

Memorandum



DATE January 30, 2009
TO Honorable Mayor and Council Members
SUBJECT Budgeting for Outcomes

Attached are a number of presentations that you will see at next Wednesday's Council meeting. The first presentation is an introductory piece regarding the Strategic Planning process and its connection to Budgeting for Outcomes. The remaining presentations (one for each of your Key Focus Areas) will provide recommended Council objectives and the strategies that we plan to pursue in the upcoming budget year in order to continue progress toward the objectives.

I look forward to discussing these strategies with you.



Mary K. Subin
City Manager

Attachments

c: Deborah Watkins, City Secretary
Thomas P. Perkins, City Attorney
Craig D. Kinton, City Auditor
Judge Victor Lander
Ryan S. Evans, First Assistant City Manager
A. C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Ramón F. Miguez, P.E., Assistant City Manager
Forest Turner, Interim Assistant City Manager
David K. Cook, Chief Financial Officer
Helena Stevens-Thompson, Assistant to the City Manager



Budget Workshop #3

Strategic Planning Session



February 4, 2009



Purpose of this Budget Workshop

To set a strategic direction for Dallas City government for FY09-10 by:

- By combining the Strategic Planning and Budgeting for Outcomes processes in order to define the goals and objectives that the City will support with its future budget decisions
- Reviewing Council's objectives and the progress made towards their achievement
- Reviewing and agreeing upon strategies that support Council goals and objectives based on KFA Team presentations and Council Working Group discussions



Purpose of this Approach

- Aligns future funding decisions with Council's long-term goals
- Makes clear what citizens can expect from City government
- Keeps staff focused on what is most important in day-to-day decision-making
- Brings together multiple planning efforts under one citywide strategic plan
- Positions the City to learn what is working well or to identify areas that could work better



Agenda for the Day

- Explanation and Overview
- Key Focus Area Team Presentations (Round 1)
 - Clean, Healthy Environment
 - Culture, Arts & Recreation
 - Economic Vibrancy
 - Council Breakout Sessions and Report Out
- Key Focus Area Team Presentations (Round 2)
 - Educational Enhancements
 - Public Safety
 - E³ Government
 - Council Breakout Sessions and Report Out



What to Expect

- Very little discussion of specific programs
- Emphasis on long-term, strategic issues facing the City
- Atypical presenters (Key Focus Area Teams) in a learning environment
- Mixture of full Council discussions & Staff-Council break out groups
- Presence of facilitator to guide discussion & staff to answer questions



Background

A brief review of the
Strategic Planning processes



Strategic Planning



Strategic Planning

Purpose

- Active management tool
 - Becomes operational through the citywide Action Plan, performance measures system, benchmarking initiative, process improvement initiative, etc.
- Continuous improvement process:
 - Provides consistent reporting and opportunities for review
 - Establishes the long-term direction for an organization based on the best available data, but
 - Provides an organization with the flexibility to change course when events warrant in the short-term



Strategic Planning

Elements

- ✓ Mission - the reason an organization exists
- ✓ Vision - the ideal future state for an organization
- ✓ Values - an organization's system of beliefs
- ✓ Goals (Key Focus Areas) - long-term general outcomes an organization expects to achieve

Today's goal is to confirm:

- Objectives - specific measures and targets an organization will pursue to achieve its goals (KFAs)
- Strategies - the preferred approach an organization selects to achieve its goals (KFAs) & objectives



City of Dallas Mission & Vision

Mission: To enhance the vitality and quality of life for all in the Dallas community

Vision: The City That Works:
Diverse, Vibrant, Progressive



City of Dallas Values

Accountability: connecting performance with consequence

Commitment: following an issue through to the end

Customer Service: striving to deliver value to the customer

Environmental Stewardship: ensuring a healthy legacy for current and future generations

Innovation: welcoming new ideas and opportunities for improvement

Integrity: taking actions, not based on expediency, but because they are the right thing to do

Leadership: anticipating, rather than reacting to changing times

Sensitivity: valuing diversity in experiences, backgrounds and points of view

Teamwork: accomplishing more together than could be achieved alone



City of Dallas KFAs & Objectives

Public Safety	4 Objectives
Economic Vibrancy	6 Objectives
Clean, Healthy Environment	5 Objectives
Culture, Arts and Recreation	8 Objectives
Educational Enhancements	3 Objectives
Efficient, Effective, Economical (E3) Government	5 Objectives



City of Dallas Strategies

The KFA Team presentations you are about to see contain a number of strategies for your review as an approach for achieving Council's goals and objectives. Characteristics of the Teams include:

- Composed of staff from across the city
- No department directors
- Diverse mix of subject-matter experts and good strategic thinkers
- Began their work in December
- Focused on understanding their respective KFA and proposing strategies they believe will help Dallas succeed
- Paid close attention to past and current planning efforts, such as Forward Dallas, Strategic Engagement, and Customer Service Initiative

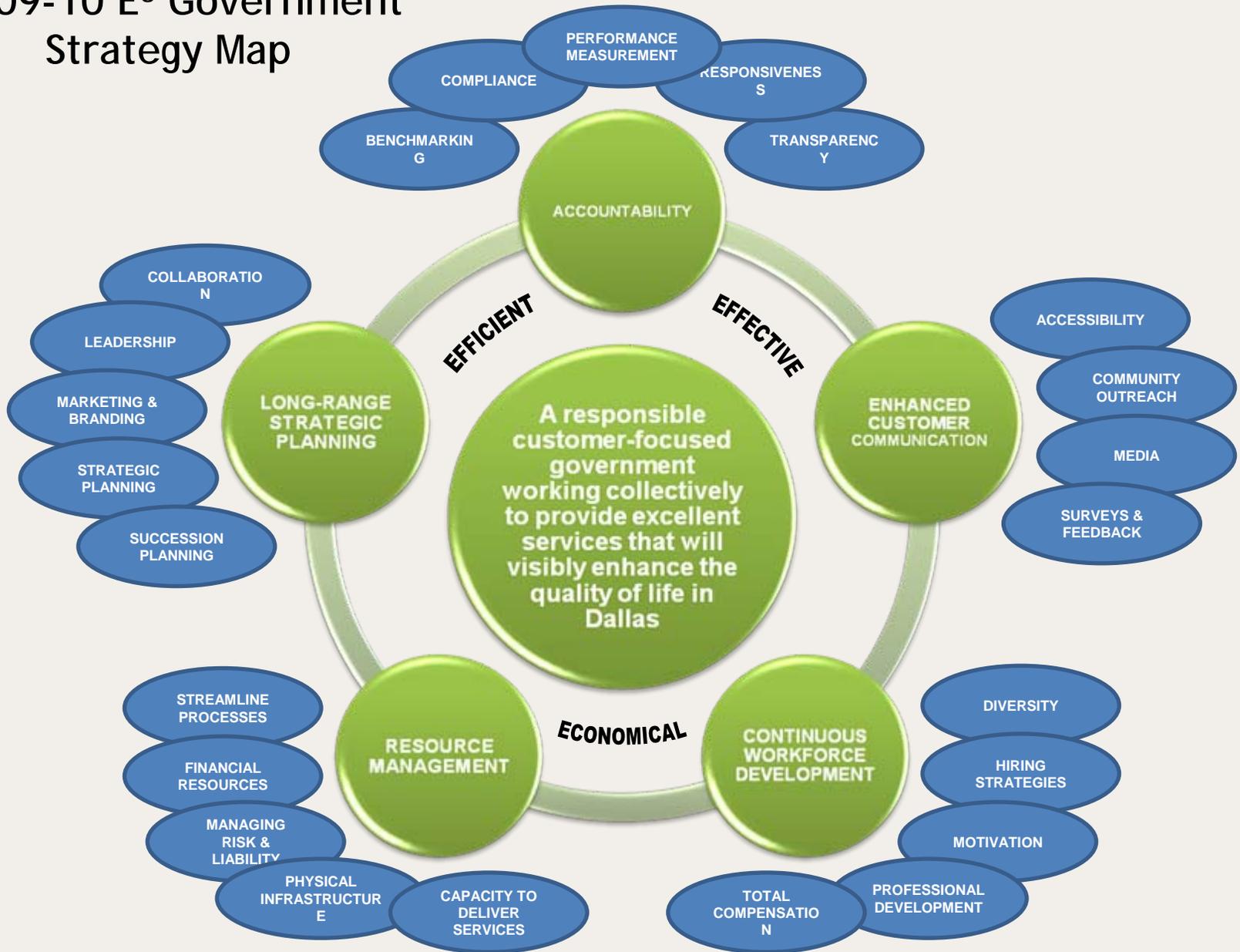


City of Dallas Strategies

What you can expect to see in each of the presentations:

- An 'envisioned future' goal statement
- A recap of the City's objectives established by Council
- A strategy map showcasing what the Teams believe influences their KFA
- Key information on the City's current performance as well as external data that guided the Teams in strategy development
- Proposed strategies for advancing the Council's goals and objectives
- Linkages among the various KFAs (e.g. green buildings is one link between Clean, Healthy Environment and Economic Vibrancy)

FY 09-10 E³ Government Strategy Map





KFA Linkages

- **Linkages defined as:**
 - Synergies
 - Complementary Services
 - Similarity of services
 - Interrelatedness of services
- Departments are expected to identify linkages of their respective services in order to improve efficiency across city departments.



KFA Linkages

Examples of KFA linkages:

- Public Outreach - can costs be reduced by sharing advertising?
- Inspection Services - can there be better coordination between departments that provide inspections?
- Sharing ideas, methodology and concepts between departments with similar functions.



City of Dallas Strategies

- After the presentations, we want your feedback.
- Are the proposed strategies the best ones to achieve the Council's goals and objectives?
 - Is there a manageable number of objectives and strategies?
 - Are the proposed targets appropriate to achieve the objectives?
- Should any strategies or sub-strategies be eliminated, added or changed?
- What is the priority of the strategies within each Key Focus Area?



City of Dallas Strategies

Points to consider from the FY09-10 Budget Outlook (update of January 7th Budget Workshop #2 Outlook)

Revenues

- Little to no growth in property tax base anticipated
- Potential decline in sales tax revenue
- FY 08-09 budget included non-recurring revenues
 - Use of prior year's surplus (fund balance) - \$13.5m
 - Final TXU franchise payment - \$15m
 - Other - \$5.7m
- Planned increase in Over 65 Exemption reduces property tax revenue \$2.6m
- Net reductions in current year revenue estimates that are anticipated to continue into FY10 - \$7.1m
- Reduction in interest earnings - \$12.8m



City of Dallas Strategies

Expenses

- Public Safety commitment:
 - 200 additional police officers and full-year funding of officers added in FY08-09 - \$18m
 - Police & Fire pay plan full year funding - \$9.7m
- Debt service for 2006 Bond Program - \$30.5m
- Operating & maintenance costs for bond program facilities - \$3.4m
- Civilian merit increases - full year funding of FY09 (\$4.0m) and FY10 partial funding (\$4.2m) - \$8.2m



Appendix: Budgeting for Outcomes Approach & Calendar



Appendix: Budgeting for Outcomes

Approach

- Sets the strategic agenda for the City (Council)
- Establishes up front the total “price” of government that residents are willing to pay (Council)
- Builds a budget around the outcomes that the Council/residents want (Staff)
- The budget starts off at zero; KFA Teams purchase ranked “offers” until money runs out (Staff)
- Focuses on strategic questions like “how do we make Dallas safer?” and “what does economic vibrancy look like?” (Council)

Appendix: Budgeting for Outcomes



Steps

- Jan 28: KFA Teams develop "Requests for Offers" (Staff)
- Jan 29: Create "Request for Outcomes"; Invite departments to make offers (Staff)
- Feb 4: Set strategic direction for FY09-10 (Council)
- Feb 18: Set the Price of Government for FY09-10 (Council)
- March 11: Offers due from departments (Staff)
- April 15: Council receives revenue & expenditure update (Staff)

Appendix: Budgeting for Outcomes



Steps

- April - May: Evaluate & prioritize offers in each KFA; Buy down the list of offers until the funding runs out, or “draw the line” (Staff)
- May: Council Committees review preliminary budget offers by KFA (Council Committees)
- May 20: Council Briefing on preliminary rankings (Staff)
- June 17: Council Briefing - City Manager’s Proposed Budget Preview (Staff)
- August 10: Council Briefing - City Manager’s Proposed Budget