

**AGENDA FOR COMMITTEE OF THE WHOLE MEETING
SUPERIOR, WISCONSIN
Tuesday, February 7, 2017
Immediately following the 6:30 p.m. Regular Council Meeting
Government Center, Board Room 201**

ROLL CALL

1. WITH POWER TO ACT: Finance Director Vito presenting information regarding Priority Based Budgeting, and requesting:
 - 1) To approve transitioning to Priority Based Budgeting in two phases;
 - 2) Approve entering into a contract with the Center for Priority Based Budgeting with a contract to be brought forward on March 7, 2017 for approval; and
 - 3) To approve the use of 2017 contingency funds of \$20,000 contingent upon approval of the contract with Center for Priority Based Budgeting.

Pursuant to the Americans with Disabilities Act of 1990, if you are in need of an accommodation to participate in the public meeting process, please contact the City Clerk's Office at (715) 395-7200 prior to the scheduled meeting. The City will attempt to accommodate any request depending on the amount of notice received. TDD (715) 395-7521.

In compliance with Wisconsin Open Meetings Law, this agenda was:

Posted: Government Center, Court House, & Public Library

Faxed to: Daily Telegram, Public Library: 2-2-17



SUPERIOR

W I S C O N S I N

Living up to our name.

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January 26, 2017

Council Meeting Date: February 7, 2017

TO: Mayor Hagen and Members of the City Council
CC: Department Heads, Chris Bronson, Assistant Finance Director
FROM: Jean Vito, Finance Director | Senior Administrative Officer
RE: Request to Transition to Priority Based Budgeting with Assistance from the Center for Priority Based Budgeting

Introduction

The city is considering moving away from traditional budgeting to a system of priority based budgeting.

Background

The traditional approach to governmental budgeting is incremental; the current year’s budget becomes the basis for the next year’s spending plan. This approach is workable when spending levels can easily be supported by available revenue. When revenue declines or remains flat (and expenditures continue to rise) a gap then begins.

When budgetary gaps exist there must be a means to eliminate the shortfall. Across the board reductions are a potential solution but do not address priorities for services or programs meaning each service is considered of equal importance in receiving the reduction. Our focus for this discussion is on the General Fund as the Enterprise Funds (Wastewater, Stormwater and Landfill) are sufficiently funded by their respective fees.

The General Fund has entered a time of increased competition for limited tax levy dollars and current projections show an ever increasing budgetary gap beginning 2018 and continuing into future years. Across the board reductions are not deemed to be the best solution to prioritize services most important to the community.

Discussion

On February 7th I will be doing an introductory presentation on the subject of Priority Based Budgeting (PBB) as an alternate to our traditional budgeting methods. We will still have the same statutory guidance of Wisconsin Chapter 65.90 and the same required dates to introduce the budget to the council and later approve the budget.

What changes if we move to PBB is the *process* in which the budget is derived. In the most summarized definition of the PBB process:

- The city determines the available resources (anticipated 2018 funding sources within the General Fund),
- Completes an inventory of programs/services currently being provided to residents
- Puts a dollar value/cost to each of these services
- Solicits input from the community on their most preferred services
- Ranks the programs according to community values and
- Applies the available funds to the programs that receive the highest rankings.

Instead of reductions coming across the board to all departments, the reductions would be made to the lowest priority programs thus retaining the services deemed most important to the community.

To assist the city with the implementation of PBB it is recommended to seek outside guidance from a firm that has assisted other communities in doing the same thing. A firm called the *Center for Priority Based Budgeting* (CPBB) has been instrumental in assisting close to 120 communities across the United States with their goals to transition to Priority Based Budgeting. Established in 2010, this Denver, Colorado-based firm provides technical and advisory services that help make the process one that is inclusive and fair. The Finance Department is in the process of interviewing 7 communities of our size who have used the CPBB to make this transition and will report on feedback received on February 7th. It is believed that the CPBB is the leading firm to aid communities with Priority Based Budgeting and for this reason our recommendation is to sole source this service with CPBB.

Funding Source

CPBB has quoted the city a cost of \$20,000 in 2017 to begin implementation of PBB for the 2018 budget year and \$15,000 (due in 2018) to fully transition to PBB for the 2019 budget year. Funds have not been budgeted in a specific department for this in 2017 so the recommendation is to use contingency funds within the General Fund to cover the first \$20,000.

Recommendation and Requested Action

It is requested that the city council:

- 1) Approve transitioning to Priority Based Budgeting in two phases (Phase I for the year 2018 and Phase II for the year 2019)
- 2) Approve entering into a contract (via sole sourcing) with the Center for Priority Based Budgeting with a contract to be brought forward on March 7, 2017 for approval
- 3) Approve the use of 2017 contingency funds of \$20,000 contingent upon approval of the contract with Center for Priority Based Budgeting

Recommended:

Date

Mayor Bruce C. Hagen