

MEMO TO: Mayor  
City Council

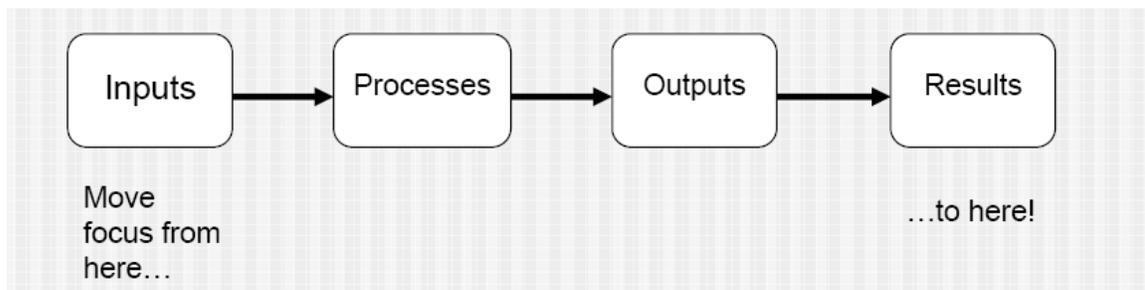
FROM: Mike Bailey, Finance and Information Services Director (x2160)  
Malisa Files, Deputy Finance Director (x2166)

DATE: December 11, 2012

SUBJECT: **Review and Discuss 2013-2014 Budgeting by Priorities Process**

## I. BACKGROUND

A Redmond tradition after every budget process is to debrief with the various budget groups regarding what went right in the process, what could be improved and ideas to enhance the next budget development cycle. This is the City's third time through the Budgeting by Priorities (BP) process which was originally selected because it focuses budget decisions on citizen priorities and assesses service outcomes that citizens expect. BP is a tool that allows governments to better link spending to the City vision and community priorities while at the same time better manage organizational performance.



## II. STUDY SESSION OBJECTIVES

The purpose of the Study Session is to confirm and clarify the Future Parking Lot items discussed in the budget study sessions regarding BP, collect any other thoughts about the current budget process and prioritize the issues so that staff can concentrate on the most significant items in the coming year. In addition, we hope to establish a method for review of the issues during the next year to set the stage for budget development two years from now. Current process issues on the Council's Future Parking Lot list include:

- Examine the way large fixed costs items are handled in the process (i.e. Purchased Water Supply offer).

- Review the way services are bundled in offers and provide rational/criteria on how services are balanced within an offer. Too many services in one offer can cause scalability, transparency and accountability issues.
- For those offers that have a revenue component, clearly spell out the revenue expected.
- Explore how offer rankings are developed.
- Review the prioritization/ranking process. District Energy Plan offer is a good example of an offer ranked high by Results Team, but unfunded.
- Explore ways to track citizen budget input and Council responses.

Discussions similar to the one Council will have at the Study Session have and/or will be conducted with other groups involved in budget development such as citizen Results Team members, Results Team members on staff, Department Directors and department Budget Coordinators.

### **III. NEXT STEPS**

Once all BP process items have been collected, staff proposes to work with the Public Administration and Finance Committee during 2013 to evaluate ideas and potential future changes to the BP process in enough time to implement any process improvements in 2014. Staff will be at the Study Session to answer questions, however if you need additional information before that time, please contact myself (x2160) or Malisa Files (x2166).