

**City of Council Bluffs, Iowa  
Budget Process PAT Report**

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**Problem Identification and Recommendations  
(June 18, 2007)**

**Overview**

**General –**

The Annual Budget Process PAT was chartered (**Exhibit A**) at the January 15, 2007 Citywide Quality Team Meeting. The Annual Budget Process impacts all of City operations. The group is CWQT members – principally Senior Staff – wishes to establish and communicate a process for submitting and completing the City’s Annual Budget

**Members –**

Greg Reeder(PW), Ralph ODonnell (Police), Don Gross (C/Dev), Ron Hopp (Parks & Rec), Alan Byers (Fire), Scott Sanders (Finance), Cindy Lynch (HR). Dennis McElderry has been added in a Ex-Officio role with Scott Sanders’ resignation.

**Background –**

Presently, the Annual Budget preparation is an informal process. Each Department has its own methods (and formats) for preparing and submitting (and amending) budgetary requests to be compiled by the Finance Department. Once Finance prepares the initial “draft,” there is limited communication until the final budget is approved. This PAT’s challenge is to organize a template for organizing, preparing, and resolving the Annual Budget for submittal to the Council. The long-term strategic planning process is NOT an element of this PAT.

**Scope of Work –**

This PAT organized to improve the Annual Budget Process – with focus on the “short term:” (1) Clarifying goals and strategies (identifying revenue and expense sources), (2) Structuring the Annual Budget Process and submittals to the Finance Department, (3) Due-dates and scheduling time-lines, (4) Reviews and Revisions, (5) Resolving conflicts and setting program priorities, (6) “Rule Sets” among and between departments, cost centers, and objects, and (7) Periodic monitoring, communications and adjustments.

In essence, the list of Items 1 through 7 (above) intuitively constitutes a “budget process.”

**PAT Constraints –**

There will be no substantial Technology investments to enhance budget preparation. The first-cut improvements will focus on “manual” improvements to communicate process and assumptions, budget drafts, policies and procedures.

**PAT Reporting Goals –**

First “draft” June 2007 CWQT Meeting; and Final “draft” September CWQT Meeting.

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**Problem Solving Process**

PAT used the basic problem solving process – Charter statement, Form a team, Flow charting, Cause and effect issues, information gathering (education and forms review). We did not use Pareto; though the concept of considering cost/benefits entered into our discussions.

**As-Is Flowchart – (Exhibit B) –**

The group has agreed on the As-Is Process Flowchart – a very simple process. The As-Is flowchart indicates that there is no participatory process – for various reasons.

**Brainstorming & Cause and Effect Thinking –**

After some good brainstorming sessions, it was agreed that all eighteen ideas (now 23 ideas) would be discussed and considered for expanding and amending the Annual Budget Process. During the meetings, there has been a lot of communication and education about – e.g.: TIFs, strategic planning, etc.

The process of education and debate continued into “Should-Be Flow” completion. At its last meeting the team completed discussion and classifying its list of 23 ideas. There are three general classifications of the ideas – front-end, during the budget process, and back-end. Dennis McElderry was added to the PAT in an Ex-Officio role after Scott Sanders resigned employment from the City.

**Should-Be Flowchart – (Exhibit C) –**

The PAT has agreed upon a “working” Should Be Flowchart to guide process and policy development and implementation. In the spirit of continuous improvement expect additional improvements along the way.

The recommended Should-Be process is attached for Citywide Quality Team approval. With its approval, the PAT will continue the implementation process. It is expected that steps beginning “Implementing next year’s budget” can begin immediate refinement and implementation.

In essence, the “main-line budget activities” constitute the present As-Is Flowchart. It is the intent of the Budget Process PAT to fill-out and expand the process by inserting details of “supporting activities” as noted in the left side of the Should Be Flowchart.

**Budget Policies to be created and agreed upon by Senior Staff and Mayor –**

1. Stating Department Heads’ responsibility and accountability for preparing and managing their budgets.
2. Department Heads shall identify measurable goals and objectives to support their budgetary requests.

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3. Department Heads will review their department budget and performance measurement results quarterly with the Finance Director. [Finance Committee concept?]
4. Senior Staff shall work together to maintain, prioritize and re-prioritize a list of 10-to-15 prospective initiatives in the event the surplus resources become available.
5. Finance shall prepare a Fund Balance Policy “draft” (**Exhibit D**) for use in preparing the 2007-08 budgets. Time is of the essence; Scott has prepared the initial draft that the PAT recommends.

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**Future PATs for Planning and Budgeting Issues**

**Issues Considered; but NOT included on these specific Budget Process Recommendations –**

1. Developing and maintaining a Five Year Personnel Plan and pro-forma organizational structure for use in succession planning, shifting responsibilities, and cross training
2. Benchmarking processes of other cities, counties, and governmental agencies.
3. The debt service requirement policy needs to be stated as a part of the budget process.
4. Create a mid-year process to modify budgets.
5. A PAT should be appointed to study and consider the Capital Projects Budget.

End.