancy.

Program Budget

	2019 (Adopted)	2019 (Estimated)	2020 (Proposed)
Personnel	\$ 296,521	\$ 296,521	\$ 308,000
Non-personnel	\$ 265,427	\$ 265,427	\$ 268,000
Total Program	\$ 561,948	\$ 561,948	\$ 576,000

Changes for 2020

As part of the Community Development Department's Operational Excellence process that was completed in 2019, the department requested the addition of a building inspector/plans examiner, which would increase customer service to the community. However, it was determined during the budget process that, given the other needs of the City, the request would not be pursued for 2020. The Department will continue to outsource a portion of building inspection services.

Service Level Agreements in 2020

The department will provide a turnaround time of 15 days from the submission of a commercial building application to the first review.

The department will perform an average of 60 building inspections per day.

Program success

Success is defined as providing operational excellence in the delivery of inspections that are efficient and effective and ultimately result in safe and compliant buildings in the city. Potential measures of success include:

- Number of complaints received about turnaround time
- Number of building re-inspections

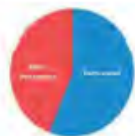
Priority Based Budgeting Analysis

FTE Allocation

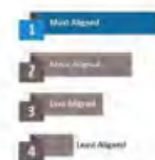


3.53 FTE

Cost Allocation



Quartile Alignment



Budget Highlights

- Council decision making aid
- Simple – single page
 - Intentionally not by department
 - Connected to Vision
 - Focused on service levels
 - Identified what success was

Year 3: 2020

From Comfort to Chaos

- Incorporating Envision Littleton
- COVID
- Budget
- Building into the Culture
 - Use in Re-Organization
 - Use in council Communications



COVID-19

*How do you make difficult decisions?
With data.*

- Analyzed the data and opportunities
- Utilized Boise, Idaho's essential services review
- Looked for programmatic overlaps
- Used in Early Retirement Program analysis, service reduction, and reallocations

Informed Budget Decisions

- Tied to all material requests
- Continued Budget Highlights
- Summary Table

Program(s) Impacted	2021 PBB PROGRAM REVIEW RECOMMENDATIONS								2021 Budget Impact	Description	Related Program Highlight?
	Increase Service Level	Decrease Service Level	Maintain Service Level	New Program	Eliminate Program	Increase Efficiency	Outsourcing/ Partnerships	Increase Revenue			
Various programs department wide - library		✓							\$ (324,988)	Decrease in operations and hours open to the public due to operational and financial impacts of COVID-19 and the ERI program	
Various programs department wide - museum		✓							\$ (229,077)	Decrease in operations and hours open to the public due to operational and financial impacts of COVID-19 and the ERI program	
URIC Naturalization & Legal Services, Citizenship Classes		✓			✓				\$ (162,785)	40% service level reduction in naturalization and legal services program and elimination of citizenship classes due to discontinuation of federal grant funding and personnel reduction	X
Code Enforcement		✓				✓			\$ (66,401)	Reduction in residential demolitions and other proactive enforcement activities as a result of ERI impact; will conduct a formal evaluation in late 2020 seeking operational efficiencies	X
Park & Open Space Landscape Maintenance; Medium & ROW Landscape Maintenance						✓	✓		\$ (50,000)	Increased efficiency of operations anticipated based on service level clarification, optimized resource allocation and possible opportunities for outsourcing in 2021	X
Graphic Design/Citywide Production Services		✓							\$ (45,000)	Decrease in service level due to decrease in demand as a result of impacts of COVID-19	X
Small and Large Neighborhood Grants		✓							\$ (40,000)	Reduction of neighborhood grants due to ongoing COVID-19 restrictions on community gatherings	X
Bldg Systems Preventative Maintenance, Office Space & Furniture Mgmt, Reactive Repairs		✓							\$ (20,000)	In response to budget constraints, preventive maintenance will be prioritized while some reactive repairs or requests may have to be deferred.	
Business Attraction			✓			✓			\$ (17,500)	Elimination of overlapping data resource subscriptions	X
Environmental Programs		✓					✓		\$ (10,163)	Elimination of community waste and recycling events due to impacts of COVID-19 and ERI program; will evaluate possibility of replacing some services via a voucher program in 2021	X
		✓									

Cultural Change

*This is not a change to the budget process;
it is a change of culture.*

- In 2020 PBB became part of our vocabulary
- Regularly referenced in council communications
- Regularly used to support decisions
- Incorporated into Leadership Retreat

ENGAGEMENT OPPORTUNITY

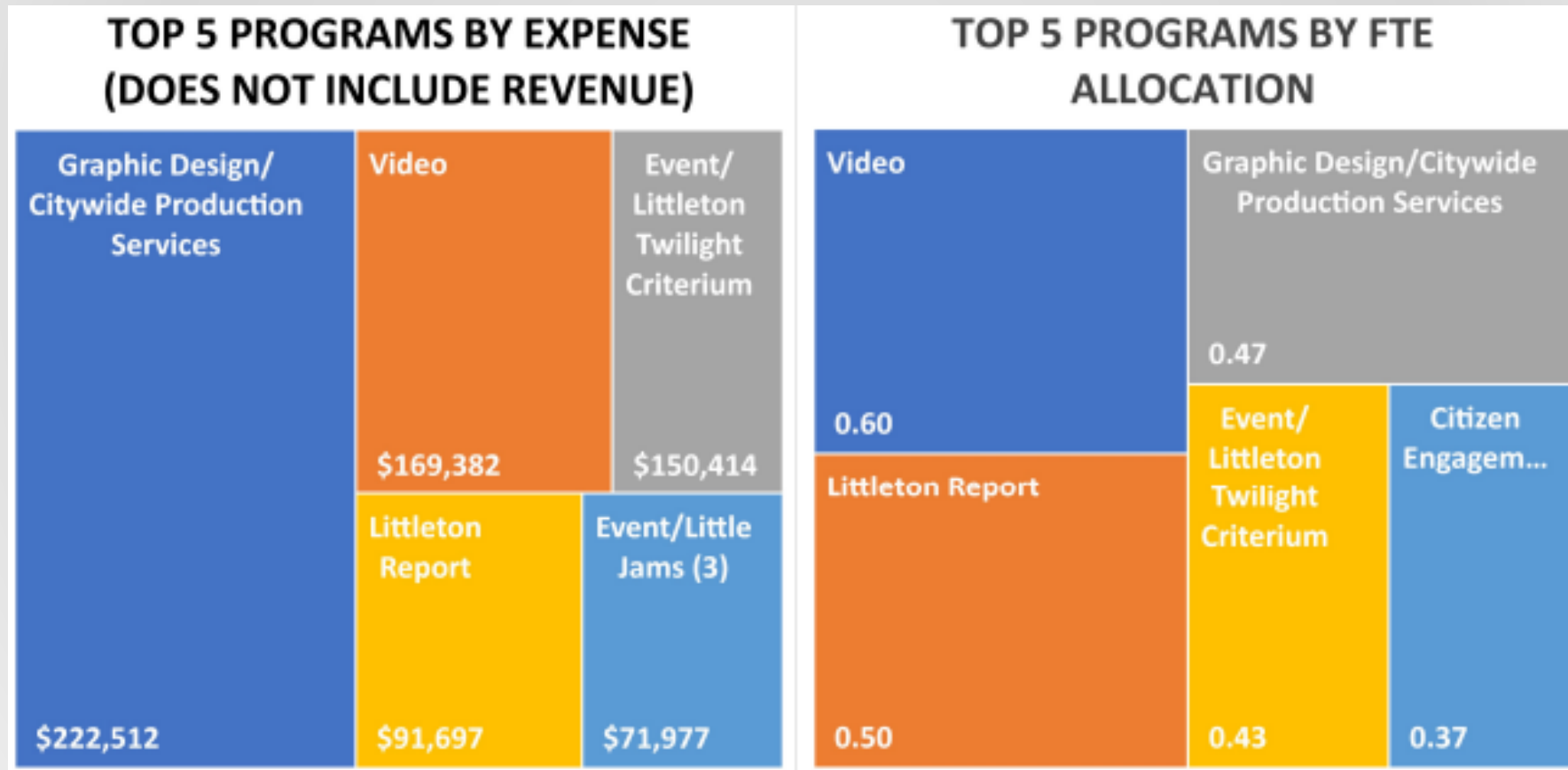
- Get ready to chat!
- If you are in a group, take a moment to talk with each other about each item
- If you are on your own, take a moment to think about each item
- Add your insights and responses to the chat

Spot the Fake

- The city offers all but one of these programs:
 - Local History & Genealogy
 - Pancake Breakfast
 - Pea Patch
 - Sheep to Shawl
 - Tree Planting & Sales

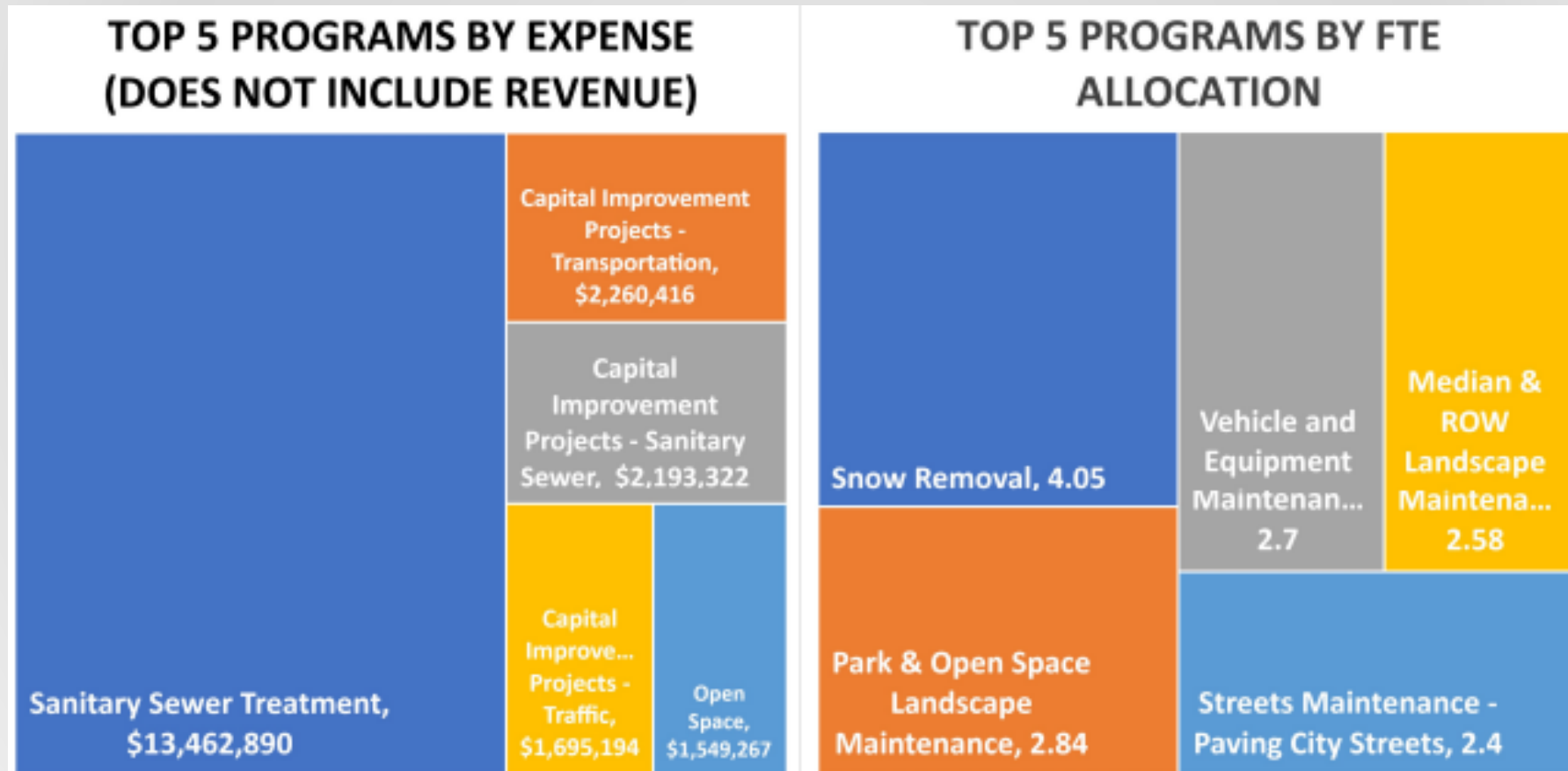
What are your Top Five Programs?

- Communications:



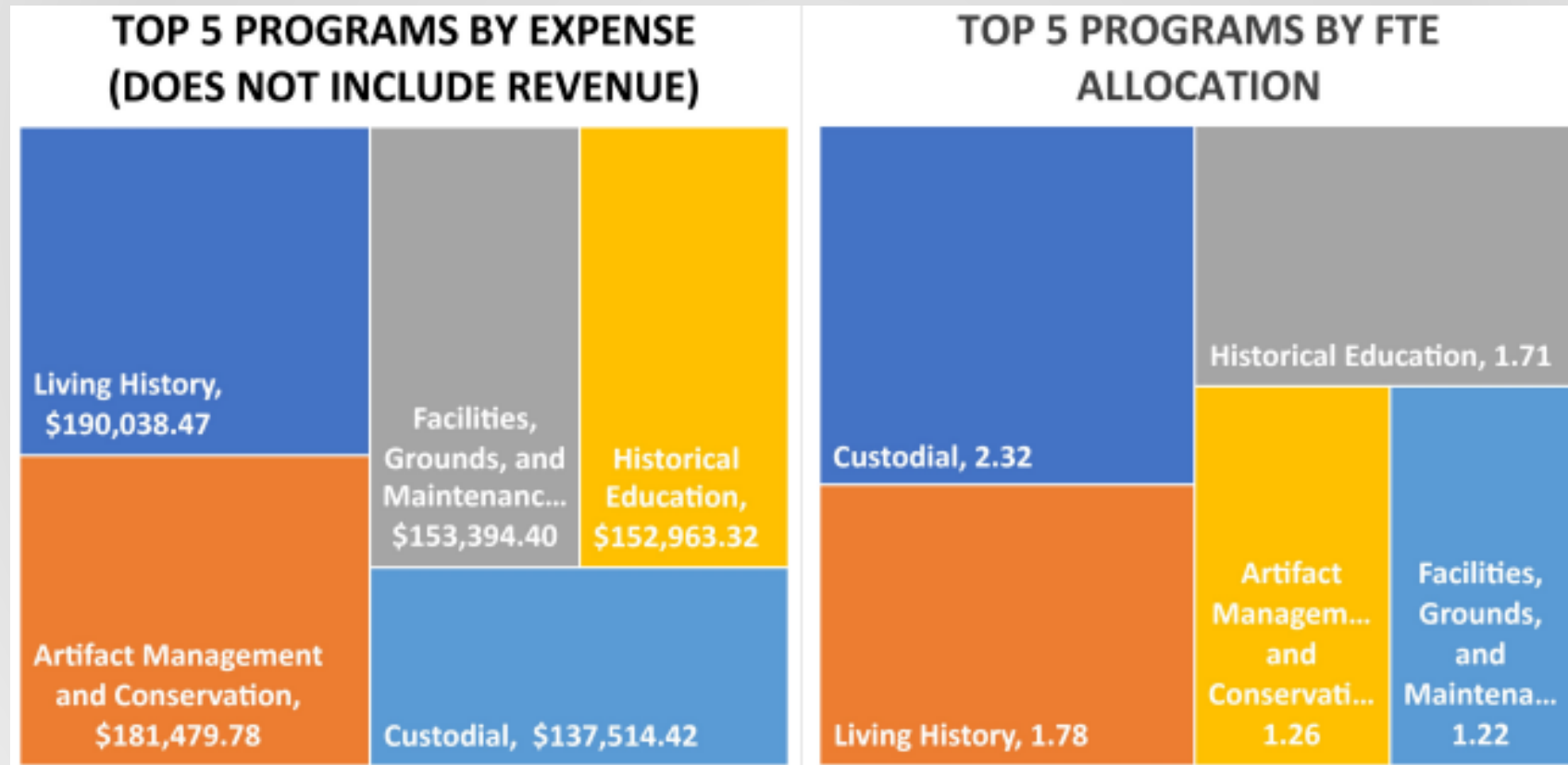
What are your Top Five Programs?

- Public Works:



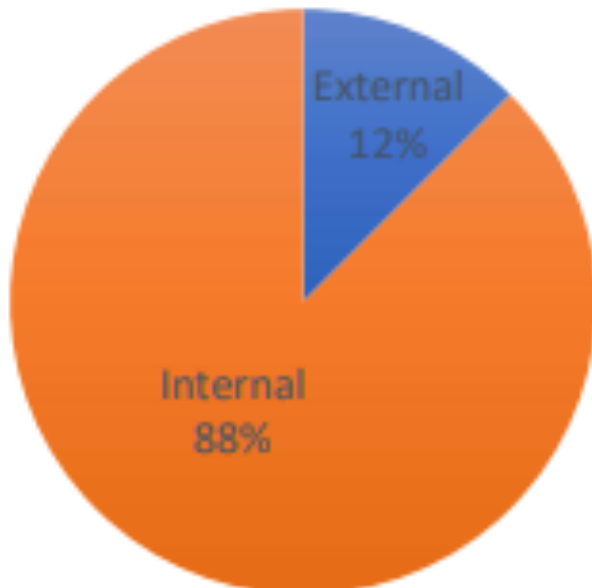
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- Museum:

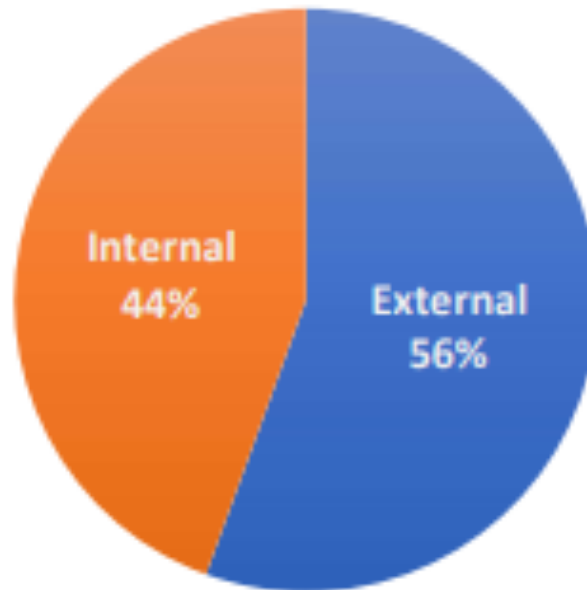


What is your mix? Internal or External Service Provider?

**External vs. Internal
Programs**



**External vs. Internal
Programs**



What is your mix?

- Communications
- Finance

Year 4: 2021

“Staying the Course”

This means:

- Continuing to implement the Leadership Framework
- Continuing the journey to data-driven decision making
- Continuing to build and use Priority Based Budgeting
- Continuing to be flexible and adaptable
- Continuing to break down silos and build connections

Tips

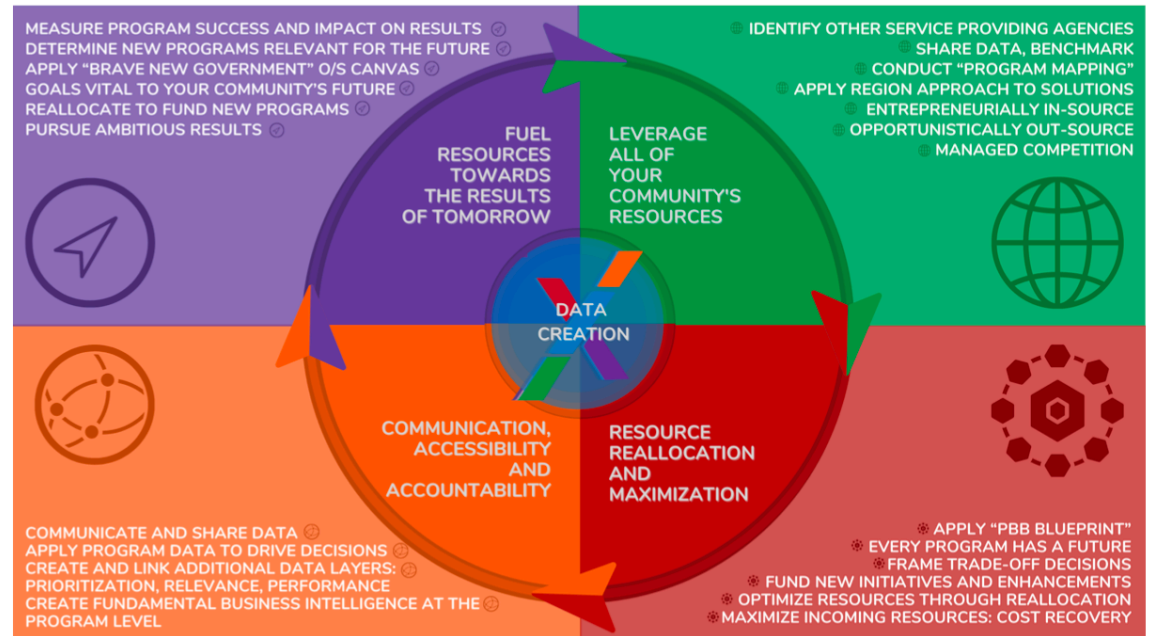
- MUST HAVES:
 - Support from the top
 - Engagement across the org. from a variety of levels
- Other keys for us:
 - Start reasonably and meaningfully
 - Celebrate
 - Be agile – local government is dynamic
 - Keep it up
- Wish we had:
 - A connection to our organizational values

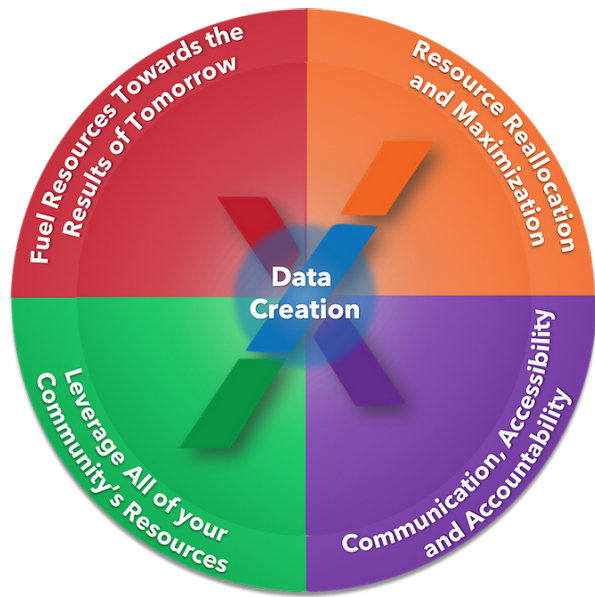


PROFICIENCY AND MASTERY

2020

CREATING MASTERS AT ALL LEVELS





Communication, Accessibility and Accountability



Programs We Manage

Public Works

Notes	Programs	2020 Approved Budget	2021 Proposed Budget	Variance
1	Cemetery Operations	\$ 25,541	\$ 21,655	\$ (3,886)
2	Open Space Turf Maintenance	621,501	614,653	(6,848)
3	Trail, Pathway, and Sidewalk Clearing and Pathway Maintenance	527,632	522,593	(5,039)

2021 - 2022 Operating Budget Review
Budget Initiatives

						Taxation		MRSR One-time Allocations		Other Funding		FTEs		
Ref.	Impact	Program Description	Department	Core Service Level	Category	2021	2022	2021	2022	2021	2022	Perm	Non-perm	
A-89	Medium	Service Reduction	Transit	Yes		(1,100,000)	(1,100,000)					-	-	
A-90	Medium	Parking Lot Snow Removal	Facility Services	Yes	Safety	(76,700)	(76,800)					-	-	
A-91	Medium	Weed Act Enforcement	Regulatory Services	Yes		(90,000)	(90,000)					(1,000)	-	
A-92	Medium	Parks Maintenance Option 1	Parks	Yes	KPMG	(128,500)	(128,500)					-	(1,000)	
A-93	Medium	Parks Lifecycle Replacement Option 1	Parks	Yes		(75,000)	(75,000)					-	-	
A-94	Me												(0.500)	
A-95	Me												(0.300)	
A-96	Me												(1,000)	
A-97	Me												(0.300)	
A-98	Me												(0.500)	
A-99	Me												-	
A-100	Me												-	
A-101	Me												-	
A-102	Me												-	
A-103	Me												-	
A-104	Me												-	
A-105	Me												-	
A-106	Me												(0.500)	
A-107	Me												(0.500)	
A-108	Me												(1,000)	
A-109	Me												-	
A-110	Me												-	
A-111	Me												-	
A-112	Me												-	
A-113	Me												-	
A-114	Hig												(1,300)	
A-115	Hig												(1,200)	
A-116	Hig												(1,000)	
A-117	Hig												(3,200)	
A-118	Hig												(2,500)	
A-119	Hig												(1,200)	
A-120	Hig												(0.500)	
A-121	Hig												-	
A-122	Hig												(1,000)	
A-123	Hig												(1,000)	
A-124	Hig												-	
A-125	Hig												-	
A-126	Hig												-	
A-127	Hig												-	
A-128	Hig												-	
A-129	Hig												(2,000)	
A-130	High	Increase to User Fees	HSNC	No		(5,000)	(5,000)					-	-	
A-131	High	Security Patrols at Transit Park N'Ride	Facility Services	Yes	Safety	(142,700)	(142,700)					-	-	
A-132	High	Closure of Fritz Sick Pool	Rec & Culture	Yes		(359,540)	(359,540)					-	-	
A-133	High	Civic Ice Centre Closure	Rec & Culture	Yes		(263,419)	(263,419)					(2,000)	-	
A-134	High	Westminster Pool Closure	Rec & Culture	Yes		(137,626)	(137,626)					-	(0.500)	
A-135	High	Information Services - Materials Reduction Option 1	HSNC	No		(10,192)	(10,192)					-	-	
A-136	High	Information Services - Materials Reduction Option 2	HSNC	No		(16,884)	(16,884)					-	-	
A-137	High	Conservation Projects Reduction	HSNC	Yes		(33,000)	(33,000)					(0.330)	-	
A-138	High	Relief Coverage	Transit	No		(111,145)	(111,145)					(1,073)	(0.420)	
A-139	FFS	Allied Arts Council Fee for Service	Community - Council Referral		FFS	95,567	95,567					-	-	
A-140	FFS	Southern Alberta Art Gallery Fee for Service	Community - Council Referral		FFS	76,000	76,000					-	-	
A-141	FFS	Southern Alberta Ethnic Association Fee for Service	Community - Council Referral		FFS	105,000	102,000					-	-	
A-142	FFS	Nikka Yuko Japanese Garden Fee for Service	Community - Council Referral		FFS	171,190	171,190	50,000	99,000			-	-	
A-143	FFS	Lethbridge Sport Council Fee For Service	Community - Council Referral		FFS	55,000	55,000					-	-	
A-144		Mayor & City Council Wage Freeze	City Council			(19,700)	(27,900)					-	-	
A-145		Mayor & City Council Travel & Per Diem	City Council			(56,000)	(56,000)					-	-	
A-146		Eliminate Business License Fee Increase	Regulatory Services			33,000	33,000					-	-	
						(16,185,886)	(17,077,249)	50,000	99,000	(614,850)	(575,032)	(41,903)	(38,806)	
						(15,990,018)	(16,938,034)	(528,600)	79,000	(7,128,853)	(7,247,177)	(48,903)	(41,256)	
						Total Option 1s	(1,615,801)	(1,646,373)	-	(675,700)	(675,700)	(1,000)	(7,330)	
						Total Contributed (10%)	(14,374,217)	(15,291,661)	(528,600)	79,000	(6,453,153)	(6,571,477)	(47,903)	(433,926)

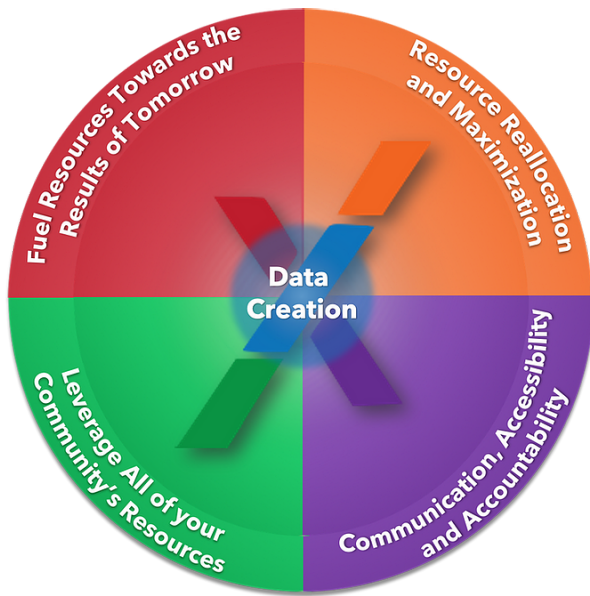
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- Budget Manager, Shannon Andruchow

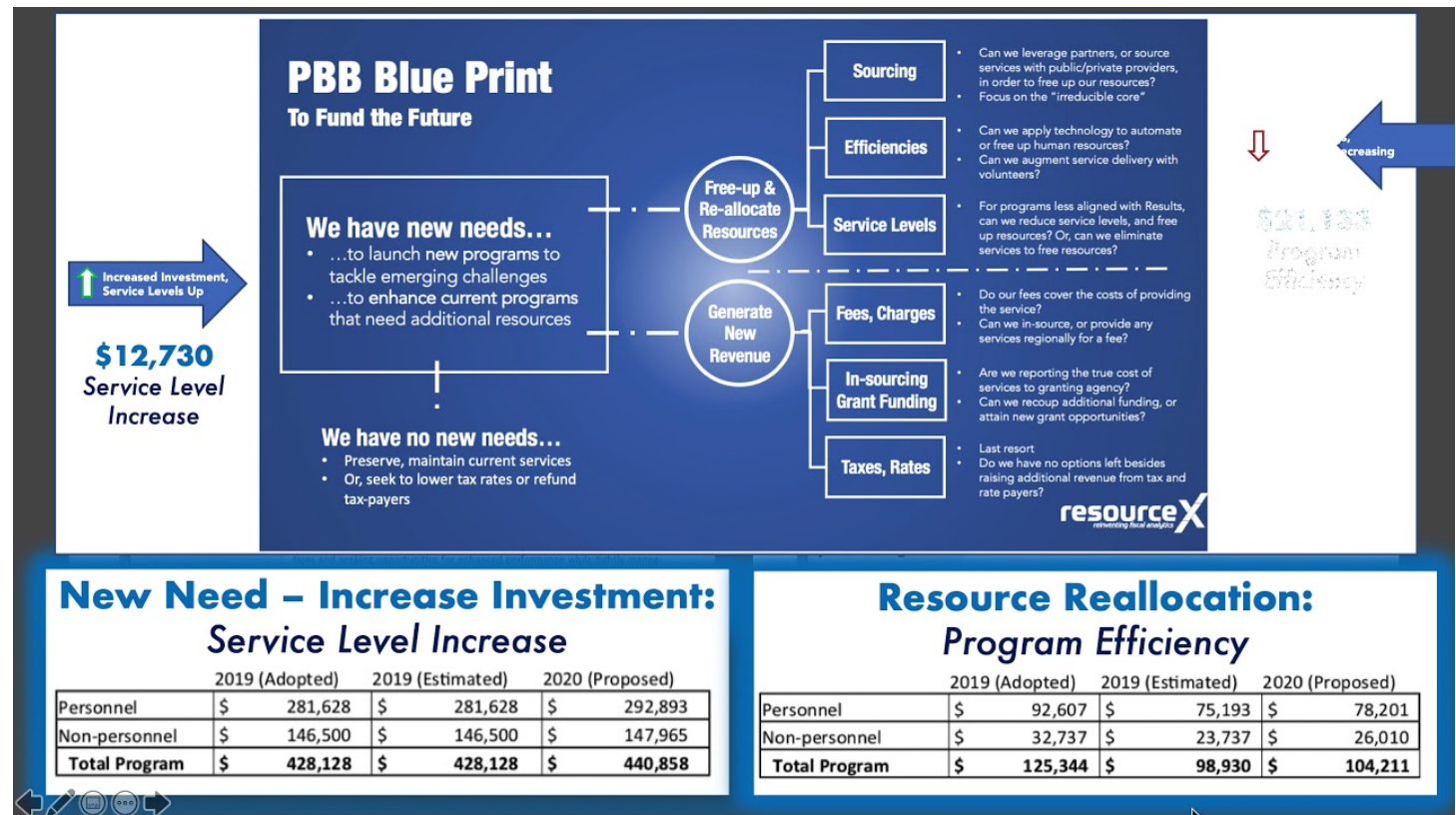
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ResourceXcellence in Communication, Accessibility and Accountability is about applying the data in routine decision making and communication within or outside the budget process.

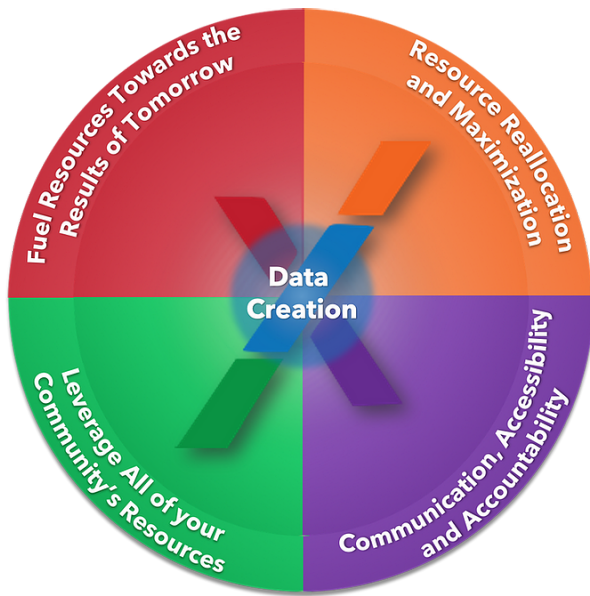


Resource Reallocation and Maximization



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Resource Reallocation and Maximization



PBBi Blueprint To Fund the Future

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... to launch new programs to tackle emerging challenges.
... to enhance current programs that need additional resources.

We have no new needs...

- Maintain, preserve current services.
- Or, seek to lower rates or refund tax-payers

Free Up & Re-Allocate Resources

Sourcing

- Can we leverage partners, or source services with public/private providers, in order to free up our resources?
- Focus on the "irreducible core"

Efficiencies

- Can we apply technology to automate or free up human resources?
- Can we augment service delivery with volunteers?

Service Levels

- Can we apply technology to automate or free up human resources?
- Can we augment service delivery with volunteers?

Generate New Revenue

Fees, Charges

- Do our fees cover the costs of providing the service?
- Can we in-source, or provide any services regionally for a fee?

Grant Funding

- Are we reporting the true cost of services to granting agency?
- Can we recoup additional funding, or attain new grant opportunities?

Taxes, Rates

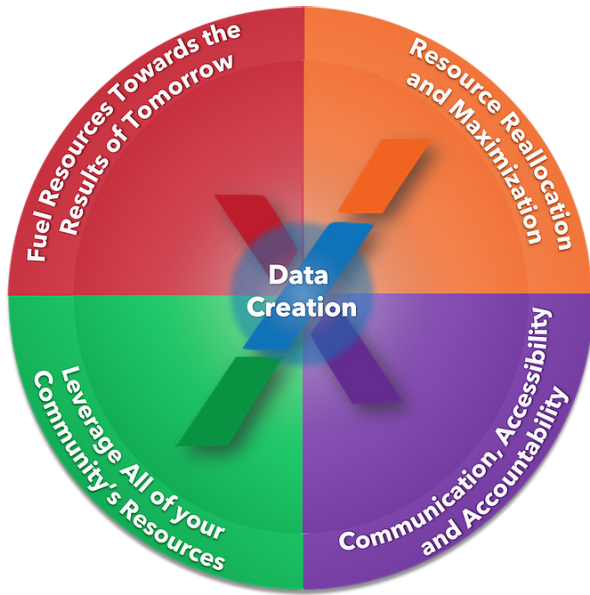
- Last resort
- Do we have no options left besides raising additional revenue from tax and rate payers?

2021 Budget Message (continued)



PARKS SUSTAINABILITY

Four years ago, the parks system was asked to develop a plan to reduce and ultimately eliminate its reliance on the tax levy to support operations. The Parks Fiscal Sustainability Plan led to the enhancement and creation of rental revenue opportunities, partnerships with local businesses and organizations, and the establishment of a parks entrance fee. The 2021 Budget represents the first year in which the parks maintenance and operations will be off the levy, a noted success of the Parks Fiscal Sustainability Plan and a reduction of nearly \$400,000 in just 4 years – and all while improving parks amenities.



Fuel Resources Towards the Results of Tomorrow



BRIEF

Ann Arbor, MI City Council adopts \$1B climate plan



Burdette, Dwight. (2013). Retrieved from [Wikimedia Commons](#).

AUTHOR

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UPDATE, June 4, 2020: The Ann Arbor, MI City Council unanimously adopted the city's \$1 billion A2Zero climate action plan on Monday, having initially kicked a previous version back to staff for review in April.

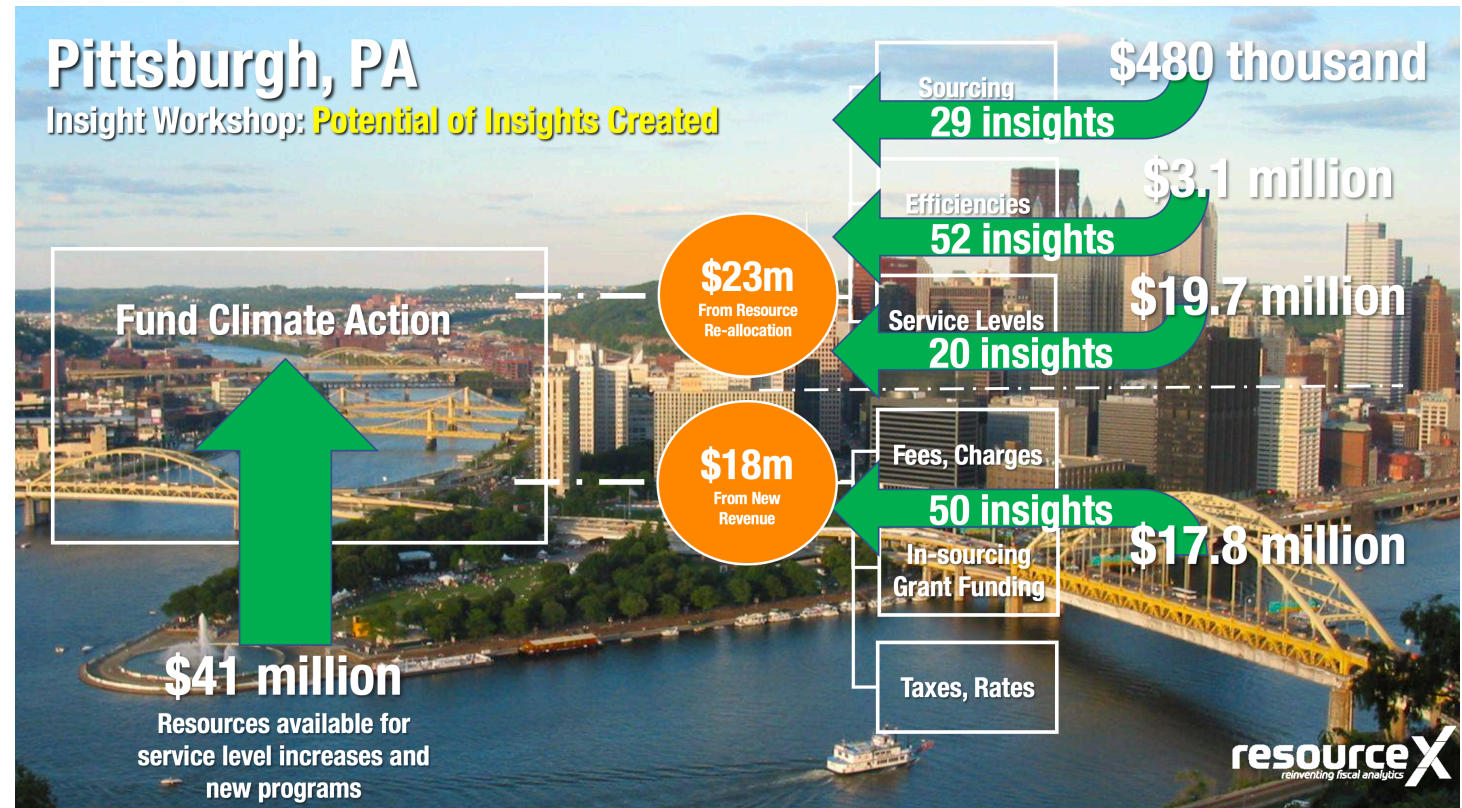
ResourceXcellence in Fuel Resources Towards the Results of Tomorrow is about establishing ambitious goals that provide for a higher quality of life for everyone and drives your organization's resources towards the programs you need to get into to accomplish those goals.

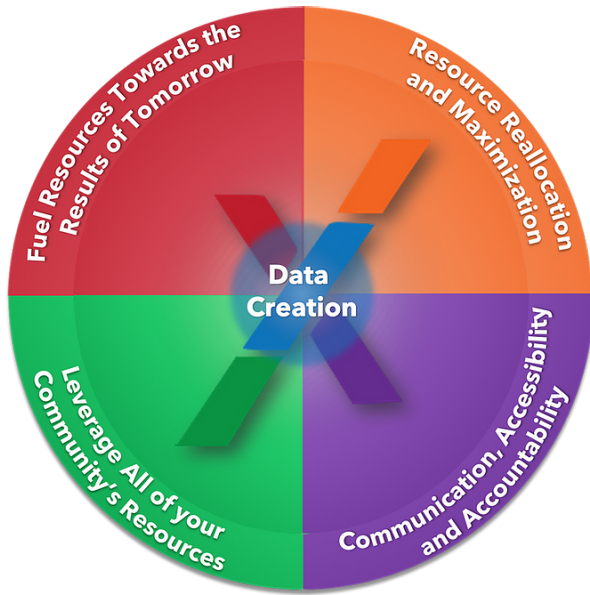
Funding Climate Action in Pittsburgh PA:

- The Problem:** the City has a clear goal for climate action, but prioritizing resources to fund the plan is very difficult
- Solution:** through a program prioritization process, the City can create resource reallocation and revenue generating opportunities
- Progress:** ~200 ideas, >\$41m (\$23m reallocation, \$18m revenue)
- What's Next:** evaluating insights, execution, further insight work, applying PBB for budget process, etc

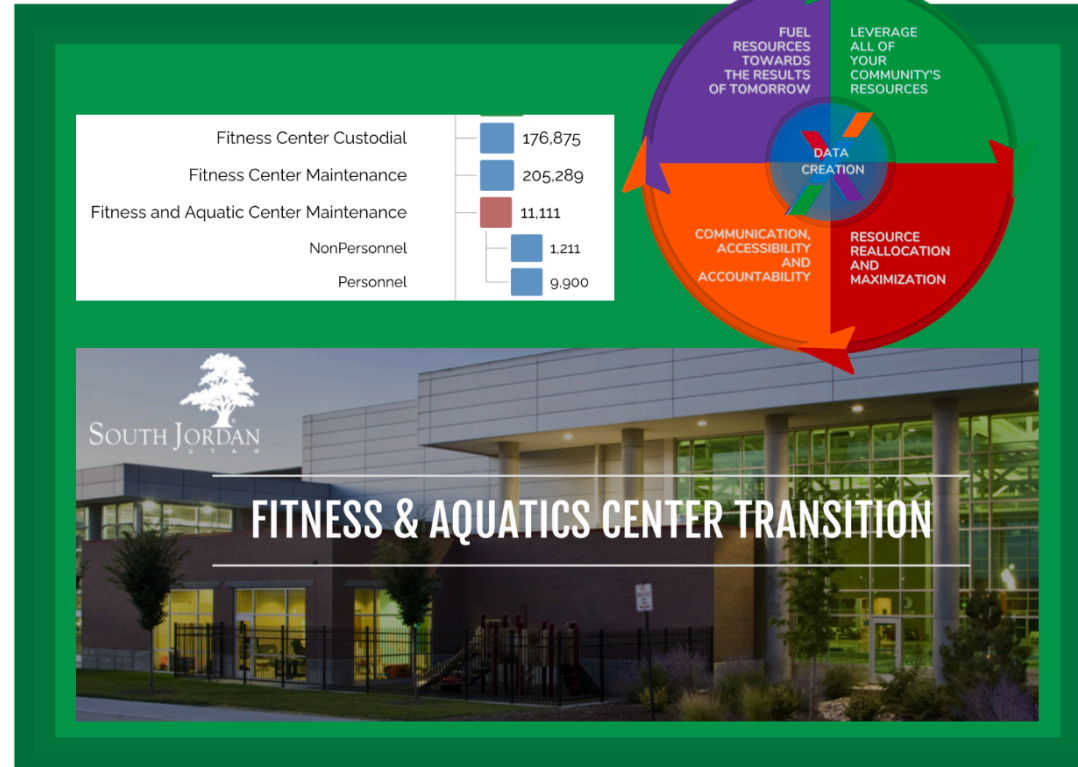
All Insights:

Insight	Number	On Going Exp	One Time Exp	On Going Rev	One Time Rev
Program Efficiency	52	-3,178,825	1,405,300	822,500	10,000
Entrepreneurial Revenue Generating (Fees Charges)	42	0	75,000	2,257,500	205,000
Service Delivery Changes to Achieve Climate and Equity Goals	39	-18,463,200	92,295,000	2,250,000	10,800,000
Leverage Partners (Sourcing)	29	-427,800	-35,000	473,000	75,000
Service Level Decrease	19	-1,099,500	0	5,000	750,000
Other Insight	3	-50,000	0	0	0
No Recommended Change	2	0	0	250,000	0
Total	186	-23,219,325	93,740,300	6,058,000	11,840,000





**Leverage All of your
Community's Resources**



EXCELLENCE IN SOUTH JORDAN, UT

The City of South Jordan, Utah entered into an innovative parks and recreation partnership with Salt Lake County. This partnership transfers the operation of the Fitness and Aquatics center to the County and creates a joint partnership of Bingham Creek Regional Park. This partnership enhances the long-term recreation services available to residents in a fiscally responsible way.



GOVERNMENT AS A PLATFORM: PLUGGING IN THE BEST SERVICE PROVIDERS

• **PART 3** in a Four-Part Series About Improving
• Local Government Coordination and Reducing
• Waste from Local Government Fragmentation

BY SHAYNE C. KAVANAGH AND CHRIS FABIAN

Coming soon, in 2021...

ResourceXcellence in Leverage All of Your Community's Resources is about leveraging and partnering with other service providers aligned with the results your organization is striving to achieve and take advantage of their efforts and resources as if your organization and theirs were one and the same.

Tips

- MUST HAVES:
 - Support from the top
 - Engagement across the org. from a variety of levels
- Other keys for us:
 - Start reasonably and meaningfully
 - Celebrate
 - Be agile – local government is dynamic
 - Keep it up
- Wish we had:
 - A connection to our organizational values

Contact Info

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