



CITY OF KIRKLAND

City Manager's Office

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MEMORANDUM

To: City Council

From: Kurt Triplett, City Manager

Date: October 14, 2010

Subject: Citizen Involvement in the 2013-2014 Budget Process

The City Manager's proposed preliminary budget contains \$25,000 in 2012 for consultant services to support a citizen-based budget process for the 2013-2014 budget. The structure of this citizen based process has yet to be determined and may be either a "budgeting for outcomes" approach, a "blue ribbon panel" model similar to the King County Budget Advisory Task Force, or some combination of the two approaches.

BACKGROUND DISCUSSION

The Council has expressed interest in a citizen-based budget prioritization process inspired by the "budgeting for outcomes" approach that the City of Redmond introduced during the last biennium. In 2010 the City of Bellevue has undertaken a similar "priorities of government" process for the 2011-2012 which they are calling BudgetOne.

During conversations with the Council in 2010, a decision to proceed with a new budgeting process was deferred until the 2013-2014 budget development time frame for several reasons:

- The "core services" exercise performed by the 2009 and 2010 Councils, when combined with the information gained through the 2009 Citizen Survey provided new insight to inform Kirkland's own budget prioritization process.
- A new City Manager was hired on June 28th, 2010 and the Council felt it was appropriate to allow him to settle into the position, assess the current budget process, and bring his own perspectives to potential changes.
- Waiting until 2013-2014 would incorporate the entire new City (including the 33,000 residents in the annexation area), rather than just the existing City in the associated public involvement and priority based decision making. Since the annexation will not be in place for the entire 2011-2012 biennium and the service levels will be phased-in, waiting for the first full budget after annexation will result in better feedback on both the current City and annexation area residents' part.
- Waiting until 2013-2014 provides more adequate time to plan. Redmond included budget for dedicated additional staff resources and hiring consultants in the 2007-2008 budget so that they could prepare the necessary tools in advance of undertaking the

2009-2010 budget development. Similarly, Bellevue began planning for their process last year. The actual budget development stages of both processes began earnest in January for the upcoming biennium. Waiting until the 2013-2014 process provides adequate lead time to launch such a process.

The \$25,000 placed in the 2012 budget is intended to help fund the 2012 development of one or more citizen-based options to be implemented in the 2013-14 budget.

CITIZEN-BASED BUDGET OPTIONS

The first option is to implement a **"budgeting for outcomes"** process similar to Redmond and Bellevue. A budgeting for outcomes process generally involves the following steps:

- Identifying all revenue available
- Setting high level priorities and allocating all revenues to priorities
- Creating a "requests for results"
- Preparing offers or proposals for all services related to priority results
- Ranking offers and deciding what to "buy"
- Ranking offers is done by cross-discipline teams that may include citizen representation
- Developing the detailed budget based on accepted offers.

It is important to note that citizen involvement can vary in these processes. Redmond had extensive public involvement while Bellevue's process was more internally focused.

As a second alternative, the City Council could convene a **"blue ribbon panel"** of local citizens representing a cross-section of disciplines and perspectives and solicit their analysis and recommendations regarding structural corrections needed to the City's budget. This concept would be modeled after the **King County Budget Advisory Task Force** that was formed in 2002 and met every two weeks for 8 months. The Task Force was composed of 13 citizens co-chaired by retired Boeing executive John Warner and Bob Wallace of Wallace Properties. Members were recruited by the King County Executive from backgrounds in government, business, labor and the non-profit sector.

The mission of the Task Force was to examine King County's general government functions, budgets and budget processes. The final Budget Advisory Task Force Report was issued in June of 2003 and copies are available if Council members wish to review it. The Task Force Report made specific recommendations for:

- Service Priorities for King County
- Administrative and Operational Efficiencies
- Aligning Services and Revenues
- Revenue Options

Finally, hybrid options are also possible, where a blue ribbon panel could do an initial review and set the stage for a budgeting by priorities process.

The \$25,000 is set aside to scope and initiate any of these options at Council direction although additional resources will likely be needed to complete them.