



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: AUGUST 4, 2020**

**FROM: CITY MANAGER'S OFFICE** **WARDS: ALL**

**SUBJECT: PROFESSIONAL SERVICES AND LICENSE AGREEMENT FOR PRIORITY  
BASED BUDGETING SOFTWARE WITH RESOURCE EXPLORATION LLC IN  
AN AMOUNT NOT TO EXCEED \$300,000 FOR A FOUR-YEAR TERM**

## **ISSUE:**

Approve a Professional Services and License Agreement for priority-based budgeting software with Resource Exploration LLC in an amount not to exceed \$300,000 for a four-year term.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve a Professional Services and License Agreement for priority-based budgeting software with Resource Exploration LLC in an amount not to exceed \$300,000 for a four-year term; and
2. Authorize the City Manager, or their designee, to execute the agreement and any additional documentation to effectuate this agreement, and the ability to make minor non-substantial changes.

## **BACKGROUND:**

On June 16, 2020 the City Council unanimously voted to adopt the Fiscal Year (FY) 2020/21 Emergency Budget and directed staff to purchase and install the infrastructure necessary to adopt a priority-based budgeting methodology for the next budget cycle.

## **DISCUSSION:**

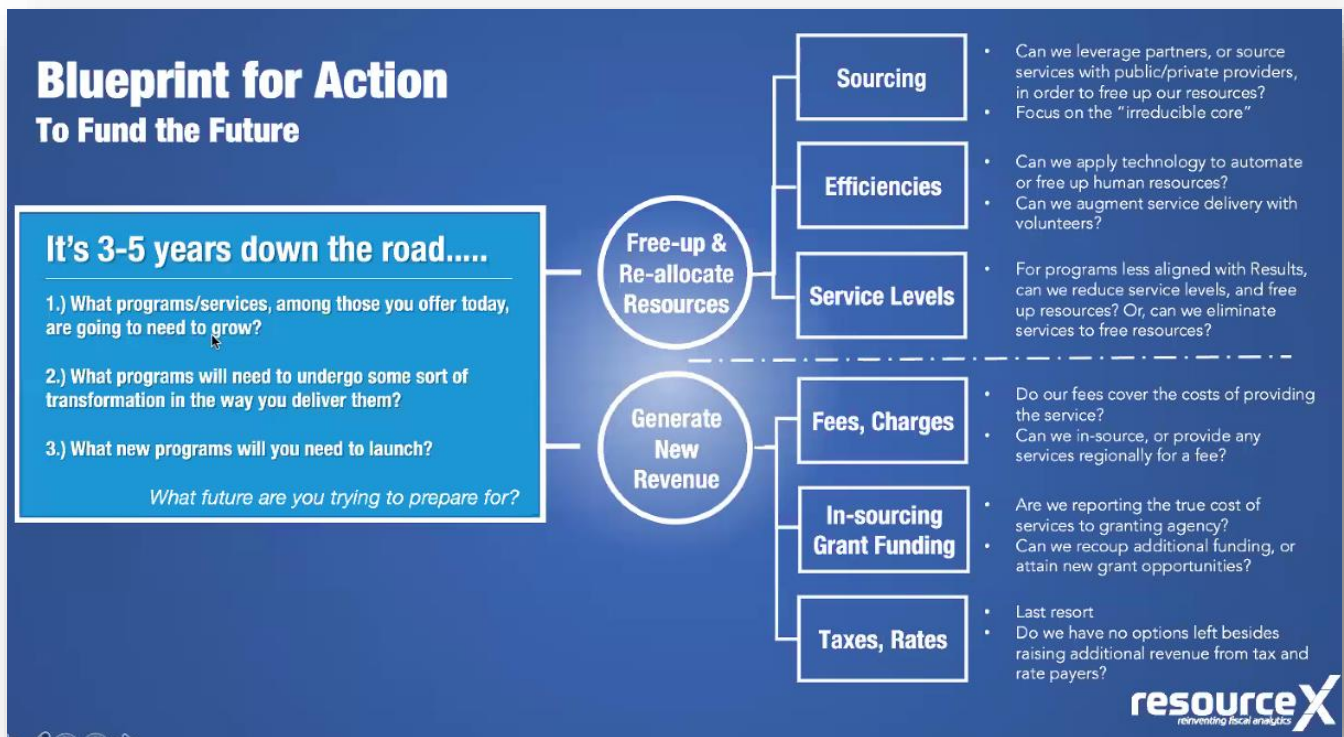
Priority Based Budgeting (PBB) is a budget-decision methodology created by Chris Fabian, and a set of data-analytic tools created by Michael Seman and Chris Fabian. Chris Fabian founded the Center for Priority Based Budgeting (CPBB) in 2008, and co-founded Resource Exploration (ResourceX) with Michael Seman in 2015. ResourceX acquired the Center for Priority Based Budgeting in 2017.

Priority Based Budgeting was first recognized and written about in the International City/County Management Association's (ICMA) Public Management Magazine in June 2008. Since then PBB has been the subject of a Government Finance Officers Association (GFOA) White Paper and several Government Finance Review (GFR) journal articles.

PBB creates a link between strategic planning and long-term financial planning. PBB picks up where the strategic plan leaves off, using the desired results stated in the strategic plan as a basis for formulating the long-term financial plan and upcoming budget. In summary, PBB supports the decision-making process to assign resources to programs and services that align with the City's strategic plan and support the City's strategic goals and objectives. PBB helps to ground the decision-making process for the upcoming budget cycle within the constraints of the existing fiscal environment.

Under PBB, departments will inventory their programs and rate the relevance of the programs to the City's strategic goals or in response to external forces, such as legal mandates. Programs are then subjected to a secondary rating process performed by designated peer groups, such as City Administration, City Council, and selected boards and commissions. Current program revenues, costs, and personnel resources are estimated and assigned based on the FY 2020/21 adopted budget. With the concerted effort of all City departments and input from designated peer groups, the outcomes of the PBB software and consultant services will include a Blueprint for Action, Program Insights, and Insights to Action which can be applied to the development of the FY 2021/22 budget. Departments will apply Program Insights to the development of the City's line-item FY 2020/21 budget.

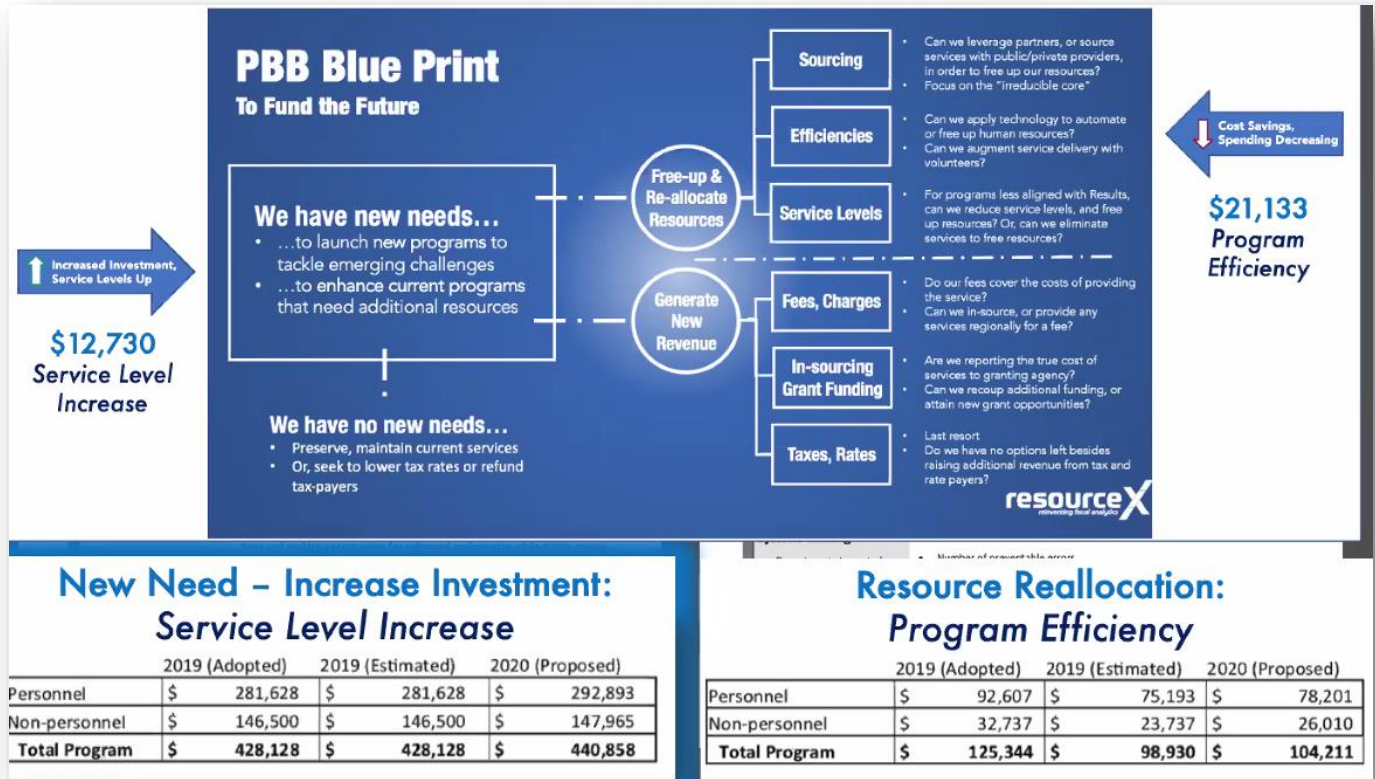
Blueprint for Action Concept:



## Program Insights Concept:

Program Insight	Insight Description
<b>Service Level Increase</b>	We must keep providing this program, and likely increasing resources to it (think 911 call center, public health, etc)
<b>Status Quo</b>	We need to continue to provide this program as-is, without much room to compromise (think water treatment)
<b>Service Level Decrease (Temporarily)</b>	We need to continue to provide this service, but we can be flexible with the level of service (think "records management, or FOIA requests, or signage, etc)
<b>Option to Suspend (Temporarily)</b>	If we had to, we could suspend this service, even if temporarily (think "aquatic center at the parks" or passport processing)
<b>Internal Partnership, Consolidation</b>	Internal partnership, centralization, consolidation opportunities exist for this program (think inspections, fleet, IT support)
<b>Regional Partnership</b>	We are better off still providing this program, but with regional partners in order to maintain our level of service, but do it for less (think regional fleet maintenance, facilities maintenance, etc)

Insights to Action Concept – anticipated adjustments to be applied to the next budget::



A software solution is necessary to ensure the successful implementation of PBB. A Fiscal Health module accompanies the PBB software and provides the City with a visual and interactive tool for

financial planning, such as adopting major initiatives or addressing fiscal challenges. The Professional Services and License Agreement with ResourceX, LLC totals from \$225,000 to \$300,000 over a four-year term. The software purchase and implementation in year one (1) of the agreement totals \$90,000 and includes consulting services to facilitate the implementation of PBB and Fiscal Health. The minimum software and licensing renewal cost is \$45,000 annually, inclusive of 55 total support hours. The Agreement includes an alternative \$70,000 annual renewal option with an additional 150 support hours. Each renewal period will begin with a Customer Success Meeting to review the City's objectives and plan a scope for the use of the selected renewal support hours.

The purchase is in compliance with Purchasing Resolution No. 23256, Section 602(c) which states that competitive procurement shall not be required when the procurement can only be obtained from a sole source or timely from a single source and the Manager is satisfied that the best price, terms and conditions for the procurement have been negotiated.

The Purchasing Manager concurs this purchase is in compliance with Purchasing Resolution No. 23256, Section 602(c).

### **FISCAL IMPACT:**

The total fiscal impact of the action is a not to exceed amount of \$300,000 over four years with an additional 150 support hours, or a minimum amount of \$225,000 with only 55 renewal support hours.

Funding for FY 2020/21 software and implementation costs totaling \$90,000 is available as listed in the following table and will be shared among the City's five largest funds, as these funds are expected to have the greatest number of programs defined under PBB. Appropriations for future fiscal years will be included in the budget submissions for those fiscal years to be presented to the City Council for approval.

<b>Fund</b>	<b>Account</b>	<b>Percent Share</b>	<b>FY 2020/21 Amount</b>
General Fund	7223700-421000	60%	\$54,000
Water Fund	6210000-425700	10%	\$9,000
Electric Fund	6000000-425700	10%	\$9,000
Refuse Fund	4130100-425806	10%	\$9,000
Sewer Fund	4125000-425806	10%	\$9,000
<b>Total</b>			<b>\$90,000</b>

Prepared by: Moises Lopez, Deputy City Manager  
 Certified as to  
 availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
 Approved by: Moises Lopez, Deputy City Manager  
 Approved as to form: Gary G. Geuss, City Attorney

Attachment: Professional Consultant Services Agreement with Resource Exploration LLC