Priority Based Budgeting

An Update on the PBB Process

What is Priority Based Budgeting?

Priority Based Budgeting (PBB) is a data driven process that evaluates the budget not only in the currency of money, but also in the currency of community priorities

Community priorities are developed from the Sustainability Framework, Citizen Surveys, Council approved Legislative Policy Agenda, and the Organizational Strategic Plan

Staff evaluates and scores the budget, broken out by programs, in relation to community priorities

What is Priority Based Budgeting?

▶ PBB defines specific activities, like Buhr Park Pool or Streetlights, as "Programs"

▶ This data is used to evaluate programs, develop insights, determine potential cost savings, and to reallocate resources to programs that align most with community priorities

▶ Priority-based budgeting is a best practice in municipal finance

Program Insights
Program Scoring
Program Cost Allocations
Program Inventory
Line Items

Reduce, re-allocate existing resources

-OR-

Generate new revenue

Timeline

June 19, 2019 – Council approved a contract with ResourceX, to provide PBB software and consulting services

Late 2019 to Early 2020 –

Council and City Administrator worked to develop and finalize the Council Budget Priority Matrix

ResourceX and City staff worked to load the City's FY21 budget into the PBB software

April 2020 – City Super Users were identified and trained

Timeline

June 2020 – All managers were trained, and managers scored their own programs

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July 2020 – Cross-functional peer review teams scored all programs

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August 2020 – Super Users reviewed and validated scoring

Timeline

October to December 2020 – Three insights workshops were held with managers to identify budget opportunities

January 2021 – PBB insights are used to inform the budget process, and compliment our existing Impact Sheet process

February 2021 and beyond – PBB is an integrated element of the City budget process

How Programs Are Scored

The PBB tool evaluates Programs across two sets of criteria

Community Priorities

Safe, Engaged, Vibrant Community & Strong Neighborhoods	Diversity, Equity, Inclusion	Environmental Stewards
Well Maintained and Sustainable Infrastructure	Healthy and Sustainable Economy	Responsible and Responsive Government/ Good Governance

Program Attributes

MANDATE	State or Federal mandate, Local mandate, or no mandate
RELIANCE	City is sole provider, or other entities could provide service
COST RECOVERY	Programs ranked by degree of self sufficiency
DEMAND	Is demand for service increasing, flat, or decreasing?
POPULATION SERVED	Programs ranked by percentage of community receiving benefit

Community Priorities

Safe, Engaged, Vibrant Community & Strong Neighborhoods

Diversity, Equity, Inclusion

Environmental Stewards

Well Maintained and Sustainable Infrastructure

Healthy and Sustainable Economy

Responsible and Responsive Government/ Good Governance

Adopted by Council. Key elements of the Strategic Plan.

Graphical Ranking of City Programs by Alignment with Community Priorities

Diversity, Equity, Inclusion

Environmental Stewards

Healthy & Sustainable Economy

Safe, Engaged, & Vibrant

Maintained & Sustainable Infrastructure
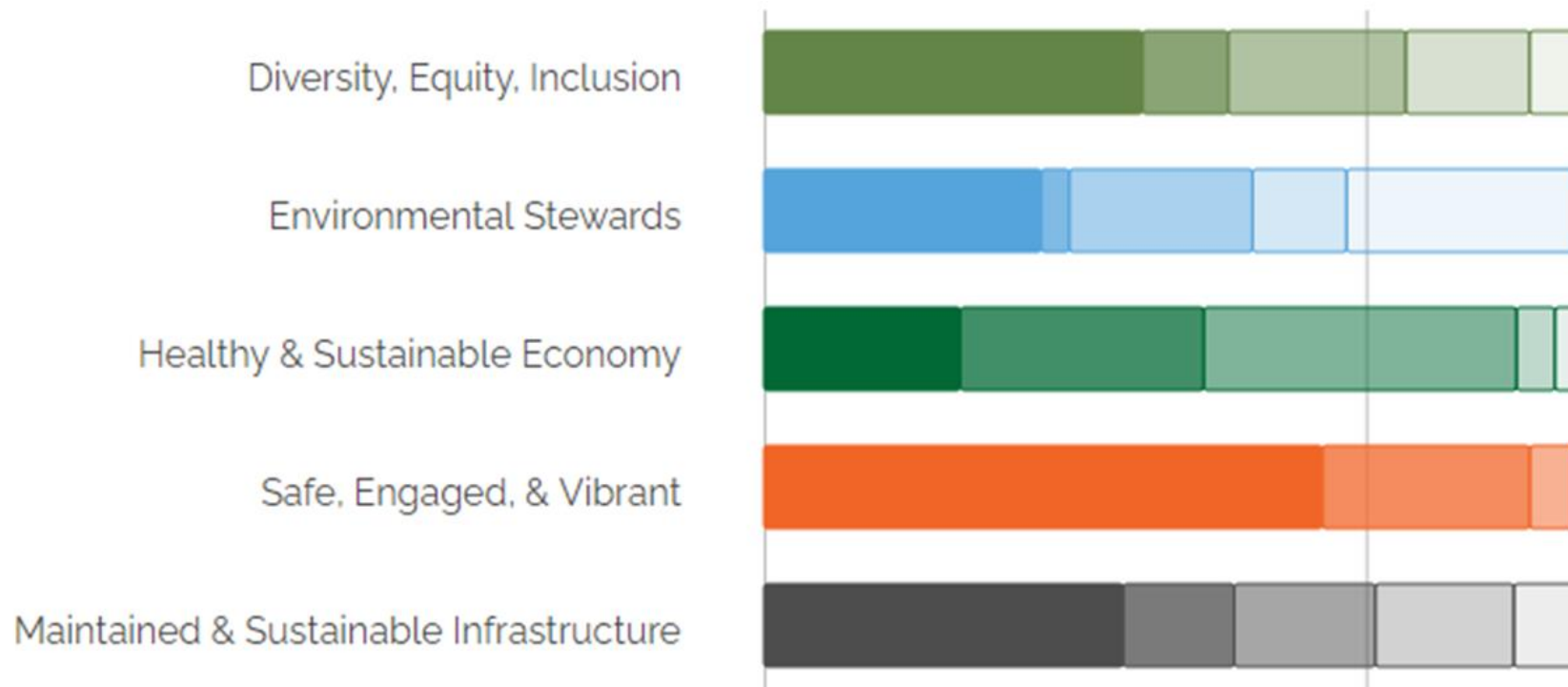
Darkest shading infers highest correlation

Graphical Ranking of City Programs by Alignment with Community Priorities
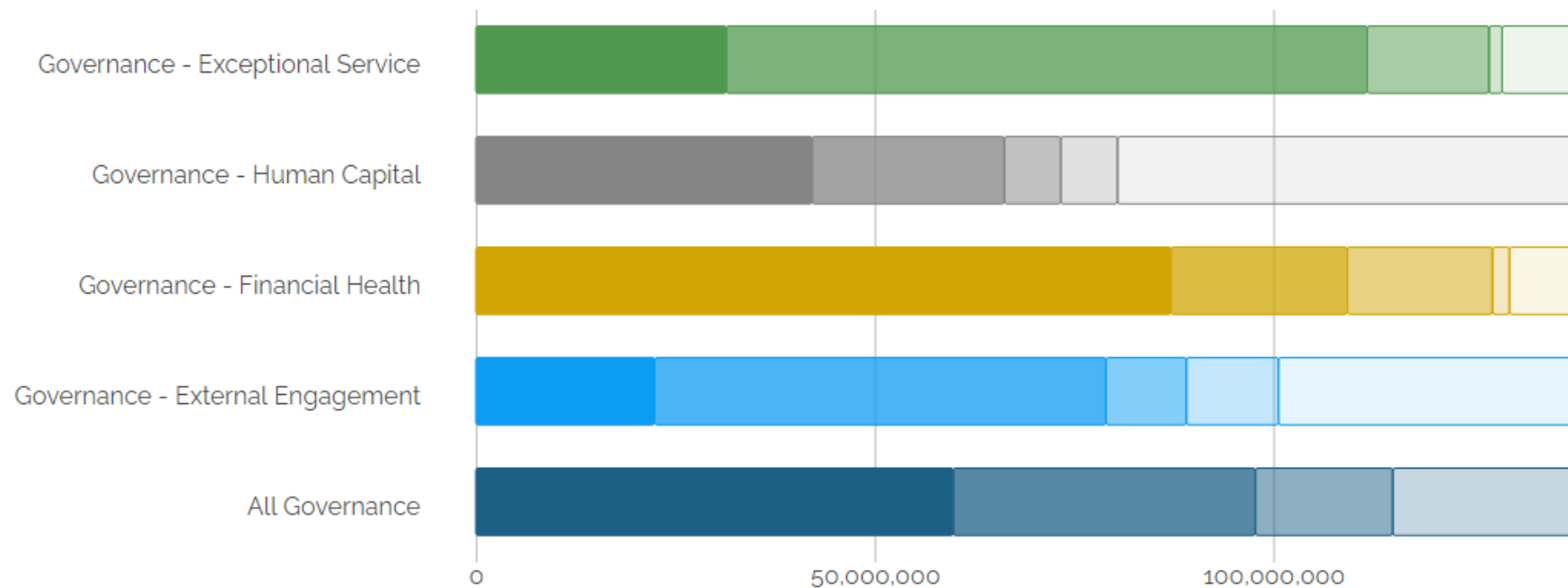
The sixth priority, Good Governance, is ranked separately and in more detail

Program Attributes

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RELIANCE — City is sole provider, or other entities could provide service

COST RECOVERY — Programs ranked by degree of self sufficiency

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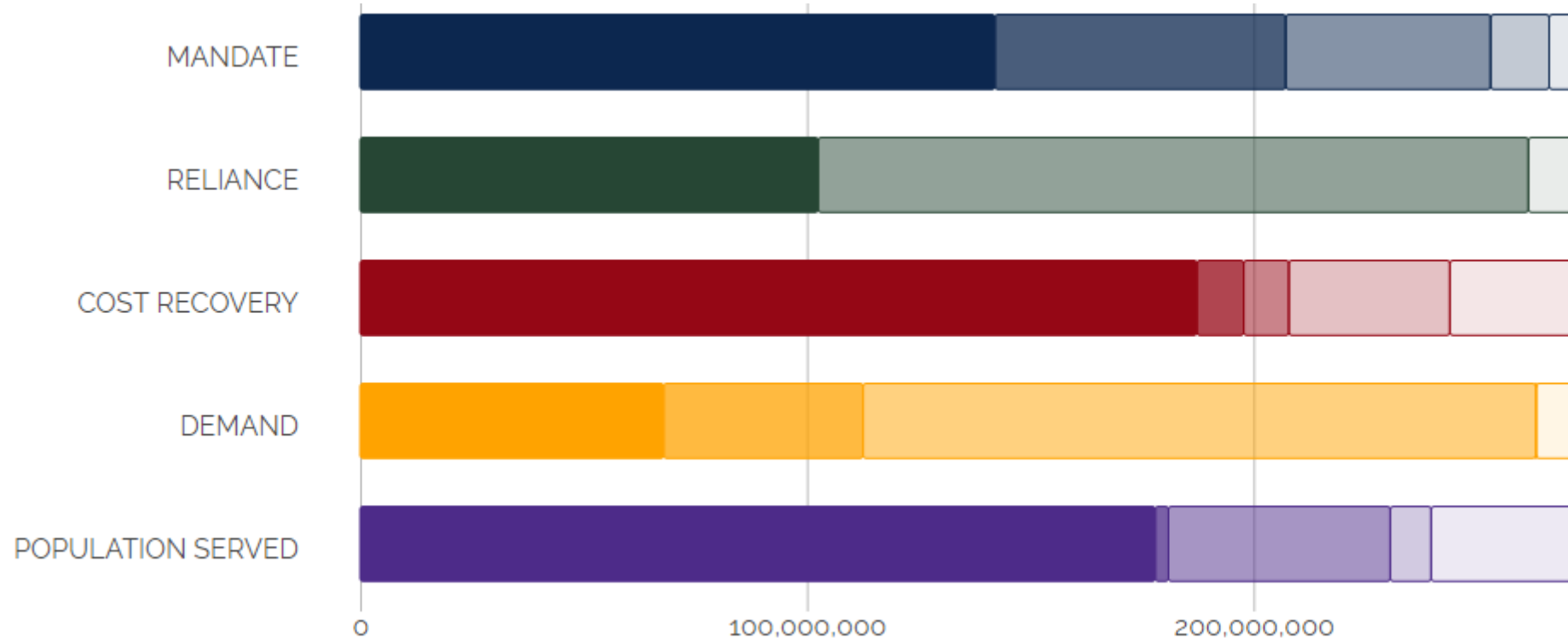
Graphical Ranking of City Programs by Alignment with Program Attributes

Darkest shading infers highest correlation

Insights: Examples

"Create low-mow or no-mow zones in parks with large expanses of lawn."

"Football parking at Allmendinger Park"

"SmartCities - energy efficient savings throughout the city, including smart street lights."

"Participate in injury prevention programs"

"Consider tapping into community philanthropy and private partnerships."

"Sell City owned properties to fund A2Zero and other initiatives, and generate tax revenue"

Financial Situation

FY2022 Financial Outlook

General Fund Base Projection

	FY2021 Budget (Mils.)	FY2022 Initial (Mils.)	FY2022 Economics (Mils.)	FY2022 Risks/Opps (Mils.)	FY2022 Projected (Mils.)	FY2023 Projected (Mils.)
Recurring						
Revenues	$ 112.6	$ 114.3	$ (1.9)	$ -	$ 112.4	$ 115.7
Expenditures	(111.6)	(115.5)	0.2	-	(115.3)	(118.9)
Net Surplus/(Deficit)	$ 1.0	$ (1.2)	$ (1.7)	$ -	$ (2.9)	$ (3.2)
One-time						
Revenues	$ 1.1	$ 1.4	$ (0.1)	$ -	$ 1.3	$ 1.2
Expenditures	(1.1)	-	(1.2)	-	(1.2)	(1.1)
Net Surplus/(Deficit)	$ -	$ 1.4	$ (1.3)	$ -	$ 0.1	$ 0.1
Net Surplus/(Deficit)	$ 1.0	$ 0.2	$ (3.0)	$ -	$ (2.8)	$ (3.1)
Unassigned Fund Balance	$ 21.1				$ 18.3	$ 15.2
Policy range (15% to 20%)	20.7%				17.8%	14.4%

Financial Situation

FY2022 Financial Outlook

General Fund with A2Zero Fully Funded

	FY2021 Budget (Mils.)	FY2022 Initial (Mils.)	FY2022 Economics (Mils.)	FY2022 Risks/Opps (Mils.)	FY2022 Projected (Mils.)	FY2023 Projected (Mils.)
Recurring						
Revenues	$ 112.6	$ 114.3	$ (1.9)	$ -	$ 112.4	$ 115.7
Expenditures	(111.6)	(115.5)	0.2	(1.9)	(117.2)	(125.4)
Net Surplus/(Deficit)	$ 1.0	$ (1.2)	$ (1.7)	$ (1.9)	$ (4.8)	$ (9.7)
One-time						
Revenues	$ 1.1	$ 1.4	$ (0.1)	$ -	$ 1.3	$ 1.2
Expenditures	(1.1)	-	(1.2)	(4.3)	(5.5)	(6.1)
Net Surplus/(Deficit)	$ -	$ 1.4	$ (1.3)	$ (4.3)	$ (4.2)	$ (4.9)
Net Surplus/(Deficit)	$ 1.0	$ 0.2	$ (3.0)	$ (6.2)	$ (9.0)	$ (14.6)
Unassigned Fund Balance	$ 21.1				$ 12.1	$ (2.5)
Policy range (15% to 20%)	20.7%				11.8%	-2.4%

PBB data to be included in Impact Sheet process

City of Ann Arbor
BUDGET IMPACT ANALYSIS

			FY2021	FY2022	FY2023			
			BUDGET for Ongoing Operations*	**Projected Expenditures***	**Projected Expenditures***			
SERVICE AREA:								
SERVICE UNIT:								
								Strategic Plan Goal # (if applicable)- see key to the right
SERVICE ACTIVITY	**FUND**	**CHANGES FROM EXISTING SERVICE LEVELS**		**FY2022**	**FY2023**	**Recurring (Y/N)**	**PBB Matrix # - see key to the right**	

Questions?