

**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

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

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

30 **Weaknesses**

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

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37 **2011 Suggested Process Improvements**

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

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

48 **POLICY OBJECTIVE**

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

52 **FINANCIAL IMPACTS**

53 Not applicable.

54 **STAFF RECOMMENDATION**

55 Not applicable.

56 **REQUESTED COUNCIL ACTION**

57 No Council action is requested. The presentation is submitted for informational and discussion purposes.  
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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><br><u>Division</u>      | <u>2010</u><br><u>Program / Function</u> | <u>2011</u><br><u>Program / Function</u>                                                                                                                                       |
|---------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 38 Finance<br>Finance<br>Finance<br>Finance | Finance - Finance Director position      | <del>Finance - Finance Director position</del><br><b>Finance - Budgeting / Financial Planning</b><br><b>Finance - Debt Management</b><br><b>Finance - Economic Development</b> |
| 52 Finance<br>Finance                       | Finance - Financial acct./reporting      | Finance - Financial acct./reporting<br><b>Finance - Purchasing</b>                                                                                                             |
| 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           | <del>Finance - Software maintenance</del>                                                                                                                                      |
| 107 Finance                                 | Finance - Other (4%)                     | <del>Finance - Other (4%)</del>                                                                                                                                                |
| 155 Police                                  | Admin - Animal control                   | <del>Admin - Animal control</del>                                                                                                                                              |
| 138 Police                                  | Admin - Background investigations        | <del>Admin - Background investigations</del>                                                                                                                                   |
| 21 Police                                   | Admin - Business licensing, compliance   | <del>Admin - Business licensing, compliance</del>                                                                                                                              |
| 112 Police                                  | Admin - Criminal prosecutions            | <del>Admin - Criminal prosecutions</del>                                                                                                                                       |
| 111 Police                                  | Admin - Execute warrants                 | <del>Admin - Execute warrants</del>                                                                                                                                            |
| 127 Police                                  | Admin - Fire arms permits                | <del>Admin - Fire arms permits</del>                                                                                                                                           |
| 8 Police                                    | Admin - Organizational Management        | Admin - Organizational Management                                                                                                                                              |
| 90 Police                                   | Admin - Pawn shop oversight              | <del>Admin - Pawn shop oversight</del>                                                                                                                                         |
| 40 Police                                   | Admin - Police Chief position            | <del>Admin - Police Chief position</del>                                                                                                                                       |
| 64 Police                                   | Admin - Police records                   | <b>Admin - Responding to Public Requests</b>                                                                                                                                   |
| 5 Police                                    | Admin - Police reports                   | <b>Admin - Police Records / Reports</b>                                                                                                                                        |
| 84 Police                                   | Admin - School Liaison                   | <del>Admin - School Liaison</del>                                                                                                                                              |
| 122 Police<br>Police                        | Admin - Security alarm responses         | <del>Admin - Security alarm responses</del><br><b>Admin - Community Liaison</b>                                                                                                |
| 39 Police                                   | Comm Svcs - general                      | <del>Comm Svcs - general</del>                                                                                                                                                 |
| 124 Police                                  | Emergency Mgmt - general                 | Emergency Mgmt - general                                                                                                                                                       |
| 91 Police                                   | Investigations - crime scene processing  | <del>Investigations - crime scene processing</del>                                                                                                                             |
| 3 Police                                    | Investigations - investigations          | <b>Investigations - crime scene processing</b>                                                                                                                                 |
| Police                                      | Investigations - investigations          | <b>Investigations - Public Safety Promo / Community Interaction</b>                                                                                                            |
| Police                                      |                                          | <b>Investigations - Criminal prosecutions</b>                                                                                                                                  |
| Police                                      |                                          | <b>Investigations - Other</b>                                                                                                                                                  |
| 36 Police                                   | Patrol - Case management                 | <del>Patrol - Case management</del>                                                                                                                                            |
| 2 Police                                    | Patrol - Citizen customer service        | <b>Patrol - Public Safety Promo / Community Interaction</b>                                                                                                                    |
| 135 Police                                  | Patrol - City of St. Paul Radio support  | <del>Patrol - City of St. Paul Radio support</del>                                                                                                                             |
| 67 Police                                   | Patrol - Collaborate with others         | <del>Patrol - Collaborate with others</del>                                                                                                                                    |
| 22 Police                                   | Patrol - Community Liaison               | <del>Patrol - Community Liaison</del>                                                                                                                                          |
| 30 Police                                   | Patrol - Dispatch                        | Patrol - Dispatch                                                                                                                                                              |
| 16 Police                                   | Patrol - Patrol (state aid)              | <del>Patrol - Patrol (state aid)</del>                                                                                                                                         |
| 4 Police                                    | Patrol - Patrol Other                    | <b>Patrol - 24x7 / First Responder</b>                                                                                                                                         |
| 73 Police                                   | Patrol - RMS maintenance                 | <del>Patrol - RMS maintenance</del>                                                                                                                                            |

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

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