

**DATE:** October 11, 2016

**STAFF:** Darin Atteberry, City Manager  
Mike Beckstead, Chief Financial Officer  
Lawrence Pollack, Budget Director

## **WORK SESSION ITEM**

### **City Council**

#### **SUBJECT FOR DISCUSSION**

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Review of the 2017-18 Recommended Budget #3.

#### **EXECUTIVE SUMMARY**

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The purpose of this item is to review the City Manager's 2017-2018 Recommended Budget that was delivered to City Council and the City Clerk on September 1, 2016 pursuant to provisions of Article V, Section 2 of the City Charter. In September and October the City Council has had a series of work sessions to discuss the City Manager's Recommended Budget and conducted two Public Hearings to gather input from the community as outlined in the table below. The Recommended Budget is aligned with the City's Strategic Plan, the Council Work Plan and Community Priorities and was put together based on input from citizens, staff and the City's Executive Leadership team. Through enhanced community outreach, citizens have had more opportunity this year than ever before to provide input on the specific Offers (budget requests) under consideration.

At the October 11, 2016 Work Session, staff will present a summary overview the strategic Outcomes areas called Neighborhood Livability and Social Health. Additionally, staff will be looking for guidance as to the changes to the City Manager's Recommended Budget that Council would like to have incorporated into First Reading on November 1.

#### **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

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1. What clarifying questions does City Council have on the Outcome being presented?
2. What follow-up items are there on budget issues related to that Outcome?
3. What changes does Council want incorporated into First Reading of the 2017-18 Budget?

#### **BACKGROUND / DISCUSSION**

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The 2017-2018 Budget process began following the City Council Work Session on March 22, 2016 where the City's 2016 Strategic Plan was reviewed. Since then, staff has done significant work which has led to the City Manager's 2017-2018 Recommended Budget. This was the seventh budget cycle where the City used a process called Budgeting for Outcomes (BFO) which included the following major steps:

- City staff developed about 450 Offers (budget requests) which were submitted to one of the City's seven key Strategic Outcomes
- One BFO Team per Outcome was created; each one was comprised of 7 staff members and 2 citizen volunteers. The BFO teams reviewed Offers and negotiated with Sellers to improve their Offers. Ongoing Offers were given a significant level of scrutiny that included a financial comparison between budget cycles. BFO Teams evaluated and priority ranked all Offers using a number of inputs including:
  - Linkage to the City's 2016 Strategic Plan
  - Performance Measures
  - Citizen input
  - Organizational efficiencies and improvements

- Significant public outreach was conducted to gather citizen feedback from a broad demographic of our community. During a 3-month period 8 citizen feedback events were conducted, as well as a mobile booth, which touched more than 250 people, with nearly half of them providing feedback forms. Nearly 100 other people provided feedback electronically using our new online tool: *A Balancing Act*. All data was then shared with the Budget Lead Team (the BLT is comprised of the City Manager and his executive staff) to assist with their evaluation of Offers.
- The prioritized list of funding recommendations from the BFO Teams was then reviewed by the City Manager and the Budget Lead Team (BLT). The BLT deliberated using the same criteria as the BFO Teams, but they looked across all seven Outcomes to make adjustments, as necessary.
- The City Manager finalized the Recommended Budget and submitted it to City Council on September 1, 2016

**City Council Budget Meetings**

The City Council has held a series of work sessions in September and October to discuss the proposed 2017-2018 Budget. These work sessions have included staff presentations regarding specific Outcomes, followed by an opportunity for questions and discussion. This final work session also includes City Council discussion regarding overall priorities, policy issues and guidance on what changes Council wants included in First Reading of the 2017-18 Biennial Budget.

The remaining key dates for City Council discussions and Public Hearings are as follows:

Meeting Date	Topic
October 11, 2016 Work Session #3	Presentation, Questions and Discussion: <ol style="list-style-type: none"> <li>1. Neighborhood Livability and Social Health</li> <li>2. General Discussion-Final Council Direction</li> </ol>
November 1, 2016 Regular Meeting	First Reading of the 2017-18 Biennial Budget and the 2017 Appropriation Ordinance
November 15, 2016 City Council Meeting	Second Reading of the 2017-18 Biennial Budget and the 2017 Appropriation Ordinance