

**Agenda for the
Regular Meeting of the
Englewood City Council
Monday, March 16, 2015
7:30 pm**

Englewood Civic Center – Council Chambers
1000 Englewood Parkway
Englewood, CO 80110

1. Call to Order.
2. Invocation.
3. Pledge of Allegiance.
4. Roll Call.
5. Consideration of Minutes of Previous Session.
 - a. Minutes from the Regular City Council Meeting of March 2, 2015.
6. Recognition of Scheduled Public Comment. (This is an opportunity for the public to address City Council. There is an expectation that the presentation will be conducted in a respectful manner. Council may ask questions for clarification, but there will not be any dialogue. Please limit your presentation to five minutes.)
 - a. City Council will recognize the Englewood nominees for the 2015 Arapahoe County Mayors and Commissioners Youth Awards:
 - i. Andrew Craig, an 8th grader at Englewood Middle School
 - ii. CR Foerstner, an 8th grader at Englewood Middle School
 - iii. Diamond Holguin, a 12th grader at Colorado's Finest High School of Choice
 - iv. Sierra January, an 8th grader at Englewood Middle School
 - v. Leah Kern, an 8th Grader at Englewood Middle School
 - vi. Terrell Padilla, an 8th Grader at Englewood Middle School
 - vii. Jordyn Peoples, an 8th Grader at Englewood Middle School
 - viii. Stephanie Perez, a 12th Grader at Colorado's Finest High School of Choice
 - ix. Sinahy Ruiz, a 12th Grader at Colorado's Finest High School of Choice
 - x. Sessily Sanchez, an 8th Grader at Englewood Middle School
 - xi. Kennedy Watson, a 12th Grader at Englewood High School

Please note: If you have a disability and need auxiliary aids or services, please notify the City of Englewood (303-762-2405) at least 48 hours in advance of when services are needed.

7. Recognition of Unscheduled Public Comment. (This is an opportunity for the public to address City Council. There is an expectation that the presentation will be conducted in a respectful manner. Council may ask questions for clarification, but there will not be any dialogue. Please limit your presentation to three minutes. Time for unscheduled public comment may be limited to 45 minutes, and if limited, shall be continued to General Discussion.)

Council Response to Public Comment.
8. Communications, Proclamations, and Appointments.
 - a. A proclamation recognizing March 2015 as Government Purchasing Month.
9. Consent Agenda Items
 - a. Approval of Ordinances on First Reading.
 - b. Approval of Ordinances on Second Reading.
 - i. Council Bill No. 5, authorizing an amendment to the current intergovernmental agreement with the Englewood Public Schools to include scheduling and maintenance of the tennis courts.
 - c. Resolutions and Motions.
10. Public Hearing Items. (None Scheduled)
11. Ordinances, Resolutions and Motions.
 - a. Approval of Ordinances on First Reading.
 - b. Approval of Ordinances on Second Reading.
 - c. Resolutions and Motions.
 - i. Recommendation from the Finance and Administrative Services Department to approve a resolution for a supplemental appropriation to implement Priority Based Budgeting for the 2016 Budget. **Staff Source: Frank Grylewicz, Director of Finance and Administrative Services.**
 - ii. Recommendation from the City Manager's Office to approve, by motion, a professional services agreement for Priority Based Budgeting. Staff recommends awarding the contract to the Center for Priority Based Budgeting in the amount of \$43,500. **Staff Source: Eric A. Keck, City Manager.**

- iii. Recommendation from the Littleton/Englewood Wastewater Treatment Plant Supervisory Committee to approve, by motion, a construction contract for the Pretreatment Office Parking Improvements Project. Staff recommends awarding the contract to the lowest acceptable bidder, Adam II, Inc. in the amount of \$147,042.53. **Staff Source: Stewart Fonda, Director of Utilities and Chong Woo, Engineering/Maintenance Manager.**

12. General Discussion.

- a. Mayor's Choice.
- b. Council Members' Choice.

13. City Manager's Report.

14. City Attorney's Report.

15. Adjournment.



PROCLAMATION

WHEREAS, governmental purchasing organizations in the State of Colorado are committed to the highest ideals of honor and integrity in order to merit the respect and confidences of state, municipal, county, special district, higher education, school district, or other local area government agencies, and the public which they serve; and

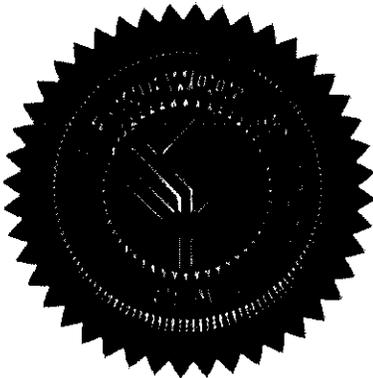
WHEREAS, Colorado provides an environment where all organizations are afforded an equal opportunity to compete for business within the state, municipal, county, special district, higher education, school district, or other local area government agencies; and

WHEREAS, governmental purchasing organizations are to be commended for their diligent pursuit of efficiency in the operation of government through their commitment to seeking goods and services of the highest value in terms of quality and price to maximize the benefits provided to the citizens of this state.

NOW THEREFORE, I, Randy P. Penn, Mayor of the City of Englewood, Colorado, hereby proclaim **March 2015** as:

GOVERNMENT PURCHASING MONTH

GIVEN under my hand and seal this 16th day of March, 2015.



Randy P. Penn, Mayor

BY AUTHORITY

ORDINANCE NO. _____
SERIES OF 2015

COUNCIL BILL NO. 5
INTRODUCED BY COUNCIL
MEMBER OLSON

AN ORDINANCE APPROVING AN AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF ENGLEWOOD AND THE ARAPAHOE COUNTY SCHOOL DISTRICT NO. 1 RELATING TO THE MAINTENANCE OF THE TENNIS COURTS AT THE 7-12 CAMPUS

WHEREAS, the Englewood City Council approved an Intergovernmental Agreement between the City of Englewood and the Arapahoe County School District No. 1 which consolidated previous shared service and joint activity Intergovernmental Agreements between the two parties; modified agreements concerning Hosanna Field and authorized application for grants by the passage of Ordinance No. 63, Series of 2013; and

WHEREAS, in that Intergovernmental Agreement a prior agreement pertaining to tennis and hand ball courts was terminated because the tennis courts have been removed and replaced with an inline hockey rink; and

WHEREAS, the Englewood School District has constructed new tennis courts at the 7-12 Campus and the parties wish to clarify their responsibilities as to those new tennis courts.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ENGLEWOOD, COLORADO, THAT:

Section 1. The Intergovernmental Agreement between the City of Englewood and the Arapahoe County School District No. 1 (a.k.a. the Englewood School District), dated November 18, 2013, shall be amended by adding a First Amendment to that Agreement, attached hereto as Exhibit A.

Section 2. The Intergovernmental Agreement between the City of Englewood and the Arapahoe County School District No. 1 (a.k.a. Englewood School District) shall be amended by the Addition of a new Section 5, and a new Section 6 to clarify each party’s responsibility regarding the tennis courts at the 7-12 Campus.

Introduced, read in full, and passed on first reading on the 2nd day of March, 2015.

Published by Title as a Bill for an Ordinance in the City’s official newspaper on the 5th day of March, 2015.

Published as a Bill for an Ordinance on the City's official website beginning on the 4th day of March, 2015 for thirty (30) days.

Read by title and passed on final reading on the 16th day of March, 2015.

Published by title in the City's official newspaper as Ordinance No. ____, Series of 2015, on the 19th day of March, 2015.

Published by title on the City's official website beginning on the 18th day of March, 2015 for thirty (30) days.

Randy P. Penn, Mayor

ATTEST:

Loucrishia A. Ellis, City Clerk

I, Loucrishia A. Ellis, City Clerk of the City of Englewood, Colorado, hereby certify that the above and foregoing is a true copy of the Ordinance passed on final reading and published by title as Ordinance No. ____, Series of 2015.

Loucrishia A. Ellis

FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF ENGLEWOOD
AND
THE ARAPAHOE COUNTY SCHOOL DISTRICT NO. 1
DATED November 18, 2013

This First Amendment to the Agreement is entered into this ____ day of _____, 20 ____, by and between the City of Englewood, a Colorado Home Rule Municipality (herein called "City") and the Arapahoe County School District No. 1 (Englewood School District).

WHEREAS, the Agreement dated November 18, 2013 was a consolidation and clarification of numerous prior agreements concerning the cooperative relationship between the City of Englewood and Englewood School District; and

WHEREAS, the Englewood School District has recently completed construction of a new 7-12 Campus which includes tennis courts; and

WHEREAS, the City of Englewood and Englewood School District wish to amend the 2013 Agreement to include cooperative responsibilities for these new tennis courts.

THEREFORE the parties agree as follows regarding the 7-12 Campus Tennis Courts

Section 1. A new Section 5 shall be added to the Agreement dated November 18, 2013, to read as follows:

Section 5. Englewood High School Tennis Courts Maintenance and Scheduling:

This agreement between Englewood Schools and the City of Englewood Parks and Recreation Department defines the specific responsibilities between the two parties for maintenance and repairs to the four (4) tennis courts located at the 7-12 Campus.

Englewood School District will:

1. Maintain and repair all tennis court related facilities at the Hosanna Athletic Complex. These are items such as: nets, posts, fencing, screening, lighting, and court surfacing (surface paint colors and line striping), etc.
2. Remove snow and debris from the tennis courts and surrounding areas
3. Be responsible for the activities and functions which they schedule on the tennis courts
4. Perform regular trash removal from the area.

The City of Englewood will:

1. Maintain and be responsible for scheduling recreation activities, community activities and events and notifying Englewood Schools of such activities and events.

COUNCIL COMMUNICATION

Date: March 16, 2015	Agenda Item: 11 c i	Subject: Resolution for Supplemental Appropriation to Fund a Professional Services Agreement with the Center for Priority Based Budgeting
Initiated By: Finance and Administrative Services Department		Staff Source: Frank Gryglewicz, Director

COUNCIL GOAL AND PREVIOUS COUNCIL ACTION

Representatives from the Center for Priority Based Budgeting (PBB) provided City Council with an overview of Priority Based Budgeting at the Study Session on February 23, 2015. Council requested staff prepare a Professional Services Agreement and a resolution appropriating funds to proceed with implementing PBB for the 2016 Budget.

RECOMMENDED ACTION

Staff recommends City Council approve the attached Resolution appropriating funds to implement Priority Based Budgeting for the 2016 Budget.

SOURCES AND USES OF FUNDS:

GENERAL FUND:

SOURCE OF FUNDS:

Unassigned Fund Balance	\$43,500
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USE OF FUNDS:

City Manager’s Office: Professional Services	\$43,500
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BACKGROUND, ANALYSIS, AND ALTERNATIVES IDENTIFIED

Council discussed and determined the City’s past budgeting practices may not effectively provide a methodology for costing and prioritizing the many programs and services provided both internally and externally. The PBB will help the City understand and rank services and programs by priority as well as funding requirements.

FINANCIAL IMPACT

The Unassigned Fund Balance in the General Fund will be reduced \$43,500. This expenditure is considered a vital investment in the City’s future.

LIST OF ATTACHMENTS

Proposed Resolution

RESOLUTION NO. _____
SERIES OF 2015

A RESOLUTION APPROVING A SUPPLEMENTAL APPROPRIATION TO THE 2015 BUDGET FOR THE CENTER FOR PRIORITY BASED BUDGETING.

WHEREAS, the City of Englewood is required by City Charter to ensure that expenditures do not exceed legally adopted appropriations; and

WHEREAS, the 2015 Budget was submitted and approved by the Englewood City Council on November 3, 2014; and

WHEREAS, representatives from the Center for Priority Based Budgeting (PBB) provided the Englewood City Council with an overview of Priority Based Budgeting at the Study Session on February 23, 2015; and

WHEREAS, the City's past budgeting practices may not effectively provide a methodology for costing and prioritizing the many programs and services provided both internally and externally; and

WHEREAS, the Center for Priority Based Budgeting will help the City understand and rank services and programs by priority and the funding required to provide them for the 2016 Budget; and

WHEREAS, the passage of this resolution will appropriate the funds to implement the Center for Priority Based Budgeting for the City of Englewood's 2016 Budget.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ENGLEWOOD, COLORADO, AS FOLLOWS:

Section 1. The Budget for the General Fund of the City of Englewood, Colorado, is hereby amended for the year 2015, as follows:

GENERAL FUND:

SOURCE OF FUNDS:

Unassigned Fund Balance \$43,500

USE OF FUNDS:

City Manager's Office: Professional Services \$43,500

Section 2. The City Manager and the Director of Finance and Administrative Services are hereby authorized to make the above changes to the 2015 Budget for the City of Englewood.

ADOPTED AND APPROVED this 16th day of March, 2015.

ATTEST:

Randy P. Penn, Mayor

Loucrishia A. Ellis, City Clerk

I, Loucrishia A. Ellis, City Clerk for the City of Englewood, Colorado, hereby certify the above is a true copy of Resolution No. _____, Series of 2015.

Loucrishia A. Ellis, City Clerk

COUNCIL COMMUNICATION

Date: March 16, 2015	Agenda Item: 11 c ii	Subject: Priority Based Budgeting – Professional Services Agreement
Initiated By: City Manager’s Office		Staff Source: Eric Keck, City Manager

COUNCIL GOAL AND PREVIOUS COUNCIL ACTION

Vision: To promote and ensure a high quality of life, economic vitality, and a uniquely desirable community identity through the delivery of reliable, affordable, and flexible services and by proactively collaborating with our citizens and businesses to develop an environment to fosters safety and opportunity.

Representatives from the Center for Priority Based Budgeting met with Council at the Study Session on February 23, 2015. Council requested staff to proceed with a Professional Services Agreement with the Center for Priority Based Budgeting.

RECOMMENDED ACTION

Staff recommends Council approve, by motion, a professional services agreement with the Center for Priority Based Budgeting. The contract amount total is \$43,500: \$39,500 for advisory, analytical, and facilitation from the Center for Priority Based Budgeting; and \$4,000 for the Fiscal Health Diagnostic Tool. The purchase is conditional upon approval of a supplemental appropriation for a transfer of \$43,500 from the Unassigned Fund Balance in the General Fund.

BACKGROUND, ANALYSIS, AND ALTERNATIVES IDENTIFIED

Council discussed and determined the City’s past budgeting practices may not effectively provide a methodology for costing and prioritizing the many programs and services provided both internally and externally. The PBB will help the City understand and rank services and programs by priority as well as funding requirements.

FINANCIAL IMPACT

The Unassigned Fund Balance in the General Fund will be reduced \$43,500. This expenditure is considered a vital investment in the City’s future.

LIST OF ATTACHMENTS

Center for Priority Based Budgeting Proposal
Center for Priority Based Budgeting – Fiscal Health Diagnostic Tool
Professional Services Agreement



**CENTER FOR
PRIORITY BASED BUDGETING**

Using a Unique Lens to Focus Community Resources on Results

**Achieving Fiscal Health and Wellness
through
PRIORITY BASED BUDGETING**

A Proposal for

The City of Englewood, Colorado

Center for Priority Based Budgeting
13701 W. Jewell Avenue, Suite 28
Lakewood, CO 80228

Executive Summary

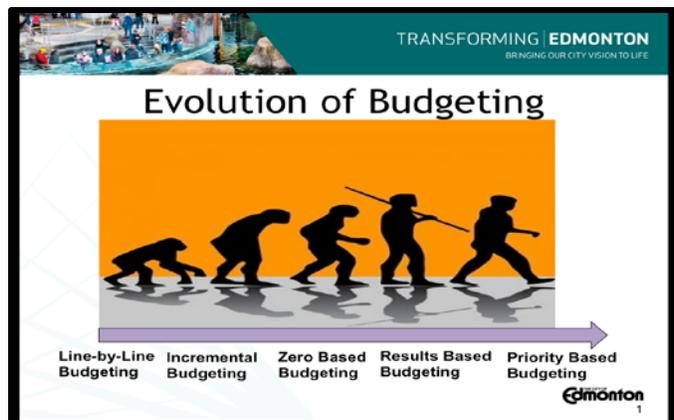


“Challenges facing local governments today literally requires a new way to see. It’s as if our vision has been blurred by the extraordinary stress of managing in this complex economic environment. Whether attempting to rebuild in a post-recession climate, or persevering through another year of stagnating or declining revenues, the challenge remains: how to allocate scarce resources to achieve our community’s highest priorities. Through the new lens of Fiscal Health and Wellness through Priority Based Budgeting, which provides powerful insights, local governments are making significant breakthroughs.”

- Jon Johnson and Chris Fabian, *Seeing Things Differently*, Public Management (PM) Magazine, 2012

The **Center for Priority Based Budgeting** is extremely pleased to provide this proposal in response to the **City of Englewood’s** request for advisory, analytical and facilitation assistance in the development and implementation of a **Priority Based Budgeting (PBB)** process. We believe that our unique and timely results-based approach to resource allocation addresses the needs of local governments everywhere as they struggle to deal with unprecedented budgetary constraints as well as strive to achieve long-term financial sustainability.

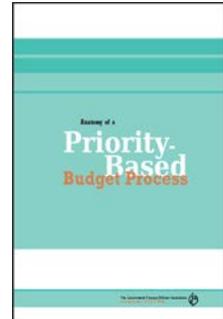
While serving as local government practitioners, **CPBB** co-founders Jon Johnson and Chris Fabian developed the process and tools needed to successfully implement this approach to **Priority Based Budgeting**. We created this process to address our belief that there needed to be a methodology that would successfully link the stated strategic priorities that an organization strives to accomplish with the way resource allocation decisions are made through the budget process. Because of its specific relevance to local governments needing to address their immediate short-term budgetary distress, our **Priority Based Budgeting** process has gained nationwide recognition and has been promoted by the International City/County Management Association (*ICMA*), the Government Finance Officers Association (*GFOA*) and the Alliance for Innovation.



In 2012, the International City/County Management Association (*ICMA*) recognized **Fiscal Health and Wellness through Priority Based Budgeting** as a leading practice for local governments. Seeing that the results of this process have helped over seventy-plus (70+) communities from across the nation find a common approach in their pursuit of results-oriented resource allocation has been overwhelmingly rewarding. Having *ICMA* declare this work as a leading practice, encouraging every local government to move toward the achievement and implementation of **Priority Based Budgeting** furthers the purpose and mission of **CPBB** for the future.

In collaboration with *GFOA*, we were honored to co-author ***“Anatomy of a Priority Based Budget Process”***, a white paper published by *GFOA* in 2011, which establishes and documents a step-by-step

methodology for any organization to successfully implement **Priority Based Budgeting**. This white-paper relied heavily on our experiences and the lessons learned from the pioneering organizations we assisted from 2009 through 2010 as they implemented this unique and innovative process. Since that time, we have significantly enhanced the process even further, incorporating citizen engagement strategies, addressing succession planning, and assisting in the framing of labor negotiations.



In the seventy-plus (70+) local governments that **CPBB** has provided advisory leadership in the implementation of **Fiscal Health and Wellness through Priority Based Budgeting**, we have seen that this process not only provide a way in which an organization can make better short-term resource allocation decisions based on the relative priority of the various programs and services it offers, but also provide a new way to link budget decisions to the strategic results and outcomes that the organization wishes to achieve for the long-term. Furthermore, our "**Resource Alignment Diagnostic Tool**" is truly unlike anything previously available to local governments, providing (*as the City Manager of Fairfield, California coined the phrase*) "**a new and unique lens**" on how government spending is aligned with priorities.

The following proposal was developed with the understanding that this project would begin in **March / April 2015** and that the final "**Resource Alignment Diagnostic Tool**" would be completed by **July / August 2015** in order to assist the **City of Englewood** in the development of its fiscal year **2016 Budget**. With the delivery of the "**Resource Alignment Diagnostic Tool**", the **City of Englewood** will be ready to engage in new and unique conversations as the information gathered during the **Priority Based Budgeting** process is utilized to better inform and validate the **City of Englewood's** budget decisions, as well as demonstrate how this process might be used to engage the community in future budget cycles.

Given your previous efforts that can be directly leveraged and the conversations we've been fortunate to have with you to better understand process expectations and timing, **the total proposed budget for this project is \$39,500.00**.

It is gratifying and rewarding for **CPBB** to be able to offer its assistance to the **City of Englewood**. **CPBB** very much respects the work that you have already accomplished and the vision you have in bringing this leading practice to your organization. It will be an honor and a pleasure to work with you to help it achieve all the benefits and outcomes of our **Fiscal Health and Wellness through Priority Based Budgeting** process, which we believe will lead local governments to more open, transparent and sustainable decision-making for years to come.

Best Regards,

Jon Johnson

Chris Fabian

Center for Priority Based Budgeting

13701 W. Jewell Avenue, Suite 28

Lakewood, CO 80228

Jon - 303-909-9052 or

303-520-1356 or

Website - www.pbbcenter.org



Scope of Implementation Services – Priority Based Budgeting

Fiscal trends and conditions, which are primarily beyond an organization’s control, represent a reality with which all local governments, school districts, special districts and non-profit entities must cope. Addressing those fiscal realities while still meeting the objectives of the organization as well as the expectations of its constituents represents the biggest challenge to any organization’s long-term sustainability.

Traditional responses to a financial crisis such as “***across-the-board cuts,***” ***employee furloughs,*** ***pay freezes,*** ***selling assets,*** or mere cosmetic “***accounting gimmicks***” are typically ***not*** the most effective treatments to turn to when trying to close an ongoing “*gap*” between ongoing revenues and ongoing costs to provide programs and services. Local governments choosing to implement ***Fiscal Health and Wellness*** as a treatment regimen are making substantial progress because they are doing the analytical work required to more accurately diagnosis the reasons behind their fiscal issues and then determining the best treatments that lead to a viable cure.

Fiscal Health can only be achieved by properly diagnosing the symptoms and causes of your organization’s budget issues, allowing you to “*prescribe*” the correct treatments that can alleviate your fiscal distress. Applying the wrong treatment will not “*cure what ails you*” and may even make matters worse. Once your organization is fiscally healthy, it can then become financially sustainable in the long term by implementing a ***Fiscal Wellness*** regimen that revolves around the principles of ***Priority Based Budgeting***. Through this process, Jon Johnson and Chris Fabian have already helped dozens of local governments achieve ***Fiscal Health and Wellness*** in this tough and unprecedented economic climate. Additionally, by implementing ***Priority Based Budgeting***, cities and counties alike have now found a way to link their strategic goals and objectives with the budget process and with their performance measurements.

Fiscal Health and Wellness through Priority Based Budgeting, is an objective and transparent decision-making process, one that ensures programs of higher value - those that achieve an organization’s objectives most effectively – can be sustained through adequate funding levels regardless of the fiscal crisis “*du jour.*” Regardless of whether there are ***more*** resources to distribute or ***less,*** ***Priority Based Budgeting*** leads decision-makers away from the traditional “*across the board*” reduction mentality and guides them towards allocating available resources to those programs most highly valued by the organization and the community it serves.

The creative, organic, and diagnostic process developed by the ***Center for Priority Based Budgeting (CPBB)*** progresses from a diagnosis to a prescription that ultimately enables communities to link funding decisions to their avowed priorities. The processes also bring together local government managers, finance officers, elected officials, civic leaders, and community stakeholders to make decisions that better align the community’s resources with what the community and its leaders value the most.

Through this unique results-based resource allocation process, organizations successfully:

- Identify and define the strategic ***Results*** that their organization seeks to achieve to meet community expectations

- If desired, provide a framework for involvement of community stakeholders in validating and/or helping to define the organization’s *Results*
- Develop a comprehensive list of programs and services offered by the organization and identify the costs of those services
- Evaluate and determine the degree to which those programs and services contribute to the achievement of the identified *Results*
- Prioritize programs that highly achieve those identified *Results* as compared with programs that are less of a priority in terms of their impact on *Results*
- Align resource allocation decisions with higher priority programs
- Provide a “*new lens*” through which the organization can clearly see where opportunities exist to refocus attention on programs that are of the highest priority to the community and shift resources away from those programs that are not highly relevant in terms of achieving the organization’s *Results* for the community
- Lead the organization in the development of measures and metrics that demonstrate how a program achieves the identified *Results*

The methodology and approach involved in the implementation of **CPBB’s** unique and innovative approach to **Priority Based Budgeting (PBB)** are as follows:

Step 1) – DETERMINE RESULTS - accurate prioritization of programs, reflecting the organization’s stated purpose, depends on the comprehensive identification of the *Results* it exists to achieve.

Results help to identify the very fundamental reasons that a local government exists – articulating all the ways it serves the needs of the community (*as opposed to a list of specific projects or initiatives that need to be considered during the next budget cycle*). They are meant to answer the question, “**What are we, as an organization, in business to do?**” *Results* are more overarching in nature and will “*stand the test of time,*” as opposed to more short-term needs or tasks that normally have a targeted “*finish-line.*” Finally, *Results* are truly unique to your community, in that they attempt to represent why your local government exists and why it offers the types of unique services it does to the community.

As *Results* are developed, there is a distinction made between “**Community-oriented Results**”, which help define why certain programs are offered directly to the community, and “**Governance-oriented Results**”, which help define why internally focused programs are offered by various support functions such as Finance, Human Resources, and Information Technology. Through its research and work with other local governments, **CPBB** has found it imperative in achieving the best outcomes from its **Priority Based Budgeting** process that an organization distinguish between “*Community Programs*” (i.e. programs that directly serve the community) and “*Governance*

Options to Consider:

- Has your organization already identified and established a set of *Results*?
- Will a new set of *Results* need to be developed?

You have the flexibility in the **PBB** process to validate existing *Results*, or start fresh by establishing new *Results*

Programs” (i.e. programs that are more internal in nature and generally support the administration, elected officials and departments within the organization). In order to understand the relevance of *Governance Programs*, we need to evaluate them against different *Results* than *Community Programs*, because *Governance Programs* exist within the organization for fundamentally different reasons than do the *Community Programs*. Even though the scoring criteria might be different for each of these two types of programs, the process allows you to ultimately look at all offered programs from an overall City-wide perspective in the eventual program prioritization array.

The main deliverable for **Step 1** includes the identification of *Results* for both “*Community-focused*” programs and “*Governance-focused*” programs, against which programs and services can be validated to establish priorities for the City as the **PBB** process unfolds.

CPBB will help the **City of Englewood** validate its **Results** by:

- Leveraging the strategic planning efforts already completed by the City as it works to articulate the City’s stated *Results* for the purposes of program prioritization
- Conducting a “*Results Validation*” exercise to confirm that the City’s current *Results* are complete, and provide an opportunity to address any *Results* that may not have been identified
- Assisting in distinguishing those *Results* from more specific (*and short-term*) objectives, tasks, and projects, for the purposes of facilitating program prioritization.

OR

- Facilitating a collaborative workshop with the **City Council, the City’s Budget Team, administrative staff, department heads and/or other identified stakeholders** to identify the *Results* that the City wishes to achieve.
- Assisting in distinguishing those *Results* from more specific (*and short-term*) objectives, tasks, and projects, for the purposes of facilitating program prioritization.

Step 2) Clarify Result Definitions - precision in Priority Based Budgeting depends on the clear articulation of the cause and effect relationship between a program and a defined *Result*. With clearly defined “*Result Maps*,” detailing the factors that influence the *Results* the City is in business to achieve, it can seek to minimize subjectivity in the process of linking those *Results* to programs or services offered to the community.

CPBB will lead your Elected Officials, Executive/Leadership Team, Budget staff, Department heads, Management staff and/or community stakeholders (*if desired*) through a facilitated exercise to develop comprehensive definitions for your City’s *Results* that were identified as outlined in **Step 1**. Participants in the “brainstorming” exercise will contribute by expressing all of the many ways that the City’s *Results* can be achieved, with **CPBB** then organizing all of those answers into similarly themed groups that form the basis for each of the *Result Definitions*. The technique is called **Affinity Diagramming** - a proven and powerful method that: a) gathers large and comprehensive amounts of information about all of the



different ways your City's *Results* can be defined, and b) does so in an extremely efficient manner that makes the most optimal use of the participant's time while still producing complete definitions.

These pictures demonstrate the CPBB "Strategy Mapping" workshop with the City of Sacramento, California

Following the exercise, **CPBB** will produce draft "**Result Maps**" for each of your City's stated *Results*. These "**Result Maps**" provide a simple, graphic way to organize and articulate the concepts identified in the facilitated exercise as the definitions around each *Result*. "**Result Maps**" serve as one of the key criteria for *program scoring*, which will take place in **Step 4** outlined below.

CPBB prides itself on its ability to train organizations it has worked with on the **Affinity Diagramming** approach. Staff from your City will not only participate in the development of the City's "**Result Maps**", but will also be trained so that they may conduct their own "**Result Mapping**" sessions when facilitating their own "brainstorming" sessions involving staff or citizens.

Options to Consider:

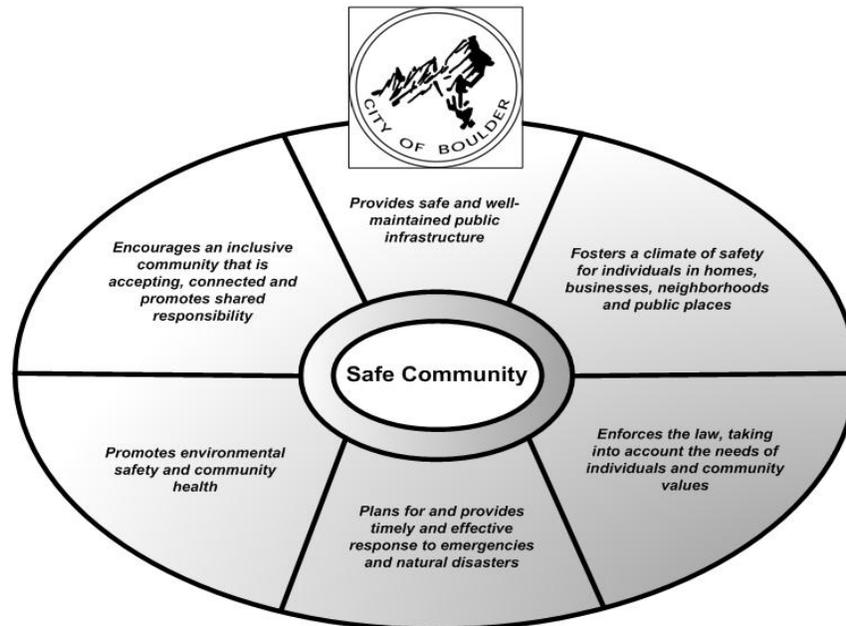
- Will it be important to invite the community into this process?

Citizen engagement can be very effective in the *Results definition* process. **CPBB** offers several options for reaching out to citizens, including a web-based approach and live workshops

Specifically, CPBB will help the City of Englewood clarify Result Definitions by:

- Utilizing the proven "*Result Mapping*" exercise, **CPBB** will facilitate a workshop with **City Council, the City's Budget Team, Administrative staff, Department heads and/or other identified stakeholders** to define outcomes and objectives relative to each *Result*. The process uses affirmative inquiry and open-ended questioning to garner a specific response that helps better define the City's *Results*. *(If desired, the workshop lends itself well to involving community stakeholders.)*
- Leveraging information included in any of the City's existing strategic documents, vision statements and/or mission statements to ensure that this work is incorporated in the development of the *Result Definitions*.
- Facilitating a collaborative work session to establish "*Governance*" *Results* to support the prioritization of internally focused programs (*i.e. Finance, Legal, Human Resources, Information Technology, etc.*).
- Developing "**Result Maps**" for each of the determined *Results* for review and approval by staff and/or City Council members.
- Summarizing the responses provided during the "*Result Mapping*" exercise to capture the entirety of ideas offered by the participants.
- Facilitating, if desired, a process with elected officials, Administrative staff, Department Heads, and/or other internal or external stakeholders to "*weight*" the relative importance of the City's stated *Results*, which establishes the *Result weighting factors* utilized in the calculation of program scores. This is another effective exercise proven to engage community stakeholders in the process of validating the organization's *Result Definitions*.

This graphic illustrates a “Result Map” from the City of Boulder, Colorado that clearly defines their Result of achieving a “Safe Community.”



Step 3) Identify Ongoing Programs and Services - differentiating programs and services offered by the City to the community, as opposed to drawing only a comparison between each of the individual departments that provide services to the community, builds a common understanding of exactly what the entire City offers to its constituents and leads to a more effective means of making discrete resource allocation decisions through the Priority Based Budgeting process.

One of the key objectives that your City will achieve with this process is the identification of programs and services it offers, as well as the cost for these programs. The “**Program**



Tool Profile: Program Costing Tool!

Individual elements of the **Priority Based Budgeting** approach can actually be valuable, in and of themselves. Getting to a program level understanding of “*what you do*,” and a transparent and accurate understanding of “*how much it costs*” to provide those programs is a critical ingredient for understanding what options you have as an organization to change what you’re currently doing. Furthermore, the only way to get to the answer of questions like “*can we provide this program more efficiently*,” or “*are we the best source to offer this service*,” or “*are we truly recovering the direct AND indirect costs for providing this service*” requires a more complete understanding of what the program “*is*”, and how much it costs.

Besides being useful for **Priority Based Budgeting**, you’ll have a Tool that:

- allows you to evaluate established or potential fees, rates and charges on a program-by-program basis;
- allows you to compare your organization with other public or private sector providers to help evaluate the efficiency or appropriate sourcing of your programs;
- allows departments to gain a better understanding and more clearly communicate, at a program level, what they do and how much it costs;
- allows you to clearly see how your workforce is associated with programs (i.e. - what are staff spending their time doing);
- and ultimately allows you to transition your approach to budget development from “line-item budgeting” to “program budgeting” - a key breakthrough!

Inventory” will clarify the breadth of services provided by your City, and highlight key characteristics of each program (e.g., *the full cost of providing the program and level of revenues that program directly generates to support its operations*). The “**Program Inventory**” is a tremendously valuable tool in and of itself but also serves as the basis for discussion of prioritizing resources – programs are prioritized based on their influence on *Results* (which will be the focus of **Steps 4 and 5**).

Many Cities attempt to “*prioritize*” their spending by comparing one department or division against another rather than determining which of the typically hundreds of programs and services offered across the organization are more highly valued than others. By developing a comprehensive list of programs offered by the City and identifying the costs of those services, your City will be able to better understand at a more discrete level what programs it provides and how much it costs to provide them.

CPBB founders wrote the guidelines for developing a “**Program Inventory**”, as published by the Government Finance Officers’ Association (GFOA) white paper on **Priority Based Budgeting**, entitled “**Anatomy of a Priority Based Budgeting Process**” (GFOA, 2011). These guidelines form the basis for **CPBB’s** work with an organization in developing a “**Program Inventory**”. Critical to this process is finding the right level of detail when identifying discrete programs. If a program is too big or encompasses too much, it will not provide sufficient perspective and information – that is, it will be very difficult to describe the precise value the program creates, or to use program cost information in decision making. However, if program definitions are too small, decision makers can become overwhelmed with detail and be unable to see the big picture. **CPBB** will work with your City to establish the right level of discretion in the creation of “**Program Inventories**”.

If your City already has a head start in developing a “**Program Inventory**” or estimating program costs, that information can be directly leveraged as part of this effort. As part of its work, **CPBB** will conduct a more comprehensive review of your City’s listing of programs and offer additional comments and guidance with respect to specific programs identified. The City will be provided an illustrative listing of program examples gathered from other organizations that have worked with **CPBB** for its review and use in refinement of its own “**Program Inventory**”. This will provide your City with the assurance that it has developed a complete and comprehensive listing of all activities at a level discrete enough to offer the full benefit of the **PBB** process. **CPBB** will also evaluate the “**Program Inventory**” listing to ensure that it reflects only programs and services of an ongoing nature as opposed to one-time initiatives or capital-related projects.

With respect to identifying costs for each of the programs identified, **CPBB** will provide a workshop and provide templates in order to train staff on how to derive these *program costs*, as well as serve as a resource to staff in providing assistance in the estimation of these costs. **CPBB** will provide guidance and coaching that will offer your City techniques and methodologies used in calculating indirect and direct *program costs* and identifying the number of staff associated with each program offered with **CPBB’s** proven cost allocation tools and templates. **CPBB** offers an intuitive “**Program Costing Tool**” that truly simplifies the process of developing *program costs* through a step-by-step approach that is a shared “task” between each operating department and Budget staff - where each fills in the relevant information that they are best suited to provide.

The top screenshot displays a '211 - Patrol' worksheet with the following table:

ACCOUNTING TYPE	DEPARTMENT	DIVISION	POSITION TITLE	POSITION NUMBER	NUMBER OF FTEs IN POSITION	ACCOUNTING NUMBER	2018 Direct Costs	2018 Indirect Costs	2018 Total Costs	2019 Direct Costs	2019 Indirect Costs	2019 Total Costs
General	Police Department	Patrol	Police Lieutenant	1	1	001	\$100,000	\$0	\$100,000	\$100,000	\$0	\$100,000
General	Police Department	Patrol	Police Lieutenant	2	2	002	\$200,000	\$0	\$200,000	\$200,000	\$0	\$200,000
General	Police Department	Patrol	Police Lieutenant	3	3	003	\$300,000	\$0	\$300,000	\$300,000	\$0	\$300,000
General	Police Department	Patrol	Police Lieutenant	4	4	004	\$400,000	\$0	\$400,000	\$400,000	\$0	\$400,000
General	Police Department	Patrol	Police Lieutenant	5	5	005	\$500,000	\$0	\$500,000	\$500,000	\$0	\$500,000

The bottom screenshot displays a 'Ridge, Colorado and Costs' worksheet with the following table:

DEPARTMENT	DIVISION	PROGRAM NAME	PROGRAM NUMBER	Program Cost	FTE FTE	Program Revenue	Net Program Cost	Net Program Revenue
Police	Patrol	211 - Patrol	001	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	002	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	003	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	004	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	005	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	006	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	007	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	008	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	009	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	010	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	011	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	012	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	013	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	014	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	015	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	016	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	017	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	018	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	019	\$1,000,000	45.50	\$0	\$1,000,000	\$0
Police	Patrol	211 - Dispatch	020	\$1,000,000	45.50	\$0	\$1,000,000	\$0

This screen capture illustrates an individualized departmental “Program Costing Tool” for the City of Wheat Ridge, Colorado’s Police Department’s Patrol Division

Specifically, **CPBB** will help the **City of Englewood** develop an effective “**Program Inventory**” listing and determine program costs by:

- Facilitating a workshop to help department heads and other identified staff gain a better understanding of how to define and identify the individual programs and services that are offered by each individual department and to provide guidance in distinguishing between a task (*too small to be considered a program*) and a department/division (*oftentimes too large to be considered a program*).
- Sharing an illustrative listing of program examples gathered from other organizations that have worked with **CPBB** to use in developing and/or refining its own “**Program Inventory**”.
- Providing worksheets, feedback and coaching in support of the City’s overall efforts in developing individual department’s “**Program Inventory**” listings.
- Facilitating a workshop to help department heads and other identified staff gain a better understanding of how to utilize **CPBB’s** “**Program Costing Tool**” to determine program costs
- Developing individualized department and/or division “**Program Costing Tool**” templates to assist in the determination of program costs and associated FTE needed to provide the program; effectively “*flipping*” your line item budget to a program budget.
- Providing guidance and coaching to department heads, division directors, managers and/or supervisors to train them on techniques and methodologies used in calculating program costs (*including direct and indirect costs*) and identifying the number of staff associated with each program offered (*if desired*).

Step 4) Value Ongoing Programs Based on Results - with the right *Results*, and with clear definitions of those *Results*, your City is now ready to more accurately place a value on individual programs (and potentially one-time initiatives) relative to its influence on achieving the City's stated *Results*.

In evaluating programs through the scoring phase, it is essential to give departments the first opportunity to score their own programs, relative to your City's *Results* and demonstrate why they believe their programs are influential in achieving those *Results*. This gives departments the chance to provide their own unique intelligence on their own programs that no one else but the program providers would have known. Not only does this help solidify organizational buy-in but at the same time provides a more thorough and complete understanding about everything the City does and how those programs help achieve the identified *Results* (i.e. "why" we offer the program).

The **Peer Review** phase then provides for an authentication process to validate (and question) the department's belief that their programs are indeed relevant to your City's *Results*. Several organizations have commented that, unlike other more conventional approaches to performance measures, **Peer Review** provides a forum for a far better discussion that leads to a clearer understanding of how programs truly influence *Results*. Furthermore, departments gain a City-wide perspective about programs being offered across the organization, which has led to uncovering program redundancies. This step in the process has also led to cross-departmental collaboration, as departments discover that they provide similar programs to other departments. Additionally, this process has contributed to a change in the organizational culture as departments are tasked with the duty of objectively analyzing programs that aren't their own (i.e. a "jury of their peers").

The effect of **Peer Review** has been remarkable, not only for the purposes of **PBB**, but for bringing an organization together to look at the programs they offer in the context of how they collectively achieve the *Results* that the community finds meaningful. In a sense, **Peer Review** begins to break down the old departmental "silos" and lets staff see the world from a more global perspective. Ultimately, it is through this step that more accurate *program* scores emerge, that a better understanding of *programs* is developed, and an assurance that the outcome of the entire process is objective and valid. For the long-term, this phase in the process sparks the discussion of how to determine what measure, metric or "key indicator" will substantiate the fact that a program's desired outcome is achieving that objective.

Specifically, **CPBB** will help the **City of Englewood** value programs based on their stated *Results* by:

- Developing and creating individual department "**Program Scorecards**" that facilitate the City's effort to score programs based on the program's influence on *Results* and on the identified "**Basic Program Attributes**".
- Conducting a workshop for department heads, division directors, managers and/or supervisors to train them on the program scoring process.
- Facilitating a discussion to identify "**Basic Program Attributes**" to help the City determine "what characteristics would make a program a high priority?" "**Basic Program Attributes**" are defined as additional program characteristics that influence the priority of a program, beyond the program's ability to influence *Results*.

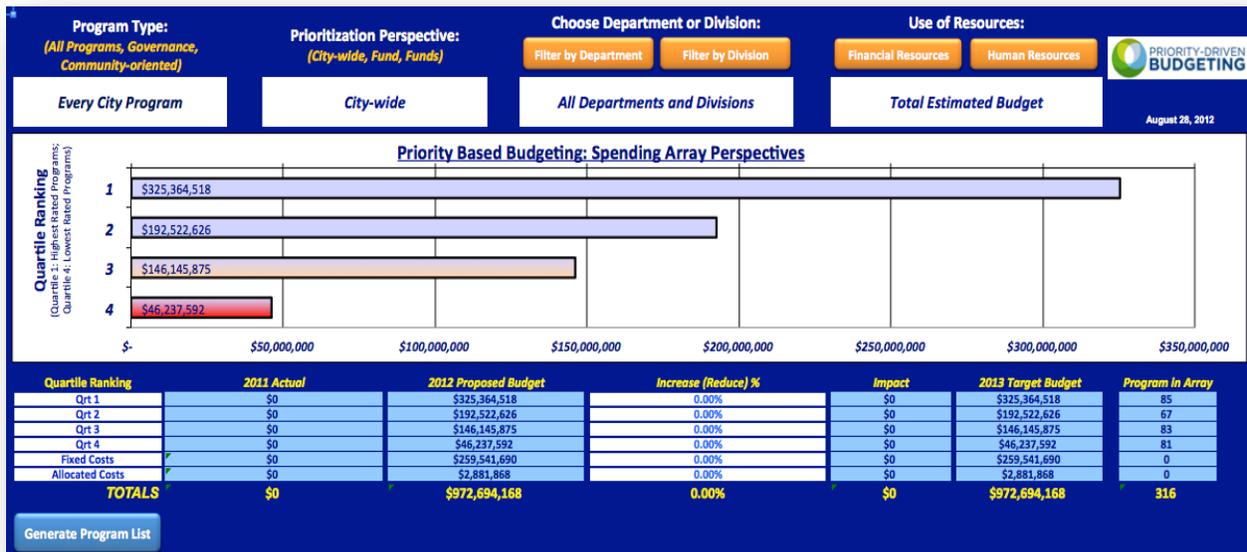
- Assisting the organization with the development of **Peer Review Teams** to ensure they are cross-functional in nature and maintain the level of objectivity needed to make this phase of the process successful. This is another part of the process where including external stakeholders from the community is a potential area of interest.
- Providing coaching and support to the **Peer Review Teams** in the evaluation of program scores, encouraging them to interview program managers to hear evidence that justify assigned program scores, and then in recommending program score adjustments where appropriate.
- Evaluating the City's efforts in performance management and performance measurement to leverage existing measures in the process of justifying program scores – linking performance management and measurement to program scoring, and thus tying these measures into the budget process.
- Accumulating the information provided through the program scoring and peer review phases into a "**Master Program Scorecard**"
- Developing a "**Peer Review Exception Report**" to identify the impact of changes to the department's initial program score made by the **Peer Review Teams**.
- If desired, coaching the City on how to utilize a similar process in evaluating significant capital projects and other one-time initiatives to determine which of these are of the highest priority in terms of accomplishing the City's overall *Results*.

Step 5) Allocate Resources Based on Priorities –ultimately, the *Results* identified and defined by the City and the programs that achieve those *Results* become clearly articulated in the budget through a process in which resource allocation decisions are linked to the prioritization of those individual programs and services.

Once programs have been scored against the *Results* and a relative value determined, the entire list of your City's offered services can be arranged in order of "*highest priority*" (those programs most relevant in achieving the City's stated *Results*) to "*lowest priority*" (those programs that are less relevant in achieving those *Results*). The programs are then grouped into four "**Quartiles**" based on the similarity of the scoring ranges, with *Quartile 1* representing those programs of the highest priority and *Quartile 4* including those programs of the lowest priority.

Individual costs are then associated with each program in order to develop a final "*Spending Array by Quartile*." **CPBB** takes this information and develops a customized "**Resource Alignment Diagnostic Tool**" that can be utilized by the City in 1) assessing its spending profile in terms of aligning resources with identified priorities; 2) developing "*target budgets*" for departments based on their individual prioritized spending profile and 3) analyzing programs using the "**Resource Alignment Diagnostic Tool's**" unique filtering capabilities.

This graphic depiction from the City of Cincinnati, Ohio of its **“Resource Alignment Diagnostic Tool”** helps illustrate how the *Results* of an City’s **Priority Based Budgeting** work can be used to derive



departmental resource allocation *“targets.”* With the **“Resource Alignment Diagnostic Tool”**, your City will have a *“unique lens”* to see your programs not only in terms of their relevance to *Results*, but also in light of mandates, fee structures, citizens’ reliance and community partnerships. This *unique lens* allows staff to efficiently analyze programs and gain insights into areas such as:

- *Programs supported by specific user-fees VS. those funded through general government revenues (taxes)*
- *Stringently mandated services VS. programs without any legislative requirement*
- *Programs that the community depends exclusively upon the local government to provide VS. programs offered by other entities in the community (private, non-profit, etc.)*
- *Programs that highly achieve one or more of the local government’s stated Results VS. those programs that do not help to achieve any of those Results.*
- *Direct VS. indirect costs for services (potentially, if desired)*

In addition, the **“Resource Alignment Diagnostic Tool”** provides staff and the City’s Council members with a way to engage in more powerful and meaningful discussions that address questions such as:

- *What services are truly mandated to be provided by the local government, and how much does it cost to fulfill those mandates?*
- *What programs are most appropriate to consider a discussion about establishing or increasing user-fees?*
- *What programs are most appropriate for discussions about partnerships with other service providers in the community?*
- *What services might the City consider “getting out of” the business of providing altogether?*

- *Where are there apparent duplications in services offered across the organization that might lead to a meaningful efficiency discussion?*
- *How can succession planning be incorporated to focus on training staff providing lower priority programs to fill the positions left vacant in higher priority programs?*

Specifically, CPBB will help the City of Englewood develop a resource allocation methodology based on priorities by:

- Calculating final program scores and developing the quartile rankings for all the City’s programs and services based on their relative score.
- Calculating and applying the “weighting factor” to each *Result* as determined by the responses from the “*Results Weighting Exercise*” (if desired).
- Associating program costs and associated FTE counts with the scored programs to develop a final calculation of the City’s total budget by quartile ranking (the “*Spending Array by Quartile*” – a summation of program costs by quartile ranking).
- Providing the City with an interactive “**Resource Alignment Diagnostic Tool**” that will guide all resource allocation calculations based on the prioritization of programs (allowing allocations to be summarized by Fund, by Departments, etc.)
- Training staff on how to use the “**Resource Alignment Diagnostic Tool**” to provide them with both the ability to efficiently analyze programs by way of the filtering capabilities of the “**Resource Alignment Diagnostic Tool**,” creating unique perspectives on the City’s programs as outlined in the discussion above, and to gain a new perspective on the programs offered by the City, allowing for better analysis and leading to more powerful and meaningful discussions.
- Offering guidance in using the “**Resource Alignment Diagnostic Tool**” to identify which of the City’s highly relevant programs should be evaluated in terms of effectiveness and efficiency and how to use the **Priority Based Budgeting** process to continuously refine performance metrics to ensure the identified *Results* are being achieved.
- Providing a high level interpretive analysis of the data available in the “**Resource Alignment Diagnostic Tool**” and identifying opportunity areas for discussion related to programs and their continued relevance to the City.
- Recommending ways to incorporate **PBB** into the City’s budget development process as well as providing “**Budget Transmittal Form**” templates to guide departments in communicating their recommended program level budgets within the context of **PBB** and to demonstrate the allocation of general government resources is being focused on higher-priority programs. (if desired)

Implementation Plan and Approach to Pricing

Once the March / April 2015 start date for the project is confirmed, **CPBB** will develop an implementation timeline that normally spans a **five to six month** time period in which it can guide the City of Englewood through the **Priority Based Budgeting** process. This time frame might vary slightly depending on the level of citizen engagement that might be desired **OR** the amount of information that might already be in place before the work begins. Typically, **CPBB** works with staff to ensure that the process concludes before the City's normal budget development process begins. Once the process is in place and ready to be utilized for the upcoming budget cycle, **CPBB** remains available for questions, guidance and general advisory assistance until the City completes its' budget process.

While the duration of the implementation process is anticipated to span several months, the actual workload placed on staff in the City is by no means of a "day-to-day" nature. The timeline allows for staff to manage their own internal workload and still participate effectively in the process. This timeline also provides for the scheduling of workshops, team meetings and the tasks performed off-site by **CPBB** in the development of the various templates used as well as the final "**Resource Alignment Diagnostic Tool.**" Having experienced processes that burdened organizations with more intense time requirements and having been practitioners in a local government environment ourselves, **CPBB** has specifically designed this process to require staff to devote manageable amounts of time along the way as each step is completed.

CPBB's commitment as a mission-driven entity is to make this process available and affordable to any organization that wishes to receive the benefits it can provide. The necessary budget for any organization will depend on the size of the organization and the amount of work that has already been started before **CPBB** is engaged. Typically the budget required for the full implementation of **Priority Based Budgeting**, exclusive of travel related expenses, is between \$38,500 and \$50,000. However, we pride ourselves in being flexible and reasonable as we engage in conversations with organizations about the implementation process and will work with you in negotiating costs.

Given the work that has already been accomplished and can be leveraged for this implementation **the total proposed budget for this project with the City of Englewood is \$39,500.00.** Travel costs will be billed separately on an occurrence basis but are anticipated to be less than \$100 in total, given **CPBB's** proximity to the City's offices. **CPBB** agrees to work cooperatively with you to reduce travel costs to the greatest extent possible while still meeting the requirements specified in this proposal.

The **City of Englewood** may be asked and should be prepared to provide certain office supply items for use in onsite workshops such as paper, markers, white boards, and other needs as requested by **CPBB.** These items are estimated to cost no more than \$300.

The quotation of fees and compensation shall remain firm for **a period of 120 days** from the submission of this proposal.

Company Credentials

The Center for Priority Based Budgeting, formed in 2010 by Jon Johnson and Chris Fabian, prides itself in providing creative solutions to local governments struggling to address their own fiscal realities. Our mission is to share our experience and technical knowledge of government financial operations and budget development with organizations that are seeking to achieve **Fiscal Health and Wellness** that is sustainable for the long-term. Above all, **CPBB** strives to be viewed as a trusted advisor and a dependable, objective resource that assists local governments who are seeking service excellence, transparency to their stakeholders and a strong desire to achieve the *Results* that are important to their community. In particular, our experience in dealing with finance-related issues combined with our backgrounds in performance measurement, achievement of efficiencies, and genuine community engagement, makes the **Center for Priority Based Budgeting** a truly unique and beneficial partner in dealing with fiscal issues and budgetary concerns, especially in these unprecedented and turbulent times.

Prior to the creation of **CPBB**, Jon and Chris worked as independent local government advisors during 2009 after leaving their positions with Jefferson County, Colorado. During that time they were associated with the International City/County Management Association (*ICMA*) as consulting contractors as well as serving as trainers and speakers for the Government Finance Officers Association (*GFOA*) and the Alliance for Innovation. Before becoming local government advisors, Jon served local governments as a finance/budget practitioner for over 28 years, while Chris served as both a local government budget professional and a management consultant to government organizations, specializing in outcomes-based budgeting initiatives.

The **Center for Priority Based Budgeting**, a mission-driven organization, proudly offers its services in helping local government organizations address their fiscal realities both in the short-term and long-term through a new and creative process that is actively being implemented across the country. These “hands-on” practitioners have developed the **Fiscal Health and Wellness** process to help cities, counties, school districts, special districts and non-profit agencies find the answers to the most relevant questions of the day:

- *How do we “stop the bleeding” and properly diagnose our fiscal issues in order to apply the proper treatments?”*
- *How can our organization “spend within its means?”*
- *How do we allocate scarce resources to “top priority” programs?*
- *How can we link our budget with our strategic goals/objectives and then “measure” their performance?*
- *How does our organization head down a path of long-term “financial sustainability?”*

CPBB offers the professional expertise, analytical skills and diagnostic tools needed to help your jurisdiction turn these tough times around. For the short-term we can provide you with the tools and techniques you need to assess and monitor your organization’s **“picture of Fiscal Health”**. For the long-term, we can assist your organization in clearly defining its goals and objectives and lead you in a process that prioritizes your spending to align with these goals. Our objective is to help you:

- Diagnose the root cause of your fiscal problems
- Identify effective treatment options

- Establish clearly defined goals for your organization
- Prioritize resource allocation to your most valuable programs and services
- Engage the community in determining what they highly value and expect
- Provide decision-makers with better information about the impacts of their decisions
- Develop the tools you need to see things more clearly through a “*new lens*” with our unique “*Fiscal Health Diagnostic Tool*” and our “*Resource Alignment Diagnostic Tool*”

The **Center for Priority Based Budgeting** offer several levels of services to meet the individual needs of your organization as it addresses its short-term and long-term fiscal concerns. These flexible and attainable approaches can be tailored to work with any level of engagement your organization is ready to embark upon. Jon and Chris are available to talk through these alternative approaches and find the best one that meets your particular needs with the main objective being to find the best way to assist your organization in dealing with its fiscal stress and reaching a stable and sustainable level of **Fiscal Health and Wellness**.

Among the wide range of services available through the
Center for Priority Based Budgeting:

-
- ✚ **Priority Based Budgeting** Process Implementation
 - ✚ “**Resource Alignment Diagnostic Tool**” Development
 - ✚ **Fiscal Health** Diagnostic Assessments
 - ✚ “**Fiscal Health Diagnostic Tool**” Development
 - ✚ Utility Rate Modeling (*using our “Fiscal Health Diagnostic Tool”*)
 - ✚ Facilitated Goal-Setting / Strategic Planning Retreats *and* Workshops
 - ✚ Citizen Engagement Facilitation
 - ✚ **Fiscal Health and Wellness** Workshops
 - ✚ Financial Policy Development
 - ✚ Revenue Forecasting Support
 - ✚ Revenue Manual *and* Program Inventory Development
 - ✚ **Capital Improvement Plan (CIP)** Development *and* Prioritization
 - ✚ Internal Service Fund Analysis *and* Development
 - ✚ Program Costing Support (*direct, indirect and overhead components*)

✚ **Please visit our website: www.pbbcenter.org**

The CPBB Team

JON JOHNSON

Jon is the co-founder of the **Center for Priority Based Budgeting**, a Denver-based organization whose mission is to help local governments achieve “*fiscal health and wellness*” during these challenging economic times. Jon has more than 28 years of experience as a practitioner in financial administration for municipalities, counties, school districts and public universities. Throughout his career as a finance/budget director, he has been responsible for the management of all aspects of local government finance operations for both small and large organizations. Jon brings with him not only the “hands-on” technical skills associated with the day-to-day financial operations of local governments, but also the ability to apply a diagnostic approach to the analysis needed to assess the fiscal health of an organization and the management experience to implement the resulting solutions from that diagnostic analysis.

Most recently, Jon served as the Director of Budget and Management Analysis for Jefferson County, Colorado. Previous to that position, he was Assistant Director of Finance for Douglas County, Colorado. Prior to moving to Colorado in 2002, Jon served as the Director of Finance for several municipalities in Missouri, including the City of Blue Springs, the City of Joplin, and the City of Kansas City (MO) Aviation Department. He has also been associated with ICMA as a Senior Management Advisor and with GFOA as a regional trainer and workshop presenter. Jon holds a B.A. in political science and a B.S. in accounting from Missouri Southern State University, as well as a master’s degree in College Administration from Pittsburg (KS) State University.

CHRIS FABIAN

Chris co-founded the **Center for Priority Based Budgeting**, a mission-driven firm located in Denver, CO, which is dedicated to assisting local governments address their fiscal reality in an entirely new way. During his career, Chris has provided consulting and advisory services to numerous local governments across the country. His consulting experience has focused on public entities at all levels, advising top municipal managers, department heads and program directors from over 60 organizations concerning the fundamental business issues of local government. Of most significance, his work has centered on the budget process as a lever to produce results, accountability and change; performance and outcome-based management; purpose, productivity, and efficiency in operations; and rigorous financial analysis and strategy. Pursing the objectives of Budgeting for Outcomes (BFO), Chris was a partner of the consulting team that implemented BFO in Ft. Collins, Colorado, one of the leading organizations using this approach and is now assisting with their conversion to the priority based budgeting model he developed in partnership with Jon.

Most recently Chris has served as a budget practitioner with Jefferson County, Colorado, where he incorporated the lessons learned from BFO into the development of the **Priority Based Budgeting** process. He holds a B.S. in engineering from the Colorado School of Mines.

Jon and Chris have been featured speakers at numerous national and regional conferences webinars, and workshops sponsored by the *International City/County Management Association* (ICMA), the *National League of Cities* (NLC), the *National Association of Counties* (NACo), the *Government Finance Officers Association* (GFOA), and the *Alliance for Innovation* as well as numerous state and regional organizations such as the *Municipal Managers Association of Southern California* (MMASC), the *Municipal Managers Association of Northern California* (MMANC), the *Virginia Local Government Managers Association* (VLGMA) the *Tennessee Municipal League* (TML), the *Colorado Government Finance Officers Association* (CGFOA), the Oregon *Emerging Local Government Leaders* and the *Senior Executive Institute at the University of Virginia* (SEI). They have co-authored several articles describing their approach to *Fiscal Health and Wellness through Priority Based Budgeting* for local governments including:

- **“Getting Your Priorities Straight”** published by ICMA in the June 2008 issue of *PM Magazine*
- **“Leading the Way to Fiscal Health”** published by Government Finance Officers Association (GFOA) in their December 2008 issue of the *Government Finance Review*
- **“It’s All in the Questions: The Manager’s Role in Achieving Fiscal Health”** a two-part article appearing in the September and October 2009 issues of *PM Magazine*
- **“Anatomy of a Priority Based Budget Process,”** co-authored with Shayne Kavanagh of GFOA, published in the May, 2010 issue of the *Government Finance Review*
- **“Anatomy of a Priority Based Budget Process,”** a white paper on “**Priority Based Budgeting**” as a best practice, published by GFOA in March 2011, co-authored with Shayne Kavanagh
- **“Seeing Things Differently,”** published by ICMA in the September 2012 issue of *PM Magazine*

Who's Looking through the "Unique Lens" ...?

The **Priority Based Budgeting** process was first developed by Jon Johnson and Chris Fabian for Jefferson County, Colorado, where both of them served prior to April, 2009. After publishing an article in ICMA's professional journal "Public Management" ("PM") magazine, Jon and Chris were contacted by several organizations seeking assistance in implementing their **Fiscal Health and Wellness through Priority Based Budgeting** initiative. We are honored to be working with some of the most notable local governments in the country to implement and integrate our process and have learned so much because of the work we have accomplished together. Non-profit associations such as the International City/County Management Association (ICMA), the Alliance for Innovation, the National League of Cities (NLC), the Government Finance Officers Association (GFOA), and the Institute for Local Government (ILG) in California are among the most prominent organizations endorsing **Priority Based Budgeting** as a best practice – publishing case studies, journal articles and hosting seminars and conferences to promote the accomplishment of cities and counties implementing this work. Among those local governments that have worked with Jon and Chris to introduce **Priority Based Budgeting** to their organization are:

- ARIZONA - Chandler (2 years); Queen Creek; Goodyear; Navajo County
- CALIFORNIA - Walnut Creek (3) ; San Jose (3); Sacramento (2) ; Monterey (2); Salinas, Seaside; Fairfield; Placentia; Mission Viejo; Temple City; La Palma Hermosa Beach
- CANADA - Edmonton; Alberta Ministry of Health
- COLORADO - Boulder (3); Longmont (3); Fort Collins (2); Wheat Ridge (2); Thornton; Manitou Springs; Victor; Mountain View Fire Protection District; Denver International Airport; Dillon Valley Water/Sewer District; Loveland Lakeland (3); Delray Beach (2); Plantation; Pasco County; New Smyrna Beach; Jupiter
- FLORIDA - Roswell; Cobb County
- GEORGIA- Post Falls
- IDAHO - Boone County
- ILLINOIS - Shawnee
- KANSAS - Kalamazoo
- MICHIGAN- Scott County
- MINNESOTA- Branson; Joplin
- MISSOURI - Billings
- MONTANA - Grand Island (3)
- NEBRASKA - San Juan County; Las Lunas
- NEW MEXICO - Douglas County (2)
- NEVADA - Cary
- N. CAROLINA- Blue Ash; Cincinnati
- OHIO - Springfield, Tualatin
- OREGON - Lehigh County
- PENNSYLVANIA- Plano (2); Southlake
- TEXAS - Chesapeake (2); Christiansburg
- VIRGINIA - Bainbridge Island; Kenmore
- WASHINGTON- Janesville
- WISCONSIN- Green River
- WYOMING-

- *NON-PROFIT'S-* Alliance for Innovation; International City/County Management Association (ICMA)

The following examples of engagements with local government entities are meant to be illustrative of the types of advisory services offered by **CPBB**. While we pride ourselves in tailoring the process to the needs of each organization, the work done with all of our organizations is of a similar nature. Based on the number of local governments that have introduced our process into their culture, we feel we have the technical and creative skill set to work with any entity that wishes to embrace the concepts of **Priority Based Budgeting**.

1. City of Walnut Creek, California - Priority Based Budgeting Project

Project Scope

Anticipating significant budget shortfalls – even before the national recession unfolded – the City of Walnut Creek began exploring in the summer of 2008 a variety of ways to achieve a balanced budget for 2010-12 and beyond.

CPBB's project scope was described in a memo to staff: *"The process first identifies and defines community Goals; and then scores city programs based on their ability to achieve those Goals. Council, staff and the community each play a specific and important role in the prioritization process. Figuring out together what should change as resources shrink reflects the City's mission of working in partnership with the community."* The City outlined the following notes on the process:

- ***Involves both the community and the staff in the process in an appropriate way.***
The Council as representatives of the community should set the overall goals for what we try to achieve—it's their appropriate role—and involving the community at large is part of our way of doing business. Staff knows the programs best—which are mandated, which generate revenue, which increase efficiency, etc. Figuring out *together* what should change as resources shrink makes sense.
- ***It's a positive process, not a negative one.*** The community process focuses on determining what's most important from a high level, value-based perspective that focuses on common ground and identifying what folks like and want most. It doesn't ask them what programs should be cut which instantly brings out defensiveness and competition. From staff perspective, the process provokes discussion of and learning about programs and activities in a deeper way designed to weaken silo-thinking.
- ***The prioritization process is just a tool not something magic.*** It's not intended to cut of all the 4th quartile programs nor leave all the 1st quartile programs untouched. The process has helped us, all of us, have conversations about the how and the why of programs, services and activities in a new and very effective way. But it's not a machine that spits out automatic decisions made without tempering by experience and judgment.
- ***The process is useful both when making reductions and when deciding where to allocate new revenues.*** This is not a one time investment of time and energy into a new process. This is a new way to make sure we're spending community resources in ways that match community priorities.
- ***And lastly, we believe the prioritization process is a good fit for the "new normal" that we face.*** The shortfalls between our revenues and our expenses that we have been dealing with for many years, and most dramatically in the last two, are not likely to subside. As we look ahead, a permanent reset back to revenues of 10 years ago or more are what we see. Neither uniform across the board cuts nor major influxes of one-time funds are suited to address the new situation in which we find ourselves.

CONTACT: Ms. Lorie Tinfow, Assistant City Manager
925-943-5899 or

2. City of Boulder, Colorado -Priority Based Budgeting Project

Project Scope

The City of Boulder engaged **CPBB** in November, 2009 to assist them with the implementation of a **Priority Based Budgeting** process in order:

- To establish the core goals results and/or objectives (the “results”) of the City of Boulder and its citizens and also to articulate them to external as well as internal stakeholders, thus providing a “roadmap” to determine that decisions made are leading the City in the direction of Prioritization;
- To implement a holistic process that will align strategic planning with resource allocation decisions (i.e., the budget process) as well as performance measurement and management;
- To provide a process by which programs and services offered by the City can be evaluated in order to identify those areas that are of the highest priority in terms of accomplishing the City’s overall results;
- To provide a process by which significant capital and other one-time expenditures for the foreseeable future can be evaluated in order to identify those projects and initiatives that are of the highest priority in terms of accomplishing the City’s overall results; and
- To undertake a strategic process that will achieve the identified results

Now entering its fourth budget cycle using the **Priority Based Budgeting** process, the City of Boulder continues to work with the **CPBB** in using this process to link resource allocation decisions with their strategic goals and objectives.

CONTACT: Mr. Bob Eiche, Chief Financial Officer
303-441-1819 or [E](mailto:Bob.Eiche@cityofboulder.gov)

3. City of Monterey, California -Priority Based Budgeting Project



Project Scope

“We have cut millions of dollars out of the City budget over the last two years, and there really isn’t anything left to cut that won’t be painful for our residents and our employees,” [said City Manager Fred Meurer](#). “That is why we have worked diligently this year to get the all of our stakeholders involved in the priority-based budgeting process.”

In 2010, the City of Monterey engaged staff and residents in a priority-based budgeting process to determine how to best address reduced revenues and a five million dollar budget gap. Rather than make across the board cuts, the city brought in *The Center for Priority Based Budgeting* to help them engage staff and residents in transparently crafting a budget linked to results and values most important to the community. The city hired CPBB because of the proven and refined process for aligning city resources and services with community values that had been implemented successfully in neighbouring California communities. Residents were asked to further define broad goals set by the City Council, and then to prioritize how they wanted their tax dollars spent to achieve those goals.

According to “[Strong Cities, Strong State](#),” a California think-tank:

“Using a mathematical model developed by consultants with the Center for Priority-based budgeting, the priorities given to specific City programs were considered by executives and the City Council during budget deliberations. The Monterey City Council adopted a balanced 2011-2012 budget and closed a \$5 million gap between expenses and revenues with public support and a more informed citizenry.

“The success of the program encouraged the City to continue its commitment to priority-based budgeting. During the current fiscal year, the program focuses internally as departments analyze their programs, staffing and costs. Next year, the City will once again reach out to its citizens for feedback through a comprehensive community survey. Ultimately, the City hopes its new approach to budgeting will monitor the performance of individual programs; help set fees more accurately, and assist in decision-making about where to invest and / or withdraw City resources.”

CONTACT: Mr. Don Rhoads, Director of Finance
831-646-3940 or [r](#)

Project Scope

Confronted with the 'new normal' of flat or declining revenues, spiraling health care and pension costs, and persistent structural imbalances, the City of Cincinnati chose Priority Based Budgeting an alternative to the traditional incremental budgeting approach that automatically makes this year's budget the basis for next year's spending plan.

Council approved the administration's recommendation to hire the Center for Priority Based Budgeting (Center for PBB) to help with the intensive citizen engagement that drives the new approach. According to Council: "Priority-driven budgeting offers a common-sense, strategic alternative to conventional budgeting. It creates a fundamental change in the way resources are allocated by using a collaborative, evidence-based approach to measure services against community priorities. By bringing together community leaders and citizens to determine strategic priorities, the city can align resources with what the community values most, and create service efficiencies and innovation."

For 2013, the City faces a projected \$34.0 million budget deficit for the General Fund Operating Budget and will need to cut spending and increase revenues to fill this need.

CONTACT: Ms. Lea Eriksen, Director of Budget
513-352-1578 or !

Additionally, the following individuals may also be contacted for more information about the implementation of the **Priority Based Budgeting** model in their communities:

- **City of Wheat Ridge, Colorado** – Ms. Heather Geyer, Administrative Services Director at 303-235-2826, or
- **Douglas County, Nevada** – Mr. Stephen Mokrohisky, County Manager at 775-782-9821 or s or Ms. Christine Vuletich at 775-782-9097 or
- **City of Fort Collins, Colorado** – Mr. Darin Atteberry, City Manager at 970-221-6505 or
- **Town of Cary, North Carolina** – Mr. Scott Fogleman, Budget Director at 919-462-3911 or
- **City of Chandler, Arizona** – Ms. Dawn Lang, Management Services Director at 480-782-2255 or D
- **City of Edmonton, Alberta** – Mr. Todd Burge, Branch Manager, Client Financial Services at 780-423-1362 or t a or Ms. Jodie Buksa, Director of Financial Strategies and Budgeting Planning at 780-5342 or
- **City of Shawnee, Kansas** – Ms. Carol Gonzales, City Manager at 913-742-6200 or C
- **City of Sacramento, California** – Ms. Leyne Milstein, Director of Finance at 916-808-8491, or L
- **City of Billings, Montana** – Ms. Tina Volek, City Administrator at 406-657-8430 or
- **City of Blue Ash, Ohio** – Mr. David Waltz, City Manager at 513-745-8538 or , or Ms. Kelly Harrington, Assistant City Manager at 513-745-8503
- **City of Seaside, California** – Ms. Daphne Hodgson, Deputy City Manager at 831-899-6718 or
- **City of Plano, Texas** – Ms. Karen Rhodes-Whitley, Finance Director at 972-941-7472 or
- **City of San Jose, California** – Ms. Kim Walesh, Chief Strategist at 408-535-8177 or

... and What have they seen!

"Councilmen Larry Carney and Scott Dugan praised Pederson and Brown for the prioritization process. They called it a logical and understandable method of making some difficult decisions to come."

- **Grand Island (Nebraska) Independent Newspaper**

Using ROI for City Budgeting: Business Planning Meets Government Spending - the city of Boulder is going about this full spectrum analysis of the highest ROI where "return on investment" is the return of City programs on the results our citizens expect in the community.

- **"Boulder Tomorrow" – Colorado Business Association on Priority Based Budgeting process**

Budget process requires clear priorities, vision - *By examining each of the 365 programs that are directed out of City Hall, the administration, mayor and city council are looking under every rock for ways to save taxpayer dollars and keep core services intact. It is a responsible and rational ways to control expense growth on programs that may be well intended, but do not significantly support the community in the four core areas.*

- **Grand Island (Nebraska) Independent Newspaper**

"I read with both pleasure and envy the recent article on the city's (Grand Island) new Program Prioritization process. Pleasure because a discerning approach like this is the type of focused decision-making model that successful businesses use. I am glad to see its use in our city's governance. I am envious because it is the type of approach the Unicameral is moving toward with our recently initiated planning committee process. In this instance, the city of Grand Island is well ahead of the state of Nebraska."

- **Nebraska State Senator Mike Gloor on the Priority Based Budgeting Process**

Walnut Creek, California, which must close a \$20m (€14m, £12.5m) deficit for the 2010 financial year, is polling citizens on what services they value most, so it can make targeted cuts. Lorie Tinfow, assistant city manager, also expects the expansion of volunteer programs such as checking on the elderly at home. *"We are rethinking what services the city provides, what we are paying for them and what we are expecting as American taxpayers to get for that dollar,"* Ms. Tinfow said.

- **Financial Times, quoting Lorie Tinfow, City of Walnut Creek, California**

The City of Monterey is launching a public review of its budget priorities this fall and your participation is vital to the success of the Priority-based Budgeting project. In good times, the City allocated its resources to a wide range of programs and services. Now, the City needs to adjust to "the new normal" of reduced revenues. In Monterey, revenue from hotel, sales and property taxes have fallen to levels not seen in years. Significant recovery is unlikely for the next several years. So, the City needs to tighten its belt just like other municipalities, businesses and citizens have done.

- **Press Release -City of Monterey, California**

"The process is called Priority-based Budgeting and it recasts the budget into programs instead of line items."

- **Monterey County (California) Herald Newspaper**

The city of Boulder is looking to change the way it manages its annual budget. Under the new model, the programs that best help the city achieve the community's goals of having a safe, economically sustainable and socially vibrant place to live will receive top priority for funding. *Those programs that are duplicated, waste money or don't meet the community's goals could be cut.*

- **Boulder (Colorado) Daily Camera Newspaper**

"Although Boulder is in a better financial condition than many of its peer cities, the economic outlook continues to be uncertain," said City Manager Jane Brautigam. "In response, we're taking a prudent and strategic approach to the 2011 recommended budget by focusing on achieving greater efficiencies in how services are delivered to the Boulder community. In many cases we have been able to reallocate staff and funding to those areas most likely to achieve community goals, and are reducing duplication of services to hold the line on spending at 2010 levels."

- **Boulder (Colorado) Daily Camera Newspaper**

The new list divides the city's 443 programs into four categories, ranking them from highest to lowest priority, based on whether they help meet the community's general goals of cultivating a safe, economically sustainable and socially thriving community.

- **Boulder (Colorado) Daily Camera Newspaper**

With budgets getting tighter across the country, more cities are turning to Prioritization. *"I just feel like we need to begin to put proactive steps in place so we can prepare the organization for what is ahead,"* said William Harrell, City Manager. *"Sure, we can just start eliminating things. But then is that what the citizens are saying? Is that what council is saying to us? This is a more disciplined and analytical approach."*

- **(Chesapeake) Virginia Pilot Newspaper**

"It sounds intuitive but what we found was there was no real methodology to connect all of the things that government does" to what policymakers want to see for their cities."

- **(Chesapeake) Virginia Pilot Newspaper**

Recent information from **Moody's** (the nation's largest bond rating agency) confirms that prioritization processes such as what Blue Ash is going through demonstrate a strategic approach to managing the current fiscal environment. So where do we go from here? The local government advisors developed a unique tool that Blue Ash can utilize for years to come as a part of the city's annual budgetary planning process. This tool will be valuable in assisting the council and administration in determining what services and programs contribute directly to the city's overall objectives, including the evaluation of any future new programs or services being considered.

- **Press Release - City of Blue Ash, Ohio**

Even cities with a relatively well-off population are facing difficult choices due to falling revenues. In the eastern San Francisco bay area city of Walnut Creek, as in many other cities around the state, local officials faced the unpleasant task of cutting programs in 2009 due to budget shortfalls, and the more unpleasant task of explaining this to the public. Building on an ongoing tradition of collaboration with residents and community building programs, city staff and officials worked with consultants and adopted a multi-stage public engagement **Fiscal Health and Wellness** prioritization process to educate and gather informed input from hundreds of residents.

- **Institute for Local Government on Priority Based Budgeting process**

“PBB is attractive to the City because it relies on community input and the work of employees to be successful. In contrast to past years, decisions on potential funding reductions are expected to occur at the program level rather than at the level of individual budget line items that run across multiple programs. The results of this process are anticipated to enable decision makers to reallocate funding between programs based upon changing needs and priorities.”

- ***Internal Memo - City of Fairfield, California***

San Jose Outcomes of Prioritization Approach:

- Increased connection of budget to City’s Priority Results
- Stakeholder engagement in program priorities
- Rationale for reducing or eliminating programs that have the least impact on achieving the City’s Priority Results

- ***City Manager’s Budget Message, City of San Jose, California***

The Program Prioritization effort will inform the development of the City’s 2010-2011 Proposed Budget and serve as a tool to identify potential service reductions and eliminations. The evaluation of programs as part of this process may also identify potential duplication of efforts or opportunities to consolidate similar programs and/or services that can delivered through partnership with other governmental agencies, non-profit agencies, or the private sector.

It is important to note that a high rating of a program will not guarantee that a program will be retained; nor does it guarantee that a lower-ranking program will be proposed for elimination. Also, the rankings do not reflect whether a program is being delivered in the most efficient manner. The prioritization process will provide valuable information for budget proposal development and City Council deliberation. It will not be the "only answer" to how best to rectify the City’s budget shortfall.

- ***City Manager’s Budget Message, City of San Jose, California***

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CENTER FOR PRIORITY BASED BUDGETING

Using a Unique Lens to Focus Community Resources on Results

Development of the *“Fiscal Health Diagnostic Tool”*

For the

City of Englewood, Colorado

Center for Priority Based Budgeting

13701 W. Jewell Avenue, Suite 28

Lakewood, CO 80228

A UNIQUE LENS: FISCAL HEALTH and WELLNESS through PRIORITY BASED BUDGETING



“Challenges facing local governments today literally requires a new way to see. It’s as if our vision has been blurred by the extraordinary stress of managing in this complex economic environment. Whether attempting to rebuild in a post-recession climate, or persevering through another year of stagnating or declining revenues, the challenge remains: how to allocate scarce resources to achieve our community’s highest priorities. Through the new lens of Fiscal Health and Wellness through Priority Based Budgeting, which provides powerful insights, local governments are making significant breakthroughs.”

- Jon Johnson and Chris Fabian, *Seeing Things Differently*, Public Management (PM) Magazine, 2012

Fiscal Health and Wellness represents two strategic initiatives that local governments, school districts, special districts and non-profit entities can implement in order to achieve immediate fiscal stability in the short-term (*achieving Fiscal Health*), realize alignment of resources with the priorities of citizens in the near-term (*achieving Fiscal Wellness*), and in doing both, determine a responsible level of taxation as well as achieve fiscal sustainability for the long-term.

The **Center for Priority Based Budgeting (CPBB)** is extremely pleased to provide this proposal in response to the City of Englewood’s request to implement the web-based **“Fiscal Health Diagnostic Tool.”** This tool has benefited communities in many significant ways, but has most importantly provided a **“new lens”** through which to view an organization’s **“Picture of Fiscal Health”** both from the perspective of looking back historically and creating a vision of what the future might hold.

CPBB has seen the **“Fiscal Health Diagnostic Tool”** profoundly change the conversation in local government organizations. Elected officials have adopted the **“Tool”** as their preferred means of communicating with staff regarding any decision before them that potentially might have a fiscal impact – asking staff to **“show us”** those impacts using the **“Red Line / Blue Line”!** Organizations have entered into labor negotiations with their bargaining units, using the **“Tool”** as a way to quickly agree on the assumptions behind the City’s fiscal forecasts, therefore establishing a basis of trust in the discussion – then modeling the bargaining units’ requests to demonstrate impacts to the City’s fiscal position. The **“Tool”** has even been used to help a Water and Sewer District prioritize capital projects, understand the ongoing impacts of those projects, and effectively develop rate increases by better understanding their ongoing and one-time sources and uses of funding in their operation.

In 2012, the International City/County Management Association (ICMA) established ***Fiscal Health and Wellness through Priority Based Budgeting*** as a leading practice for local governments. We are honored to partner with ICMA through their ***Center for Management Strategies***, to bring our processes and tools to local governments across the Country.

From these experiences, ***CPBB*** strongly believes that this ***“Tool”*** has the needed capabilities to put decisions into a better perspective for your elected officials, to tell the story of your organization’s financial condition using a picture, and finally to help manage your ***Fiscal Health*** as you look towards the future. You’ve recognized the ***“dashboard”*** qualities of the ***“Tool”***, in that it provides for an immediate and interactive depiction of various scenarios and decisions that face the City and provides improved clarity in the simple and ***“unified picture”*** that everyone can see.

The following proposal represents the approach ***CPBB*** recommends to build the web-based ***“Fiscal Health Diagnostic Tool”*** for the City of Englewood. Once we receive the required data from the City, we believe the ***“Tool”*** can be implemented and ready to use by May, 2015.

The total proposed cost for ***modeling up to three of the City’s Funds*** is ***\$4,000***. As always, we strive to be exceptionally cost-conscious and affordable in our work so that we can remain dedicated to the research and development of these tools that are making a real difference in the communities we work with. If there is anything in our proposal that you’d like to discuss further, we are more than happy to continue our conversation to better meet your needs.

CPBB is honored to have the opportunity to work with the City of Englewood, and are pleased that we can share our unique ***“Fiscal Health Diagnostic Tool”*** that will truly allow the City to see things through a ***“new lens.”*** We look forward to working together!

Best Regards,

Jon Johnson

Chris Fabian

Center for Priority Based Budgeting

13701 W. Jewell Avenue, Suite 28

Lakewood, CO 80228

Jon - 303-909-9052 or j

Chris - 303-520-1356

Website - www.pbbcenter.org



ACHIEVING FISCAL HEALTH -

(Using the “Fiscal Health Diagnostic Tool” as the new lens)

Fiscal Health is achieved by properly diagnosing the symptoms and causes of an organization’s budget issues, allowing them to “*prescribe*” the correct treatments that can alleviate their fiscal distress. Applying the wrong treatment will not “*cure what ails*” them and may even make matters worse. Once their organization is fiscally healthy, it can then become financially sustainable in the long term by implementing a **Fiscal Wellness** regimen that revolves around the principles of **Priority Based Budgeting**.

CPBB helps lead organizations to fiscal health by uncovering the root cause of its “*ailments,*” and then prescribing and applying the correct and most effective treatment options that will ensure fiscal stability. Prescribing treatments without analyzing the symptoms and causes could lead to an improper diagnosis and a worsening of the organization’s fiscal “*dis-ease.*” Preventative diagnosis might also uncover potentially unhealthy practices that could easily be corrected before the organization’s fiscal health is compromised. Local governments choosing to implement the concepts of **Fiscal Health** as a treatment regimen are making substantial progress because they are doing the analytical work required to more accurately diagnosis the reasons behind their fiscal issues and then determining the best treatments that lead to a viable cure.

The following are illustrative of how **CPBB** helps organizations diagnose their fiscal problems, and then work to resolve them, based on achieving 5 key principles of **Fiscal Health**, including the development of the “**Fiscal Health Diagnostic Tool**”

1) “Spending Within Our Means”- focusing on the alignment between **ongoing** sources and **ongoing** uses and on the alignment between **one-time** sources and **one-time** uses.

Specifically, CPBB helps communities:

- Shift the focus of forecasting and budgeting from expenditures to revenues.
- Establish alignment between ongoing revenues and ongoing expenditures and between one-time sources and one-time uses.
- Base resource allocation strictly on available (*and reliable*) ongoing revenues and one-time sources (*as opposed to historical or forecasted expenditures*).
- Distinguish between **general government** revenues (*taxes, franchise fees, etc.*) **program** revenues (*user fees, grants, permits, etc.*); and understand the relative reliance of each funding source.
- Require that reductions in specific program revenues are offset by equal reductions in expenditures for that same program.
- Minimize reliance on volatile revenues sources to fund ongoing operations.
- Create incentives for departments to seek diversification, manage and monitor their program revenues.

2) Establishing and Maintaining Reserves – focusing on fund balance reserves and the monitoring tools in place to protect those reserves.

Specifically, CPBB helps communities:

- Establish a written working capital/emergency reserve policy.
- Create an inventory listing of all reserves maintained across the organization and assess the adequacy and appropriateness of reserved and unreserved fund balances, eliminating any that are excessive, unnecessary or duplicated (*having “too much” may be as problematic as having “too little” if there is no plan for how the funds are to be used to benefit the community*).
- Develop appropriate monitoring mechanisms that ensure reserves are being held in full compliance with all required restrictions, reservations or designations of fund balance.

3) Understanding Variances - focusing on disparities between budget projections and actuals to look for opportunities to shift resource allocations from areas where they are not needed and more importantly improve the accuracy of revenue and expenditure forecasts by eliminating the impact of recurring historical variances.

Specifically, CPBB helps communities:

- Determine specific reasons for the occurrence of variances and adjust future budgets to be more in line with actual experience.
- Identify programs or services where resources have historically been “*over-allocated,*” allowing for those resources to be re-allocated to other areas of need.
- Improve the accuracy of revenue and expenditure forecasts by better isolating and identifying emerging trends as well as eliminating the impact of recurring historical variances.
- Identify where resources have been allocated on a regular basis for one-time or cyclical costs, contingencies and/or worst-case scenarios and re-allocate those ongoing resources where possible.
- Evaluate “*centralization*” versus “*decentralization*” of services
- Develop a salary/benefit projection tool to more accurately budget employee compensation costs and assist in analyzing the impact of variances (*including vacancy savings, turnover issues unanticipated benefit costs increases, etc.*).
- Ensure that expenditures related to multi-year capital projects are budgeted in the years in which costs will be incurred to prevent large unplanned budget appropriations (“*carry-forwards*”).
- Review the organization’s “*Chart of Accounts.*”

4) Being Transparent About the “True Cost of Doing Business” – focusing on ensuring that appropriate internal service and administrative costs are shouldered by the programs that benefit from those services, ensuring that fees for services are capturing both direct and indirect costs (*appropriate for cost recovery objectives*) and ensuring that the full cost of offering programs and services is clearly articulated and understood.

Specifically, CPBB helps communities:

- Allocate appropriate internal and indirect costs so that the burden is shared by the programs (*and other accounting funds*) that demand and use those services.
- Ensure that fees for services, where some level of cost recovery is expected, capture both direct and indirect costs associated with providing the service.
- Identify opportunities to establish internal service funds for those departments that exist primarily to provide services to internal customers.
- Assist with the implementation of internal service funds, where appropriate, to align cost and level of service with customer demand.
- Identify the total cost (*including direct and indirect costs*) of providing all programs.
- Encourage the use of a formal **Cost Allocation Plan** or other internal cost allocation process to establish the methodology by which overhead and administrative costs can be allocated to user departments and/or to various accounting funds, potentially relieving the burden on the General Fund where these types of costs normal “reside.”
- Develop asset replacement/maintenance plans and perform asset utilization studies.
- Perform “*sourcing*” analysis for identified programs and services, developing recommendations and comparative costing studies.

5) Incorporating Long-term Planning into Decision Making – focusing on the inclusion of all long-term plans prepared by the organization into financial forecasts and the budget process as well as the associated incorporation of relevant external economic influences. Additionally, insuring that the organizations use clear and concise modeling tools to communicate forecasts, assess impacts of treatment solutions and identify impacts of budget decisions.

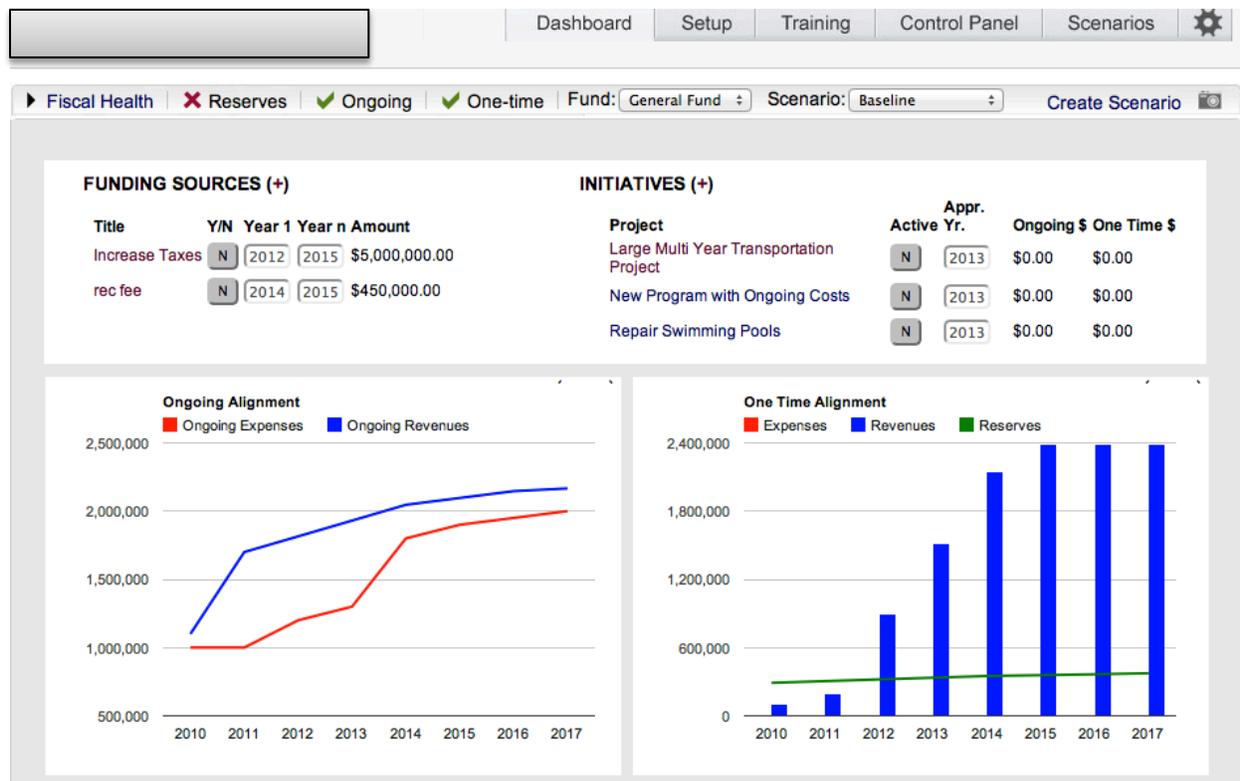
Specifically, CPBB helps communities:

- Understand the impact of relevant external economic influences and incorporate them into forecasts and budget projections.
- Identify and incorporate all long-term plans prepared throughout the organization into long-term forecasts.
- Develop revenue and expenditure forecasting methodology.
- Prepare a comprehensive Capital Improvement Plan (*CIP*) that spans a period of at least five years and includes all potentially significant one-time expenditures as well as any associated ongoing operating costs.

- Assimilate all elements of fiscal health into our **“Fiscal Health Diagnostic Tool,”** a scenario planning model that helps ensure decisions are made with an understanding of their impact on the organization’s future financial picture while upholding the objectives of **Fiscal Health**.
- Through the **“Fiscal Health Diagnostic Tool,”** developing a simple, graphic communication device that is used consistently to provide decision makers with financial information at a summarized level.

Development of the **“Fiscal Health Diagnostic Tool”**

This graphic is a depiction of the **“Fiscal Health Diagnostic Tool,”** created by **CPBB,** to help illustrate how an organization utilize a simple model to communicate its fiscal **“condition,”** monitor its **Fiscal Health** and do interactive, real-time scenario planning and forecasting with decision makers.



The screen capture above is from the web-based “Fiscal Health Diagnostic Tool”

The implementation process to develop the web-based **“Fiscal Health Diagnostic Tool”** is described in further detail on the pages that follow.

Initial Data Collection – March 2015

Depending on the amount of financial history that the City of Englewood wants to incorporate and how easily the most accurate and complete financial records can be produced, **CPBB** will assist the City in accumulating the data required to sufficiently populate the model. **CPBB** recognizes that the City is in the process of working to accumulate records of past and current year data, and so will work with the City to determine what is available and useful. In addition there may be other financial information and data that will have to be manually gathered. An example of data that may not reside in the organization’s financial system, but is relevant to the construction of the model might be a copy of the organization’s reserve policies in the General Fund (*as well as the other accounting funds being modeled*), or a minimum reserve threshold in the utility funds. **CPBB** will develop this data request and refine it as necessary, based on where the data is (or isn’t) available, to meet the organization’s needs. With regard to the data that is pertinent to future financial forecasts, **CPBB** will work with the organization to determine what (if any) data exists already that could aid in the development of future scenario plans (*see Financial Forecasting Workshop*).

Ongoing versus One-time Analysis – March 2015

CPBB will work with the City to engage in an analysis of revenues and expenses, in order to differentiate between “**ongoing**” and “**one-time**” sources and uses. Throughout this analysis, **CPBB** will confer with the City to appropriately classify the sources and uses as “**ongoing**” or “**one-time**” in nature, and in some instances may propose that a portion of a particular source or use be split between a classification of “**ongoing**” and “**one-time**” - where a portion of the source or use is determined to be reliable or predictable, and another portion is more volatile or speculative.

- **Revenue Analysis:** For each of the funds being modeled, the total sources of revenue to the organization will be differentiated between “**ongoing**” sources – those that are reliable or predictable sources of income - and “**one-time**” sources – those that can only be “*spent*” once. Examples of “**ongoing**” revenue streams include the “*reliable*” component of sales tax revenues, franchise fees, utility rates and charges based on system demand, and perhaps a conservative estimate for interest income revenues associated with reserved fund balances. Examples of “**one-time**” sources include fund balance (*reserved or unreserved*), grants that are one-time in nature or have a certain “*expiration*” date, fees for a specific projects or initiative, and potentially volatile interest income.
- **Expenditure Analysis:** For each of the funds being modeled, total expenditures will also be differentiated between “**ongoing**” costs - those expenses for costs related to the ongoing operations of the organization – and those uses that are more “**one-time**” in nature. Examples of “**ongoing**” costs include personnel (*salary and benefits*), supplies, energy, regular maintenance and other daily expenditures association with the day-to-day “*running*” of the organization. Examples of those expenditures that are more “**one-time**” in nature include capital project expenditures, other projects or initiatives undertaken once or on a less than annual basis, emergency / contingency initiatives, or other non-recurring expenses.

The graphic below illustrates the process of organizing revenues and expenses into either “Ongoing” or “One-time” (or both) categories

Fund: <input type="text" value="General Fund"/>									
Income (Add Year)									
	Ongoing	One Time	Total		Ongoing	One Time	Total		
2009	\$1,000,000	\$100,000	\$1,100,000 (-)	2010	\$1,100,000	\$0	\$1,100,000 (-)		
2011	\$1,200,000	\$0	\$1,200,000 (-)	2012	\$1,300,000	\$0	\$1,300,000 (-)		
2013	\$1,400,000	\$0	\$1,400,000 (-)	2014	\$1,500,000	\$0	\$1,500,000 (-)		
2015	\$1,550,000	\$0	\$1,550,000 (-)	2016	\$1,600,000	\$0	\$1,600,000 (-)		
2017	\$1,620,000	\$0	\$1,620,000 (-)	2018	\$1,620,500	\$0	\$1,620,500 (-)		
Fund Balance (Add Year)									
	Ongoing	One Time	Total		Ongoing	One Time	Total		
2010	\$0	\$100,000	\$100,000 (-)	2011	\$0	\$200,000	\$200,000 (-)		
2012	\$0	\$900,000	\$900,000 (-)	2013	\$0	\$1,515,000	\$1,515,000 (-)		
2014	\$0	\$2,145,450	\$2,145,450 (-)	2015	\$0	\$2,391,814	\$2,391,814 (-)		
2016	\$0	\$2,391,814	\$2,391,814 (-)	2017	\$0	\$2,391,814	\$2,391,814 (-)		
2018	\$0	\$2,391,814	\$2,391,814 (-)	2019	\$0	\$4,012,314	\$4,012,314 (-)		
Sales Tax (Add Year)									
	Ongoing	One Time	Total		Ongoing	One Time	Total		
2011	\$500,000	\$0	\$500,000 (-)	2012	\$515,000	\$0	\$515,000 (-)		
2013	\$530,450	\$0	\$530,450 (-)	2014	\$546,364	\$0	\$546,364 (-)		
2015	\$546,364	\$0	\$546,364 (-)	2016	\$546,364	\$0	\$546,364 (-)		

Initial “Fiscal Health Diagnostic Tool” Development – April 2015

The culmination of the analysis of “ongoing” and “one-time” sources and uses, combined with the additional data collected that relates to the City’s financial policies (for instance, the organization’s reserved fund balance policies) will provide CPBB with the requisite information to build the customized, web-based “Fiscal Health Diagnostic Tool”. The initial “Tool” development will depict a perspective of the organization’s current Fiscal Health, complete with the historical data for prior years. The final step of the process (see Financial Forecasting Workshop) will generate the information required to allow the organization to develop future planning assumptions sufficient to support the use of the “Tool” as a “scenario-planning” dashboard.

Financial Forecasting Workshop – April 2015

The maximum value of the “Fiscal Health Diagnostic Tool” is the ability to visually display a variety of historical, projected and “what-if” data, in an analytical format - a “dashboard” approach. This will provide a way for the City to assess and explore future scenarios and initiatives in an interactive and “real-time” environment. CPBB will work with the City to review future assumptions to be built into the model, as well as potential decisions that the organization wishes to model and then evaluate the impacts of those decisions.

As an example, CPBB will facilitate a discussion with the City to determine an appropriate assumption (or range of assumptions) for future sales tax growth (or decline) and demonstrate how this assumption impacts the model. CPBB will demonstrate the “sensitivity” of the model with respect to these

assumptions, and recommend to the organization where certain assumptions (like the growth or decline of sales tax revenues) should be considered a readily changeable variable, whereas other assumptions (for instance, a very small and less consequential revenue source such as donations made to the organization) are less impactful and therefore won't be included in the model's dashboard.

CPBB will also work with the City to develop an inventory of known future decisions, both of an **"ongoing"** and **"one-time"** nature that may impact the organization's future **"picture of Fiscal Health."** Clearly, a list of what is included in the organization's Capital Improvements Plan (CIP) relative to the accounting funds being modeled is an example of the types of future "decisions" that could be accepted, denied, or sequenced over various time periods, with each scenario producing a different outcome for the organization's future **Fiscal Health**.

Final Refinement of the "Fiscal Health Diagnostic Tool" – May 2015

With each of the assumptions developed, **CPBB** will complete the organization's **"Fiscal Health Diagnostic Tool"** and train the appropriate staff as to how the models can be easily updated.

Fiscal Health is a concept promoted and highlighted by such associations as the Government Finance Officers Association (GFOA), ICMA and the Alliance for Innovation. With the **"Fiscal Health Diagnostic Tool"**, the City of Englewood will have the capacity to:

- Communicate the City's **"picture of fiscal health"** to Elected Officials, City administration, staff, bargaining units, residents and other community stakeholders.
- Graphically depict the alignment of **"one-time"** and **"ongoing"** funding sources with the **"one-time"** and **"ongoing"** expenditure needs of the organization.
- Effectively monitor the City's **Fiscal Health** position to ensure that decisions made do not impact the level of financial health achieved.
- Access the impact of capital decisions on the City's financial position, including the evaluation of the impacts of **"ongoing"** operational costs associated with those **"one-time"** expenditures.
- Model the City's financial forecasts and document the assumptions on which they are based.
- Engage in interactive and **"real-time"** scenario planning.
- Demonstrate the impact of **"today's"** decisions on the City's five to ten year forecasts

Approach to Pricing

CPBB's commitment is to provide services that are achievable and affordable. The budget required for assistance in developing a customized, web-based "**Fiscal Health Diagnostic Tool**" for **modeling three City Funds is \$4,000**. This represents **an annual subscription** to the web-based "**Tool**" that may be renewed each at the beginning of each fiscal year. This annual fee of \$3,500 will remain permanent as long as the City continues to subscribe to this service.

CPBB attempts to offer as much flexibility in its approach to providing the "**Fiscal Health Diagnostic Tool**" as possible. For instance, some organizations may want to initiate their work in the first year by modeling their General Fund, and considering the addition of other accounting funds in subsequent years – this is a great approach, and CPBB is completely open to organizations changing their subscriptions on a year-by-year basis.

The following table includes CPBB pricing for the online "**Fiscal Health Diagnostic Tool**" good for 2015. For all organizations that subscribe to the model in 2015, these rates are "locked in" and will not change for the duration of their subscription. In other words, the annual subscription rate will remain permanent and will not increase as long as the City continues to subscribe to this service.



"FISCAL HEALTH DIAGNOSTIC TOOL" Subscription Structure

Number of Accounting Funds	Number of Users	Total Initial Annual Subscription	Total Ongoing Annual Subscription
1	1-3	\$ 3,500	\$ 3,000
2-3	1-3	\$ 4,000	\$ 3,500
4-6	4-10	\$ 5,500	\$ 4,500
7-10	11-20	\$ 7,500	\$ 6,000
11-20	20-25	\$ 9,500	\$ 8,000
Over 21	Over 26	\$ 11,000	\$ 10,000

The quotation of fees and compensation shall remain firm for a period of 120 days from this proposal submission. Travel costs will be billed separately on an occurrence basis. CPBB agrees to work cooperatively with the City in order to reduce such costs to the greatest extent possible while still meeting the requirements specified in this proposal.

Company Credentials

The **Center for Priority Based Budgeting** prides itself in providing creative solutions to local governments struggling to address their own fiscal realities. Our mission is to share our experience and technical knowledge of government financial operations and budget development with organizations that are seeking to achieve **Fiscal Health and Wellness** that is sustainable for the long-term. Above all, **CPBB** strives to be viewed as a trusted advisor and a dependable, objective resource that assists local governments who are seeking service excellence, transparency to their stakeholders and a strong desire to achieve the *Results* that are important to their community. In particular, our experience in dealing with finance-related issues combined with our backgrounds in performance measurement, achievement of efficiencies, and genuine community engagement, makes the **Center for Priority Based Budgeting** a truly unique and beneficial partner in dealing with fiscal issues and budgetary concerns, especially in these unprecedented and turbulent times.

CPBB was formed in 2010 by Jon Johnson and Chris Fabian to further the initiative of **Fiscal Health and Wellness**, a methodology they developed while serving as local government practitioners for the largest county government in Colorado. **CPBB** operates as a mission-driven, S-corporation located at 13701 W. Jewell Avenue, Suite 28, Lakewood, Colorado, 80228,.

Prior to the creation of **CPBB**, Jon and Chris worked as independent local government advisors during 2009 after leaving their positions with Jefferson County, Colorado. During that time they were associated with the International City/County Management Association (*ICMA*) as consulting contractors as well as serving as trainers and speakers for the Government Finance Officers Association (*GFOA*) and the Alliance for Innovation. Before becoming local government advisors, Jon served local governments as a finance/budget practitioner for over 25 years, while Chris served as both a local government budget professional and a management consultant to government organizations, specializing in outcomes-based budgeting initiatives.

The **Center for Priority Based Budgeting** proudly offers its services in helping local government organizations address their fiscal realities both in the short-term and long-term through a new and creative process that is actively being implemented across the country. These “hands-on” practitioners have developed the **Fiscal Health and Wellness** process to help cities counties, school districts, special districts and non-profit agencies find the answers to the most relevant questions of the day:

- *How do we “stop the bleeding” and properly diagnose our fiscal issues in order to apply the proper treatments?”*
- *How can our organization “spend within its means?”*
- *How do we allocate scarce resources to “top priority” programs?*
- *How can we link our budget with our strategic goals/objectives and then “measure” their performance?*
- *How does our organization head down a path of long-term “financial sustainability?”*

CPBB offers the professional expertise, analytical skills and diagnostic tools needed to help your jurisdiction turn these tough times around. For the short-term we can provide you with the tools and techniques you need to assess and monitor your organization's "**picture of Fiscal Health**". For the long-term, we can assist your organization in clearly defining its goals and objectives and lead you in a process that prioritizes your spending to align with these goals. Our objective is to help you:

- Diagnose the root cause of your fiscal problems
- Identify effective treatment options
- Establish clearly defined goals for your organization
- Prioritize resource allocation to your most valuable programs and services
- Engage the community in determining what they highly value and expect
- Provide decision-makers with better information about the impacts of their decisions
- Develop the tools you need to see things more clearly through a "*new lens*" with our unique "**Fiscal Health Diagnostic Tool**" and our "**Resource Alignment Diagnostic Tool**"

The **Center for Priority Based Budgeting** offer several levels of services to meet the individual needs of your organization as it addresses its short-term and long-term fiscal concerns. These flexible and attainable approaches can be tailored to work with any level of engagement your organization is ready to embark upon. Many approaches are available to your organization depending on what suits your needs most effectively. Jon and Chris are available to talk through these alternative approaches and find the best one that meets your particular needs. Our main objective is to find the best way to assist your organization in dealing with its fiscal stress and reaching a stable and sustainable level of **Fiscal Health and Wellness**.

Among the wide range of services available through the
Center for Priority Based Budgeting:

- ✦ ***Priority Based Budgeting*** Process Implementation
- ✦ ***“Resource Alignment Diagnostic Tool”*** Development
- ✦ ***Fiscal Health*** Diagnostic Assessments
- ✦ ***“Fiscal Health Diagnostic Tool”*** Development
- ✦ Utility Rate Modeling (*using our “Fiscal Health Diagnostic Tool”*)
- ✦ Facilitated Goal-Setting / Strategic Planning Retreats *and* Workshops
- ✦ Citizen Engagement Facilitation
- ✦ ***Fiscal Health and Wellness*** Workshops
- ✦ Financial Policy Development
- ✦ Revenue Forecasting Support
- ✦ Revenue Manual *and* Program Inventory Development
- ✦ ***Capital Improvement Plan (CIP)*** Development *and* Prioritization
- ✦ Performance Measures *and* Metrics Assessments
- ✦ Internal Service Fund Analysis *and* Development
- ✦ Program Costing Support (*direct, indirect and overhead components*)

Please visit our website: www.pbbcenter.org

Staff Credentials

JON JOHNSON

Jon is co-founder of the **Center for Priority Based Budgeting**, a Denver-based organization whose mission is to help local governments achieve **Fiscal Health and Wellness** during these challenging economic times. Jon has more than 25 years of experience as a practitioner in financial administration for municipalities, counties, school districts and public universities. Throughout his career as a finance/budget director, he has been responsible for the management of all aspects of local government finance operations for both small and large organizations. Jon brings with him not only the “hands-on” technical skills associated with the day-to-day financial operations of local governments, but also the ability to apply a diagnostic approach to the analysis needed to assess the **fiscal health** of an organization and the management experience to implement the resulting solutions from that diagnostic analysis.

Most recently, Jon served as the Director of Budget and Management Analysis for Jefferson County, Colorado. Previous to that position, he was Assistant Director of Finance for Douglas County, Colorado. Prior to moving to Colorado in 2002, Jon served as the Director of Finance for several municipalities in Missouri, including the City of Blue Springs, the City of Joplin, and the City of Kansas City (MO) Aviation Department. He has also been associated with ICMA as a Senior Management Advisor and with GFOA as a regional trainer and workshop presenter. Jon holds a B.A. in political science and a B.S. in accounting from Missouri Southern State University, as well as a master’s degree in College Administration from Pittsburg (KS) State University.

CHRIS FABIAN

Chris co-founded the **Center for Priority Based Budgeting**. During his career, Chris has provided consulting and advisory services to numerous local governments across the country. His consulting experience has focused on public entities at all levels, advising top municipal managers, department heads and program directors from over 60 organizations concerning the fundamental business issues of local government. Of most significance, his work has centered on the budget process as a lever to produce results, accountability and change; performance and outcome-based management; purpose, productivity, and efficiency in operations; and rigorous financial analysis and strategy. Pursuing the objectives of “*Budgeting for Outcomes*” (BFO), Chris was a partner of the consulting team that implemented BFO in Ft. Collins, Colorado, one of the leading organizations using this approach and is now assisting with their conversion to the **Priority Based Budgeting** model he developed in partnership with Jon.

Most recently Chris has served as a budget practitioner with Jefferson County, Colorado, where he incorporated the lessons learned from BFO into the development of the **Priority Based Budgeting** process. He holds a B.S. in engineering from the Colorado School of Mines.

Jon and Chris have been featured speakers at numerous national and regional conferences webinars, and workshops sponsored by the **International City/County Management Association** (ICMA), the **National League of Cities** (NLC), the **National Association of Counties** (NACo), the **Government Finance Officers Association** (GFOA), and the **Alliance for Innovation** as well as numerous state and regional organizations such as the **Municipal Managers Association of Southern California** (MMASC), the **Municipal Managers Association of Northern California** (MMANC), the **Virginia Local Government Managers Association** (VLGMA) the **Tennessee Municipal League** (TML), the **Colorado Government Finance Officers Association** (CGFOA) and the **Senior Executive Institute at the University of Virginia** (SEI). They have co-authored several articles describing their approach to **Fiscal Health and Wellness through Priority Based Budgeting** for local governments including:

- **“Getting Your Priorities Straight”** published by ICMA in the June 2008 issue of **PM Magazine**
- **“Leading the Way to Fiscal Health”** published by Government Finance Officers Association (GFOA) in their December 2008 issue of the **Government Finance Review**
- **“It’s All in the Questions: The Manager’s Role in Achieving Fiscal Health”** a two-part article appearing in the September and October 2009 issues of **PM Magazine**
- **“Anatomy of a Priority Based Budget Process,”** co-authored with Shayne Kavanagh of GFOA, published in the May, 2010 issue of the **Government Finance Review**
- **“Anatomy of a Priority Based Budget Process,”** a white paper on **“Priority Based Budgeting”** as a best practice, published by GFOA in March 2011, co-authored with Shayne Kavanagh
- **“Seeing Things Differently,”** published by ICMA in the September 2012 issue of **PM Magazine**

Who has looked through the “Unique Lens”...

- **City of Walnut Creek, California** - Ms. Lorie Tinfow, Assistant City Manager, at 925-943-5899 or
- **City of Boulder, Colorado** - Mr. Bob Eichem, Chief Financial Officer, at 303-441-1819 or v.
- **City of Monterey, California** - Mr. Don Rhoads, Director of Finance, at 831-646-3940 or s or Mr. Mike McCann, Assistant Director of Finance at 831-646-3947 or M
- **City of Cincinnati, Ohio** – Ms. Lea Eriksen, Budget Director at 513-352-1578, or le v
- **City of Wheat Ridge, Colorado** – Ms. Heather Geyer, Administrative Services Director at 303-235-2826, or
- **Douglas County, Nevada** – Mr. Stephen Mokrohisky, County Manager at 775-782-9821 or or Ms. Christine Vuletich at 775-782-9097 or s
- **City of Fort Collins, Colorado** – Mr. Darin Atteberry, City Manager at 970-221-6505 or
- **City of Sacramento, California** – Ms. Leyne Milstein, Director of Finance at 916-808-8491, or
- **Town of Cary, North Carolina** – Mr. Scott Fogleman, Budget Director at 919-462-3911 or
- **City of Chandler, Arizona** – Ms. Dawn Lang, Management Services Director at 480-782-2255 or
- **City of Edmonton, Alberta** – Mr. Todd Burge, Branch Manager, Client Financial Services at 780-423-1362 or todd.burge@edmonton.ca or Ms. Jodie Buksa, Director of Financial Strategies and Budgeting Planning at 780-5342 or jodie.buksa@edmonton.ca
- **Town of Queen Creek Arizona** – Ms. Wendy Kaserman, Assistant to the Town Manager at 480-358-3092 or
- **City of Billings, Montana** – Ms. Tina Volek, City Administrator at 406-657-8430 or
- **City of Sacramento, California** – Ms. Leyne Milstein, Director of Finance at 916-808-8491, or
- **City of Blue Ash, Ohio** – Mr. David Waltz, City Manager at 513-745-8538 or D or Ms. Kelly Harrington, Assistant City Manager at 513-745-8503 or
- **City of Plano, Texas** – Ms. Karen Rhodes-Whitley, Finance Director at 972-941-7472 or

... and What have they seen!

"Councilmen Larry Carney and Scott Dugan praised Pederson and Brown for the prioritization process. They called it a logical and understandable method of making some difficult decisions to come."

- **Grand Island (Nebraska) Independent Newspaper**

Using ROI for City Budgeting: Business Planning Meets Government Spending - the city of Boulder is going about this full spectrum analysis of the highest ROI where "return on investment" is the return of City programs on the results our citizens expect in the community.

- **"Boulder Tomorrow" – Colorado Business Association on Priority Based Budgeting process**

Budget process requires clear priorities, vision - *By examining each of the 365 programs that are directed out of City Hall, the administration, mayor and city council are looking under every rock for ways to save taxpayer dollars and keep core services intact. It is a responsible and rational ways to control expense growth on programs that may be well intended, but do not significantly support the community in the four core areas.*

- **Grand Island (Nebraska) Independent Newspaper**

"I read with both pleasure and envy the recent article on the city's (Grand Island) new Program Prioritization process. Pleasure because a discerning approach like this is the type of focused decision-making model that successful businesses use. I am glad to see its use in our city's governance. I am envious because it is the type of approach the Unicameral is moving toward with our recently initiated planning committee process. In this instance, the city of Grand Island is well ahead of the state of Nebraska."

- **Nebraska State Senator Mike Gloor on the Priority Based Budgeting Process**

Walnut Creek, California, which must close a \$20m (€14m, £12.5m) deficit for the 2010 financial year, is polling citizens on what services they value most, so it can make targeted cuts. Lorie Tinfow, assistant city manager, also expects the expansion of volunteer programs such as checking on the elderly at home. *"We are rethinking what services the city provides, what we are paying for them and what we are expecting as American taxpayers to get for that dollar,"* Ms. Tinfow said.

- **Financial Times, quoting Lorie Tinfow, City of Walnut Creek, California**

The City of Monterey is launching a public review of its budget priorities this fall and your participation is vital to the success of the Priority-based Budgeting project. In good times, the City allocated its resources to a wide range of programs and services. Now, the City needs to adjust to "the new normal" of reduced revenues. In Monterey, revenue from hotel, sales and property taxes have fallen to levels not seen in years. Significant recovery is unlikely for the next several years. So, the City needs to tighten its belt just like other municipalities, businesses and citizens have done.

- **Press Release -City of Monterey, California**

"The process is called Priority-based Budgeting and it recasts the budget into programs instead of line items."

- **Monterey County (California) Herald Newspaper**

The city of Boulder is looking to change the way it manages its annual budget. Under the new model, the programs that best help the city achieve the community's goals of having a safe, economically sustainable and socially vibrant place to live will receive top priority for funding. *Those programs that are duplicated, waste money or don't meet the community's goals could be cut.*

- **Boulder (Colorado) Daily Camera Newspaper**

"Although Boulder is in a better financial condition than many of its peer cities, the economic outlook continues to be uncertain," said City Manager Jane Brautigam. "In response, we're taking a prudent and strategic approach to the 2011 recommended budget by focusing on achieving greater efficiencies in how services are delivered to the Boulder community. In many cases we have been able to reallocate staff and funding to those areas most likely to achieve community goals, and are reducing duplication of services to hold the line on spending at 2010 levels."

- **Boulder (Colorado) Daily Camera Newspaper**

The new list divides the city's 443 programs into four categories, ranking them from highest to lowest priority, based on whether they help meet the community's general goals of cultivating a safe, economically sustainable and socially thriving community.

- **Boulder (Colorado) Daily Camera Newspaper**

With budgets getting tighter across the country, more cities are turning to Prioritization. *"I just feel like we need to begin to put proactive steps in place so we can prepare the organization for what is ahead,"* said William Harrell, City Manager. *"Sure, we can just start eliminating things. But then is that what the citizens are saying? Is that what council is saying to us? This is a more disciplined and analytical approach."*

- **(Chesapeake) Virginia Pilot Newspaper**

"It sounds intuitive but what we found was there was no real methodology to connect all of the things that government does" to what policymakers want to see for their cities."

- **(Chesapeake) Virginia Pilot Newspaper**

Recent information from **Moody's** (the nation's largest bond rating agency) confirms that prioritization processes such as what Blue Ash is going through demonstrate a strategic approach to managing the current fiscal environment. So where do we go from here? The local government advisors developed a unique tool that Blue Ash can utilize for years to come as a part of the city's annual budgetary planning process. This tool will be valuable in assisting the council and administration in determining what services and programs contribute directly to the city's overall objectives, including the evaluation of any future new programs or services being considered.

- **Press Release - City of Blue Ash, Ohio**

Even cities with a relatively well-off population are facing difficult choices due to falling revenues. In the eastern San Francisco bay area city of Walnut Creek, as in many other cities around the state, local officials faced the unpleasant task of cutting programs in 2009 due to budget shortfalls, and the more unpleasant task of explaining this to the public. Building on an ongoing tradition of collaboration with residents and community building programs, city staff and officials worked with consultants and adopted a multi-stage public engagement ***Fiscal Health and Wellness*** prioritization process to educate and gather informed input from hundreds of residents.

- ***Institute for Local Government on Priority Based Budgeting process***

“PBB is attractive to the City because it relies on community input and the work of employees to be successful. In contrast to past years, decisions on potential funding reductions are expected to occur at the program level rather than at the level of individual budget line items that run across multiple programs. The results of this process are anticipated to enable decision makers to reallocate funding between programs based upon changing needs and priorities.”

- ***Internal Memo - City of Fairfield, California***

San Jose Outcomes of Prioritization Approach:

- Increased connection of budget to City’s Priority Results
- Stakeholder engagement in program priorities
- Rationale for reducing or eliminating programs that have the least impact on achieving the City’s Priority Results

- ***City Manager’s Budget Message, City of San Jose, California***

The Program Prioritization effort will inform the development of the City’s 2010-2011 Proposed Budget and serve as a tool to identify potential service reductions and eliminations. The evaluation of programs as part of this process may also identify potential duplication of efforts or opportunities to consolidate similar programs and/or services that can delivered through partnership with other governmental agencies, non-profit agencies, or the private sector.

It is important to note that a high rating of a program will not guarantee that a program will be retained; nor does it guarantee that a lower-ranking program will be proposed for elimination. Also, the rankings do not reflect whether a program is being delivered in the most efficient manner. The prioritization process will provide valuable information for budget proposal development and City Council deliberation. It will not be the "only answer" to how best to rectify the City’s budget shortfall.

- ***City Manager’s Budget Message, City of San Jose, California***

PROFESSIONAL SERVICES AGREEMENT

Contract Number PSA/15-18

This Professional Services Agreement (the "Agreement") is made as of this 16th day of March, 2015, (the "Effective Date") by and between the Center for Priority Based Budgeting, a _____ corporation ("Consultant"), and The City of Englewood, Colorado, a municipal corporation organized under the laws of the State of Colorado ("City").

City desires that Consultant, from time to time, provide certain consulting services, systems integration services, data conversion services, training services, and/or related services as described herein, and Consultant desires to perform such services on behalf of City on the terms and conditions set forth herein.

In consideration of the foregoing and the terms hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions. The terms set forth below shall be defined as follows:

(a) "Intellectual Property Rights" shall mean any and all (by whatever name or term known or designated) tangible and intangible and now known or hereafter existing (1) rights associate with works of authorship throughout the universe, including but not limited to copyrights, moral rights, and mask-works, (2) trademark and trade name rights and similar rights, (3) trade secret rights, (4) patents, designs, algorithms and other industrial property rights, (5) all other intellectual and industrial property rights (of every kind and nature throughout the universe and however designated) (including logos, "rental" rights and rights to remuneration), whether arising by operation of law, contract, license, or otherwise, and (6) all registrations, initial applications, renewals, extensions, continuations, divisions or reissues hereof now or hereafter in force (including any rights in any of the foregoing).

(b) "Work Product" shall mean all patents, patent applications, inventions, designs, mask works, processes, methodologies, copyrights and copyrightable works, trade secrets including confidential information, data, designs, manuals, training materials and documentation, formulas, knowledge of manufacturing processes, methods, prices, financial and accounting data, products and product specifications and all

other Intellectual Property Rights created, developed or prepared, documented and/or delivered by Consultant, pursuant to the provision of the Services.

2. Statements of Work. During the term hereof and subject to the terms and conditions contained herein, Consultant agrees to provide, on an as requested basis, the consulting services, systems integration services, data conversion services, training services, and related services (the "Services") as further described in Schedule A (the "Statement of Work") for City, and in such additional Statements of Work as may be executed by each of the parties hereto from time to time pursuant to this Agreement. Each Statement of Work shall specify the scope of work, specifications, basis of compensation and payment schedule, estimated length of time required to complete each Statement of Work, including the estimated start/finish dates, and other relevant information and shall incorporate all terms and conditions contained in this Agreement

3. Performance of Services.

(a) **Performance.** Consultant shall perform the Services necessary to complete all projects outlined in a Statement of Work in a timely and professional manner consistent with the specifications, if any, set forth in the Statement of Work, and in accordance with industry standards. Consultant agrees to

exercise the highest degree of professionalism, and to utilize its expertise and creative talents in completing the projects outlined in a Statement of Work.

(b) Delays. Consultant agrees to notify City promptly of any factor, occurrence, or event coming to its attention that may affect Consultant's ability to meet the requirements of the Agreement, or that is likely to occasion any material delay in completion of the projects contemplated by this Agreement or any Statement of Work. Such notice shall be given in the event of any loss or reassignment of key employees, threat of strike, or major equipment failure. Time is expressly made of the essence with respect to each and every term and provision of this Agreement.

(c) Discrepancies. If anything necessary for the clear understanding of the Services has been omitted from the Agreement specifications or it appears that various instructions are in conflict, Consultant shall secure written instructions from City's project director before proceeding with the performance of the Services affected by such omissions or discrepancies.

4. Invoices and Payment. Unless otherwise provided in a Statement of Work, City shall pay the amounts agreed to in a Statement of Work within thirty (30) days following the acceptance by City of the work called for in a Statement of Work by City. Acceptance procedures shall be outlined in the Statement of Work. If City disputes all or any portion of an invoice for charges, then City shall pay the undisputed portion of the invoice by the due date and shall provide the following notification with respect to the disputed portion of the invoice. City shall notify Consultant as soon as possible of the specific amount disputed and shall provide reasonable detail as to the basis for the dispute. The parties shall then attempt to resolve the disputed portion of such invoice as soon as possible. Upon resolution of the disputed portion, City shall pay to Consultant the resolved amount.

5. Taxes. City is not subject to taxation. No federal or other taxes (excise, luxury, transportation, sales, etc.) shall be

included in quoted prices. City shall not be obligated to pay or reimburse Consultant for any taxes attributable to the sale of any Services which are imposed on or measured by net or gross income, capital, net worth, franchise, privilege, any other taxes, or assessments, nor any of the foregoing imposed on or payable by Consultant. Upon written notification by City and subsequent verification by Consultant, Consultant shall reimburse or credit, as applicable, City in a timely manner, for any and all taxes erroneously paid by City. City shall provide Consultant with, and Consultant shall accept in good faith, resale, direct pay, or other exemption certificates, as applicable.

6. Out of Pocket Expenses. Consultant shall be reimbursed only for expenses which are expressly provided for in a Statement of Work or which have been approved in advance in writing by City, provided Consultant has furnished such documentation for authorized expenses as City may reasonably request.

7. Audits. Consultant shall provide such employees and independent auditors and inspectors as City may designate with reasonable access to all sites from which Services are performed for the purposes of performing audits or inspections of Consultant's operations and compliance with this Agreement. Consultant shall provide such auditors and inspectors any reasonable assistance that they may require. Such audits shall be conducted in such a way so that the Services or services to any other customer of Consultant are not impacted adversely.

8. Term and Termination. The term of this Agreement shall commence on the Effective Date and shall continue unless this Agreement is terminated as provided in this Section 8.

(a) Convenience. City may, without cause and without penalty, terminate the provision of Services under any or all Statements of Work upon thirty (30) days prior written notice. Upon such termination, City shall, upon receipt of an invoice from Consultant, pay Consultant for Services actually rendered prior to the effective date of

such termination. Charges will be based on time expended for all incomplete tasks as listed in the applicable Statement of Work, and all completed tasks will be charged as indicated in the applicable Statement of Work.

(b) No Outstanding Statements of Work. Either party may terminate this Agreement by providing the other party with at least thirty (30) days prior written notice of termination if there are no outstanding Statements of Work.

(c) Material Breach. If either party materially defaults in the performance of any term of a Statement of Work or this Agreement with respect to a specific Statement of Work (other than by nonpayment) and does not substantially cure such default within thirty (30) days after receiving written notice of such default, then the non-defaulting party may terminate this Agreement or any or all outstanding Statements of Work by providing ten (10) days prior written notice of termination to the defaulting party.

(d) Bankruptcy or Insolvency. Either party may terminate this Agreement effective upon written notice stating its intention to terminate in the event the other party: (1) makes a general assignment of all or substantially all of its assets for the benefit of its creditors; (2) applies for, consents to, or acquiesces in the appointment of a receiver, trustee, custodian, or liquidator for its business or all or substantially all of its assets; (3) files, or consents to or acquiesces in, a petition seeking relief or reorganization under any bankruptcy or insolvency laws; or (4) files a petition seeking relief or reorganization under any bankruptcy or insolvency laws is filed against that other party and is not dismissed within sixty (60) days after it was filed.

(e) TABOR. The parties understand and acknowledge that each party is subject to Article X, § 20 of the Colorado Constitution ("TABOR"). The parties do not intend to violate the terms and requirements of TABOR by the execution of this Agreement. It is understood and agreed that this Agreement does not create a multi-fiscal year direct or indirect debt or obligation within the meaning of

TABOR and, notwithstanding anything in this Agreement to the contrary, all payment obligations of City are expressly dependent and conditioned upon the continuing availability of funds beyond the term of City's current fiscal period ending upon the next succeeding December 31. Financial obligations of City payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available in accordance with the rules, regulations, and resolutions of City and applicable law. Upon the failure to appropriate such funds, this Agreement shall be deemed terminated.

(f) Return of Property. Upon termination of this Agreement, both parties agree to return to the other all property (including any Confidential Information, as defined in Section 11) of the other party that it may have in its possession or control.

9. City Obligations. City will provide timely access to City personnel, systems and information required for Consultant to perform its obligations hereunder. City shall provide to Consultant's employees performing its obligations hereunder at City's premises, without charge, a reasonable work environment in compliance with all applicable laws and regulations, including office space, furniture, telephone service, and reproduction, computer, facsimile, secretarial and other necessary equipment, supplies, and services. With respect to all third party hardware or software operated by or on behalf of City, City shall, at no expense to Consultant, obtain all consents, licenses and sublicenses necessary for Consultant to perform under the Statements of Work and shall pay any fees or other costs associated with obtaining such consents, licenses and sublicenses.

10. Staff. Consultant is an independent consultant and neither Consultant nor Consultant's staff is, or shall be deemed to be employed by City. City is hereby contracting with Consultant for the Services described in a Statement of Work and Consultant reserves the right to determine the method, manner and means by which the Services will be performed. The Services shall be performed by

Consultant or Consultant's staff, and City shall not be required to hire, supervise or pay any assistants to help Consultant perform the Services under this Agreement. Except to the extent that Consultant's work must be performed on or with City's computers or City's existing software, all materials used in providing the Services shall be provided by Consultant.

11. Confidential Information.

(a) **Obligations.** Each party hereto may receive from the other party information which relates to the other party's business, research, development, trade secrets or business affairs ("Confidential Information"). Subject to the provisions and exceptions set forth in the Colorado Open Records Act, CRS Section 24-72-101 et. seq., each party shall protect all Confidential Information of the other party with the same degree of care as it uses to avoid unauthorized use, disclosure, publication or dissemination of its own confidential information of a similar nature, but in no event less than a reasonable degree of care. Without limiting the generality of the foregoing, each party hereto agrees not to disclose or permit any other person or entity access to the other party's Confidential Information except such disclosure or access shall be permitted to an employee, agent, representative or independent consultant of such party requiring access to the same in order to perform his or her employment or services. Each party shall insure that their employees, agents, representatives, and independent consultants are advised of the confidential nature of the Confidential Information and are precluded from taking any action prohibited under this Section 11. Further, each party agrees not to alter or remove any identification, copyright or other proprietary rights notice which indicates the ownership of any part of such Confidential Information by the other party. A party hereto shall undertake to immediately notify the other party in writing of all circumstances surrounding any possession, use or knowledge of Confidential Information at any location or by any person or entity other than those authorized by this Agreement. Notwithstanding the foregoing, nothing in this

Agreement shall restrict either party with respect to information or data identical or similar to that contained in the Confidential Information of the other party but which (1) that party rightfully possessed before it received such information from the other as evidenced by written documentation; (2) subsequently becomes publicly available through no fault of that party; (3) is subsequently furnished rightfully to that party by a third party without restrictions on use or disclosure; or (4) is required to be disclosed by law, provided that the disclosing party will exercise reasonable efforts to notify the other party prior to disclosure.

(b) **Know-How.** For the avoidance of doubt neither City nor Consultant shall be prevented from making use of know-how and principles learned or experience gained of a non-proprietary and non-confidential nature.

(c) **Remedies.** Each of the parties hereto agree that if any of them, their officers, employees or anyone obtaining access to the Confidential Information of the other party by, through or under them, breaches any provision of this Section 11, the non-breaching party shall be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations and benefits which the breaching party, its officers or employees directly or indirectly realize or may realize as a result of or growing out of, or in connection with any such breach. In addition to, and not in limitation of the foregoing, in the event of any breach of this Section 11, the parties agree that the non-breaching party will suffer irreparable harm and that the total amount of monetary damages for any such injury to the non-breaching party arising from a violation of this Section 11 would be impossible to calculate and would therefore be an inadequate remedy at law. Accordingly, the parties agree that the non-breaching party shall be entitled to temporary and permanent injunctive relief against the breaching party, its officers or employees and such other rights and remedies to which the non-breaching party may be entitled to at law, in equity or under this Agreement for any violation of this Section 11. The provisions of this Section 11 shall survive

the expiration or termination of this Agreement for any reason.

12. Project Managers. Each party shall designate one of its employees to be its Project Manager under each Statement of Work, who shall act for that party on all matters under the Statement of Work. Each party shall notify the other in writing of any replacement of a Project Manager. The Project Managers for each Statement of Work shall meet as often as either one requests to review the status of the Statement of Work.

13. Warranties.

(a) Authority. Consultant represents and warrants that: (1) Consultant has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it hereunder; (2) the execution of this Agreement by Consultant, and the performance by Consultant of its obligations and duties hereunder, do not and will not violate any agreement to which Consultant is a party or by which it is otherwise bound under any applicable law, rule or regulation; (3) when executed and delivered by Consultant, this Agreement will constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms; and (4) Consultant acknowledges that City makes no representations, warranties or agreements related to the subject matter hereof that are not expressly provided for in this Agreement

(b) Service Warranty. Consultant warrants that its employees and consultants shall have sufficient skill, knowledge, and training to perform Services and that the Services shall be performed in a professional and workmanlike manner.

(c) Personnel. Unless a specific number of employees is set forth in the Statement of Work, Consultant warrants it will provide sufficient employees to complete the Services ordered within the applicable time frames established pursuant to this Agreement or as set forth in the Statement of Work.. During the course of performance of Services, City may, for any or no reason, request

replacement of an employee or a proposed employee. In such event, Consultant shall, within five (5) working days of receipt of such request from City, provide a substitute employee of sufficient skill, knowledge, and training to perform the applicable Services. Consultant shall require employees providing Services at a City location to comply with applicable City security and safety regulations and policies.

(d) Compensation and Benefits.

Consultant shall provide for and pay the compensation of employees and shall pay all taxes, contributions, and benefits (such as, but not limited to, workers' compensation benefits) which an employer is required to pay relating to the employment of employees. City shall not be liable to Consultant or to any employee for Consultant's failure to perform its compensation, benefit, or tax obligations. Consultant shall indemnify, defend and hold City harmless from and against all such taxes, contributions and benefits and will comply with all associated governmental regulations, including the filing of all necessary reports and returns.

14. Indemnification.

(a) Consultant Indemnification.

Consultant shall indemnify, defend and hold harmless City, its directors, officers, employees, and agents and the heirs, executors, successors, and permitted assigns of any of the foregoing (the "City Indemnitees") from and against all losses, claims, obligations, demands, assessments, fines and penalties (whether civil or criminal), liabilities, expenses and costs (including reasonable fees and disbursements of legal counsel and accountants), bodily and other personal injuries, damage to tangible property, and other damages, of any kind or nature, suffered or incurred by a City Indemnitee directly or indirectly arising from or related to: (1) any negligent or intentional act or omission by Consultant or its representatives in the performance of Consultant's obligations under this Agreement, or (2) any material breach in a representation, warranty, covenant or obligation of Consultant contained in this Agreement.

(b) Infringement. Consultant will indemnify, defend, and hold City harmless from all Indemnifiable Losses arising from any third party claims that any Work Product or methodology supplied by Consultant infringes or misappropriates any Intellectual Property rights of any third party; provided, however, that the foregoing indemnification obligation shall not apply to any alleged infringement or misappropriation based on: (1) use of the Work Product in combination with products or services not provided by Consultant to the extent that such infringement or misappropriation would have been avoided if such other products or services had not been used; (2) any modification or enhancement to the Work Product made by City or anyone other than Consultant or its sub-consultants; or (3) use of the Work Product other than as permitted under this Agreement.

(c) Indemnification Procedures. Notwithstanding anything else contained in this Agreement, no obligation to indemnify which is set forth in this Section 14 shall apply unless the party claiming indemnification notifies the other party as soon as practicable to avoid any prejudice in the claim, suit or proceeding of any matters in respect of which the indemnity may apply and of which the notifying party has knowledge and gives the other party the opportunity to control the response thereto and the defense thereof; provided, however, that the party claiming indemnification shall have the right to participate in any legal proceedings to contest and defend a claim for indemnification involving a third party and to be represented by its own attorneys, all at such party's cost and expense; provided further, however, that no settlement or compromise of an asserted third-party claim other than the payment/money may be made without the prior written consent of the party claiming indemnification.

(d) Immunity. City, its officers, and its employees, are relying on, and do not waive or intend to waive by any provision of this Agreement, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq., as

from time to time amended, or otherwise available to City, its officers, or its employees.

15. Insurance.

(a) Requirements. Consultant agrees to keep in full force and effect and maintain at its sole cost and expense the following policies of insurance during the term of this Agreement:

(1) The Consultant shall comply with the Workers' Compensation Act of Colorado and shall provide compensation insurance to protect the City from and against any and all Workers' Compensation claims arising from performance of the work under this contract. Workers' Compensation insurance must cover obligations imposed by applicable laws for any employee engaged in the performance of work under this contract, as well as the Employers' Liability within the minimum statutory limits.

(2) Commercial General Liability Insurance and auto liability insurance (including contractual liability insurance) providing coverage for bodily injury and property damage with a combined single limit of not less than three million dollars (\$3,000,000) per occurrence.

(3) Professional Liability/Errors and Omissions Insurance covering acts, errors and omissions arising out of Consultant's operations or Services in an amount not less than one million dollars (\$1,000,000) per occurrence.

~~(4) Employee Dishonesty and Computer Fraud Insurance covering losses arising out of or in connection with any fraudulent or dishonest acts committed by Consultant personnel acting alone or with others, in an amount not less than one million dollars (\$1,000,000) per occurrence.~~ 3/11/15

(b) Approved Companies. All such insurance shall be procured with such insurance companies of good standing, permitted to do business in the country, state or territory where the Services are being performed.

(c) **Certificates.** Consultant shall provide City with certificates of insurance evidencing compliance with this Section 15 (including evidence of renewal of insurance) signed by authorized representatives of the respective carriers for each year that this Agreement is in effect. Certificates of insurance will list the City of Englewood as an additional insured. Each certificate of insurance shall provide that the issuing company shall not cancel, reduce, or otherwise materially change the insurance afforded under the above policies unless thirty (30) days' notice of such cancellation, reduction or material change has been provided to City.

16. **Rights in Work Product.**

(a) **Generally.** Except as specifically agreed to the contrary in any Statement of Work, all Intellectual Property Rights in and to the Work Product produced or provided by Consultant under any Statement of Work shall remain the property of Consultant. With respect to the Work Product, Consultant unconditionally and irrevocably grants to City during the term of such Intellectual Property Rights, a non-exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, to reproduce, create derivative works of, distribute, publicly perform and publicly display by all means now known or later developed, such Intellectual property Rights.

(b) **Know-How.** Notwithstanding anything to the contrary herein, each party and its respective personnel and consultants shall be free to use and employ its and their general skills, know-how, and expertise, and to use, disclose, and employ any generalized ideas, concepts, know-how, methods, techniques, or skills gained or learned during the course of any assignment, so long as it or they acquire and apply such information without disclosure of any Confidential Information of the other party.

17. **Relationship of Parties.** Consultant is acting only as an independent consultant and does not undertake, by this Agreement, any Statement of Work or otherwise, to perform any obligation of City, whether regulatory or contractual, or to assume any responsibility for

City's business or operations. Neither party shall act or represent itself, directly or by implication, as an agent of the other, except as expressly authorized in a Statement of Work.

18. **Complete Agreement.** This Agreement contains the entire agreement between the parties hereto with respect to the matters covered herein.

19. **Applicable Law.** Consultant shall comply with all applicable laws in performing Services but shall be held harmless for violation of any governmental procurement regulation to which it may be subject but to which reference is not made in the applicable Statement of Work. This Agreement shall be construed in accordance with the laws of the State of Colorado. Any action or proceeding brought to interpret or enforce the provisions of this Agreement shall be brought before the state or federal court situated in Arapahoe County, Colorado and each party hereto consents to jurisdiction and venue before such courts.

20. **Scope of Agreement.** If the scope of any provisions of this Agreement is too broad in any respect whatsoever to permit enforcement to its fullest extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent to and agree that such scope may be judicially modified accordingly and that the whole of such provision of this Agreement shall not thereby fail, but that the scope of such provision shall be curtailed only to the extent necessary to conform to law.

21. **Additional Work.** After receipt of a Statement of Work, City, with Consultant's consent, may request Consultant to undertake additional work with respect to such Statement of Work. In such event, City and Consultant shall execute an addendum to the Statement of Work specifying such additional work and the compensation to be paid to Consultant for such additional work.

22. **Sub-consultants.** Consultant may not subcontract any of the Services to be provided hereunder without the prior written consent of City. In the event of any permitted

subcontracting, the agreement with such third party shall provide that, with respect to the subcontracted work, such sub-consultant shall be subject to all of the obligations of Consultant specified in this Agreement.

23. Notices. Any notice provided pursuant to this Agreement shall be in writing to the parties at the addresses set forth below and shall be deemed given (1) if by hand delivery, upon receipt thereof, (2) three (3) days after deposit in the United States mails, postage prepaid, certified mail, return receipt requested or (3) one (1) day after deposit with a nationally-recognized overnight courier, specifying overnight priority delivery. Either party may change its address for purposes of this Agreement at any time by giving written notice of such change to the other party hereto.

24. Assignment. This Agreement may not be assigned by Consultant without the prior written consent of City. Except for the prohibition of an assignment contained in the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.

25. Third Party Beneficiaries. This Agreement is entered into solely for the benefit of the parties hereto and shall not confer any rights upon any person or entity not a party to this Agreement.

26. Headings. The section headings in this Agreement are solely for convenience and shall not be considered in its interpretation. The recitals set forth on the first page of this Agreement are incorporated into the body of this Agreement. The exhibits referred to throughout this Agreement and any Statement of Work prepared in conformance with this Agreement are incorporated into this Agreement.

27. Waiver. The failure of either party at any time to require performance by the other party of any provision of this Agreement shall not effect in any way the full right to require such performance at any subsequent time; nor shall the waiver by either party of a breach of

any provision of this Agreement be taken or held to be a waiver of the provision itself.

28. Force Majeure. If performance by Consultant of any service or obligation under this Agreement is prevented, restricted, delayed or interfered with by reason of labor disputes, strikes, acts of God, floods, lightning, severe weather, shortages of materials, rationing, utility or communications failures, earthquakes, war, revolution, civil commotion, acts of public enemies, blockade, embargo or any law, order, proclamation, regulation, ordinance, demand or requirement having legal effect of any governmental or judicial authority or representative of any such government, or any other act whether similar or dissimilar to those referred to in this clause, which are beyond the reasonable control of Consultant, then Consultant shall be excused from such performance to the extent of such prevention, restriction, delay or interference. If the period of such delay exceeds thirty (30) days, City may, without liability, terminate the affected Statement of Work(s) upon written notice to Consultant.

29. Time of Performance. Time is expressly made of the essence with respect to each and every term and provision of this Agreement.

30. Permits. Consultant shall at its own expense secure any and all licenses, permits or certificates that may be required by any federal, state or local statute, ordinance or regulation for the performance of the Services under the Agreement. Consultant shall also comply with the provisions of all Applicable Laws in performing the Services under the Agreement. At its own expense and at no cost to City, Consultant shall make any change, alteration or modification that may be necessary to comply with any Applicable Laws that Consultant failed to comply with at the time of performance of the Services.

31. Media Releases. Except for any announcement intended solely for internal distribution by Consultant or any disclosure required by legal, accounting, or regulatory requirements beyond the reasonable control of Consultant, all media releases, public

announcements, or public disclosures (including, but not limited to, promotional or marketing material) by Consultant or its employees or agents relating to this Agreement or its subject matter, or including the name, trade mark, or symbol of City, shall be coordinated with and approved in writing by City prior to the release thereof. Consultant shall not represent directly or indirectly that any Services provided by Consultant to City has been approved or endorsed by City or include the name, trade mark, or symbol of City on a list of Consultant's customers without City's express written consent.

32. Nonexclusive Market and Purchase Rights. It is expressly understood and agreed that this Agreement does not grant to Consultant an exclusive right to provide to City any or all of the Services and shall not prevent City from acquiring from other suppliers services similar to the Services. Consultant agrees that acquisitions by City pursuant to this Agreement shall neither restrict the right of City to cease acquiring nor require City to continue any level of such acquisitions. Estimates or forecasts furnished by City to Consultant prior to or during the term of this Agreement shall not constitute commitments.

33. Survival. The provisions of Sections 5, 8(g), 10, 11, 13, 14, 16, 17, 19, 23, 25 and 31 shall survive any expiration or termination for any reason of this Agreement.

34. Verification of Compliance with C.R.S. 8-17.5-101 ET.SEQ. Regarding Hiring of Illegal Aliens:

(a) **Employees, Consultants and Sub-consultants:** Consultant shall not knowingly employ or contract with an illegal alien to perform work under this Contract. Consultant shall not contract with a sub-consultant that fails to certify to the Consultant that the sub-consultant will not knowingly employ or contract with an illegal alien to perform work under this Contract. [CRS 8-17.5-102(2)(a)(I) & (II).]

(b) **Verification:** Consultant will participate in either the E-Verify program or the Department program, as defined in C.R.S. 8-

17.5-101 (3.3) and 8-17.5-101 (3.7), respectively, in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under this public contract for services. Consultant is prohibited from using the E-Verify program or the Department program procedures to undertake pre-employment screening of job applicants while this contract is being performed.

(c) **Duty to Terminate a Subcontract:** If Consultant obtains actual knowledge that a sub-consultant performing work under this Contract knowingly employs or contracts with an illegal alien, the Consultant shall;

(1) notify the sub-consultant and the City within three days that the Consultant has actual knowledge that the sub-consultant is employing or contracting with an illegal alien; and

(2) terminate the subcontract with the sub-consultant if, within three days of receiving notice required pursuant to this paragraph the sub-consultant does not stop employing or contracting with the illegal alien; except that the Consultant shall not terminate the contract with the sub-consultant if during such three days the sub-consultant provides information to establish that the sub-consultant has not knowingly employed or contracted with an illegal alien.

(d) **Duty to Comply with State Investigation:** Consultant shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation by that the Department is undertaking pursuant to C.R.S. 8-17.5-102 (5)

(e) **Damages for Breach of Contract:** The City may terminate this contract for a breach of contract, in whole or in part, due to Consultant's breach of any section of this paragraph or provisions required pursuant to CRS 8-17.5-102. Consultant shall be liable for actual and consequential damages to the City

in addition to any other legal or equitable remedy the City may be entitled to for a breach of this Contract under this Paragraph 34.

IN WITNESS WHEREOF, the parties to this Agreement have caused it to be executed by their authorized officers as of the day and year first above written. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

CITY OF ENGLEWOOD, COLORADO

By: _____ Date: _____
(Eric A. Keck, City Manager)

Center for Priority Based Budgeting
(Consultant Name)

13701 W. Jewell Ave. Suite 28
Address

Lakewood, CO 80228
City, State, Zip Code

By: _____
Philip McEwen
(Signature)
(Print Name)

Title: Chief Financial Officer

Date: 3/11/15

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 20____, before me personally appeared _____, known to me to be the _____ of _____,

the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

My commission expires: _____

NOTARY

City of Englewood, Colorado: Priority Based Budgeting Implementation Plan

Project Timeline

Already Completed

PBB "Orientation" to Board

On-site: 1-2 hours – *Conducted Monday, February 23rd*

CPBB Role and Workload: CPBB provides an orientation to the process for elected officials, describing the process, discussing outcomes in the organizations who have implemented the process, and having discussion with elected officials to answer their questions and ensure there's a comfort level.

City of Englewood Role and Workload: CPBB will help City staff understand the technology needs in order to set up an effective webinar. Typically CPBB conducts a call with an IT staff member to describe the webinar needs. Any staff preparation to help ensure the presentation is on the Council agenda is effective.

The Following Steps to Be Completed in April (extending into May, if necessary)

Results Identification / Validation Workshop

On-site: 1-2 hours

CPBB Role and Workload: CPBB works with the organization's elected officials and/or staff to identify, or to validate "Results" that the organization has already established. Results establish the foundation for Priority Based Budgeting.

City of Englewood Role and Workload: The City's elected officials will be asked to participate in this exercise. No more than 1-2 hours is required of elected officials to participate in this exercise. City staff may be asked to print the exercise (if administered "live"), or email the exercise (if administered "electronically").

Results Definition Workshop

On-site: 4-6 hours

CPBB Role and Workload: CPBB facilitates a workshop with staff (usually department heads and key staff, up to around 30 participants is best) to begin to identify all the ways the organization "achieves" each of the stated Results. CPBB leads the workshop, addressing each Result, one-by-one, soliciting feedback from the participants which form the basis for the creation of Results Definitions.

City of Englewood Role and Workload: Department heads, and key city staff who participate in the Results Definition Workshop should anticipate spending 4-6 hours of their time, on a single day, to complete this exercise. City staff may be relied upon to help provide paper and markers, and to reserve an appropriate room for the workshop to be effectively facilitated.

Program Inventory Training "Workshop"

On-site: 1-1.5 hours

CPBB Role and Workload: While on-site, CPBB provides a training to staff, teaching departments how to identify "programs" at a level most effective for PBB. Following this training session, departments are provided a "Program Inventory Template," as well as examples from other organizations that will aid departments in completing the exercise.

City of Englewood Role and Workload: City staff will be relied upon to help set up the presentation logistics (audio and visual), and to distribute the Program Inventory Template (to each department), presentation slides and the recorded webinar.

Departments Develop Program Inventories

Departments Given: 2-3 Weeks

CPBB Role and Workload: CPBB provides individualized support to the departments as they work on their program inventories. Often times, departments may request a conference call with CPBB, or exchange email with CPBB to help address specific questions.

City of Englewood Role and Workload: Each department will be responsible for completing their Program Inventory Template and submitting this to CPBB. Departments are given 2-3 weeks to complete this task, even though the workload anticipated is between 8-24 hours (departments are given extra time, in order to fit this effort in among their normal job duties).

The Following Steps to Be Completed in May (extending into June, if necessary)

Program Inventory Consultation with Departments

Ongoing support: on-site or via webinar

CPBB Role and Workload: While on-site, CPBB will meet individually with departments who still have questions about their program inventories.

City of Englewood Role and Workload: For departments who wish to schedule one-on-one time with CPBB staff, while "on site," department heads (and their key staff) should allow for 15-30 minutes of time to meet. CPBB recommends that departments schedule time in advance, to make it most efficient for each department wishing to meet.

Finalize Program Inventories

Emails / Conference Calls Between CPBB and Departments: 1 week

CPBB Role and Workload: CPBB will review the finalized program inventories submitted by the departments, provide feedback and guidance to help the departments understand where the programs they've identified are either "too large" or "too small" and then advise the departments on any last changes that would be advised in order to finalize their program inventories.

City of Englewood Role and Workload: City staff (from the budget office) will be the primary point of contact for departments as they turn in their completed Program Inventories. Typically the City provides a quick "quality control" to ensure that each department has submitted their inventory, and that no information is missing, coordinating this with CPBB.

Develop "Draft" Result Maps

CPBB Given: 2-3 Weeks

CPBB Role and Workload: CPBB will take all of the input generated during the Result Definition Validation Workshop, and create "Draft" Result Maps for each of the City's Results.

City of Englewood Role and Workload: City staff will receive the "draft" Result Maps from CPBB, and have the chance to review this information (providing any initial feedback to CPBB) before the Result Maps are validated. Typically, staff can review this information within a few hours.

Finalize Result Maps

(Various Approaches: 1 hour)

CPBB Role and Workload: Based on direction from the City, CPBB will either help the City "validate" the Result Maps with City Council, or solicit feedback from elected officials and/or City staff in order to refine and revise the Result Maps. CPBB will provide a summary of all feedback received, in order that each contributor to the Result Definition process can see their input has been captured and incorporated.

City of Englewood Role and Workload: Depending on the approach the City takes, validating the Result Maps should not take longer than 1 hour of time. If elected officials are involved, this process may be conducted "live" in a meeting, or "electronically" - in either case, City staff will be relied upon to distribute the exercise and collect the responses.

Program Costing Workshop

Webinar: 45 mins - 1 hour

CPBB Role and Workload: CPBB will provide a Program Costing training session to staff who will be responsible for filling in the data into CPBB's Program Costing Template. CPBB will provide customized Program Costing templates for each of the City's departments (or divisions), as well as a recorded version of the webinar the City can refer to.

City of Englewood Role and Workload: City staff will be relied upon to help set up the webinar logistics (audio and visual), and to distribute the Program Costing Template (to each department), presentation slides and the recorded webinar. Those who participate in this webinar should allow for 45 minutes to 1 hour for the training.

Departments Develop Program Costs

Departments Given: 3-6 Weeks

CPBB Role and Workload: CPBB will be available during to assist staff during the process of developing program costs. Typically, departments will email CPBB with questions, or schedule conference calls with CPBB in order to strategize about the Program Costing template, and the easiest way to fill it out.

City of Englewood Role and Workload: Those who are involved in the task of completing Program Costing are given anywhere from 3 to 6 weeks to complete this task. Typically staff from the budget office are involved in the task of developing

"fully loaded personnel costs" while the departments are responsible for allocating staff to programs. This effort does not have to be completed until after Peer Review.

The Following Steps to Be Completed in June (extending in July, if necessary)

Program Scoring Workshop

Webinar: 1-1.5 hours

CPBB Role and Workload: CPBB will provide a Program Scoring training session to those participating in scoring, instructing departments how to assign appropriate scores. CPBB will provide customized "Program Scorecards" for each department, including the department's program inventory, and the appropriate scoring criteria. CPBB will also provide the recorded webinar.

City of Englewood Role and Workload: City staff will be relied upon to help set up the webinar logistics (audio and visual), and to distribute the Program Scorecard Template (to each department), presentation slides and the recorded webinar. Those who participate in this webinar should allow for 1-1.5 hours for the training.

Departments Participate in Program Scoring Process

Departments Given: 2-3 Weeks

CPBB Role and Workload: As departments engage in the process of scoring their programs, CPBB provides coaching and guidance along the way, helping the departments with questions about how to assign their scores. Typically, departments email CPBB or schedule conference calls to strategize about the most appropriate way to assign scores.

City of Englewood Role and Workload: Departments are given 2-3 weeks to complete their Program Scorecards, and they are encouraged to involve staff leadership at all levels in this process. While they are given several weeks, the actual workload anticipated should be anywhere from 16-32 hours total time, depending on how involved they choose to make their own staff.

The Following Steps to Be Completed in July (extending in August, if necessary)

Peer Review Workshop

Webinar: 1-1.5 hours

CPBB Role and Workload: CPBB will provide a Peer Review training session for those who are participating on Peer Review teams. CPBB will help the City identify who the most effective Peer Review team members could be, and then train each team as to how to evaluate scores from other departments (this will include: how to ask departments for more info, and how to complete the Peer Review template).

City of Englewood Role and Workload: City staff will be relied upon to help set up the webinar logistics (audio and visual), and to distribute the Program Review Template (to each department), presentation slides and the recorded webinar. Those who participate in this webinar should allow for 1-1.5 hours for the training.

Peer Review Teams Participate in Peer Review Process

Departments Given: 2-3 Weeks

CPBB Role and Workload: As Peer Review team members complete the Peer Review process, CPBB is available to each team to help them through the process of evaluating the scores of other departments. Typically, CPBB exchanges in email correspondence and phone calls to assist the work of the Peer Review teams.

City of Englewood Role and Workload: For those staff participating in Peer Review, they will learn how to structure their time around a recommended 3-5 meeting process, where each meeting should last about 1-2 hours (and no meeting lasting longer than 3 hours). Therefore, at most, participants should plan on 15 hours of meeting time devoted to Peer Review (and at least about 6-9 hours).

City Finalizes Peer Review and Program Costs

City Given: 1 Week

CPBB Role and Workload: When each Peer Review team has submitted their recommended scores (including scoring changes), and as each department has completed their Program Scoring templates, CPBB collects the information from the City and ensures that all information is complete (and/or follows up with the City if any information is missing).

City of Englewood Role and Workload: City staff will be relied on to collect the information from the Peer Review teams and provide a cursory quality control of the information to make sure it's complete, and then send it to CPBB.

Determine Final Program Scores, Quartile Rankings

CPBB Given: 1-2 Weeks

CPBB Role and Workload: CPBB applies its scoring methodology to calculate final program scores for each of the City's programs, and performs an analysis on each of the programs to determine final "Quartile Rankings." CPBB will begin the process of loading this information into the City's final Resource Alignment Diagnostic Tool (the final deliverable of implementation).

City of Englewood Role and Workload: City staff will have minimal involvement here. CPBB may reach out to staff to ask questions where data is missing or in question.

Issue "Peer Review Exception Report" to the City

CPBB Given: 1-2 Weeks

CPBB Role and Workload: CPBB will not only evaluate programs on the basis of the Peer Review recommended scores, but also on the scores that Departments provided in their self-assessment. Comparing these scores, CPBB will develop a report that identifies where the impact of Peer Review resulted in a different "Quartile Ranking" for any program, compared to the department score.

City of Englewood Role and Workload: City staff will receive the "Peer Review Exception Report" and be given the opportunity to follow up with both the departments and Peer Review teams to review programs that changed quartiles. Typically this process is conducted within a 1 week time period, giving departments an opportunity to explain their scores, and giving Peer Review the same opportunity.

Create PBB Model: Resource Alignment Diagnostic Tool

CPBB Given: 1-2 Weeks

CPBB Role and Workload: CPBB will create a customized Resource Alignment Diagnostic Tool for the City, that will include each of the City's programs, program costs, quartile ranking, and scoring criteria. This dynamic model is explained in greater detail in the scope of services.

City of Englewood Role and Workload: City staff will have minimal involvement here. CPBB may reach out to staff to ask questions where data is missing or in question.

Provide Model "Preview" to City Team

CPBB Given: 1-2 Weeks

CPBB Role and Workload: As soon as the Resource Alignment Diagnostic Tool is completed, CPBB will provide a presentation to City staff in order to demonstrate the results of the City's work, as well as the functionality of the Tool, before presenting it to Council. Typically this gives the City staff first opportunity to review the data and ensure it's appropriate for presenting the information further.

City of Englewood Role and Workload: City staff will be asked to reflect on the presentation of the initial Resource Alignment Diagnostic Tool, and provide feedback to CPBB where any data is in question or in need of revision, prior to presenting the Tool further.

Present Final Model to Staff and/or Elected Officials

On-Site or Webinar: 1-2 hours

CPBB Role and Workload: There are various options open to the City in terms of presenting the final Resource Alignment Diagnostic Tool to elected officials. CPBB can provide an on-site (or webinar) presentation to elected officials to coach them as to their role in effectively using the Tool, and helping portray the power and use of the information that has been created through the implementation process.

City of Englewood Role and Workload: City staff will be asked to strategize with CPBB as to how best to present the City's Resource Alignment Diagnostic Tool to elected officials and/or a larger staff audience. City staff will also receive training on the use of the Tool, and how to incorporate the information into the City's budget process.

COUNCIL COMMUNICATION

Date March 16, 2015	Agenda Item 11 c iii	Subject Pretreatment Office Parking Improvements Project - Award of Construction Contract
INITIATED BY Littleton/Englewood WWTP Supervisory Committee		STAFF SOURCE Chong Woo, Engineering/Maintenance Manager Stewart H. Fonda, Director of Utilities

COUNCIL GOAL AND PREVIOUS COUNCIL ACTION

Council approved the Littleton/Englewood Wastewater Treatment Plant's 2014 budget, which included the Building Space Project.

RECOMMENDED ACTION

Littleton/Englewood Wastewater Treatment Plant Supervisory Committee recommended on February 19, 2015, Council approve, by Motion, a construction contract for the Pretreatment Office Parking Improvements Project located at the Littleton/Englewood (L/E) WWTP. Staff recommends awarding the contract to the lowest reliable and responsive bidder, Adam II, Inc., in the amount of \$140,040.50, with a 5% contingency (Total = \$147,042.53).

BACKGROUND, ANALYSIS, AND ALTERNATIVES IDENTIFIED

In 2013, as part of the Littleton/Englewood WWTP Building Space Project, Council approved the recommended action to purchase and construct a new modular office space building. The building was to be assigned to our Pretreatment Division. The additional space was to provide for immediate staff needs for the plant and also accommodate future growth for the Pretreatment staff up to the 10 year outlook. The new building was commissioned in December 2014.

The Pretreatment Office Parking Improvements Project is a continuation of the Building Space Project. The Project will provide a new and improved parking area for the staff, outside storage, and landscape improvements adjacent to the new office building. The existing parking area was formally used as an automobile impound lot, large equipment storage yard, and was not designed and constructed for use as a parking lot. The asphalt has been damaged and has deteriorated over time. Additionally, drainage is insufficient to provide adequate storm water runoff (standing water) and therefore does not provide safe access for parking. The project scope includes demolition of existing asphalt and fencing, excavation of subgrade for new aggregate base, construction of new aggregate base, curb and gutter, asphalt pavement, and grading and landscaping to mitigate drainage issues.

The Project was advertised on the Rocky Mountain E-Purchasing System (Bidnet). Bid Opening was conducted on September 11, 2014. A total of three (3) Bids were received.

Adam II, Inc., Castle Rock, CO	\$140,040.50
Bassett and Associates, Inc., Englewood, CO	\$149,940.00
DCP Civil, LLC, Berthoud, CO	\$162,105.00

Adam II, Inc. (Adam II) was identified as the apparent low bidder. Based on our review, Adam II's Bid is responsive and complete. Adam II is a general construction contractor specializing in earthwork and

paving projects. Adam II is known in the industry, and qualified and competent to perform the scope of work for this project.

Due to the project schedule, staff delayed the parking lot installation start date in 2014 to avoid potential weather constraints and seasonal closures of local asphalt operations. The low bidder, Adam II, has agreed to maintain the original bid price.

FINANCIAL IMPACT

The Bid amount (\$140,040.50) and with contingency, is available in the 2015 Budget and will be shared 50/50 by the Cities of Englewood and Littleton.

LIST OF ATTACHMENTS

Bid Tabulation Sheet
Contract

City of Englewood Bid Tabulation Sheet

Bid Opening: Thursday, September 11, 2014 2:00 PM MDT

Apparent Low Bidder

ITEM: ITB-14-020 Parking Area Improvements Project at LE/WWTP

Contractor	Bid Bond Y/N	SOQ Y/N	Mobiliation	Demolition	Excavation	Backfill and Grading	Paving	Landscapin g	Total Bid	Exceptions:
DCP Civil, LLC										
5213 Longs Peak Dr., Unit H										
Berthoud, CO 80513										
John Kuersten - Owner										
	Y	Y	\$16,000.00	\$21,300.00	\$52,500.00	\$21,455.00	\$45,300.00	\$5,550.00	\$162,105.00	
Adam II, Inc.										
9474 Bay Ln										
Castle Rock, CO 80108										
Gene Wenninger - President 303-434-6475										Contractor will
genecw@comcast.net	Y	N	\$3,800.00	\$15,000.00	\$17,353.70	\$41,867.20	\$61,019.60	\$1,000.00	\$140,040.50	provide the SOQ
Bassett And Associates, Inc.										
7076 S Alton Way, Bldg C										
Englewood, CO 80112										
Chad Bassett - VP 303-792-2132										
	Y	Y	\$48,810.00	\$15,000.00	\$29,000.00	\$10,000.00	\$42,630.00	\$4,500.00	\$149,940.00	

CONTRACT #CFC/15-3

CITY OF ENGLEWOOD, COLORADO

THIS CONTRACT and agreement, made and entered into this ____ day of _____, 20__, by and between the City of Englewood, a municipal corporation of the State of Colorado hereinafter referred to as the "City", and Adam II, Inc., whose address is 9474 Bay Lane, Castle Rock, CO 80108, ("Contractor"), commencing on the _____ day of _____, 20__, and continuing for at least ten (10) days thereafter the City advertised that sealed proposals would be received for furnishing all labor, tools, supplies, equipment, materials and everything necessary and required for the following:

PROJECT: Parking Area Improvements

WHEREAS, proposals pursuant to said advertisement have been received by the Mayor and City Council and have been certified by the Director of Utilities to the Mayor and City Council with a recommendation that a contract for work be awarded to the above named Contractor who was the lowest reliable and responsible bidder therefore, and

WHEREAS, pursuant to said recommendation, the Contract has been awarded to the above named Contractor by the Mayor and City Council and said Contractor is now willing and able to perform all of said work in accordance with said advertisement and his proposal.

NOW THEREFORE, in consideration of the compensation to be paid and the work to be performed under this contract, the parties mutually agree as follows:

- A. **Contract Documents:** It is agreed by the parties hereto that the following list of instruments, drawings and documents which are attached or incorporated by reference constitute and shall be referred to either as the Contract Documents or the Contract and all of said instruments, drawings, and documents taken together as a whole constitute the Contract between the parties hereto and they are as fully a part of this agreement as if they were set out verbatim and in full:

- Invitation to Bid
- Contract (this instrument)
- Insurance
- Performance Payment Maintenance Bond
- Technical Specifications
- Drawings sheets (4)
- Spill Control, Management and Clean Up Document
- Contractor Health and Safety Agreement

- B. **Scope of Work:** The Contractor agrees to and shall furnish all labor, tools, supplies, equipment, materials and everything necessary for and required to do, perform and complete all the work described, drawn, set forth, shown and included in said Contract Documents.

- C. **Terms of Performance:** The Contractor agrees to undertake the performance of the work under this Contract within **ten (10) days** from being notified to commence work by the Director of Utilities and agrees to fully complete said work **120 calendar days following the Notice to Proceed**, plus such extension or extensions of time as may be granted by the Director of Utilities in accordance with the provisions of the Contract Documents and Specifications.

- D. **Indemnification:** The city cannot and by this Agreement/Contract does not agree to indemnify, hold harmless, exonerate or assume the defense of the Contractor or any other person or entity, for any purpose. The Contractor shall defend, indemnify and save harmless the City, its officers, agents

and employees from any and all claims, demands, suits, actions or proceedings of any kind or nature including Worker's Compensation claims, in any way resulting from or arising out of this Agreement/Contract: provided, however, that the Contractor need not indemnify or save harmless the City, its officers, agents and employees from damages resulting from the sole negligence of the City's officers, agents and Employees.

- E. Accidental Spills and/or Releases of Chemicals, Process Wastewater or Other Unpermitted Substances to the Site: If a release of chemicals, process wastewater or other unpermitted substance is spilled, leaked, or otherwise released to the environment or Site, by CONTRACTOR, subcontractors, suppliers, or anyone else for whom CONTRACTOR is responsible, CONTRACTOR will take immediate steps to secure or otherwise isolate such condition, immediately notify the Littleton/Englewood Wastewater Treatment Plant staff and contain and clean up any such substance or spill. CONTRACTOR is responsible for making all notifications and complying with all regulatory requirements related to such an incident. Any waste generated as a result of a spill, leak, or other release to the environment or Site by CONTRACTOR, subcontractors, suppliers, or anyone else for whom CONTRACTOR is responsible shall become the property of CONTRACTOR and shall be disposed of in accordance with all applicable requirements. In addition to cleanup and disposal costs, CONTRACTOR is responsible for all costs associated with demobilization, remobilization, medical examinations, and all other costs, claims, losses, and damages, including but not limited to attorney fees and litigation costs as well as fines and penalties, incurred by Littleton/Englewood Wastewater Treatment Plan as a result of any substance or material that is spilled, leaked, or otherwise released to the environment or Site by CONTRACTOR, subcontractors, suppliers, or anyone else for whom CONTRACTOR is responsible.
- F. Termination of Award for Convenience: The City may terminate the award at any time by giving written notice to the Contractor of such termination and specifying the effective date of such termination, at least thirty (30) days before the effective date of such termination. In that event all finished or unfinished service, reports, material (s) prepared or furnished by the Contractor after the award shall, at the option of the City, become its property. If the award is terminated by the City as provided herein, the Contractor will be paid that amount which bears the same ratio to the total compensation as the services actually performed or material furnished bear to the total services/materials the successful firm agreed to perform under this award, less payments of compensation previously made. If the award is terminated due to the fault of the Contractor the clause relating to termination of the award for cause shall apply.
- G. Termination of Award for Cause: If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner its obligations or if the Contractor shall violate any of the covenants, agreements or stipulations of the award, the City shall have the right to terminate the award by giving written notice to the Contractor of such termination and specifying the effective date of termination. In that event, all furnished or unfinished services, at the option of the City, become its property, and the Contractor shall be entitled to receive just, equitable compensation for any satisfactory work documents, prepared completed or materials as furnished.

Notwithstanding the above, the Contractor shall not be relieved of the liability to the City for damages sustained by the City by virtue of breach of the award by the Contractor and the City may withhold any payments to the Contractor for the purpose of set off until such time as the exact amount of damages due the City from the Contractor is determined.

- H. Terms of Payment: The City agrees to pay the Contractor for the performance of all the work required under this contract, and the Contractor agrees to accept as his full and only compensation therefore, such sum or sums of money as may be proper in accordance with the price or prices set forth in the Contractor's proposal attached and made a part hereof, the total estimated cost thereof being One hundred and forty thousand forty dollars and forty cents (\$140,040.40). A 5% retainage of the awarded project amount will be withheld until final inspection and acceptance by the Project Manager.
- I. Appropriation of Funds: At present, \$140,040.40 has been appropriated for the project. Notwithstanding anything contained in this Agreement to the contrary, the parties understand and acknowledge that each party is subject to Article X, § 20 of the Colorado Constitution ("TABOR"). The parties do not intend to violate the terms and requirements of TABOR by the execution of this Agreement. It is understood and agreed that this Agreement does not create a multi-fiscal year direct or indirect debt or obligation within the meaning of TABOR and, notwithstanding anything in this Agreement/Contract to the contrary, all payment obligations of the City are expressly dependent and conditioned upon the continuing availability of funds beyond the term of the City's current fiscal period ending upon the next succeeding December 31. Financial obligations of the City payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available in accordance with the rules, regulations, and resolutions of the City and applicable law. Upon the failure to appropriate such funds, this Agreement shall be deemed terminated. The City shall immediately notify the Contractor or its assignee of such occurrence in the event of such termination.
- J. Liquidated Damages: The City and Contractor recognize that time is of the essence in this Agreement because of the public interest in health and safety, and that the City will suffer financial loss, and inconvenience, if the Work is not complete within the time specified in the bid documents, plus any extensions thereof allowed in accordance with the General Conditions. They also recognize the delays, expense and difficulties involved in proving, in a legal proceeding, the actual loss suffered by the City if the Work is not complete on time. Accordingly, instead of requiring any such proof, the City and Contractor agree that as liquidated damages for delay, but not as a penalty, Contractor shall pay the City **\$0.00** for each day that expires after the time specified for substantial completion until the Work is complete, and **\$0.00** for each day that expires after the time specified for final completion until the Work is finally complete.
- K. Assignment: Contractor shall not, at any time, assign any interest in this Agreement or the other Contract Documents to any person or entity without the prior written consent of the City specifically including, but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law). Any attempted assignment which is not in compliance with the terms hereof shall be null and void. Unless specifically stated to the contrary in any written consent to an Assignment, no Assignment will release or discharge the Assignor from any duty or responsibility under the Contract Documents.
- L. Contract Binding: It is agreed that this Contract shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, assigns, and successors.
- M. Contractors Guarantee: The Contractor shall guarantee that work and associated incidentals shall remain in good order and repair for a period of one (1) years from all causes arising from defective workmanship and materials, and to make all repairs arising from said causes during such period

without further compensation. The determination of the necessity for the repair or replacement of said project, and associated incidentals or any portion thereof, shall rest entirely with the Director of Utilities whose decision upon the matter shall be final and obligatory upon the Contractor.

VERIFICATION OF COMPLIANCE WITH C.R.S. 8-17.5-101 ET.SEQ. REGARDING HIRING OF ILLEGAL ALIENS

(a) Employees, Contractors and Subcontractors: Contractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract. Contractor shall not contract with a subcontractor that fails to certify to the Contractor that the subcontractor will not knowingly employ or contract with an illegal alien to perform work under this Contract. [CRS 8-17.5-102(2)(a)(I) & (II).]

(b) Verification: Contractor will participate in either the E-Verify program or the Department program, as defined in C.R.S. 8-17.5-101 (3.3) and 8-17.5-101 (3.7) respectively, in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under this public contract. Contractor is prohibited from using the E-Verify program or the Department program procedures to undertake pre-employment screening of job applicants while this contract is being performed.

(c) Duty to Terminate a Subcontract: If Contractor obtains actual knowledge that a subcontractor performing work under this Contract knowingly employs or contracts with an illegal alien, the Contractor shall:

(1) notify the subcontractor and the City within three days that the Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(2) terminate the sub-contract with the subcontractor if, within three days of receiving notice required pursuant to this paragraph the subcontractor does not stop employing or contracting with the illegal alien; except that the Contractor shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with the illegal alien.

(d) Duty to Comply with State Investigation: Contractor shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation by that the Department is undertaking pursuant to C.R.S. 8-17.5-102 (5).

(e) Damages for Breach of Contract: The City may terminate this contract for a breach of contract, in whole or in part, due to Contractor's breach of any section of this paragraph or provisions required pursuant to C.R.S. 8-17.5-102. Contractor shall be liable for actual and consequential damages to the City in addition to any other legal or equitable remedy the City may be entitled to for a breach of this Contract under this Paragraph.

IN WITNESS WHEREOF, the parties hereto have executed this Contract the day and year first written above.

CITY OF ENGLEWOOD

By: _____ Date: _____
(Department Director)

By: _____ Date: _____
(City Manager)

By: _____ Date: _____
(Mayor)

ATTEST: _____
City Clerk

ADAM H INC
Contractor (print company name)

By: _____
(signature)

Gene W. Waininger pres.
(Print name and Title)

STATE OF Colorado)
COUNTY OF Douglas) ss.

On this 20th day of February, 2015 before me personally appeared Gene Waininger, known to me to be the President of Adam H Inc, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

My commission expires: January 23, 2017

PAULA A. STERNS
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20094002777
MY COMMISSION EXPIRES JANUARY 23, 2017