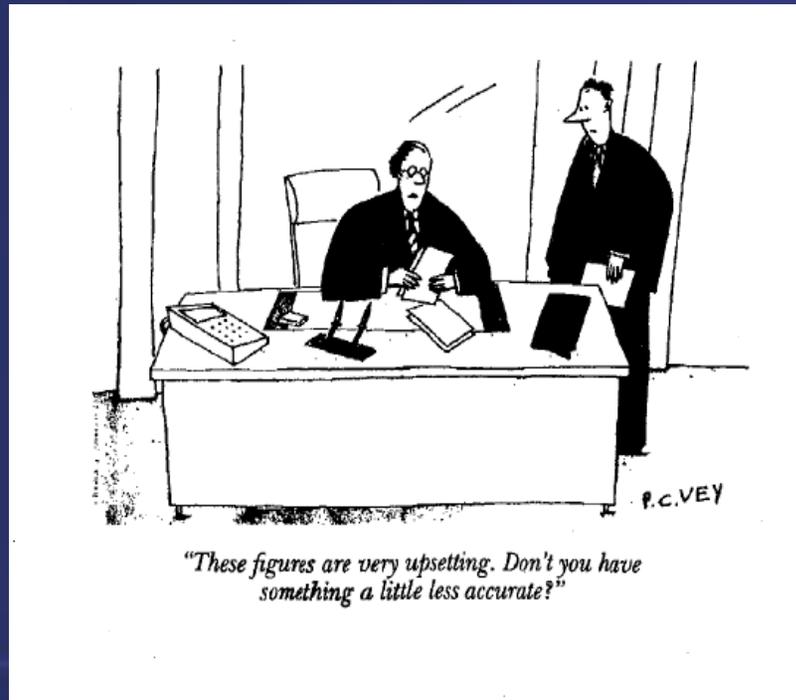


Back to Basics

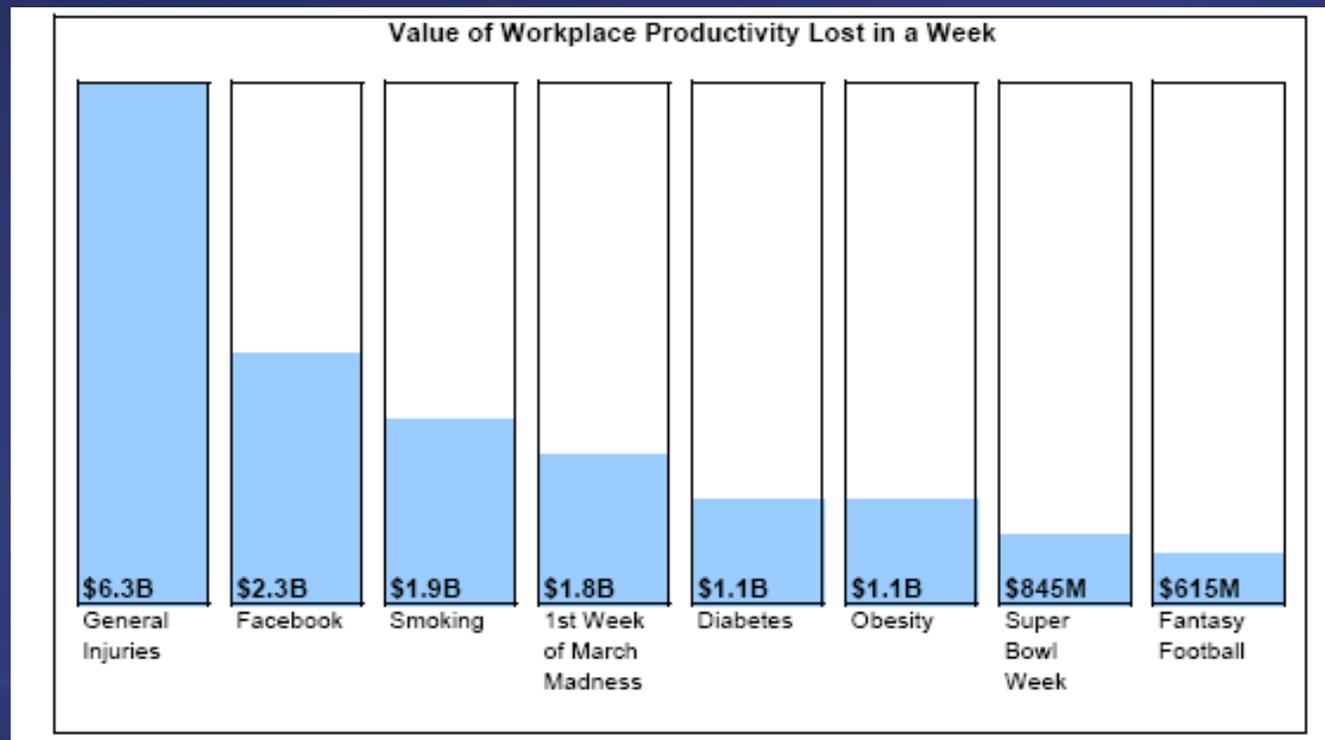
**Utah City Management Association
and Utah League of Cities and Towns**

**Chris Hillman, Layne Long
and Tom Bakaly**

Back to Basics

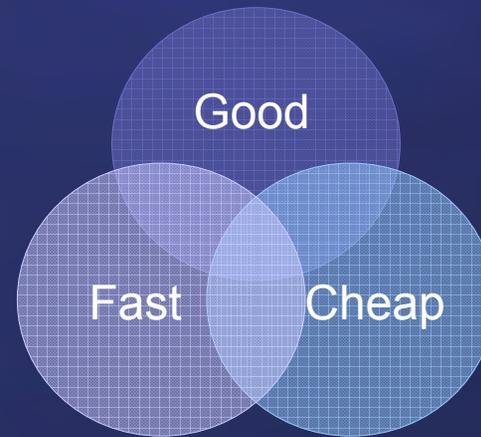


Back to Basics



Back to Basics

“Sometimes the Good
is the Enemy of the
Best”



Pick 2

Back to Basics

Short Term – Survive

- Across the Board Cuts
- Layoffs
- Furloughs
- Reductions in Salary/Benefits
- Defer Capital Expenditures
- Reductions in Training and Travel

Back to Basics

Long Term – Innovate

- Re-engineer Processes
- Reward Performance
- Break-down Insular Silos
- Stick to Your Vision
- Match Revenues with Expenses
- Prioritize Services

Back to Basics

Barriers to Long-Term Approach

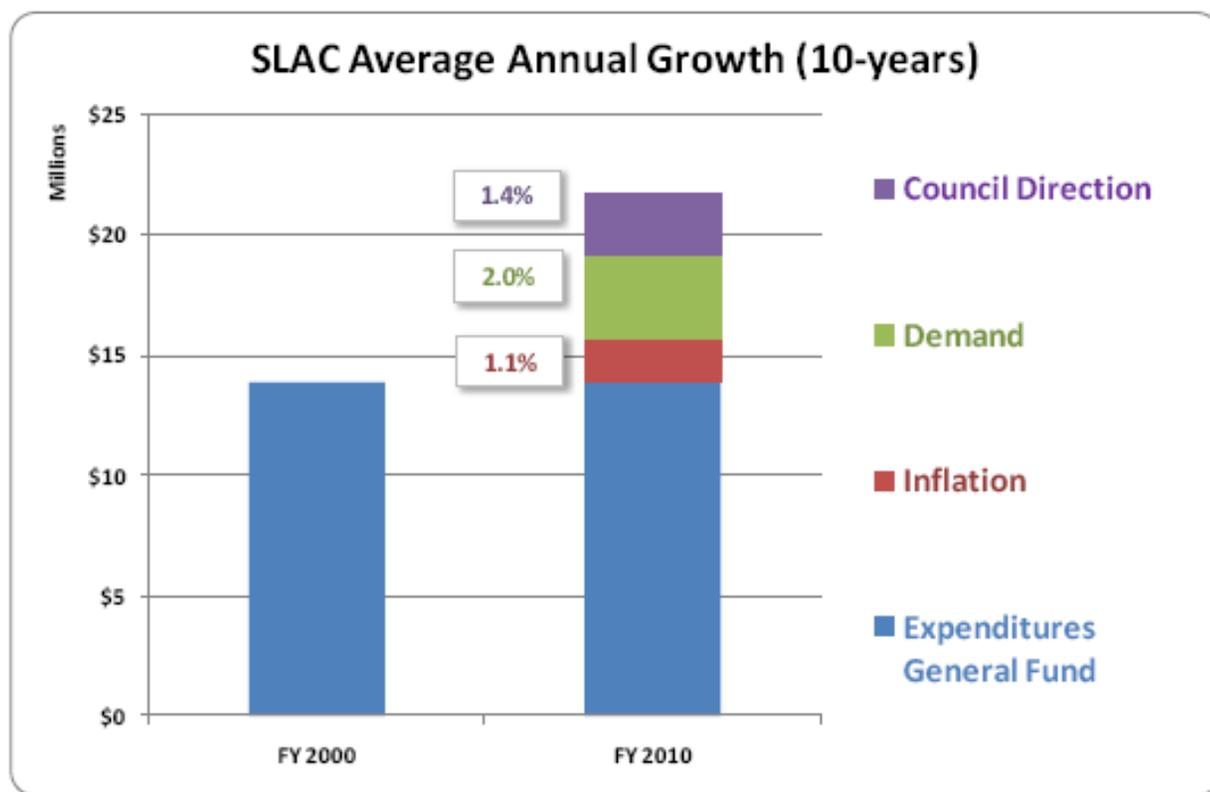
- Fear – Inaction
 - Public/Media Scrutiny
 - State Legislative Concerns
 - Perceptions of Inequity – Equality \neq Equity
- Elected Officials: Need to Get Elected
- Organizational Culture: Empire Building

Back to Basics

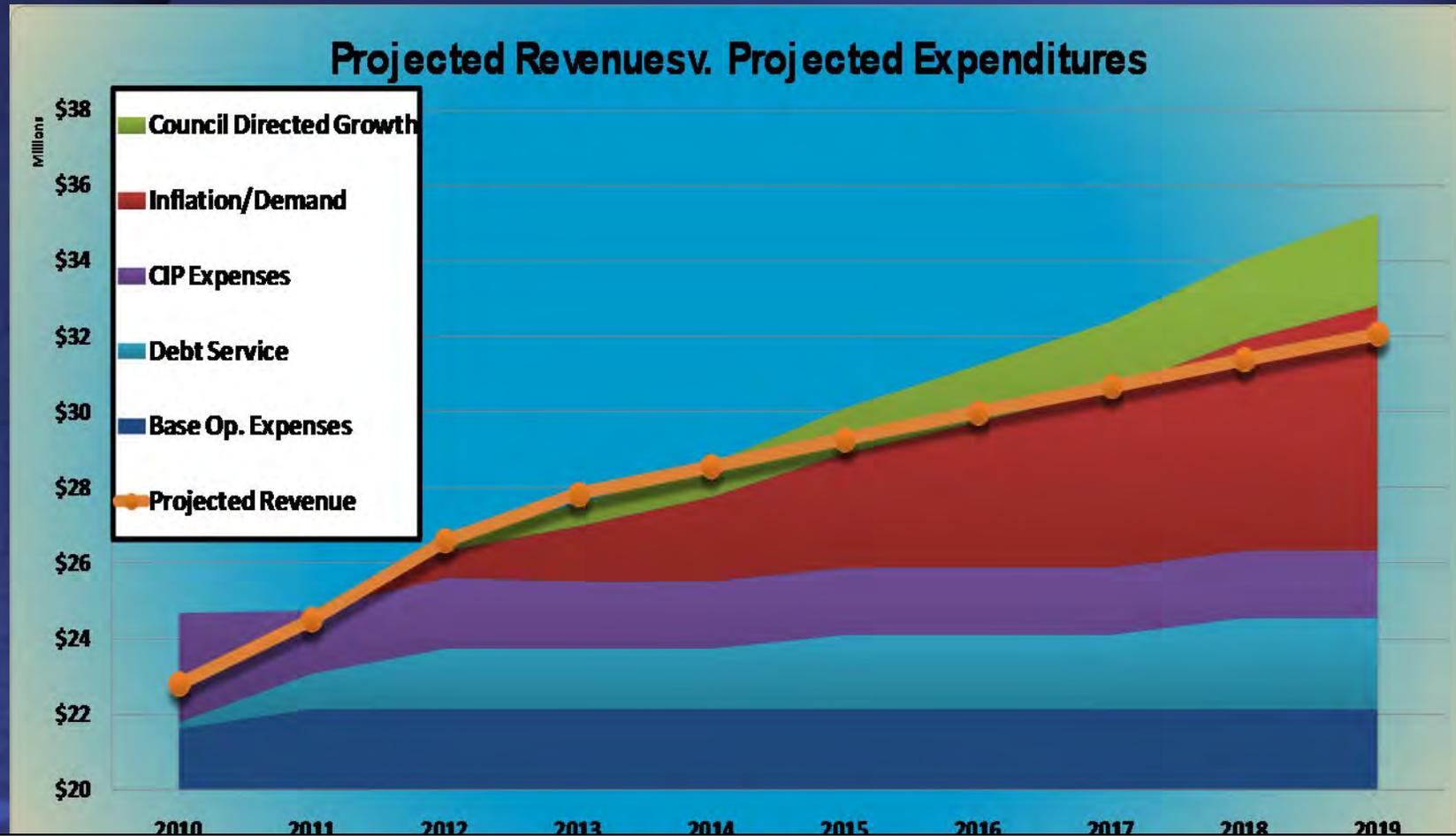
Benefits to Long-Term Approach

- Lead – Take Risk – Don't Dumb Down
 - Provide Most Efficient Services
 - Cheaper
 - Prioritize: Departments Not Equal
- Align Policy Goals with Expenditures
- Engaged/Accountable Workforce

Back to Basics



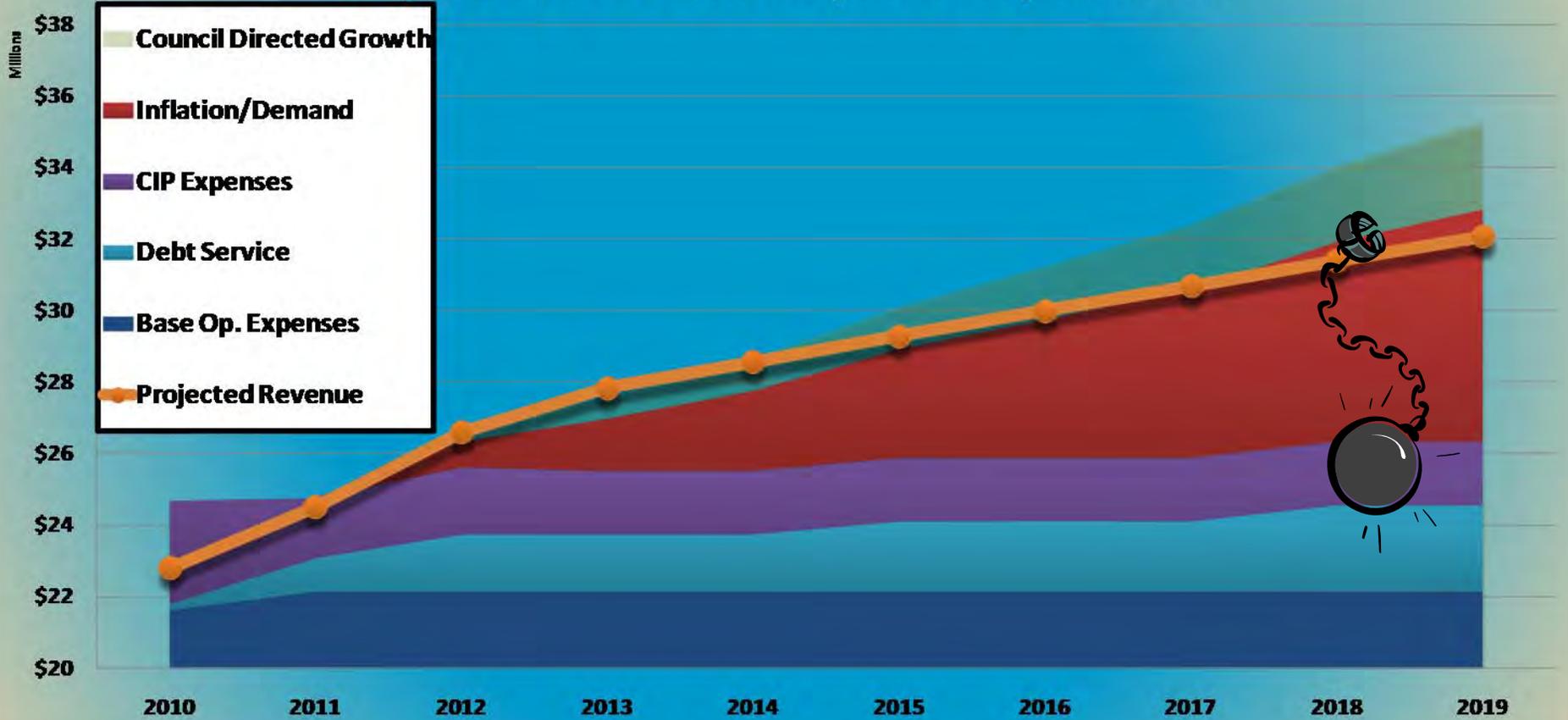
FUTURE SURPLUS/(DEFICIT) ESTIMATES



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Rev/Exp	(\$1,860,302)	(\$240,314)	(\$38,364)	\$269,976	(\$76,111)	(\$818,293)	(\$1,242,254)	(\$1,695,649)	(\$2,638,557)	(\$3,174,136)	(\$11,514,005)

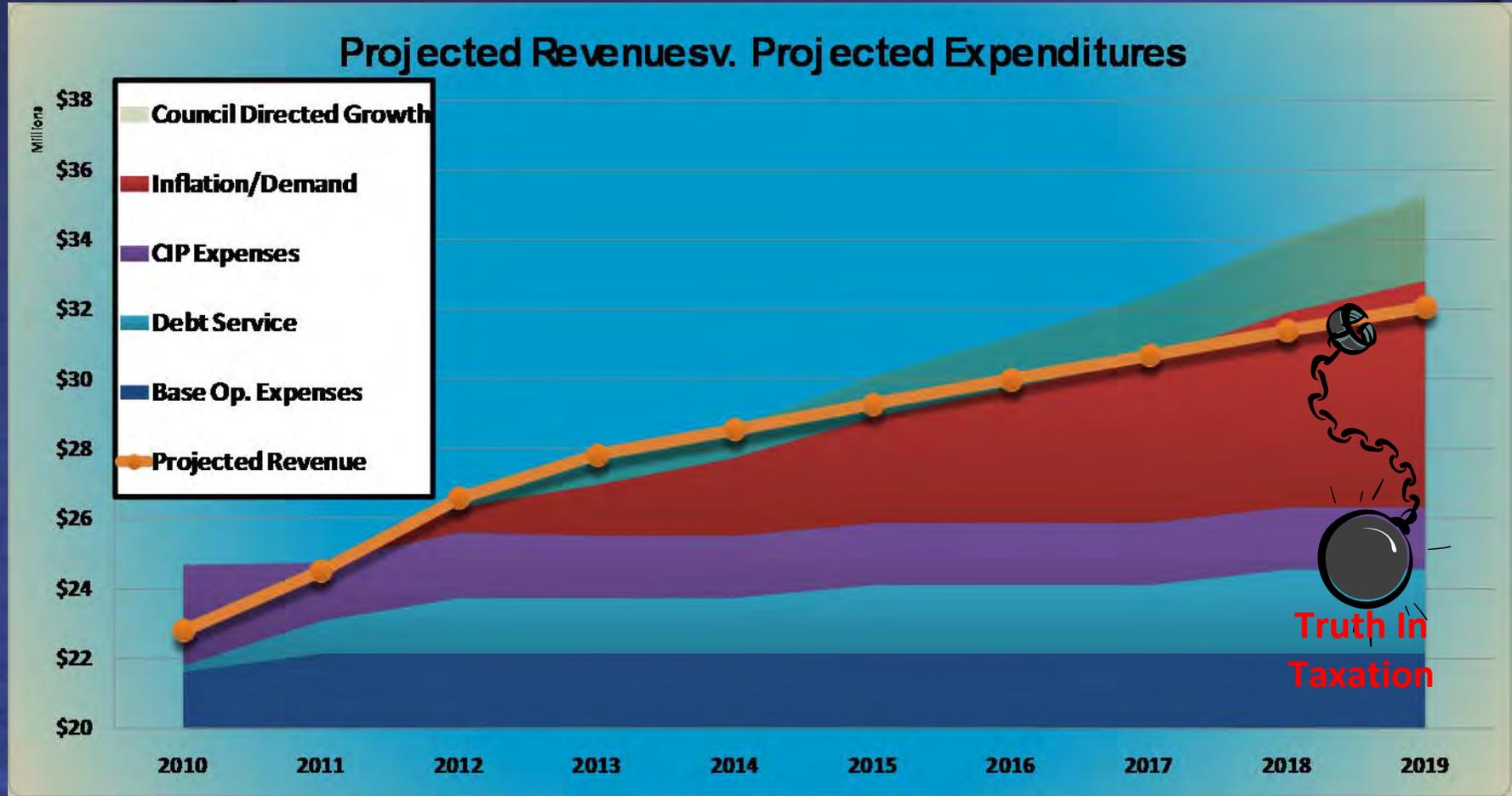
FUTURE SURPLUS/(DEFICIT) ESTIMATES

Projected Revenues vs. Projected Expenditures



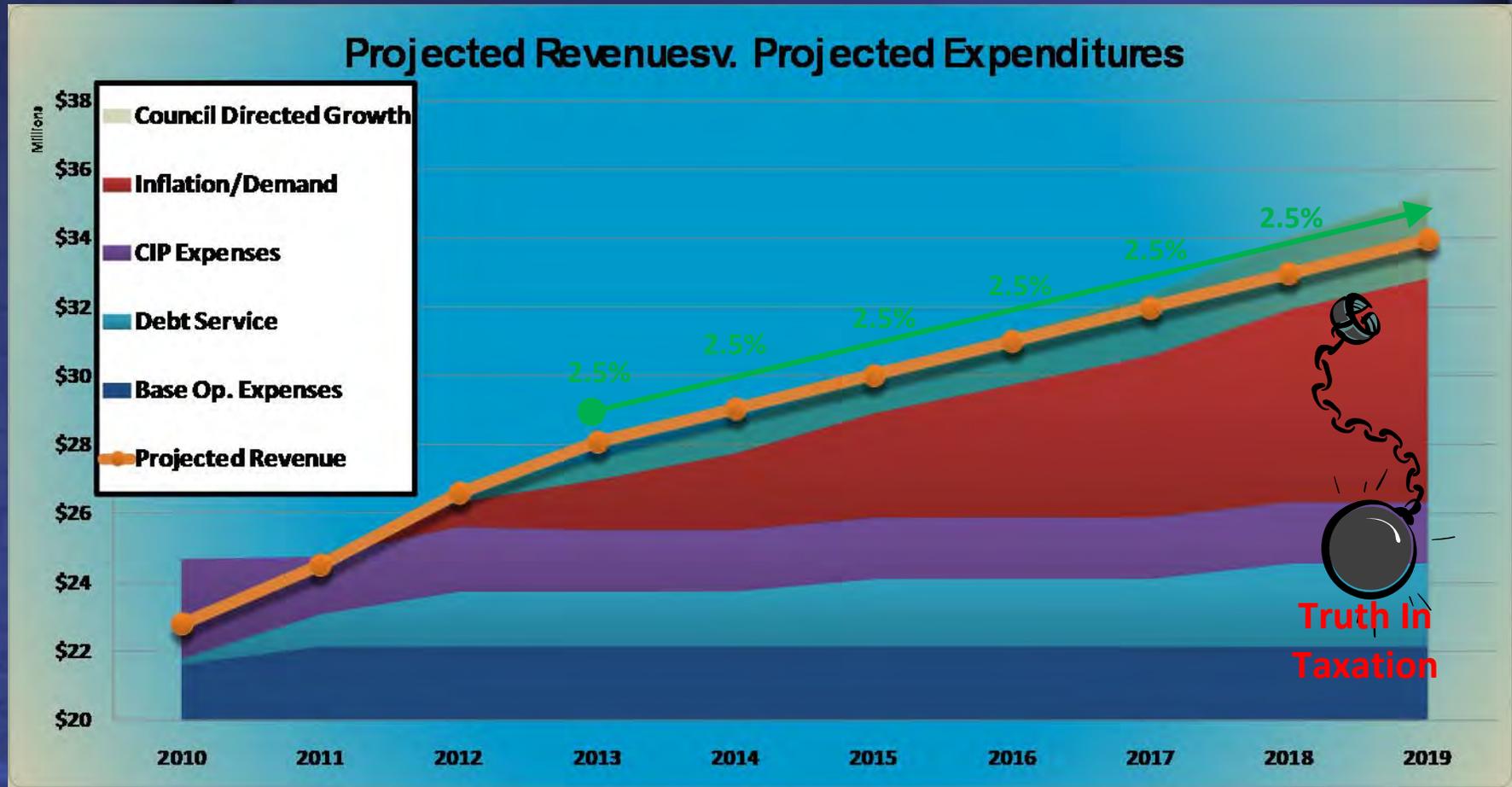
Rev/Exp	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Rev											
Exp	(\$1,860,302)	(\$240,314)	\$259,741	\$862,362	\$814,419	\$374,294	\$256,353	\$112,993	(\$515,811)	(\$733,165)	(\$669,430)

FUTURE SURPLUS/(DEFICIT) ESTIMATES



	Revenue Surplus (Deficit)										
Rev/Exp	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
	(\$1,860,302)	(\$240,314)	\$259,741	\$862,362	\$814,419	\$374,294	\$256,353	\$112,993	(\$515,811)	(\$733,165)	(\$669,430)

FUTURE SURPLUS/(DEFICIT) ESTIMATES



Revenue Surplus (Deficit)

Rev/Exp	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
	(\$1,860,302)	(\$240,314)	\$259,741	\$1,056,797	\$1,212,625	\$985,616	\$1,090,151	\$1,178,652	\$791,125	\$824,507	\$5,298,597

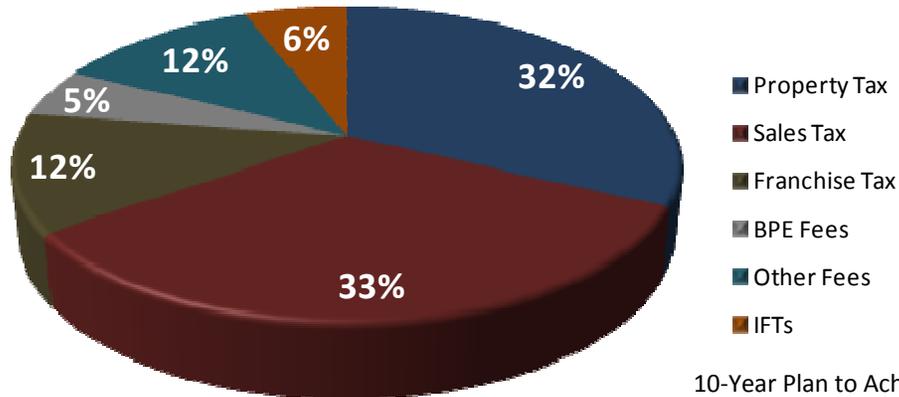
Long-term Revenue Mix Plan

Sample Service Funding Matrix

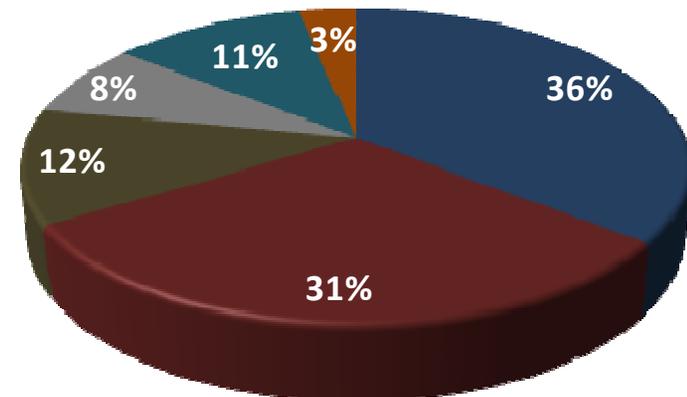
Revenue Mix Producing Ideal Service Stability

Function	Total Budget	Revenue Mix Producing Ideal Service Stability					
		Property Tax	Sales Tax	Franchise Tax	BPE Fees	Other Fees	IFTs
Administration	\$ 5,181,072	26%	41%	12%	8%	3%	11%
Community Development	\$ 2,957,709	14%	27%	7%	50%	0%	2%
Public Safety	\$ 4,175,373	55%	28%	15%	0%	2%	1%
Public Works	\$ 4,751,184	55%	27%	14%	0%	0%	3%
Recreation	\$ 4,050,096	22%	19%	7%	0%	52%	0%
Other	\$ 965,806	27%	37%	11%	0%	24%	0%
Capital Projects	\$ 2,821,234	37%	42%	14%	0%	7%	0%

Current Revenue Mix



Service Stability Revenue Mix



10-Year Plan to Achieve Ideal Revenue Mix



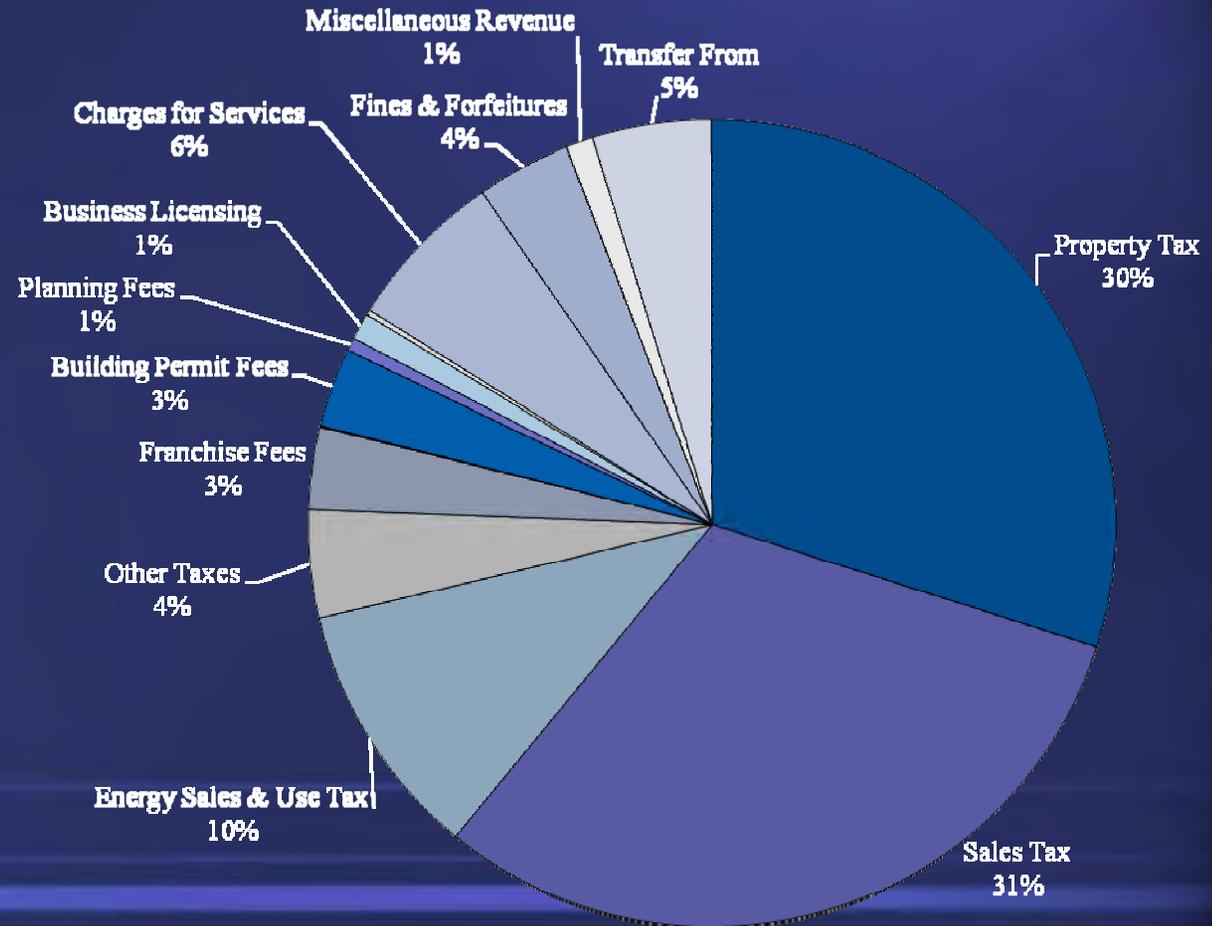
How do we get back to the basics?

- Analysis of core functions, services, and processes
- Willingness to change how, when and which services are delivered
- Set and adhere to priorities
- Develop a revenue sustainability plan

Revenue Sustainability Plan

- Understand your revenue base
 - Traditional forecasting models don't work
 - New models require foresight and flexibility
 - Must be tuned in to local, regional, state, and national information and trends

Revenues (tax base)



Revenue Sustainability Plan

- Collection of existing revenue
 - Equity and fairness
 - Audits
- Protect and expand tax base
- Job growth businesses
- Review revenue performance no less than quarterly

Revenue Sustainability Plan

- Consider contracting out services and equipment where appropriate
- Bring services in-house where cost effective

Revenue Sustainability Plan

- Cooperatively share/provide services with other jurisdictions
 - Financial, human resources, training
 - Public works maintenance & repair
 - Utilities
 - Public safety (police, fire, dispatch)
 - Recreation, leisure, library etc.
 - Building inspection, plan check

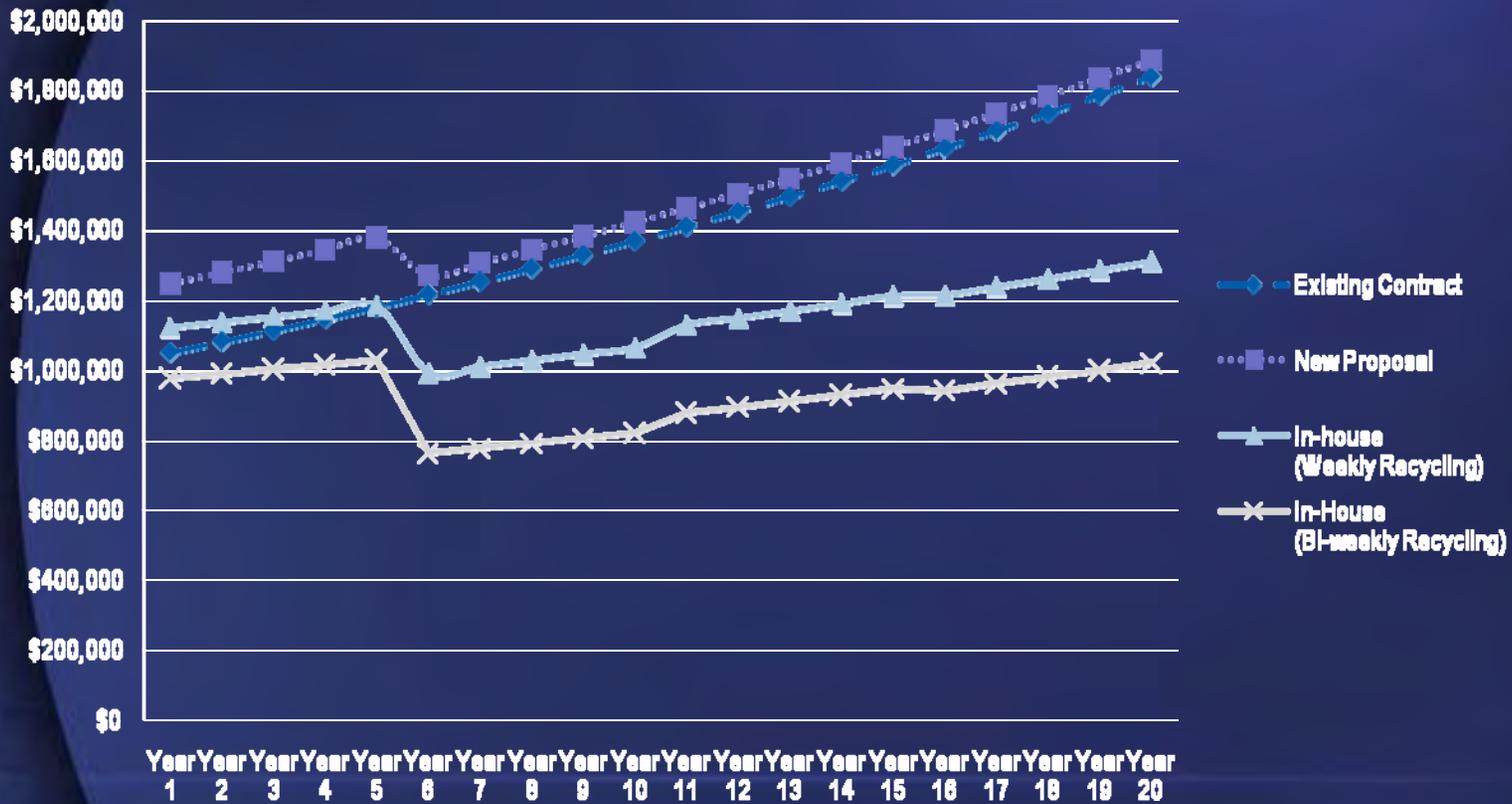
Revenue Sustainability Plan

- Redesign a smaller, leaner, flatter, more sustainable organization
- Do not sacrifice required infrastructure maintenance
- Establish and maintain appropriate reserves in all funds
- Create flexible staffing models adaptable to work load fluctuations

Revenue Sustainability Plan

- Cost-of-service analysis
 - Measurable factors
 - Benchmarks
 - Evaluate cost/benefit
 - Redesign organizational units

Solid Waste Cost of Service



First Day of Service



Service Cost Study

- Establish appropriate cost-recovery targets for services and adjust fee structure accordingly

Why calculate service costs?

- Helps eliminate unintended diversion of taxes to fee services
- Identifies when costs exceed perceived value of the process
- Shows if a fee service is making a profit
- Identifies all costs associated with a service

DRAPER CITY, UTAH
REVENUE AND COST SUMMARY WORKSHEET
FISCAL YEAR 2009-2010

SERVICE CUP-HOME OCCUPATION		REFERENCE NO. S-013
PRIMARY DEPARTMENT PLANNING	UNIT OF SERVICE APPLICATION	SERVICE RECEIPT
DESCRIPTION OF SERVICE To process an application to operate a business out of a home		
CURRENT FEE STRUCTURE \$80		
REVENUE AND COST COMPARISON		
UNIT REVENUE:	\$80.00	TOTAL REVENUE:
UNIT COST:	\$1,400.55	TOTAL COST:
UNIT PROFIT (SUBSIDY):	\$(1,400.55)	TOTAL PROFIT (SUBSIDY):
TOTAL UNITS:	11	PCT. COST RECOVERY:
		4.03%
SUGGESTED FEE FOR COST RECOVERY OF: 100%		

DRAPER CITY, UTAH
 COST DETAIL WORKSHEET
 FISCAL YEAR 2009-2010

SERVICE		REFERENCE NO				
CUP-HOME OCCUPATION		S-613				
NOTE		TOTAL UNITS				
Unit Costs are an Average of Total Units		11				
DEPARTMENT	POSITION	TYPE	UNIT TIME	UNIT COST	AMT. UNITS	TOTAL COST
LEGAL SERVICES	CITY ATTORNEY	1st DRC Mgr	1.00	\$115.77	11	\$1,273
FIRE PREVENTION	FIRE INSPECTOR-UEA	DRC Mgr	0.50	\$12.25	11	\$135
CD BUILDING	CHIEF BLDG OFF	1st DRC Mgr	1.00	\$111.75	11	\$1,229
CD-PLANNING	PROJECT PLANNER		10.00	\$674.40	11	\$7,418
CD-PLANNING	PLANNING COORD.		1.00	\$61.31	11	\$674
PVE-ENGINEERING	CITY ENG NLLR	1st DRC Mgr	7.00	\$275.05	11	\$3,026
TYPE SUBTOTAL			15.50	\$1,400.50		\$16,356
TOTALS			15.50	\$1,400.50		\$16,356



Be Open to New Ideas

- Cell Towers
- Street Maintenance
- Community Services Workers

Back to Basics- Prioritize Services

Clearfield City's Three-Step Approach of Budgeting the Basics During & After Economic Downturn

Step 1: Stop the bleeding

Step 2: Create new long-term vision

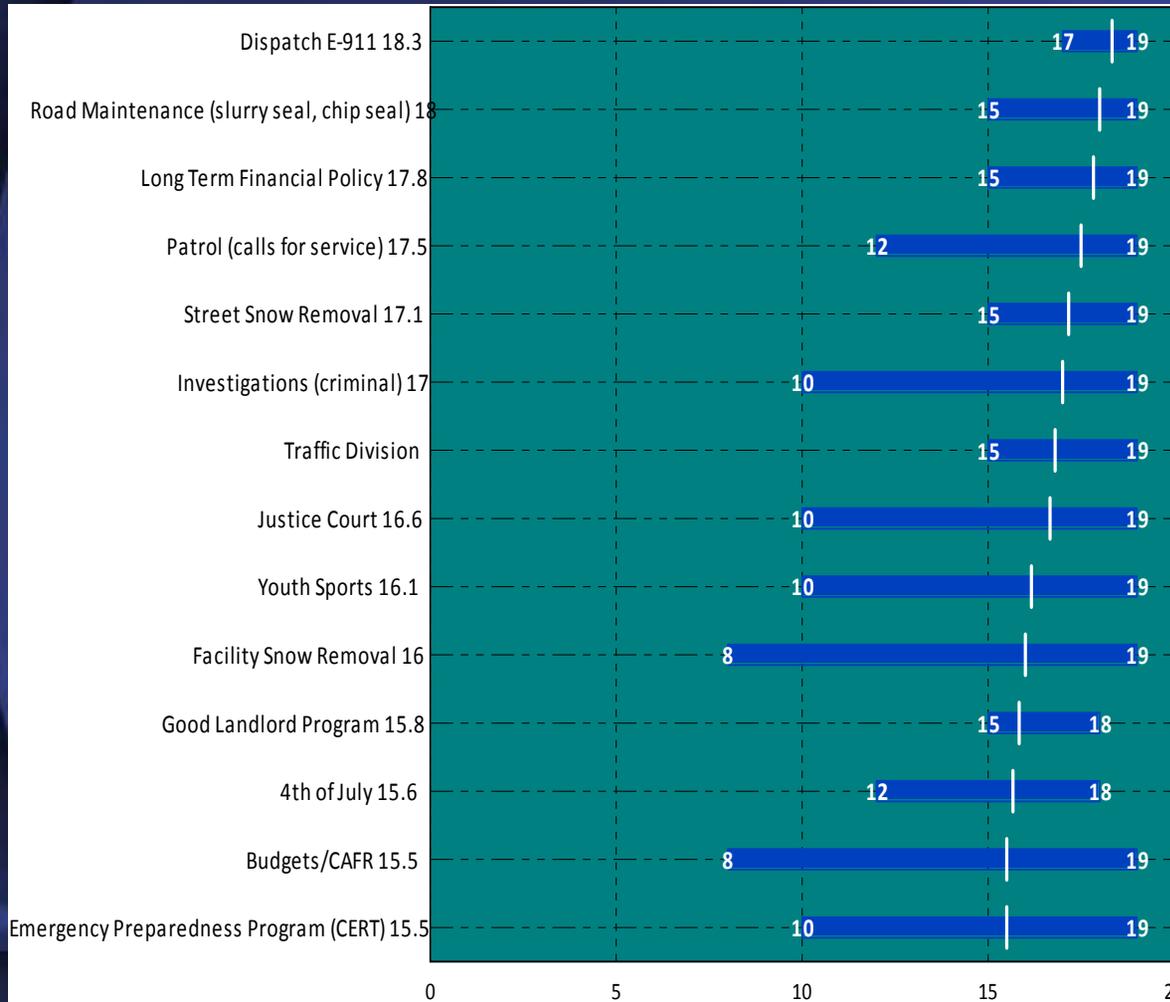
Step 3: Prioritize new monies based upon new long-term vision

Step 1: Stop the Bleeding

- Program/Service Prioritization Exercise
 - Give them a tool to grasp onto!!
 - Identified 65 basic services, issues and programs
 - Council survey using Likert Scale of 1-19
 - Survey range and average analysis
 - Arranged by overall average and function
 - Identify revenues, expenses and net income/loss for each

Step 1: Stop the Bleeding

Programs/Services by Average Set #1



Revenue	Expenses	Net Inc/Loss
\$ 189,000	\$ 122,000	\$ 67,000
\$ -	\$ 249,813	\$ (249,813)
\$ -	\$ 2,192	\$ (2,192)
\$ 535,500	\$ 1,041,358	\$ (505,858)
\$ -	\$ 70,003	\$ (70,003)
\$ 8,400	\$ 595,824	\$ (587,424)
\$ 517,500	\$ 219,690	\$ 297,810
\$ 179,400	\$ 393,447	\$ (214,047)
\$ 112,622	\$ 212,585	\$ (99,963)
\$ -	\$ 47,056	\$ (47,056)
\$ -	\$ 23,293	\$ (23,293)
\$ 9,000	\$ 79,375	\$ (70,375)
\$ -	\$ 195,466	\$ (195,466)
\$ 25,000	\$ 34,663	\$ (9,663)

Step 1: Stop the Bleeding

Program/Service	EXPENSES								Revenue	Profit/Loss
	Hours	FTE	%	Payroll	Operating	Prof. Services	Total Expense	FY09 Budget		
Legislative Duties/Activities	0	0.00	0.0%	\$ 100,396	\$ 25,695	\$ -	\$ 126,091	\$ 126,091	\$ -	\$ (126,091)
Governmental Relations/Memberships	0	0.00	0.0%	\$ -	\$ 15,850	\$ -	\$ 15,850	\$ 15,850	\$ -	\$ (15,850)
Youth Council	0	0.00	0.0%	\$ -	\$ 2,000	\$ -	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Donations/Sponsorships	0	0.00	0.0%	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Employee/Citizen Events & Programs	0	0.00	0.0%	\$ -	\$ 29,750	\$ -	\$ 29,750	\$ 29,750	\$ -	\$ (29,750)
	0	0.00	0.0%	\$ 100,396	\$ 78,295	\$ -	\$ 178,691	\$ 178,691	\$ -	\$ (178,691)
Justice Court Operations	3,121	1.50	27.7%	\$ 80,967	\$ 6,653	\$ 77,500	\$ 165,120	\$ 165,120	\$ 115,000	\$ (50,120)
Window/Customer Service	6,538	3.14	58.1%	\$ 169,613	\$ 13,936	\$ -	\$ 183,549	\$ 183,549	\$ 28,750	\$ (154,799)
Small Claims Court	96	0.05	0.9%	\$ 2,490	\$ 205	\$ -	\$ 2,695	\$ 2,695	\$ 15,600	\$ 12,905
Drug Court	480	0.23	4.3%	\$ 12,452	\$ 1,023	\$ -	\$ 13,475	\$ 13,475	\$ 50	\$ (13,425)
Justice Court Administration	347	0.17	3.1%	\$ 9,002	\$ 739	\$ -	\$ 9,741	\$ 9,741	\$ 10,000	\$ 259
Video Arraignments	672	0.32	6.0%	\$ 17,433	\$ 1,432	\$ -	\$ 18,865	\$ 18,865	\$ 10,000	\$ (8,865)
	11,254	5.41	100.0%	\$ 291,959	\$ 23,988	\$ 77,500	\$ 393,447	\$ 393,447	\$ 179,400	\$ (214,047)
General Administration	1,456	0.70	21.2%	\$ 51,848	\$ 14,643	\$ -	\$ 66,491	\$ 66,491	\$ -	\$ (66,491)
Administrative Support	416	0.20	6.1%	\$ 14,814	\$ 755	\$ -	\$ 15,569	\$ 15,569	\$ -	\$ (15,569)
Lobbying/Government Affairs	312	0.15	4.5%	\$ 11,110	\$ 566	\$ 96,000	\$ 107,676	\$ 107,676	\$ -	\$ (107,676)
Performance Auditing/Analysis	250	0.12	3.6%	\$ 8,888	\$ 453	\$ -	\$ 9,341	\$ 9,341	\$ -	\$ (9,341)
Employee Programs	208	0.10	3.0%	\$ 7,407	\$ 4,078	\$ 2,000	\$ 13,485	\$ 13,485	\$ -	\$ (13,485)
Kiosk/Customer Service	3,032	1.46	44.1%	\$ 107,969	\$ 5,503	\$ -	\$ 113,472	\$ 113,472	\$ -	\$ (113,472)
Newsletter	364	0.18	5.3%	\$ 12,962	\$ 661	\$ -	\$ 13,623	\$ 13,623	\$ -	\$ (13,623)
Cell Phones	312	0.15	4.5%	\$ 11,110	\$ 566	\$ -	\$ 11,676	\$ 11,676	\$ -	\$ (11,676)
Economic Development	520	0.25	7.6%	\$ 18,517	\$ 3,944	\$ -	\$ 22,461	\$ 22,461	\$ -	\$ (22,461)
	6,870	3.30	100.0%	\$ 244,626	\$ 31,169	\$ 98,000	\$ 373,795	\$ 373,795	\$ -	\$ (373,795)
Elections	312	0.15	7.5%	\$ 9,391	\$ 36,376	\$ -	\$ 45,766	\$ 45,766	\$ -	\$ (45,766)
Records Management	3,328	1.60	80.0%	\$ 100,166	\$ 14,675	\$ 5,850	\$ 120,692	\$ 120,692	\$ -	\$ (120,692)
Customer Service	520	0.25	12.5%	\$ 15,651	\$ 2,293	\$ -	\$ 17,944	\$ 17,944	\$ -	\$ (17,944)

Step 2: Create New Long-term Vision

- Annual Budget Retreat Activity
 - Prioritize services for upcoming fiscal year
 - No long-term approach-only the here and now
- Create a new 10-year strategic plan
- You have to know where you're going to prioritize services



Step 2: Create New Long-term Vision



- Originally slated as a 3-hour afternoon budget retreat
- Ended up as a year-long process
- Extensive public input and public education
- 20-member, community-based planning committee representing all stake holders

Step 2: Create New Long-term Vision

- Re-drafted our core values, vision and mission statements
- Recognized 104 strengths, weaknesses, opportunities and threats (SWOT)
- Three targeted environments (Economic, Social & Local Government)
- 9 goals, 20 areas of emphasis, 24 strategies and 81 specific tactics we will accomplish during the next 10 years

Step 3: Prioritize New Monies Using Strategic Plan

- You've made the tough choices:
 - Cut operating expenses
 - Cut one-time capital projects & equipment
 - Comp plan reductions, furloughs, & layoffs
- Revenues will start going back up (hopefully!)
 - How are you going to prioritize and make sure you stay “Back to the Basics?”

Step 3: Prioritize New Monies Using Strategic Plan

- Clearfield's Pictograph Exercise
 - Identify from strategic plan areas of emphasis, strategies and tactics with pictures
 - Prioritize each area for the next five fiscal years and set aside a percentage of new money for each one

MURRAY

	FY 10-11	11-12	12-13	13-14	14-15
	10% 10%	10% 10%	10% 10%	10% 10%	10% 10%
	5%	5%	5%	5%	5%
	10% 5% 10%	10% 5% 5%	10% 5% 5%	10% 10%	10% 5%
	5%	10%	10%	5%	5%
	5%	5%	5%	5%	5%
	5%	5%	5%	5%	5%
		5%	5%	5%	5%
	5%	5%	10%	10%	10% 5%
	5%	10%	5%	5% 5%	10%
	5%	5%	5%	5%	5%
FUND BALANCE					

Prioritization Summary

- Begin with the end in mind
 - Know where you want to go (strategic plan) and how to get there
- Take advantage of economic downturn
 - You've already cut expenses deeply
 - Now is the time to plan for the future and take advantage of increasing revenues

Back to Basics

Questions/Comments