



Staff Report

File #: 18-59

Version: 1

Date: 2/12/2018

Item #: 3.2d.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kacey Duncan, Deputy City Manager

SUBJECT:

Transfer of appropriation authority in the General Fund for Priority Based Budgeting

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

ISSUE:

Shall the City Council adopt Resolution No. 2018-11 to transfer \$85,000 of appropriation authority from General Fund, Non Departmental, contingencies to General Fund, City Manager's Office, materials and services for Priority Based Budgeting?

RECOMMENDATION:

Adopt Resolution No. 2018-11 to transfer \$85,000 of appropriation authority from General Fund, Non Departmental, contingencies to General Fund, City Manager's Office, materials and services for Priority Based Budgeting.

SUMMARY AND BACKGROUND:

On January 22, 2018, the City Council confirmed its 2018 Policy Agenda, including direction to proceed with the necessary steps for Priority Based Budgeting (PBB). Implementation of PBB supports several of the actions defined in the Strategic Plan for the Sustainable Service Delivery goal, including redesigning the annual budget process and defining Salem's core services and identifying the desired levels of service the City can provide. PBB is an International City / County Management Association (ICMA) and National League of Cities best practice for city councils to allocate available resources through an approach that identifies an organization's most important strategic priorities and ranks programs or services according to how well they align with the priorities.

The appropriation will be used to retain a consultant experienced in PBB.

FACTS AND FINDINGS:

The period of initial implementation for PBB is May through October 2018, allowing City Council, the City's executive management team, and budget preparers to use the PBB results in developing the 2019 Policy Agenda and FY 2020 financial forecast and budget.

As May 2018 is within the current fiscal year, a funding appropriation for this project will need to be established using General Fund contingencies. State law allows the City Council to approve transfers of appropriations within the limits established by the adopted budget to address unforeseen changes. Resolution No. 2018-11 provides appropriation authority to fund the cost of implementing PBB, which was unanticipated at the point of FY 2018 budget development.

In accordance with the budget redesign action item in the Strategic Plan and preparation for the implementation of PBB, City programs and services within the FY 2019 Budget will be organized into outcome areas - or service areas -as discussed at the November 6, 2017 Budget Committee meeting. At that meeting, staff shared an example of a public safety or "safe community" presentation in the budget document that joined activities and services intended to ensure our community is safe into an aggregated budget display.

The six proposed service area groupings below find their origin in the City Council's vision, mission, and values. The FY 2019 Budget will be structured according to these service areas, which staff will develop in more detail for an upcoming City Council meeting.

- Safe Community
- Welcoming and Livable Neighborhoods
- Strong and Diverse Economy
- Safe, Reliable and Efficient Infrastructure
- Natural Environment Stewardship
- Good Governance

The service areas noted above may provide the foundation for the process of identifying the aspirational outcomes defined as community "priorities" within PBB. The policy priorities within the Strategic Plan align with the over-arching community outcomes defined by five of the six proposed service areas. Work performed now to define service areas and align strategic plan policy, City programs and services, and FY 2019 budget allocations will prepare the organization for the evaluation and analysis required to implement PBB.

Service Area

Strategic Plan Policy Priority

Welcoming and Livable Community

*Vision for Growth and Development
Affordable Housing, Social Services, and
Homelessness*

| | |
|---|--|
| Strong and Diverse Economy | <i>Economic Development and Downtown</i> |
| Safe, Reliable and Efficient Infrastructure | <i>Critical Infrastructure</i> <i>Public Transportation</i> |
| Natural Environment Stewardship | <i>Environmental Action</i> |
| Good Governance | <i>Sustainable Services</i> |

Attachments:

1. Resolution No. 2018-11, Implementing Priority Based Budgeting
2. Resolution No. 2018-11, Exhibit A, Contingency Status