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CITY OF OAKLAND

# AGENDA REPORT

**TO:** Fred Blackwell  
CITY ADMINISTRATOR

**FROM:** Sarah Schlenk  
Interim Budget Director

**SUBJECT: Budget Process Improvement  
Recommendations**

**DATE:** May 5, 2014

City Administrator  
Approval

Date

5/13/14

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Receive an informational report from the Goldman School of Public Policy at the University of California Berkeley on recommended improvements to the Biennial Budget Process.

## EXECUTIVE SUMMARY

The Goldman School of Public Policy consultant group has identified three key goals that the City should pursue in reforming its budget process and has recommended strategies for accomplishing these goals.

1. Improve Budget Literacy
  - Public Budget Education – Establish standardized, facilitated public budget education opportunities to increase budget literacy.
  - City Staff Budget Education – Enhance existing opportunities for City staff that support the City Council and Departments, to get specialized training on the budget process and how it impacts their work.
2. Shared Priority Setting
  - Resident Priority-Setting Forums – Create opportunities for residents to participate in the budget process through facilitated participation forums offered throughout the city.
  - Professional Survey – Invest in a professional survey of residents designed to provide ranked or weighted feedback on existing services.
  - Budget Leadership Retreat – Elected leadership should create shared, ranked citywide priorities and priority outcomes, established through a biennial leadership retreat.

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May 27<sup>th</sup> 2014

3. Tie Priorities to Performance

- Creation of Strategy Maps – Generate strategy maps that tie department service levels to the set priority outcomes agreed upon during the Budget Leadership Retreat.
- Leadership Allocation of Resources – City leadership should rank or weigh priority outcomes to ensure efficient resource allocation.
- Priority Oriented Budget Evaluation – Create budget evaluation opportunities that provide feedback to the following 2-year budget cycle.

**OUTCOME**

Staff recommends that the Finance and Management Committee receive this informational report. The receipt of this report does not create any policy or compel any action.

**BACKGROUND/LEGISLATIVE HISTORY**

Based on the Budget Advisory Committee's survey & recommendations and the City Council's budget process Resolution No. 84385 C.M.S., the City Administrator's Office reached out to the Goldman School to conduct an analysis of the City's current practice Biennial Budget process. The City Administrator's Office asked for suggestions in making the process more inclusive, transparent, participatory, and oriented toward policy development and service provision. The Goldman School provided a graduate student consultant team that began work in January 2014.

**ANALYSIS**

Staff intends to implement the Council's newly adopted Budget Process Resolution No. 84385 C.M.S and continue to improve our current practice budget process. The accompanying third party examination and analysis provides additional academic value and recommendations for our consideration. See the attached report for the Goldman School of Public Policy consultant group's complete analysis.

**PUBLIC OUTREACH/INTEREST**

The Goldman School group consulted with numerous stakeholders in the process including representatives from community groups, organized labor, and the Budget Advisory Committee.

**COORDINATION**

This report was prepared by an independent, no-compensation, consultant group from the Goldman School of Public Policy. They coordinated with numerous city departments including the City Administrator's Office, the Finance Department, and the Oakland Public Works Department.

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**COST SUMMARY/IMPLICATIONS**

There are no costs or fiscal impacts associated with the receipt of this report. If the recommendations in the report are implemented there would be direct costs and indirect costs due to usage of staff time. The exact costs are to be determined.

**SUSTAINABLE OPPORTUNITIES**

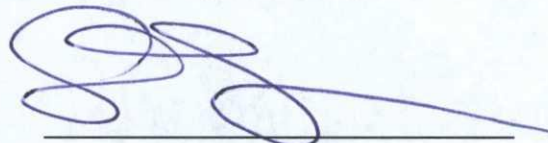
*Economic:* No direct economic opportunities have been identified.

*Environmental:* No direct environmental opportunities have been identified.

*Social Equity:* No direct social equity opportunities have been identified.

For questions regarding this report, please contact Bradley Johnson, Assistant to the City Administrator, at (510) 238-6119.

Respectfully submitted,



SARAH SCHLENK  
Interim Budget Director,  
City Administrator's Office

***Attachments:***

***A: Goldman School of Public Policy – Oakland Budget Process Report***

**OAKLAND'S BUDGET PROCESS**  
**A Report for the Oakland Budget Department**

**From the Goldman School of Public Policy**  
**University of California, Berkeley**  
**Spring 2014**

**Report Prepared by:**  
Mollie Cohen-Rosenthal  
Mary June G. Flores  
Rachel Gold  
Alexander Lin

## **EXECUTIVE SUMMARY**

Major reforms to improve the Oakland Budget Process are critical and long overdue. This report seeks to present the best available incremental budget reform options. This analysis also aims to demonstrate how they are the most effective and feasible options for creating an ideal budget process – a process that more efficiently and equitably considers and uses the critical inputs of Oakland’s budget stakeholders.

Enacting the following recommendations will create a more participatory, transparent, inclusive, and outcomes driven budget *process*, wherein outcomes are based on clearly defined citywide priorities. Every resident of Oakland is a budget stakeholder and we have focused on bringing the underrepresented to the table to join already-prominent stakeholders such as Labor, interest groups, City administrators, and Oakland’s elected leadership.

We have carefully reviewed the prior budget reform efforts over the past 12 years, and established that while there have been mixed successes, the recommendations in this report will provide needed improvements upon these efforts. Nevertheless, the proposed set of recommendations cannot seek to address the two main root causes of Oakland’s budget instability, which fall outside the scope of the City’s actions and have been exacerbated by the external shocks of the recent recession.

Therefore, even if prior and current budget process efforts are successfully implemented, they still would not fully address two of the most fundamental budget challenges: 1) the persistence of public distrust in government; and 2) existing legal and fiscal policy constraints on available funds and budget allocations. Public distrust in government undermines government’s legitimacy and ability to prioritize according to the needs of the community. Moreover, the City heavily relies on funding sources created and mandated by voters through ballot measures. Oakland Departments also face constrained funding sources that are further limited by State restrictions placed on local fee assessments. Local governments may only levy fees that total to the costs of providing the services for which the fees are charged and may not exceed such costs.<sup>1</sup> While these overarching structural budget problems are important, they are not the focus of this report. This report emphasizes feasible strategies the City should pursue to achieve the most priority driven outcomes.

We begin the report introducing the motivations behind this analysis, explaining the methodology we intend to use, and summarizing past budget reform efforts undertaken by Oakland city officials in order to provide a historical context to ground the report’s analysis. We then present best practices of four different budget process models in order to distill an ideal Oakland-specific budget model.

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<sup>1</sup> California Constitutional Provisions - Article XIII C Voter Approval for Local Tax Levies. (1996).

The body of the report identifies three major budget process problems, proposes a solution under each specific problem, and details a set of possible recommendations and incremental changes for each solution.

The first identified problem is residents' lack of knowledge and clarity on what the budget actually does, what services are provided, what percentage of levied taxes are used in city services, and how City spending impacts their everyday lives. There are very few opportunities for budget education for the public and city staff. This inhibits the ability of the City to communicate budget related matters effectively. The solution we propose to address this problem is to launch a strategic budget education effort, which focuses on strengthening public and city employee understanding of the budget. This solution promotes improved online budget education tools, increases partnerships with community groups for budget education workshops, and provides brown-bag budget educational trainings for public employees.

**Solution #1: Best Ways to Improve Budget Literacy:**

- **Public Budget Education** - The City Administrator's Office should establish standardized, facilitated public budget education opportunities to increase budget literacy. Expansion of existing online engagement and educational workshop materials are the best options for improving budget literacy.
- **City Staff Budget Education** - The City Administrator's Office should enhance existing opportunities for City staffers, including Council staffers and Departmental staff, to get specialized training on the budget process and how it impacts their work.

The second problem discussed in this report is that the City of Oakland does not have a shared or ranked set of priorities and priority outcomes that reflect the needs of its residents. This lack of shared priorities fractures the city, making the budget vulnerable to takeovers by single interest groups, which then increases the risk of inefficient and inequitable spending.

**Solution #2: Best Ways to Achieve Shared Priority Setting**

- **Resident Priority-Setting Forums** - The City should create opportunities for residents to participate in the budget process through facilitated participation forums offered throughout the city. These results should be aggregated and publicized in advance of the Budget Leadership Retreat each cycle. These should be separate from the existing post-Proposed Budget Transparency Forums, which should be improved to more consistently incorporate resident priorities into City Council budget amendments.
- **Professional Survey** - The city should invest in a professional survey of residents designed to provide ranked or weighted feedback on existing services. This survey should occur in advance of the Budget Leadership Retreat. It should be conducted to target *all residents*, not simply voters, with a large enough sample to capture Oakland's primary ethnic groups at a reasonable margin of error.
- **Budget Leadership Retreat** - Elected leadership should create shared, ranked citywide priorities and priority outcomes, established through a biennial leadership retreat for priority setting in advance of Department budget proposals. This retreat should be

facilitated and should include the City Council, Mayor, and City Administration. Inclusion of Departmental leadership for some of the session should also be taken into consideration.

Finally, the third recognized problem is the absence of a formal mechanism that incorporates citywide defined and set priority outcomes into budget decisions. It is unclear how and to what extent the City uses any evaluation or priorities in its budget decision-making process. There is no formal mechanism set up that allows Departments to use citywide, ranked or weighted priorities and priority outcomes to make decisions on service provisions. The proposed solution recommends that Oakland build in internal mechanisms within the budget process to ensure that priorities are integrated into budget decision-making via strategy maps and a priority outcomes evaluation.

### **Solution #3: Best Ways to Tie Priorities to Performance**

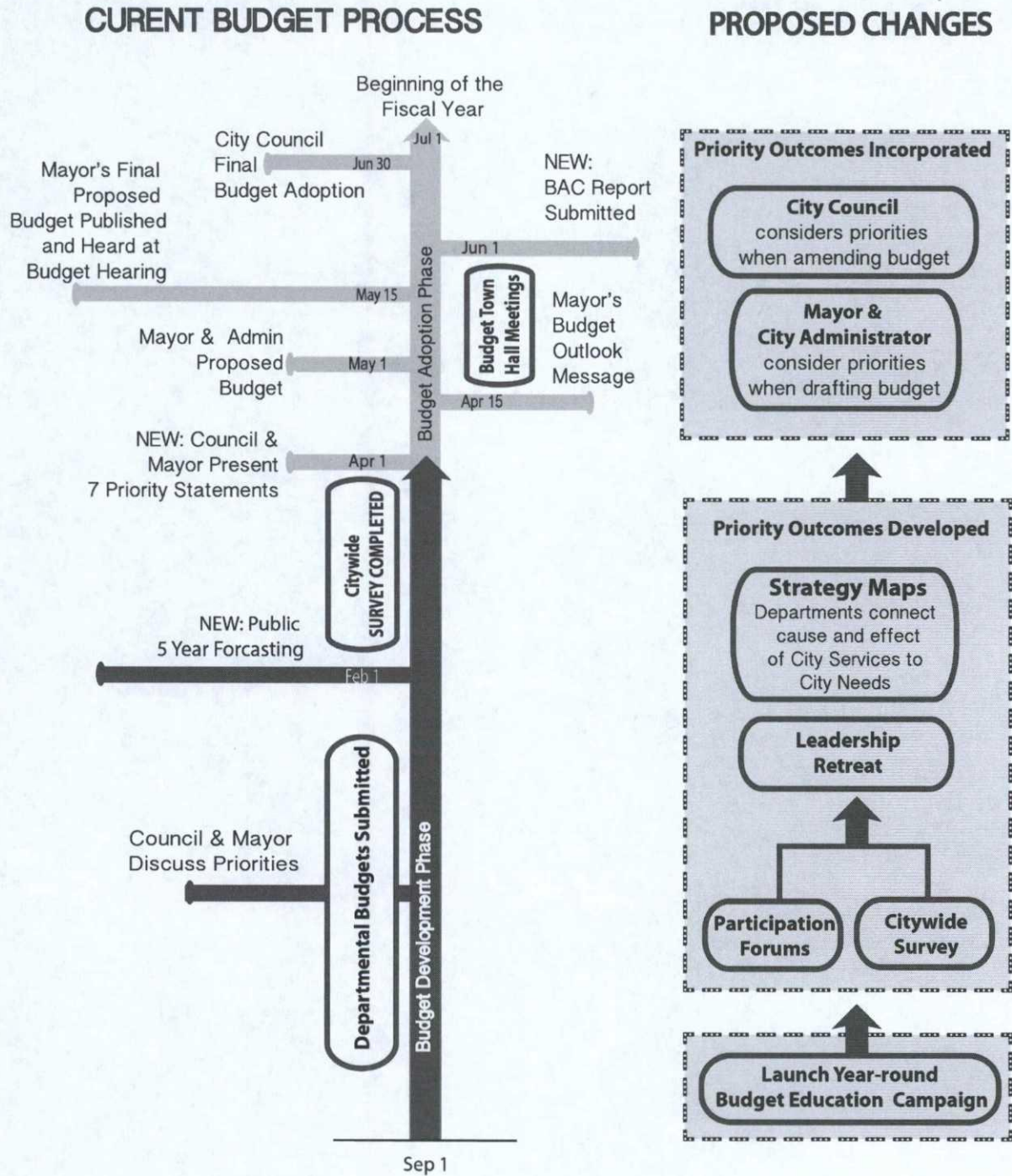
- **Creation of Strategy Maps** - The Mayor should instruct Departments to use the leadership-set priorities to generate "strategy maps" that tie department service levels to the set priority outcomes agreed upon during the Budget Leadership Retreat. A *strategy map* would be an effective way to achieve clarity on what each department aims to accomplish and provide in services because it connects back to the City's defined priority outcomes.
- **Leadership Allocation of Resources** - City leadership should rank or weigh priority outcomes to ensure efficient resource allocation. Ranking/weighing of priorities should be used in two places in the budget process: 1) The City Administrator and Mayor should incorporate priorities into the Mayor's Proposed Budget development; and 2) The City Council should consider priorities in their development of budget amendments to the Mayor's proposed budget.
- **Use Priority Outcomes Budget Evaluation for the Next Budget Process** - City leadership should create budget evaluation opportunities that provide feedback for the following 2-year budget cycle. The evaluation process should identify progress toward results of Departmental services that were based on the citywide priorities and priority outcomes. The 'biennial budget workshop' (currently called the Council Budget Briefing and Priorities Discussion) in the Budget Adoption Transparency and Public Participation Policy (TPPP)<sup>2</sup> should occur before the Budget Leadership Retreat and be used as an evaluation opportunity.

It is critical to note that these recommendations are interconnected and build upon one another to ensure effective budget process reform and implementation. The figure below describes the recommended sequencing for each reform option. It illustrates the current budget process and describes our proposed incremental reform options with suggested institutional actors and entities in charge of implementation. These reforms will require strong leadership from all levels of Oakland's city government (including elected leaders, Department staff, and the City Administrator's Office), community leaders, and active residents. With successful implementation, Oakland's budget process will undoubtedly improve its intended participation, transparency, inclusiveness and priority-outcomes orientation goals.

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<sup>2</sup> See Appendix H for Full Text: City of Oakland Transparency and Public Participation Policy (2013).

Figure 1. Budget Process Timeline and Proposed Sequencing of Changes





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## **SECTION 1: INTRODUCTION & PROJECT BACKGROUND**

The City of Oakland, with its 400,000 residents, is a vibrant City that serves as a leading transportation and trade center and the busiest port for the San Francisco Bay Area. To serve these residents and businesses, the City provides a wide array of services ranging from police, fire and public works, to library and park services, to social and public health services. In order to provide these services, the City develops a budget every two years to assess incoming revenues from local tax measures, ongoing public grants, and one time funding sources and balances against anticipated spending needs. The City Administrator and the Mayor lead the budget development process. A budget proposal is then produced by the Mayor, which is then modified and approved by the City Councilmembers.

The Budget Department and Budget Advisory Committee have identified a series of key budget process challenges. As a result, we have been tasked with generating recommendations that improve the service and results orientation of the budget, as well as the public engagement, and transparency of the budget process. The purpose of this report is to convey that set of feasible recommendations in order to improve the biennial budget process to better serve Oakland's public priorities.

The City's Budget Department within the City Administrator's Office is tasked with developing a fiscally responsible budget that meets community needs. In addition, the Budget Department produces analysis of program revenues and expenditures, provides consultative services to ensure the efficiency of services, and provides legislative analysis to the City Administrator and the City's elected officials. Our report is directed to the Oakland Budget Department, and we have worked closely with Brad Johnson, whose role includes work with the Budget Advisory Committee and budget process improvements.

### **Organization of this Report**

This report is organized into five sections. In the first section, we provide an overview of the City of Oakland's budget process, highlighting the history of reform attempts. In the second section we detail the city's current successes and challenges with the budget process. In the third section, we describe the evaluative criteria, or metrics, used to assess the solutions we recommend in this report. In the fourth section, we present recommendations and analysis of improvements that can be made to the City of Oakland's budget process. In the fifth and final section, we provide a roadmap for phased implementation of our recommendations in order to minimize disruption to existing processes and maximize attainment of the goals.

### **Economic and Fiscal Policy Context**

During the Great Recession, Oakland faced a number of factors that produced dire fiscal circumstances. These required significant cuts to Oakland services and employee compensation in past budget cycles. From 2011 to 2013, employees agreed to a pay reduction of 9% of their compensation. This contributed to a total of \$37M in savings in FY 2012. The workforce was

reduced by 21% over the past 10 years, to a low of 3,681 employees.<sup>3</sup>

Additional fiscal and economic constraints also make the creation of a balanced budget that meets the city's needs a challenging task. These include:

- The most recent recession is still impacting the city's current revenues. For example, at the beginning of the last budget cycle, sales tax revenues were 8% lower than pre-recession highs.
- Oakland's CALPERS contribution costs have risen. The FY 2013-2015 budget estimated an increase of 61.8% in pension costs from \$66.5 million in FY 2012-2013 to \$107.6 million in FY 2017-18. Based on past trends, the city will also likely face increased medical benefits costs, as these costs increased by 39% (for civilian employees) and 50% (for sworn employees) between FY 2006-2007 and FY 2013.
- Oakland's Redevelopment Agency was dissolved in January 2012. This means that RDA state funds that were once used by the city as a tool for to create affordable housing, blight removal, and extra-agency personnel expenses are no longer available.
- State propositions such as Proposition 13 affect revenue sources. Before 1978, property taxes were the largest, most stable revenue sources for local governments. Proposition 13 limited the property tax rate to 1% of the assessed value of a home at the time of purchase and gave the state government the authority to determine the allocation of property taxes to local governments. This has resulted in greater local government reliance on taxes and fees and higher city dependence on voters' support for taxes to provide services to its residents.<sup>4</sup>
- The city heavily relies on local measure funds to backfill federal and state fund losses for many of its services. These measures' renewals are dependent on citizen voting. For example, Measure Y funds police officers and community-based violence prevention, and its reauthorization will be up for vote this November.
- Departments have limited budget flexibility, due to funds that have service level requirements stipulated by Measures, and other fund obligation constraints, restrictions on privately contracted services, and staffing MOUs.<sup>5</sup>

Although these are substantive budget constraints that should be examined and analyzed for potential solutions, this project will only focus on them insofar as they affect the *process* by which stakeholders engage in setting Oakland's budget. In times of flat or declining revenues, with high pension and service demands, and strictures on the uses of particular funds, it becomes essential to have a transparent budget process that clearly translates the City's priorities and creates a shared rationale for making tough choices.

### **Project Motivation**

In bringing this report to the Council, the Budget Department is taking proactive steps to produce the best budget possible. This report is intended to evaluate the ideal budget process for Oakland's

<sup>3</sup> City of Oakland. (2013). City of Oakland Budget Backgrounder: April 2013. Retrieved from oaklandnet.com

<sup>4</sup> Public Policy Institute of California. (2008). Proposition 13: 30 Years Later. Retrieved from [http://www.ppic.org/content/pubs/jtf/JTF\\_Prop13JTF.pdf](http://www.ppic.org/content/pubs/jtf/JTF_Prop13JTF.pdf)

<sup>5</sup> City of Oakland. (2013). FY 2013-2015 Adopted Policy Budget. Retrieved from oaklandnet.com

next budget cycle, FY 2015-2017.

While the City has a renewed focus on improving the budget process, we see room for improvement in three primary areas:

1. Oakland residents lack contextualized information about what the budget does, which services their taxes fund, and how the City's spending impacts their lives. Additionally, there are limited mechanisms for budget literacy education within the City government for public servants, including new staff. *This represents a challenge for resident's ability to participate meaningfully in the process, and often affects the inclusiveness of the process because some residents have better information than others through their community groups.*
2. The City's budget system does not elucidate and rank citywide shared priorities as a means of allocating funds. Budgets represent a statement of the values of a City. The disparate nature of 'priorities' between the Mayor and City Council as a whole, between individual City Councilmembers, and between Departments has led to a fractured budget process that faces challenges in articulating the City's shared values. *This prevents appropriate mapping of resident needs to priority outcomes, and decreases the transparency of the process by making it unclear what heuristics elected leaders are using for making budget decisions.*
3. Oakland's budget process lacks a clear feedback system by which residents convey their priorities, the City leadership formulates priorities based upon that feedback, and a budget is developed considering those articulated priorities. Later in the process, there are limited 'feedback systems' to evaluate the City's progress toward the goals articulated as a part of priority-setting. This makes it difficult to see the progress made or to solve new problems and challenges. *This is primarily an outcomes orientation issue – because priorities are not used throughout the process, the final budget is less likely to reflect those outcomes that are most important to residents.*

Therefore, this report is going to explore a variety of means of fixing these problems. We consider a selection of recommendations focused on these challenges, and will assess whether they can improve the process without breaking what currently works about it. We focus on both the effectiveness of these solutions, whether they adequately solve the problems, and their implementation feasibility, whether they are possible and appropriate given Oakland's specific policy context.

### **Methodology**

To understand the context of Oakland's budget process and to provide recommendations for improvement, we completed a literature review of various budget process models, which pointed to strategies that could improve the budget process' service orientation, transparency, participation, and inclusiveness. Our literature review included budgeting strategy models such as Participatory Budgeting, Priority-Based Budgeting, Budgeting for Outcomes, and Performance-Based Budgeting. These models are primarily designed to promote service orientation. Additionally, much of their strategies bolster public engagement, through approaches such as community budget-building workshops, online media tools, scientific polling and surveys, and targeted outreach. These budget models also aim to improve transparency by incorporating process changes, open data, data visualization, printed media, and interactive budget tools.

To complement our literature review, we conducted interviews with a wide variety of involved stakeholders, including city policymakers, city staff, Department leaders, community-based organizations, and other citizen groups to get a better understanding of the current budget process and recent reforms. We also used our time with these stakeholders to identify areas for improvement and to gauge the feasibility of proposed recommendations (see Appendix A).

## **SECTION 2: OAKLAND'S BUDGET PROCESS**

The City of Oakland operates on a biennial budget cycle. Its fiscal year begins on July 1 and ends on June 30. While the City's budget is adopted for a 24-month period, appropriations are divided into two one-year spending plans. Between the first and second year of the two-year cycle, the Mayor and Council conduct a mid-cycle adjustment to account for differences between the estimated and actual revenues and expenditures. If need be, the Council can make amendments to the budget throughout the two-year period. Appropriation of new money or changes to fund or Departmental allocations requires Council approval. Transfers between projects, spending accounts, or divisions within a Department, however, may be made at the administrative level as authorized by the City Administrator, Controller's Office, or, in some cases, Department directors.

At the onset of the budget process, city officials produce a Five-Year Financial Forecast, which contextualizes the long-term financial environment by estimating revenues and expenditures and taking into account potential major budget issues. Subsequently, the Controller's Office works with city Departments to create a baseline budget, which is a draft two-year budget that estimates likely expenditures and revenues if the City maintains its current staffing, services, and policies while taking into account economic projections and information on adjustments such as fringe benefit rates. Then, the City Administrator's Office calls for Departmental requests for changes to the baseline budget, which are submitted to the Controller's Office for value and fiscal feasibility assessment. Under the direction of the Mayor, the City Administrator then prepares budget recommendations for the next succeeding fiscal year, which the Mayor presents to the Council. Following public budget hearings and an amendment process, the Council adopts the two-year budget by resolution.

### **Past Reform Efforts**

In working towards a more transparent and participatory budgeting process, Oakland has had a long history of reviewing and revising its budget process to meet constituent demands and the dynamics of a changing governing body. For our purposes, we surveyed the major reform efforts over the past 12 years. Though the majority of these commendable efforts were ultimately unsuccessful, we analyze them to understand the reasons why, and inform our recommendations moving forward. In 2002, the release of the Moving Oakland Forward Report marked the first major effort to integrate comprehensive performance management into the budget process in recent years.

### **Moving Oakland Forward Report (2002)**

In 2002, Acting Budget Director Marianna Marysheva and City Administrator Robert Bobb completed the Moving Oakland Forward 2002 Report, issuing a broad set of recommendations around program- and performance-based budgeting, performance management, and the role of the Budget Department in the city government. These recommendations were developed through both internal surveys and analysis of industry-wide best practices. These recommendations included:

- Having the Mayor and City Council establish a single set of measurable, meaningful

- goals that were concise in language and broad in scope;
- Attaching performance objectives to those goals;
  - Using those performance objectives to drive the budget process;
  - Reaffirming the goals at the onset of every two-year budget cycle; and
  - Directing the City Manager/Administrator to oversee the creation of Departmental business plans to demonstrate the alignment of internal strategic objectives with the above-mentioned City goals<sup>6</sup>

Ultimately, the Moving Oakland Forward strategies were not institutionalized and were abandoned. Interviews with stakeholders and other research suggest that there were many reasons for this. In particular, the performance measures were confusing to the Departments as well as the public, and the Department heads never fully embraced the performance management recommendations and were not held accountable for performance failures. In addition, too much responsibility was concentrated in the Budget Department, which, due to its plethora of responsibilities, was unable to focus on the performance management model. Since the City Council also deemed the performance data unhelpful in resource allocation decisions during the budget process, the departure of the main advocates of the performance management model, City Administrator Bobb and Budget Director Marysheva, marked the demise of the Moving Oakland Forward strategies.

#### **Public Financial Management Report (2009)**

In January 2009, Public Financial Management (PFM), the consulting group led by former City Administrator Robert Bobb, published its report concerning the implementation of the "Strong Mayor" form of government in Oakland. The most prominent recommendations of the report regarded the reorganized roles of the executive offices in the governmental structure, including:

- Tasking the City Administrator with integrating performance management, innovation, and reform into his/her office structure, implementing robust performance standards and performance-based budgeting, and overseeing the performance evaluation process; and
- Renaming the Budget Department (within the larger Office of the City Administrator) the Office of Budget, Innovation, and Reform, to reflect its new responsibility as the arm of the bureaucracy that advances innovation and reform within the government and develops new performance measures to monitor and assess City and Departmental performance<sup>7</sup>

The PFM Report recommendations were also not implemented, primarily due to a lack of support from the Offices of the Mayor and City Administrator.

#### **OakStat Pilot Process (2010)**

In 2010, Assistant City Administrator (and former Budget Director) Marianna Marysheva led an

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<sup>6</sup> City of Oakland Finance and Management Committee Agenda. (2003). "Status Report on the Moving Oakland Forward! Recommendations from Strategy 3."

<sup>7</sup> Public Financial Management Group. (2009). "Report to the City of Oakland, California Office of the Mayor Strategic Planning Services."



effort to establish an Oakland-centric CitiStat performance management system named OakStat. CitiStat, which has been used by other cities across the country (such as Buffalo, New York and Baltimore, Maryland), is a database system that enables municipalities to track and measure various aspects of their operations and services. The goal of the system was to use information technology to assess and improve delivery of city services by each Department. The OakStat pilot focused on two primary areas of City performance:

- "CleanStat," which centered around the maintenance of City streets, sidewalks, parks, and other public facilities, was directly linked to the Public Works Agency and the Office of Parks and Recreation; and
- "SafetyStat", which involved public safety, was directly linked to the efforts of the Police and Fire Departments.<sup>8</sup>

OakStat was not successfully implemented, for reasons similar to those of its predecessors. In particular, the Mayor and City Administrator were not convinced that the system would lead to success, Departmental compliance was not required, and the Budget Department, which had been charged with providing administrative support to the OakStat system, was thoroughly understaffed.

#### **Budget Adoption Transparency and Public Participation Policy (TPPP) (2013)<sup>9</sup>**

In 2013, the City of Oakland successfully demonstrated its commitment to institutionalizing public engagement by adopting a resolution that sets forth new guiding principles that promote transparency and public participation in its budgeting process. Major elements of the ordinance included:

- The use of public surveys to "[assess] the public's concerns, needs, and priorities" during January-March prior to each two-year budget adoption. Prior to release, the Budget Advisory Committee will assess the survey for "bias, relevance, consistency in administration, inclusion of benchmark questions, and ability to assess concerns, needs, and priorities."
- The publishing of a five-year budget forecast by February 1, which must be heard by the Council's Finance and Management Committee by February 15. Fact sheets and raw data of the forecast must be published on Oakland's open-data portal within two weeks of Council acceptance.
- The Mayor's proposed budget must be published on the City's open-data portal by May 1, and the proposal must be presented (complete with fact sheets) to City Council by May 15.
- Community Budget Forums must be held between May 1 and June 10. At least 3 must be held at "varied times in different neighborhoods away from City Hall."
- Council budget amendments must be made at least three days before the final budget meeting.

All of these policies have sought to reform the process by increasing transparency and promoting meaningful public participation in order to improve the quality of its decisions and enhance

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<sup>8</sup> City of Oakland Finance and Management Committee. (2010). Agenda Report, "Follow-up Report and Recommendations Regarding Improvements to Oakland's Citywide Performance Management and Reporting System."

<sup>9</sup> See Appendix H for Full Text: City of Oakland Transparency and Public Participation Policy (2013).

government effectiveness. Despite these reforms, the most recent City budget was strictly incremental, with decisions “rolled” from budget to budget, and the process has been criticized as opaque and confusing, with only limited opportunity for broad public participation. In the next section, we explore the primary problems inherent in Oakland’s budget process.

### **SECTION 3: OAKLAND'S THREE BIGGEST BUDGET PROCESS PROBLEMS**

As described above, over the past 12 years, actors within the Oakland City government have made major efforts to reform the budget process. Even if these admirable efforts had been largely successful, they still would not have addressed two of the most fundamental root causes of budget process challenges: distrust in the government and fiscal policy constraints on the budgetary decision makers. When the residents of a city distrust their government, this undermines the actions of the government, especially in its budget process. Oftentimes, this distrust manifests itself in the form of fiscal policy constraints, such as ballot Measures. By requiring the City Council to allocate a set amount of funding to certain City services through Measures, voters are effectively limiting the freedom of the Council to do what is necessary to balance the budget and carry out the city's values and priorities. Thus, these root causes of budget process challenges contribute to other problems within the budget process. So, while there is certainly much to laud in the current budget process, there is still room for improvement.

In particular, we have grouped the primary issues that we have discovered into three problems:

1. There is a lack of budget education and budget education materials for the public and public servants;
2. There is not a system for setting shared priorities that are ranked by importance; and,
3. There is disconnect between the input from the citizenry, the formulation of City priorities, and the creation of the biennial budget.

#### **Problem#1: There is a lack of budget education and budget education materials for the public and public servants.**

Many Oakland residents and stakeholders are not well-educated about how the budget changes translate into changes in the community. Many of the city officials and key stakeholders we interviewed noted that most residents do not know what the City does with their money, and the menu of charges on a typical Oakland property tax bill appear to confuse residents further.

The public needs to be given a very clear narrative that better connects taxes paid and services proffered, or else they will continue to distrust the City and not support further investment. Proposition 13, which rolled back property tax rates to prior levels, froze the property tax rate at 1%, and gave the state the discretionary power to allocate property tax revenue as it saw fit, has resulted in a dramatic reduction in the amount of local property tax revenue available for cities. This has forced cities across the state to rely more heavily on special taxes and fees to provide services to residents.<sup>10</sup> In addition, state law prohibits cities from assessing fees (in the form of taxes) that "exceed the reasonable cost of providing the services, facilities, or regulatory activity for which the fee is charged."<sup>11</sup> This means that cities like Oakland have to rely on public ballot

<sup>10</sup> Public Policy Institute of California. (2008). Proposition 13: 30 Years Later. Retrieved from [http://www.ppic.org/content/pubs/jtf/JTF\\_Prop13JTF.pdf](http://www.ppic.org/content/pubs/jtf/JTF_Prop13JTF.pdf)

<sup>11</sup> California Constitutional Provisions - Article XIII C Voter Approval for Local Tax Levies. (1996). Retrieved from

measures to fund critical services.

Given the reticence of residents to fund general services, this has created a proliferation of obligated funds and requirements for particular service levels for certain Departments. A poignant example of this is Measure Q, which is a dedicated library parcel tax passed by the voters in 2004. Under Measure Q, the City may collect the parcel tax only if it authorizes General Fund support that is not less than \$9.059 million per year.<sup>12</sup> While it is universally accepted that libraries are important to the community not only in equalizing the internet access playing field and also providing students with a safe place to spend their time after school, financial requirements such as these tie the hands of City leadership to allocate funds elsewhere, which is especially important in financially dire times, such as the Great Recession that our country is arguable still not out of. In part, Measures such as these are passed because the inherent opacity in the budget process has created distrust on the part of residents, who do not understand the numbers available to them, and stakeholders, who offer conflicting versions of available revenues and expenditure requirements.

In addition, many stakeholders without financial literacy training find the iterative nature of revenue estimates confusing. Oakland clearly sets out expected revenues at the beginning of the process, through a process that was enhanced by the TPPP. However, not all stakeholders are aware of the relative volatility of revenue estimates, and thus when subsequent budget proposals and amendments are introduced wherein the "numbers do not add up", there is much confusion amongst active stakeholders. This confusion often leads to disbelief and distrust, which undermines faith in the process. In addition, although the City produces many easy-to-read budget resources—such as the Budget Backgrounder, Budget in Brief, and other fact sheets—on its website, the pages on which they are located are not search-engine optimized, and it is not always clear where to find them. There are also language barriers in some residents accessing and reading some of these budget documents. In particular, the Budget website only lists two documents, the Budget Backgrounder and Budget in Brief in languages other than English. This limit resident's ability to engage more deeply in the detail of the budget.

There are also issues with inclusion. Although many residents who are interested and able to participate in the budget process are informed of ways that they can do so through their membership in stakeholder organizations, there are others who are not so fortunate. Those in the latter group are not able to benefit from organizational knowledge of the budget process, and thus are left to fend for themselves in navigating it. While the City does provide opportunities for residents to contribute to the budget process through public surveys and community budget forums, many are unaware of when or where these occur. Together, these challenges point to marketing and budget literacy issues.

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boe.ca.gov

<sup>12</sup> Oakland Public Library. (2014). "Oakland Public Library Frequently Asked Questions Mayor's Proposed Budget FY 2011-13." Retrieved from oaklandlibrary.org

## **Problem #2: There is a need for a shared and ranked priority setting system**

In the current budget process, there is no formal coordination either between City Councilmembers or between the Mayor and City Council as a whole to set ranked priorities. Instead, the Mayor and the City Council set and publish their individual priorities. During this last budget deliberation period, the City Council did adopt a joint set of priorities as well as a set of guiding principles. A singular set of shared and ranked Citywide priorities, however, is vital not only because it allows the public to understand where their particular issue stands in the overall priorities of the City, but also because it helps to streamline the process by focusing Council attention on more broad goals to avoid getting "stuck in the weeds". While there are some priorities that seem to be unanimous between the Mayor and City Councilmembers (i.e., public safety), there are others that are not as universal. As such, having separate priorities adds to the confusion of the process, which in some ways detracts from its efficiency and effectiveness. At any moment, there could be a drastic change that greatly affects the city's budget. In 2012, the sudden loss of redevelopment funds left a \$28 million gap in the city's budget.<sup>13</sup> In such situations, it is especially important for the city to be able to immediately evaluate services provided against the City's prioritized outcomes. This speaks further to the need for a single clearly articulated set of citywide priorities.

It is also not clear to what extent the priorities are developed with citizen input. When residents cannot see how their priorities have been incorporated into the budget creation process, or worse, when they have not been able to contribute their opinions to the process to begin with, many do not trust in the budget itself or the process overall. One common philosophy is that the City's prioritized results are legitimate only if community members were responsible for establishing the results and their definitions. In addition to the issue of direct citizen input into the priority-setting process, there is also the issue that priorities are not set early enough in the process to assist in Departmental budget proposals. This lends to the continuation of the incremental-budgeting process, as the Departments cannot base decisions on forward-looking City priorities, but instead rely on a baseline budget produced by the Controller to which they usually only make minor adjustments.

While the Mayor and the City Council have published their individual priorities, there is some benefit in taking it a step further and defining their goals more specifically. For example, what makes for a "safe city"-is it the improvement of building standards, the hiring of more police officers, the increasing of code enforcement, or the decreasing of crime occurrences? If all of the above, then what is the highest priority? How should they be ranked? Are some results more important than others? These are issues that are not currently addressed in the existing disaggregated priority-setting process. This, in turn, lends to issues with the budget proposals process that individual Departments/agencies undertake each budget cycle.

While each Department's budget proposal helps to inform the Mayor in her development and consideration of proposed budget, improvements can be made to this aspect of the budget process as well. In particular, Departments are unable to incorporate priorities set at the City level (by both

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<sup>13</sup> City of Oakland Community & Economic Development Agency. (2014). "Community & Economic Development Agency (CEDA) Dissolved. Retrieved from oaklandnet.com

the Mayor and City Council), and they are not clearly articulating how they have incorporated citizen input using tangible data. This is in no small part due to the fact that the City Council and Mayor do not agree upon a single set of ranked and weighted priorities, which leads to Departments not making decisions that are coordinated with the City leadership.

In addition, Departments are only involved at the beginning of the process, during the departmental submission and baseline changes phase. This lack of involvement throughout the rest of the budget process does not allow for clearly articulated, viable service impacts to be included in budgetary considerations. As a result, Departments are sometimes expected to meet specific service outcomes as dictated by the City Council with inadequate funding. The precise desired outcomes can also be unclear. These challenges indicate coordination issues with key players in the budget process.

**Problem #3: There is disconnect between the feedback from the citizenry, the formulation of City priorities, and the creation of the biennial budget.**

Currently, the City's budget process starts by applying incremental decreases (or increases) to the previous cycle's baseline, on a biennial basis. In other words, it is a method that relies on continuing the same processes starting from last year's budgets and trying to cut as little as possible, to minimize negative effects to the general public.

Baseline budgeting is not in itself the problem. The technical process of producing a baseline is necessary to minimize layoffs and respond to ongoing constant needs. The budget process would be far too time-consuming if the City employed a zero-baseline process, which starts each budget from scratch. However, the common sentiment heard throughout our interviews has been that the current baseline budget process is quite opaque with regard to how prioritization is occurring in determining which budget allocations will be continued from year to year.

First, this baseline process uses a general, unranked, and non-participatory (with regard to citizen input) sense of what the changing priorities of the city may be. The question being asked throughout the budget process is "How can we cut projected spending to meet revenues" as opposed to, saying, "What is the best way to produce the most value with the dollars we have?" Secondly, the City has been focused more on continuing to provide status quo services rather than asking key stakeholders in the process, including community organizations, unions, and the everyday citizen to re-evaluate the need for existing programs and the efficiency, or "bang per buck" of City operations funded.

City Departments will rarely cut their own services unless they are forced to do so, even if they are unsuccessful or inefficient. Economic analysts caution that Departmental budgets tend to maximize their budgets to serve their own ends. Described as the "budget-maximizing bureau"<sup>14</sup>, administrative actors can be portrayed as wildly inflating their budgetary needs to achieve a greater stake in City actions. We have not found evidence to suggest this nefarious practice is necessarily occurring intentionally in Oakland, but we have identified its innocent cousin, the

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<sup>14</sup> Friedman, Lee. (2002). *The Microeconomics of Public Policy Analysis*. Princeton, NJ: Princeton University Press.

“wishlist”.

Currently, departments present to the City administrator an admittedly inflated budget during the budget development process, which several have referred to as a “wishlist” with the understanding it will get chopped down by administrator and elected officials. It is therefore up to departments to informally lobby and negotiate with decision makers to alert them of their actual ranked priorities, which may or may not reflect the true service needs of the residents of Oakland.

Furthermore, the City is missing the testing or evaluative stage of assessing future needs against past services provided. There are no formal systems in the budgeting process for incorporating evaluation of service results from the public. Through our interviews, we discovered that when Departments receive negative feedback from city staffers or the general public about their services, it is addressed internally. Without a formal system of performance measurement and assessment, the budget will operate on the basic assumption that every service that the City is funding is worth funding again.

Each new budget cycle, the City does not adjust expenditure allocations based upon new priority rankings, which may or may not necessitate a drastic increase in funding for one service or a drastic decrease in funding for another. Rather, it adjusts its expenditure allocations primarily based on an opaque system of baseline budgeting, which has cut out the public and avoided formal feedback mechanisms. Without an articulated joint set of priorities against which to assess budget allocations, the City is more likely to make decisions in a way that appeases administrative actors.

## **SECTION 4: THE IDEAL BUDGET PROCESS FOR OAKLAND**

An ideal budget process for Oakland identifies strategic priorities and subsequently ranks the City services based on how well they align with the stakeholders' priorities. This should be undertaken in a participant-driven, collaborative, and evidence-based process. In doing so, Oakland benefits from this ideal process because it emphasizes and improves participation, transparency, inclusiveness, and service orientation of the current budget process (see Appendix C for further details about the fundamental purpose of a public budget). Under a Priority-Based Budgeting Model, resources are allocated on the basis of how effectively a program or service achieves the goals and objectives that are of greatest value to the community. It emphasizes how to budget scarce public resources in a structured, yet flexible process. This model allows a prioritization process that "helps us better articulate why the programs we offer exist, what value they offer to residents, how they benefit the community, what price we pay for them, and what objectives and citizen demands they are achieving."<sup>15</sup> A Priority-Based Budgeting Model enables the allocation of resources using information about what the community's objectives are and how agencies and Departments' programs achieve those objectives. It provides a higher degree of understanding among key decision makers and the public about the city's collective priorities.

It is important to note that the philosophy behind a Priority-Based Budgeting Model is not without flaws. This is why we select crucial components from three other alternative budget models in order to combine them and construct what we refer to as a *hybrid* Priority-Based Budgeting Model. (See Appendix D for detailed information about the advantages and disadvantages of each of the models reviewed in developing our hybrid model and eventual recommendations) Our hybrid model is a combination of three different solutions to the three problems we articulate below, with specific recommendations under each solution. The three other budgeting models are: 1) performance-based; 2) participatory; and 3) budgeting for outcomes. At its core, Priority-Based Budgeting integrates information from the public into budget deliberations. It is worth noting, however, that the idea that resource allocations should be directed to a program or service that achieves the objectives that are of greatest value to a community merely implies participation as a priority. Meaningful participation in the budget process is not an inherent component of the mechanism. Therefore, there is a need to address the needs and priorities of the community outside the existing budget process. Participatory budgeting significantly increases involvement by educating the community about city finances and the budget process, thus rendering the budget more accountable, efficient, and equitable. Additionally, a *hybrid* Priority-Based Budgeting Model considers robust performance measures like those seen in a Performance-Based Budget Model. Oakland should maximize the use of reliable and timely performance information that is evaluation focused. Using these performance measures will better align with the Budgeting for Outcomes Model's emphasis on funding City services according to their value in achieving such results. Oakland will benefit from this model's idea of "smart spending" as opposed to "smart cutting."

Combining all of these features in a Priority-Based Budgeting Model delivers a budget model that

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<sup>15</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from gfoa.org



encourages better and more frequent strategic planning that aligns service delivery and spending with desired outcomes (See discussion of service level and outcomes on page 58). This model articulates what the priorities are, how much Oakland pays for each service, and how to enable city agencies and Departments to understand the value of their City services' outcomes.

This model is the first step in establishing a more transparent, participatory, and outcomes-oriented budget process for Oakland. It is important to clarify that this model does not improve the budget itself, but rather the process around it. Improving the budget process allows for the creation of a set of conditions and policies, in which institutional actors and decision makers follow and act accordingly in the spirit of the community's priorities. But, we recognize that these actors may not be forced to follow these conditions for many reasons. This model merely attempts to provide a comprehensive process that empowers the responsible actors to refocus on stated priorities and make decisions that are outcome and evidence-based. In the following section, we delineate the criteria against which we assessed the recommendations included in our hybrid model.

## **SECTION 5: CRITERIA USED TO EVALUATE RECOMMENDATIONS**

### **Effectiveness Analysis: How Well Do These Recommendations Solve the Problems?**

(This effectiveness analysis is introduced here; for the full analysis see "Section 6: Solutions")

The following section presents a set of seven recommendations to solve the problems articulated above. In this section, we evaluate the question of effectiveness, examining why the solutions proposed best fit the challenges we see in Oakland's budget process.

Our goal is to establish why each policy recommendation is best suited to correctly addressing the problem posed. At the very least there must be supporting evidence to show a link between problem and solution, and the solution pushes the problem in the right direction while it not be able to fully address the problem independent of other recommendations. The interconnectedness of a budget process makes it very difficult to recommend a partial solution, but in our analysis we seek to piece apart what the desired outcome from the recommendation, and whether this outcome is likely to be realized. Furthermore, it is important to determine whether there are potential unintended consequences associated with the solutions proposed, and whether the risk of those consequences outweighs the benefit from the policy change.

### **Implementation Analysis: What challenges will these recommendations face, and How should they be implemented to ensure success?**

(This Implementation analysis is introduced here; the full analysis can be found in "Section 7: Implementation")

After the initial analysis (described above) is used to test the effectiveness and alignment of the solution to the problem, a further evaluation of the recommendation will be needed to test if the policy will be successfully implemented. Passing both of these tests of effectiveness and sound implementation is a powerful indicator that the recommendation should be taken.

The following 3 criteria are used in evaluating the implementation process of each recommendation:

- **Implementation Feasibility**
- **Cost (In dollars/time)**
- **Need for Leadership Support**

***The criteria Implementation Feasibility will test and evaluate the recommendation based on the following questions:***

Has the policy solution been favorably received by the administrative actors tasked with implementing? Do the alternatives align with the abilities and interests of the departments affected?

Are the affected departments enthusiastically awaiting the opportunity to implement this solution and are fully prepared to accomplish the tasks in the solution? If the answer to these questions is a

definitive yes, then the policy recommendation is considered ideal.

If the policy scenario could not pass the above question test but the implementation solution will streamline the budget process making it easier for the City administrative staff and stakeholders to produce a good budget then the recommendation will be recommended with these challenges noted. This rests on the assumption that the affected departments have the organizational capacity to implement the alternative, and have expressed some interest in pursuing this solution. In this scenario affected actors may have to acquire some new skills, but they can feasibly do so and are supportive of trying.

Finally, if some of the affected departments may not have the organizational will or capacity to implement the alternative, or some may only be likely to partially implement than this policy solution cannot be recommended. Implementation would be hindered by a need for significant additional staff skills that the departments involved cannot provide.

***The criteria Cost will seek to test and evaluate the recommendation based on the following questions:***

What will be the costs of the alternative, and who will bear them? This includes staff time, expert fees, and programmatic costs, among other costs. How would these potentials for resource scarcity limit implementation success and to what degree? Could a lack of funding or time in the beginning, middle, or end of the implementation process occur which hurts implementation?

The key test for this criterion is to evaluate whether costs for all stakeholders are commensurate with or lower than existing costs. It must be made clear that new costs will not present themselves at a time when those costs will hinder implementation. If in fact there is no way to avoid there being some costs, then there must be an evaluation of whether these costs will be short term or long term and whether these costs will reduce costs elsewhere within the administration.

***The criteria Need For Leadership Support will seek to test the following questions:***

How important is strong leadership in ensuring the alternative succeeds? Does the solution have strong leadership support currently? Will the leadership and other involved stakeholders follow the process recommended in the solution?

If all involved stakeholders are supportive of the solution, will this ensure its passage and will enable implementation actors to move forward as soon as possible? Leadership support can carry difficult reforms through city administrations, which are notoriously change-averse. However, leadership support is not a silver bullet for a bad policy.

Additionally, if there is no strong opposition to or active support for the alternative, and if it passes there will likely be little opposition to its implementation. Further, it must be evaluated that there are no vocal opponents, who will work to stop the ordinance from both passage and implementation.

## **SECTION 6: SOLUTIONS**

### **Problem #1**

There is relatively poor understanding of the budget process. The public lacks a basic understanding of budgets, and many within the City government need to advance their knowledge of the full process in order to help educate the public and strengthen internal processes.

### **Solution #1: Strategic Citywide Budget Process Literacy Effort:**

Improve Budget Education Efforts by: 1) Launching Basic Online budget Strategy, 2) Creating workshops materials for use in public Budget Education workshops, and 3) Offering City Employee Budget Trainings

Budgets are contracts between the city and its residents, and currently there is a sentiment that Oakland residents are "signing off" without being encouraged to read the fine print. This is not an allegation that the City is intentionally misleading the public. Instead, our analysis suggests that the published Fiscal Year budget document has a wealth of information that the public *could* access. However, based on discussions with stakeholders we believe that the percentage of residents who are reading this published budget is very low, and the information is considered too technical by even city employees, let alone the general public.

This is partly due to the fact that the City has not provided adequate information on *how* to read a city budget, which has left residents grasping for even basic information, and city employees left to work for months on a process they lack the tools to master. Both residents and City employees lack an accurate picture of the tradeoffs within the budget as a whole and the budget as a continual process. City employees, many of whom already have a basic understanding, need to strengthen their budgeting knowledge so they can reach the point where they can help provide the basic budgetary knowledge to residents.

The city should therefore consider engaging in a strategic effort to increase *budget literacy* for these two important stakeholder groups, first as a means of initially teaching residents how to understand the budget which can allow them to better participate and assist in budget development. Secondly, over the long-term, this will contribute to the rebuilding the trust of residents and administrators, which causes an ongoing positive feedback loop enabling residents to absorb the budget information the City provides and helping to provide better information.

The following three subsections describe the best policy recommendations available currently to address Budget literacy. This should be considered an introduction of these solutions, as it emphasizes an analysis of their effectiveness at addressing the problem of budget literacy. A further analysis of the challenges and tradeoffs expected during implementation of these strategies will be found in Section 7 of the report.

### **Basic Online Budget Engagement Strategy focusing on quality of budget related materials available on existing City websites**

The importance of online engagement cannot be understated. "Fully 82% of internet users (representing 61% of all American adults) looked for information or completed a transaction on a government website in the twelve months preceding this [2009] survey."<sup>16</sup> Generational shifts and changing social practices have made online tools critical, and they will only become more central moving forward.

Embracing interactive online or "e-governance"<sup>17</sup> is an essential step in modernizing the City's budget process and opening the doors of the City to residents who cannot, or will not, participate in person. The City should use and strengthen existing online options, by improving and better utilizing both the budget page of oaklandnet.com and the city's new website, www.Engageoakland.com. The more information that is available to residents, the more they will be equipped to serve as better participants in the budget process.

The current Budget Department page on Oaklandnet.com is rudimentary and underutilized. Roughly 78,000 visitors went to the homepage of Oakandnet.com in the last month, and only approximately between 3-7% of these visited the budget webpage. The average time on the budget site was 2 minutes and 49 seconds. For online engagement to succeed, the city must think of ways to reframe the information on the budget website to make the most of this short time window to reach residents interested in basic budget information.<sup>18</sup>

We highly recommend an increase of year-round simple budget postings on the top of the budget web page to alert the community about the next upcoming way they can become better informed and involved. These postings must be promoted via the social media tools used by the City's communication team and publicized through traditional media channels. A primer with municipal budgeting basics should be prominently placed on the budget webpage, perhaps including video tutorials on how the public should read budget documents and how to meaningfully participate in the budget process. The budget site should then provide clear options for those more engaged site visitors who may want to download the full PDF versions of budget materials; however, these links should be below the screen fold, leaving the top of the website (the area that the most people see) for large button-style links with large fonts explaining the options for introductory budget materials and information.

The Budget Department should also explore how to best employ the engageoakland.com interface to provide opportunities for discussion and sharing amongst residents. As this site is in its infancy, it is the perfect time for Budget Department staff to be trained on the use of this site. Mind Mixer, the administrator of the site, can provide materials and information to interested departments and share examples from other cities.

<sup>16</sup> Smith, A. (2010). Government Online The Internet Gives Citizens New Paths to Government Services and Information. Pew Internet & American Life Project, Pew Research Center. Retrieved from pewinternet.org

<sup>17</sup> Dawes, S. (2013). The Evolution and Continuing Challenges of E-Governance. *Public Administration Review* S86-S102 68.s1.Dec 20089: Web.

<sup>18</sup> Mai-Ling Garcia. (2014, April 22). Personal interview

share examples from other cities.

Community, labor, and business groups can also support this effort; we recommend that the City continue partnering with existing organizations such as *OpenOakland*, and the Oakland Wiki organizers for technical and promotional advice and assistance. Online materials should additionally be made available in Spanish and Chinese when posting on the budget page and on the City of Oakland's interactive website, [engageoakland.com](http://engageoakland.com).

Innovative online tools have been used in Oakland in the past. For example, for the FY2009-FY2011 budget the website [Oaklandbudgetchallenge.com](http://Oaklandbudgetchallenge.com) was launched in collaboration with the League of Women Voters and the consulting group Next10, using City funds.<sup>19</sup> This was modeled off of the project launched by Next10 called "The California Budget Challenge," which allows users to submit their personal choices for California state level expenditures and revenue sources. The aggregated choices of users are then made available for viewing and comparing.<sup>20</sup>

While Oakland's attempt to pursue this strategy was admirable, the project lacked a long-term consistent marketing strategy; it was not continued in FY2011- FY2013, which makes growing the scope and reach of the project more difficult. Residents in cities such as Philadelphia, PA, San Francisco, and Los Angeles, have embraced interactive online budget games. Interactive games can provide interesting opportunities to engage a whole new type of resident audience and should be pursued as soon as possible. Therefore we recommend restarting the interactive budget challenge as a way to further support the online engagement strategy.<sup>21</sup>

There are certain key online e-governance best practices that Oakland should consider in building the online engagement strategy for the budget:

- Key information is easy to find on mobile devices (top of the page)
- Information is detailed and substantiated without being "text-heavy"
- Content is sharable using standard social media outlets
- All materials formatted in readable HTML format (not only PDF)
- Numeric figures, matrixes, charts should be made available for download in spreadsheet format with clear delineation between numbers and headings
- Online resources should be strategically and actively promoted through online and traditional media channels.<sup>22</sup>

Online innovation is happening rapidly in and around the City of Oakland, and it behooves City officials to acknowledge the potential for partnerships in the community, and move Oakland's budget process into the 21<sup>st</sup> century.

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<sup>19</sup> Quan, J. (2009, April 16). Oakland 2009-2011 Budget Basics & Choices: The Oakland Budget Challenge [Web log post]. Retrieved from [www.oaklandbudget.blogspot.com](http://www.oaklandbudget.blogspot.com)

<sup>20</sup> Perry, N. (2013). *Next 10: The California Budget Challenge*. Retrieved April 8, 2014, from [next-ten.org](http://next-ten.org)

<sup>21</sup> *Ibid.*

<sup>22</sup> U.S. Government GSA Office of Citizen Services & Innovative Technologies Federal Web Managers Council. (2013). Requirements and Best Practices Checklists. Retrieved April 8, 2014, from [howto.gov](http://howto.gov)

For more information about the feasibility, costs, and demands of leadership, of implementing the Online engagement strategy please see "Section 7: Implementation"(page 40).

**Public Budget Education Workshops materials developed and distributed by Budget Department to interested community groups**

There is demand for budget education amongst Oakland community groups and the city should supply materials to facilitate those workshops and support those who wish to lead their community towards budget literacy. Providing materials and letting community groups market, facilitate and organize these workshops will put the workshops on "their terms". This will enable use of appropriate language, style and tone, which will make community members more comfortable and more likely to attend and benefit from the workshops. Additionally, if the community group owns and leads on each workshop event, it is not as labor intensive for City employees.

The topics introduced in the budget workshop materials should cover the broad issues of the budget process, including but not limited to the timeline of the budget development, major revenue sources, and expenditure restrictions and constraints. As mentioned above, there are ample available resources for Oakland to use from the Institute for Local Government and the League of California Cities, among other sources.

These workshops may contribute to increased budget literacy amongst people that might not be included in the online engagement demographic. We recommend promoting the budget workshop materials at popular meeting places such as senior centers, churches, neighborhood associations, and schools.

We further recommend that the city provide materials that follow best practices for effective public budget workshops. For example:

- Participants should create shared priorities for the workshop
- Connect personal budgeting experience with public budgeting issues
- Keep group size below 30, and break out into small groups if larger
- Participants should leave with options to learn more and not given too much material<sup>23</sup>

The City should produce a single set of budget education workshop materials, which would only require limited annual updating (as the process does not change drastically from year to year). Ideally, these workshops would be marketed and facilitated by any interested and qualified business, nonprofit, or religious center that would like to work with City staff to set up an approximately 1-2 hour workshop.

While this plan faces some challenges in terms of effectiveness, due to the small scope initially of these workshop materials, no solution can alone address the whole picture of budget literacy. This

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<sup>23</sup> McIroy, L., & Scully, P. (2002). Deliberative Dialogue to Expand Civic Engagement: What Kind of Talk Does Democracy Need? National Civic Review. Retrieved from Ncdd.org

effort can be seen as a policy, which will move Oakland one step in the right incremental direction of budget literacy.

However, those directly involved online and/or in workshops will effectively advance their knowledge of the budget process with improvements in these venues. This solution seeks to contribute to the greater effort of achieving full clarity in the budget process, but will begin by realistically only reaching a relatively small group of Oakland residents. The choice of more extensive budget literacy efforts, like online budget challenges, or extensive interactive activity planning, can be seen here as a recommended second step.

The audience for these forums will likely be small at first, and therefore the scope of the project will probably start relatively small and then increase as the program is successful. The community advocates with which we conferred estimated that estimated interest in these budget education workshops would start at 3-4 per year, which could double each year if successful. Estimates of attendees ranged from 10-50 per workshop. While this illuminates the small scope of this recommendation, because there should be a focus on groups believed to be excluded from other budget material development, either online or within the existing budget hearings, not attempting to pursue this effort despite its humble potential will be tacitly excluding these communities from advances in budgeting.

Budget workshop materials are resources that can be created by City staff and adjusted to the needs of the community. This effort will not solve the problem of budget literacy but it puts the resources in the hands of those who are able to make a change within their community.

For more information about the feasibility, costs, and leadership needs, for implementing the creation of Budget workshop Materials please see "Section 7: Implementation"(page 41).

### **City Employee Budget Trainings**

In the late autumn months, which would be prior to the recommended Budget Leadership Retreat (see Solution #2), there should be a series of optional budget trainings for City Staff, Department staff, Council staffers, and key stakeholder groups. These brown bag trainings should involve experienced departmental staff to discuss the way budgeting has worked or not worked, and encourage coalition building between Departments around shared budget goals.

Broadly, City employees value professional development opportunities and there is no reason that the City should not endeavor to provide opportunities for this type of advancement in the field of budgeting. This will strengthen the skillsets of City employees, making them more qualified for advancement within the institution and beyond. Furthermore, interviews with stakeholders revealed demand for more information about the budget process and a positive response to past brown-bag trainings, which allow employees to gain better perspective on the best way to evaluate tradeoffs for the City. A clear majority of these stakeholders mentioned the need for improved clarity around the budget process at the administrative level.



If employees are uninterested or unable to interpret the budget documents, then there is a deficit of budgetary understanding that must be addressed. This is not to say that City employees are all in need of this training, or that any should be forced to participate, but our observations have concluded that there is a demand for this resource to be provided and that employees at all levels could benefit from advancing their understanding.

The trainings should cover basic information on what is a budget, and how can each Department contribute to a better internal budgeting process. The trainings should allow discussion around the limitations of revenues and update employees on any recent changes in state or national revenue sources, discussing the impacts on the City's budget. For expenditures the trainings should focus on the key tradeoffs necessary to make good spending decisions given changing City preferences or changing costs of services. Overall, these trainings should sharpen the tools needed to explain the budget to the public, empowering City employees with the knowledge to address the goal of budget literacy.

Later in this report, we recommend the use of "strategy maps" which is a simple cause and effect mapping practice (See Solution #3, page 36). City employees will need training on how to best create and use a strategy map.

Departments could benefit from training on appropriate budgetary tactics using examples from Oakland's own history and that of comparable cities. To avoid poor facilitation and poor engagement of attendees it is recommended that these voluntary trainings be offered at several times and use interactive adult educational tools. There is a chance the voluntary nature of participation in the program will include people that are most excited about learning about budgeting and inadvertently exclude others with greater need for such trainings. This issue can be addressed through 1) providing brown bag lunches and 2) providing strong leadership from the Budget Department and the City Administrator in engaging city staff personally and encouraging them to attend and participate in the trainings.

City employees abilities vary and there is no need for everyone to be at the level of a budget Department expert, however, the current lack of knowledge around budgeting is inhibiting City employees from effectively participating in the development of a budget with the best priority outcomes, limiting their role in helping to address public budget literacy, and further limiting their professional development.

For more information about the feasibility, costs, and demands of leadership, of implementing the creation of Budget workshop Materials please see "Section 7: Implementation"(page 41).

## **Problem #2**

The City of Oakland does not have a coordinated ranked priority-setting process in place. Instead, the Mayor and City Council establish separate priorities, which are communicated unevenly and are not used consistently throughout the budget process. In addition, there is no formal process in

place for incorporating feedback generated by resident's participation in community surveys, forums, and other forms of civic participation.

### **Solution #2: Build a collaborative and comprehensive Priority Setting System**

We recommend that the Mayor identify the core priorities of Oakland residents and the specific outcomes s/he wants the government to meet in partnership with the City Council, City Administrator, and Department management. This would involve two major components – first, leading stakeholders to create one set of citywide priorities at the beginning of the budget process, and second, eliciting and compiling citizen feedback throughout the budget development and adoption cycle. The GFOA's recommendations for Priority-Based Budgeting suggest that cities should articulate, "a set of priorities expressed in terms of measurable results that are of value to residents and widely agreed to be legitimate by elected officials, staff, and the public."<sup>24</sup> The combination of community input and collaborative goal setting will help guarantee a values-driven budget that better reflects the priorities of both the people and City leadership. It will also help to create meaningful transparency by ensuring that all interested stakeholders know and understand the parameters by which budget proposals will be judged.

Resident feedback should be solicited through multiple means to ensure that the organizations determining budget outcomes have data on the priorities of a representative sample of residents. The Transparency and Public Participation Policy (TPPP) states, "public participation and collaboration may enhance local government's effectiveness, expand its range of options, improve the quality of its decisions, and enlist the problem-solving capacities of the general public and organizations outside local government."<sup>25</sup> We recommend building upon the steps articulated in the TPPP by modifying the survey timeline and by creating separate Budget Participation forums to ensure that leadership has actionable data for priority-setting exercises.

The following three subsections describe our policy recommendations to help the City articulate budget priorities. This should be considered an introduction of these solutions, as it emphasizes an analysis of their effectiveness in achieving the goals of service orientation, transparency, participation, and inclusiveness. For an analysis of implementation of these solutions, see Section 7.

### **Budget Leadership Retreat**

Budget literature points to the importance of creating one set of priorities for the city. Although Oakland has relatively consistent priorities over time, especially public safety, children, and public works, the meaning of these priorities varies with changing circumstances. Oakland is susceptible to the many pressing issues at hand and to the changing dynamics of its residents' minds. As a result, issues that do not align with key priorities get more 'air time' than others that are truly more

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<sup>24</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). Anatomy of a Priority-Driven Budget Process. Retrieved from [gfao.org](http://gfao.org)

<sup>25</sup> City of Oakland. (2013). Introduced by Councilmember Libby Schaaf, approved May 21, 2013. Resolution Establishing the City of Oakland's Budget Process Transparency and Public Participation Policy. Resolution No. 84385 C.M.S.

important. In our conversations with Department leadership and city staff, we consistently heard about the importance of strong leadership that is able to create, define, and commit to a small number of priorities. This creates clarity in messaging against which all stakeholders can assess their portion of the budget development and adoption process. For example, the inclusion of Department leadership in the process will help them orient their budget proposals towards the priorities that matter most to residents and may encourage Departmental resource sharing or collaboration.

The current budget lists the Mayor’s own overall priorities and the Council’s overall priorities (see Figure 2). The addition of the Council’s joint priorities is a recent addition from the last budget cycle. Although they line up in some areas, there is not one set of citywide priorities against which all stakeholders are measuring success and making decisions. These priorities are not consistently used, and are not expressed in measurable terms. As a result, current resources may be allocated to goals and objectives that are not of greatest importance to the community, an untenable notion during times of difficult budgetary constraints. During lean times, a focus on priorities enables the city to make tough choices in a targeted fashion, and enables careful consideration of the question of whether the city, a non-profit, a public-private partnership, or the private market should be providing a given set of services. For example, in 2010, Oakland made the decision to change its funding role in the Oakland Museum of California. This included a ramp-down city funding over time, and instead focused on private donor or foundation funding. Alternatively, during times of growth, priorities give the city heuristics with which to make reinvestment decisions that best match the City’s needs.

Figure 2. Mayor and City Council Priorities in 2013-2015 Budget

<b>Mayor Jean Quan’s Priorities</b>	<b>City Council’s Priorities (Resolution #84466 C.M.S.)</b>
<ul style="list-style-type: none"> <li>➤ Build and restore our infrastructure and the physical environment of Oakland</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>A Clean City</b> – A City in which we swiftly address quality of life issues such as graffiti, blight, and illegal dumping in all of our neighborhoods</li> </ul>
<ul style="list-style-type: none"> <li>➤ Foster Oakland youth and care for our most vulnerable populations</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>A Livable City</b> – A City that respects and provides safe space for its children and seniors</li> </ul>
<ul style="list-style-type: none"> <li>➤ Achieve long-term fiscal stability for the City</li> </ul>	
<ul style="list-style-type: none"> <li>➤ A City that honors and respects its employees – restoring Employee Contributions and Furlough Days</li> </ul>	<ul style="list-style-type: none"> <li>➤ A City that honors and respects its employees – restoring Employee Contributions and Furlough Days</li> </ul>
<b>Mayor Jean Quan’s Priorities</b>	<b>City Council’s Priorities (Resolution #84466 C.M.S.)</b>
<ul style="list-style-type: none"> <li>➤ Invest in public safety</li> <li>➤ Create jobs and promote economic development</li> <li>➤ Bolster job-training services so that Oaklanders are a competitive and thriving workforce</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>A Safe City</b> – a City in which safety is defined by more than just police</li> </ul>

The recent TPPP created two additional opportunities to make the City leadership's priorities more transparent. First, it instituted a bi-annual budget workshop in late Fall, at which the Mayor and City council "begin discussing priorities for the next budget year based on preliminary projected increases or decreases in the budget." Second, it required a *Statement of Councilmember Priorities* by April 1, in which each member submits up to 7 ranked or weighted priorities for changes to the baseline budget. The *Statement of Councilmember Priorities* may provide a useful way to make the Budget Adoption process more transparent because it includes district-based priorities, but these councilmember statements should not be confused with citywide priority setting. However, neither of the TPPP changes explicitly creates an opportunity for the articulation of **one citywide** set of priorities. We recommend using the "bi-annual budget workshop" during late Fall as the forum and space to evaluate past priorities/goals and whether or not they were achieved, as described in Solution #3 below. In addition, this will be an opportunity to make recommendations to the next Mayor/Council for consideration at the Budget Leadership Retreat.

The Mayor and City Council should lead a transparent priority-setting process with key stakeholders, including the City Administrator and Senior Department leadership. S/he should lead a retreat before the Departments submit their budget requests to the City Administrator, but also after any new leadership (Mayor/City Councilmembers) have taken office after an election year. This retreat is designed to take feedback from the resident survey and participation forums, and turn it into input that can contribute towards ranking or weighting a set of citywide priorities. The priorities should then be articulated in a series of Priority Outcomes, a set of measureable, long-term outcomes set by the Council. Appendix F describes some of the features of outcomes that make them a useful tool for articulating the results of value to the public.

In future budget cycles, the retreat should be designed to revise the priority outcomes based on updated community feedback, as well as assessments of city performance in meeting desired outcomes in the last cycle. The Government Finance Officer's Association suggests that these priority outcomes should:

1. Capture the fundamental purposes for which the organization exists;
2. Be broad enough to have staying power from year to year; and
3. Should be expressed in terms of the results or outcomes of value to the public in a way that is specific enough to be meaningful, but not prescriptive regarding the mechanism by which the result will be achieved.<sup>26</sup>

There are various means of creating shared Citywide priority outcomes. Priority outcomes can be articulated either through "numbered" ranking, or with an "above-the-line/below-the-line" ranking. Numbered ranking enables easier decision-making between individual budgetary questions, but it does not consider the interactions between priorities (for example, how a clean city affects a safe city). Currently, Oakland city leaders (Mayor and City Council, separately) set a group of priorities where some are included "above-the-line" and others are not. This enables leaders to consider

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<sup>26</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from [gfao.org](http://gfao.org).

interactions between priorities, but can make it difficult to make decisions amongst those priorities.

Regardless of the methodology chosen, these should be clearly limited to a small number of priorities, which should then be ranked or weighted in a way that are transparent and understandable to residents and interested stakeholders. Recognizing the difficulty for a group of elected city officials representing different constituents to focus and agree on a short-list of meaningful priorities, we recommend a professional, neutral, third party entity to facilitate this process at the leadership retreat.

Once the priorities and priority outcomes are created, they should be publicly posted in a brief document that explains the intended goals and describes how citizen feedback was used in their creation. This should be available in the three major languages spoken in Oakland and it should also include a timeline explaining the budget process from that point forward. This will enable residents to know how to engage in the process and track stated priorities. As an example, the budget webpage for San Jose provides a clear illustration of how to integrate a timeline with information on available opportunities for participation for different institutional actors (see Appendix E). The city of Cincinnati also provides a recent example of a city that successfully implemented priority-based budgeting using a leadership budget retreat and multiple means of public engagement. Appendix E details their process as well.

This solution will inform the usage of shared city priority outcomes that may be favorable to all stakeholders because it creates a process by which those outcomes are amplified. This solution provides the necessary conditions that align problems with outcomes, but it does not necessarily yield better budget outcomes unless all relevant stakeholders use the priority outcomes. For that, the city will need to translate these priorities into action throughout the budget cycle. We recommend some means of doing that in Solution #3 below, which includes Strategy Maps, by which Departments map their service levels onto the Leadership-set priority outcomes, and Evaluation, a tool by which the City Administrator coordinates the assessment of Department performance against priority outcomes.

Moreover, the solution may not significantly change the outcome of the process given the substantial funding constraints on many funds and the City's costs in staffing and employee obligations. Nonetheless, a focus on priority outcomes will better reveal the sources of these constraints, which could empower governing actors to change the status quo. Communities that use priority-based budgeting have re-articulated their budgeting conversations to be able to address new questions, like "Where is the local government potentially competing against businesses in its own community?" and "What are the appropriate programs to consider partnerships with other community service providers?" For example, Billings, Montana is now revisiting local ordinances and administrative practices that no longer meet the needs of its citizens, given their changed priorities.<sup>27</sup> Further, even if the ultimate resource allocation is relatively unchanged in lean years, it will enable better allocation of resources by officials when new revenues do become available.

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<sup>27</sup> Johnson, J., & Fabian, C. International City/County Management Association. (2012). *Seeing Things Differently*. Retrieved from icma.org

### **Professional Survey**

The TPPP takes the first steps towards gathering resident priorities through the formal requirement to conduct a biennial professional survey (or survey with demographic information if a scientific survey is infeasible), with approval by the BAC by January 30th and completion before March 30th.<sup>28</sup> We recommend timing modification that ensures survey completion and publication before the Budget Leadership Retreat. Feedback from community advocates, Staff, and city leadership indicates that the current schedule would be too late to ensure that citizen input is incorporated into both Department and citywide priority outcome-setting exercises.

The survey should be designed to provide *ranked* or *weighted* feedback on existing services enabling residents to participate in priority setting as the city's leadership. One option is to include an "Importance-Satisfaction" analysis, which assesses *satisfaction with* and the *importance of* different city services. This provides the city feedback on investment priorities for the next budget cycle. For example, those services of highest importance but lowest satisfaction are likely areas for investment. It should also include opportunities to provide Department-specific feedback because departments will then have the information they need to *actively invest in order to reflect the needs and priorities of the people they serve*.

Given the importance of getting representative information about resident preferences, the survey should be conducted in English, Chinese, and Spanish. It should also provide a large enough sample data to capture Oakland's primary ethnic groups at a reasonable margin of error. Additionally, the survey should be targeted and distributed to all *residents*, not simply just registered voters.

Per the TPPP, the poll or survey should be professionally developed. A summary of detailed results should be included in the final proposed budget. Given the limited time resources of the Budget Department and BAC, and the importance of providing the city with useful, statistically valid data, a professional survey is a useful investment. It can also build public support for the budget process because it presents the efforts of incorporating resident feedback in a standardized, fair manner. Regardless of the particular methodology chosen, the BAC and Budget Department should make recommendations about the contents based on available and credible best practices. There are numerous examples that the city can learn from in designing the survey, including Austin and New York<sup>29,30</sup>. In addition, Oakland itself conducted surveys of this type as a part of the Moving Oakland Forward effort in 2002, and the city conducted biennial quality of life surveys in the past as well.<sup>31</sup>

### **Participation Forums**

The TPPP also formalized budget forums, which currently primarily serve as a transparency tool

<sup>28</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from gfao.org.

<sup>29</sup> ETC Institute. City of Austin, TX. (2013). *Final report 2013 City of Austin Directionfinder® Survey*. Retrieved from assets.austintexas.gov

<sup>30</sup> New York City Mayor's Office of Operations. (2008). *Nyc feedback citywide customer survey*. Retrieved from nyc.gov

<sup>31</sup> Fairbank, Maslin, Maullin & Associates. (2002). *City of Oakland 2002 Community Survey*.

rather than a participation tool. As a result, we recommend the creation of separate “participation forums,” while maintaining the existing transparency-focused forums in the spring after the release of the Mayor’s Proposed Budget. The creation of forums focused on participation rather than transparency will substantially increase the participation and value of the input provided by residents. Thoughtful facilitation of the forums will increase the inclusiveness of the process by ensuring that more people can meaningfully engage, and that city officials directly use that data in their budget developments.

The participation forums should occur in different neighborhoods at various times of the day/week to ensure that a diverse set of residents are able to participate. Different neighborhood and community organizations could host the forums, which will reduce the cost to the city, and engage residents that might otherwise not participate. In sequence, these should occur before the Leadership Retreat so that feedback is considered there and the subsequent budget development.

The City should consider a low-cost engagement method like Austin’s “Budget in a Box,” either as a part of the official meetings or as another way to engage community groups. In this activity, interested residents facilitated their own community discussion about the City’s “services, performance, and budget” at the scale of property tax bills. After the group made decisions about their spending preferences, they returned the results to the City, which were reported in their Budget Engagement Report.<sup>32</sup> These types of activities serve the dual purpose of educating residents about the tradeoffs faced by leadership budget determination and providing a useful barometer of citizen priorities. Recent literature suggests that local government services that use games to engage people in participatory workshops and meetings are successful in making participation more efficient, transparent, and fair.<sup>33</sup> Given the complexity game designs, we recommend engaging citizen groups or other community resources with the relevant expertise to create any such games.

It is important to note that in-person forums, games, and online tools designed to foster participation are opt-in activities. Therefore, they will not be representative of the whole community and will not provide complete results, unlike the survey. Though, they will provide useful insight into resident preferences, and provide budget literacy and public engagement opportunities.

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<sup>32</sup> City of Austin, TX. (2013). *FY 2014 budget engagement report*. Retrieved from [assets.austintexas.gov](http://assets.austintexas.gov).

<sup>33</sup> Lerner, J. (2011). *Making democracy fun games as tools for democratic participation*. (Doctoral dissertation). Available from DAI/A 73-06. (3495828).

### **Problem #3**

We mentioned earlier that the City of Oakland has no uniform and coordinated set of priorities and priority outcomes. The Mayor and City Council determine separate priorities, which may not explicitly include resident feedback because of limitations in the existing budget participation opportunities. With these seemingly competing priorities, it is unclear how and to what extent the City uses any resident input or priorities in its budget decision-making process. There is no formal mechanism set up that allows Departments to use citywide, ranked or weighted priorities and priority outcomes to make decisions about the provision of City services.

### **Solution #3 – Build mechanisms into the budget process to ensure priorities are used**

We recommend that the City Administrator instruct Departments to create *strategy maps*, which help to map city priority outcomes onto the existing and planned service levels of the Departments. *Strategy maps* enable Departments to include the citywide, ranked priority outcomes in their decisions. In doing so, this becomes the mechanism by which Departments actually incorporate city priorities in their decision-making and budget development process. We also recommend the creation of a formal feedback process for incorporating priority outcomes and evaluating priority-results of City services midway through the budget cycle. This will require a concerted leadership effort and buy-in from all the different levels of Oakland's government.

This section discusses the benefits of building mechanisms within the budget process to ensure that priorities are integrated into budget decision-making. A further analysis of the proposed mechanisms against the criteria of implementation feasibility, cost, and the need for leadership support can be found in Section 7.

#### **Creation of Strategy Maps**

All levels of city leadership should recognize and include citywide priorities in their stated missions, goals, and daily functions. A Department's existing mission/vision can serve as the starting point for connecting the set city priority outcomes/results.<sup>34</sup> Departments can use strategy maps to map out their service levels onto the city leadership set priority outcomes. Moreover, in the context of implementation, Department management should discuss how they are accomplishing and enacting the city's priority outcomes. The City of Walnut Creek serves as an example of a city that did this by developing a *strategy map*. A *strategy map* is a powerful method of defining how priority outcomes will be worked on and achieved within each of the Departments' foci.

Strategy maps, also referred to as cause-and-effect diagrams, are a "simple way to take a complex and potentially ambiguous objective – like achieving a safe community – and creating a picture, or map, of how that objective can be achieved."<sup>35</sup> A *strategy map* becomes an effective way to achieve clarity on what each organization aims to accomplish and provide through services because it links back to the City's defined priority outcomes. Oakland will benefit from producing its own *strategy*

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<sup>34</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from gfao.org.

<sup>35</sup> Ibid.



*maps* because mapping results as outcomes will serve as a blueprint through which Departments, the City Council, and the Mayor to insert priorities in their decisions. This internal effort will also provide effective ways for Departmental staff to understand the citywide list of priority outcomes, giving them the space and latitude to creatively innovate in their service provision. Additionally, there is an advantage in having an inter-Departmental, cross-sectional team develop a *strategy map*. For example, when there is a cross-sectional team, there is more collaboration across staff from different fields. There is potential for cost-savings reductions through the generation of cross-department and interdisciplinary approaches in delivering outcomes effectively. City staff participation in the formation of *strategy maps* will lead to staff involvement in priority-outcomes driven budgeting process. This approach also guarantees that all city Departments, if not, at least a wide variety of city Departments, are actively working on providing services that align and accomplish citywide priority outcomes.

Since *strategy mapping* gives city government and residents a more particular description of the results, it can also help “establish a shared foundation, a common context for evaluating and prioritizing the programs and services the jurisdiction offers.”<sup>36</sup> A city program or service’s relative priority can be evaluated with the collecting group’s common understanding about the intended results/outcomes. Once prioritized outcomes are adopted at the Mayor and City Council level, the strategy of mapping is used as a tool by Departments to clearly show the links between provided services and desired outcomes. The *Strategy Mapping* approach is one means of achieving this connection. Departments should use a strategy map because it illustrates cause-effect relationships that allow departments to better determine how to improve upon addressing each priority outcome.

### **Leadership Allocation of Resources**

Once there is a set of ranked/weighted city priority outcomes, leadership in all city entities should support these priorities by including them in all aspects of decision-making. For example, the Mayor, City Council, and Department directors and management should find and create ways to allow the priority outcomes to inform the services provided by the city. Similarly, Departmental and management leaders should use these priority outcomes to shape the budget proposals that they submit to the Budget Department in the City Administrator’s Office.

Leadership from the “Department to the dais” means that all leaders conduct hearings, meetings, and conversations with shared priorities in mind. Oakland is not seven districts; it is one city. Oakland is not a dozen Departments; it is one administration. Consideration of departmental leadership and senior management in the priority-setting process could ensure that all levels of decision makers are supportive and actively working towards the defined priority outcomes. A focus on achieving city priority outcomes should flow through every Department of the city. Each city Department should separately employ a service priority-setting process that considers and captures citywide priority outcomes in their service provisions. This leadership-spearheaded action will translate priorities into action, and will achieve the city stated priority outcomes.

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<sup>36</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from gfao.org.

Prioritized ranking/weighing of City services is a critical part of the budget process, especially with resource allocation amidst a limited and tight budget. Just because a priority outcome is at the bottom of the list does not mean that this specific priority outcome is not important to the City. The City should employ a mechanism that permits it to carefully select which priorities are urgent, therefore require immediate action, and which priorities are important, but do not need immediate action. There are several ways that city leadership could rank/weigh priorities without making a priority outcome that is low on the list less important than priority outcomes that are on top. One method is to first allocate funding to each priority based on historical patterns, also known as baseline budgeting, which Oakland employs. For example, public safety, economic development, and children have been Oakland's top priorities for years. In effect, this is quantifying baseline service levels. Though, automatically allocating more to historical or baseline priorities can be controversial because this means that other and newer priorities may be funded at lower levels. Another method is to organize the offers or services "into tiers of priority (i.e. quartiles) and then allocate reductions by tier."<sup>37</sup> This means that City services in the first tier may not be reduced as much, while City services in the lowest tier may see the largest reductions.

City leadership should use priority outcomes in two key places in Oakland's budget process. First, priority ranking should be considered by the City Administrator and Mayor to assess priorities in the Mayor's budget development and proposal. Second, priority ranking should be considered by the City Council in developing their amendments to the Mayor's proposed budget.

### **Priority Outcomes Evaluation**

The Mayor and City Council should require a Priority Results Budget Evaluation administered by the City Administrator's Office. This evaluation process should identify progress toward results of Departmental services that were based on the citywide priorities and priority outcomes. There should be a set time for evaluation within the budget process in order to determine whether or not the previous fiscal year's budget allocation actually achieved the intended and prioritized outcomes. This process should be undertaken during the summer before a new 2-year budget cycle is adopted. This time period for an evaluation makes the most sense because it avoids the mid-cycle budget amendment process and provides a level of accountability because it does not disrupt a budget cycle mid-way through its course. This evaluation should be forward thinking and focused on budget process changes for the next biennial cycle. Additionally, it should maintain a focus on the city's budget, priorities, and results for the approaching the budget cycle, and not merely at the end or the beginning of a cycle.

This evaluation process requires reporting on how the citywide priorities have been translated into result outcomes. Outcomes and service levels are different evaluative criteria. Service levels are the actual results and unit of service that City services provide, whereas outcomes are the tangible effects of those results on a community..

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<sup>37</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from gfao.org.

The City leadership sets the evaluative criteria based on its prioritization and community participation, which in this case is an outcomes-based criteria. Ideally, Departmental performance evaluation and data aid decision making in the next budget cycle. The City should also decide on what evaluative mechanism to use. One potential evaluation mechanism is to evaluate or score City services against all the organization's results that are most closely associated with the priorities. Another mechanism is to evaluate or self-score City services and have these peer-reviewed by other Departmental staff. This is a way to leverage Departmental knowledge since staff would serve on evaluation teams that would score all City services. It is also a form of result prioritization.

An example of the latter evaluative mechanism can be found in the City of San Jose. In addition to setting up a scoring and peer review evaluative mechanism, San Jose weaved a community participation component into the process. The City of San Jose engineered a peer review process through which the Departments that self-scored their own services were evaluated, discussed, and assessed for the city's priority outcomes. San Jose established a review team for each of its priority outcomes. The teams first reviewed the *strategy map* to ensure that each member was grounded in the city's defined priority outcomes, and related these priority outcomes back to the Departments' service levels/outputs. Next, the review teams were given a report that included every service scored for the particular result that is under review. The teams discussed:

- Whether they understood the City services they were reviewing;
- Whether they agreed with the score given by the Department (the Departments scored their own City services);
- Whether they required further testimony or evidence from the Department to help them better understand the score given; and
- Whether the score should stand, or if the team would recommend an increase or decrease.<sup>38</sup>

San Jose incorporated community participation into this comprehensive and cross-sectional evaluation. It invited the local business community, citizens representing their local neighborhood commissions, and city Labor leaders to review the scores. Participants found the effort not only informative of City services, but also engaging because they were able to hear directly from Department staff on how service levels achieved the city's priority outcomes. The solutions presented have been shown to be the most effective means of achieving the desired city priority outcomes.

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<sup>38</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from gfao.org.

## **SECTION 7: IMPLEMENTATION ANALYSIS AND PLAN**

The solutions presented have been shown to be the most effective means at achieving the actions and outcomes desired, and an effort will be made here which strengthens these solutions by measuring the implementation against our implementation criteria.

As described in Section 5, the following three criteria are used in evaluating the implementation process of each recommendation:

- Implementation Feasibility
- Cost (In dollars/time)
- Need for Leadership Support

### **Implementation Analysis**

#### **Implementation Analysis: Online Engagement Strategy**

The proposed Online Engagement strategy has both pros and cons when considering implementation feasibility. An emphasis has been made on online improvement recommendation using *existing* City online engagement tools to produce targeted improvements to address budget literacy. The skills needed to make these improvements *are* available within this administration. However despite these talent resources, there is a hindrance within the city administration, which is the tendency to be risk-averse, and resistant to change. This has inhibited technological advances and will continue to do so unless met with incremental solutions that gently push in the direction towards modernization.

In terms of costs, the Online Engagement Strategy can be considered moderately affordable. There will be some cost burdens but they are not considered major within the scope of the budget. The online improvements that are recommended here mainly employ *existing* actors and tools for implementation. Our estimate is that an additional 1-3 hours of work will be needed for this as an ongoing addition to the administration's workload. Initially, to develop the strategy and help provide good materials, we recommend consulting with experts to translate materials.

This work is not enough to warrant hiring a full-time additional staff member for the long term. However for the initial development of materials there is the possibility that extra help will be needed. Given the one-time nature of this effort, requesting the advice of expert opinion is recommended. For example, the prior mentioned consultant Next10 has assisted cities in development of interactive budget simulations. Since the City has worked with them in the past, and the fees are negotiable, this expense should be once again considered.

These potential costs can therefore not be currently estimated, until the City commits to negotiations with the consultants, but it is known that these will not be a large long-term cost burden. It will be noted that given the City's financial obligations, many public servants have conveyed the mentality that even minor costs are not optimal. There is reason to project that some of these upfront costs will be offset later in the process through reductions in the number of

questions they'll to which they need to respond.

There is a definitive need for leadership support in order to see that this recommendation is a success. Based on our conversations with the Mayor's office and City Council, we have assessed that there is an understanding amongst leadership there is support for modernization. There is a support for Oakland joining other Bay Area cities in innovation of governance that promotes innovation within the City.

Amongst departments there is a consensus that the online materials provided by the City are subpar and that this reflects poorly on the City administration, which makes performing their service duties more difficult. There is widespread support for investment in online services, which will improve the City's image and that over the long terms this will translate into better service.

### **Implementation Analysis: Development of Budget Education Workshop Materials**

Creating the Budget Education workshop materials and disseminating to community organizations to hold and facilitate events for their audiences can be shown here to be feasible to implement currently, despite major challenges to implementation. According to Mayor Jean Quan in April of 2014, "Budget education is very, very important."<sup>39</sup>

Primarily, it can be asserted that the skills needed to build Budget Education Workshops exist within the City administration. However, there may be significant time commitment costs associated with the initial implementation effort and hiring a temporary position to build the initial program materials can reduce the burden. The ongoing amount of staff time for this annual project for redevelopment of the workshop material is estimated to be moderate, and can be split between the budget and the communications offices. Dissemination and coordination with community groups will grow in accordance with the success of the workshop program, but initially should not be a large time burden. Recruited volunteers within the Budget Advisory Committee Network can complete certain elements of these tasks.

It would be optimal to recruit assistance from a paid expert to consult with the Budget department in creating these materials. This will add substantial costs to the developments of these program materials and could mean that a deferment of this recommendation will occur if these funds are not available. However, after an initial evaluation of the hours required to complete this task, Budget Department staff may need to assistance and could benefit from the insight of expert advice on workshop material building.

### **Implementation Analysis: Budget Leadership Retreat**

Although the city already does some priority setting amongst different institutional actors, the current system separates the priority setting of the Mayor, City Council and Departments. However, the city likely has the organizational capacity to conduct priority-setting retreats, as it has done so in the past. The priority-setting exercises will have costs in terms of the staff time required to organize and prepare for them, and in the time required for high-level officials to participate, which

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<sup>39</sup> Mayor Jean Quan. (2014, April). Professional Interview with Goldman Student Consultants.

can be costly, especially given recent cuts to the Budget Department. Although difficult to quantify, alignment on priorities throughout government is likely to save time for leadership later by enabling them to focus on a core set of important issues.

In addition, it can be difficult to rank and prioritize priority outcomes when there is insufficient information for parties, or when parties disagree on the priority criteria by which outcome should be assessed<sup>40</sup>. Given that, and given the inherent difficulty in organizing a diverse array of elected leaders, we recommend the use of a facilitator for initial retreats, which will add up-front costs.

The main implementation challenge for this solution will be in the leadership and coordination of priorities across these actors. Strong leadership is essential to ensuring that this alternative succeeds, and many actors will need to have buy-in into the process. Elected officials may be reticent to agree to one citywide set of priorities, as Oakland has traditionally maintained separate City Council and Mayoral priorities. Most elected officials appear to be supportive of better priority-setting, although many believe that it will be a significant governing challenge to successfully translate this into change in the budget process. That will require use of the Strategy Maps, decision-making tools and evaluation tools we recommend -- without some means of translating priorities into measurable outcomes, their utility will be greatly reduced. In addition, if all stakeholders do not buy into the priorities set by the leadership, it may be difficult to apply priorities to actual decision-making.

#### **Implementation Analysis: Survey**

The city has conducted surveys in the past, and requires small amounts of additional implementation effort to coordinate the hiring of a professional firm to conduct the survey. The survey is already required by the TPPP, so this recommendation would mostly entail changes to the timing of the survey -- conducting the earlier in the process, and changes to the use of the survey -- to set priorities in the Budget Leadership Retreat later in the process. There will be costs associated with the hiring the professional surveying firm and with the staff time required to publish the results in a way that enables elected leadership, departments, and the City Administrator's Office to use the results in priority-setting.

#### **Implementation Analysis: Participation Forums**

The participation forums represent a significant addition to the budget process, and would pose significant challenges for implementation feasibility. In order to be successful, these forums should be offered at a diverse array of locations and times, and should be facilitated in order to elicit meaningful and thoughtful participation from residents. This will impose costs on Budget Department staff time in order to create the materials for these forums, and on City Councilmembers and City Administrator staff responsible for publicizing the forums. This solution also requires some leadership support, to direct Staff to create these forums, and to get city leadership to use the results throughout process of budget decision-making.

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<sup>40</sup> Methods of Budgeting. (2010, January 1). Retrieved April 5, 2014, from <http://www.focusintl.com/RBM150-0610.pdf>

However, one option might be to combine the Budget Education Workshops with Participation Forums in order to streamline efforts. This would reduce overall costs, and might encourage some additional resident participation in the budget education workshops because of the ability to learn about *and* provide input to the budget at the same time. The disadvantage of this would be that citizens would not have time to learn about the complicated budget process separately from providing their input, which might reduce the value of the input from residents in these forums.

Given the potentially competing costs for the survey and participation forums, we recommend prioritizing the professional poll, and then conducting participation forums combined with Budget Education Workshops if more funds and time become available. However, with less restricted funds, we would recommend conducting the professional survey, participation forum, and budget workshops as three separate opportunities for resident input and education.

#### **Implementation Analysis: Strategy Maps**

This particular solution will likely have structural challenges given that it will involve multiple parties and strong institutional leadership to engage in strategy mapping and a new performance evaluation method. Additionally, it will require solid support from cross-sectional Departmental management and staff to earnestly participate in the evaluation process. However, Oakland administrators have undertaken other evaluative methods in the past and failed, even though those methods also emphasized evaluation as an essential part of the city's prioritization process. Past methods have been primarily focused on measuring actual service levels/outputs and not on outcomes, which may not be as meaningful in the issue prioritization process. There may be little organizational capacity to implement this given how under-resourced and under-staffed Departments are. Though, senior level management and elected officials have expressed interest in pursuing this, especially as it relates to the creation of effective performance measures that Oakland will benefit from.

#### **Implementation Analysis: Leadership Allocation of Resources**

Leadership is strongly needed to ensure the integration of a ranked or weighted priority process within the Oakland budget process. There have been vocal Oakland City officials who are supportive of this idea, especially as other Bay Area cities have demonstrated this and successfully reformed their budget process models. Every level of Oakland citywide leadership should be on board, including the Mayor, City Council, and various senior Departmental management and staff. This process should be prioritized within internal management procedure, and the Mayor should take the primary responsibility in promoting a ranked or weighted system of priorities. This advances the goal of holistic and organizational integration of Oakland's stated priorities in decision-making processes. It is directly connected to the improvement of budget process participation, inclusiveness, and transparency. As described, the solution will involve effective and concrete use of priorities in budget process-related decisions. It is a promising solution and is favorable to all stakeholders because priorities are fully integrated into the process and affected entities will have a level of participation in various parts of the solution.

### **Implementation Analysis: Priority Outcomes Budget Evaluation**

The creation and maintenance of the Priority Outcomes Budget Evaluation will produce costs in terms of staff time and potentially the hiring of additional staff or an outside contractor to initiate some of these processes. Though, the Budget Advisory Committee could be the entity that conducts this evaluation process if there are no resources to hire a third-party contractor. These processes will involve large time and resource commitments in the beginning because this solution will require establishing new modes of thinking about prioritization, evaluation, and community participation. This solution can use existing resources and expertise of current staff in the City Administrator's Office, Controller's Office, and current senior management in Departments who used to occupy budget-related roles in Oakland's administration. There are also costs related to activities that involve the public's engagement.

### **Implementation Sequence**

We propose that our recommendations be implemented in a particular sequence. As a result, the illustrated timeline below provides a timeframe rather than prescriptive time deadlines. Timing the budget process will require negotiation between a variety of stakeholders amongst City Councilmembers, the Budget Department and Department staff. Therefore, we recommend that the BAC and the Budget Department work in coordination to recommend a coherent and practical timeline based on our recommendations, and that the City Council President, Mayor, and City Administrator use those recommendations to set an official timeline each budget cycle. We also recommend that they ensure clear announcement of any budget process changes to all involved stakeholders and to the community. It is essential that any changes in the process are transparent and valued by all relevant parties.

It is impractical to incorporate every recommendation into the process all at once, as many elements build upon one another. The City has limited staff and financial resources. To that end, we have indicated in our analysis below which steps are dependent upon each other in order to assure a system of prioritization throughout the process. Although there is flexibility built into the recommendations, it would be most beneficial to proceed through the tasks as set out, as some of the earlier actions inform later actions. For example, the Professional Survey and Participation Forums should inform the Budget Leadership Retreat, and should therefore take place in advance of that retreat.

### **Recommended Implementation Sequencing**

The first phase, **Budget Development and Adoption Cycle**, represents changes that can and should be implemented in advance of or during the upcoming budget development and adoption cycle. This budget development and adoption cycle will take place between Fall 2014 and July 2015, and will set the budget for 2015-2017.

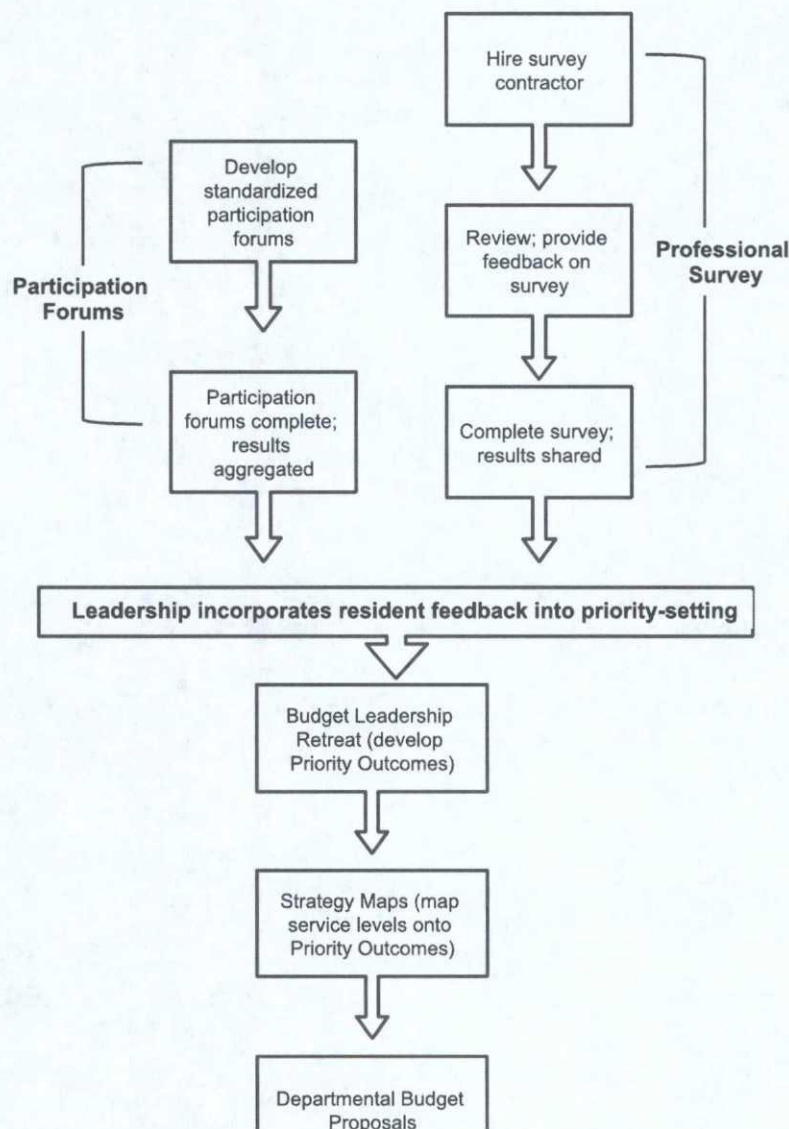
Budget literacy is a year-round process, but should begin well in advance of the budget cycle to ensure that interested stakeholders can engage meaningfully in the process.



- **Annual, early Fall** The communications staff and Budget Department within the City Administrator's office should create and disseminate Budget Literacy Workshop materials for interested community groups. For 2014, this may need to be delayed to later in the process given Staff's need to focus on Mid-Cycle budget amendments through much of the summer.
- **Annual, early Fall** The City Administrator's office will create and facilitate trainings for internal stakeholders on an annual basis. New members of city leadership and their staff should participate in these trainings.

The **priority-setting process** includes multiple elements, which we recommend sequencing using Figure 4. This process would begin in late summer or early fall of even-numbered years, and would end in mid-Spring, with enough time for the Controller to review the proposals and for the Budget Department, the City Administrator, and the Mayor to compile a Proposed Budget document.

Figure 4. Priority Outcome Setting Process Steps (2015-2017 Cycle)



### Survey Steps

- **Survey Contractor Hired** The Budget Department will hire the survey contractor and shared survey instrument with the Budget Advisory Committee.
- **Review Survey Instrument** the BAC will review the survey instrument and provide feedback to the survey contractors and Budget Department.
- **Survey Completed** The survey contractors will have completed and published a report on the priorities, concerns, and needs of Oakland residents and shared it with City leadership in advance of the leadership retreat

### Participation Forum Steps

- **Participation Forum Development** The BAC should recommend best practices for the Participation Forums, and the Budget Department should develop materials for facilitation of the Forum and organize the forums in conjunction with community groups.
- **Participation Forums Completion** The Participation Forums should be completed in advance of the Leadership Retreat. City Councilmembers, Staff, and representatives from each Department should attend these forums.

### Priority and Performance Measure Setting

- **Budget Leadership Retreat (also in subsequent even-odd years)** The Mayor will lead a Budget Leadership Retreat with the participation of the City Council, City Admin, Budget Director, and Department leadership to define the City's top and collective priorities and priority outcomes. The City Administrator will post these priority outcomes. The timing of this Leadership Retreat should be determined by the Mayor, City Council President, and City Administrator. These leaders should balance two concerns -- 1) the Retreat must be early enough to ensure that Departments can create Strategy Maps and departmental budget proposals to submit to the City Administrator and Mayor, and 2) the Retreat must be late enough to include any newly elected officials, because the election cycle overlaps with the budget cycle.
- **Strategy Maps (and subsequent even/odd years)** - The Mayor will lead a process within the Departments to create Strategy Maps. Within each Dept., the Dept. Director should lead an effort to create a unique department-specific strategy map that matches Department service levels to the citywide priority outcomes set by the Council and Mayor. We recommend that the modified strategy maps be included in the Mayor's budget after input from the Mayor and City Administrator.

At the end of this process, the Departments will submit their budgets to the City Administrator, who will work with the Mayor in developing her Proposed Budget. At this point, it will be the city leadership's job to use the **Priority Outcomes Ranking System** to make choices between Departmental budget proposals, which include Strategy Maps to clearly articulate how their service levels will help meet the City's priority outcomes.

During the **Budget Adoption Cycle**, after the Mayor's Proposed Budget has been released,, City Councilmembers should hold **Transparency Forums** to get feedback per the TPPP; we recommend that these be better designed to provide *ranked, thoughtful* feedback from participants. In addition,

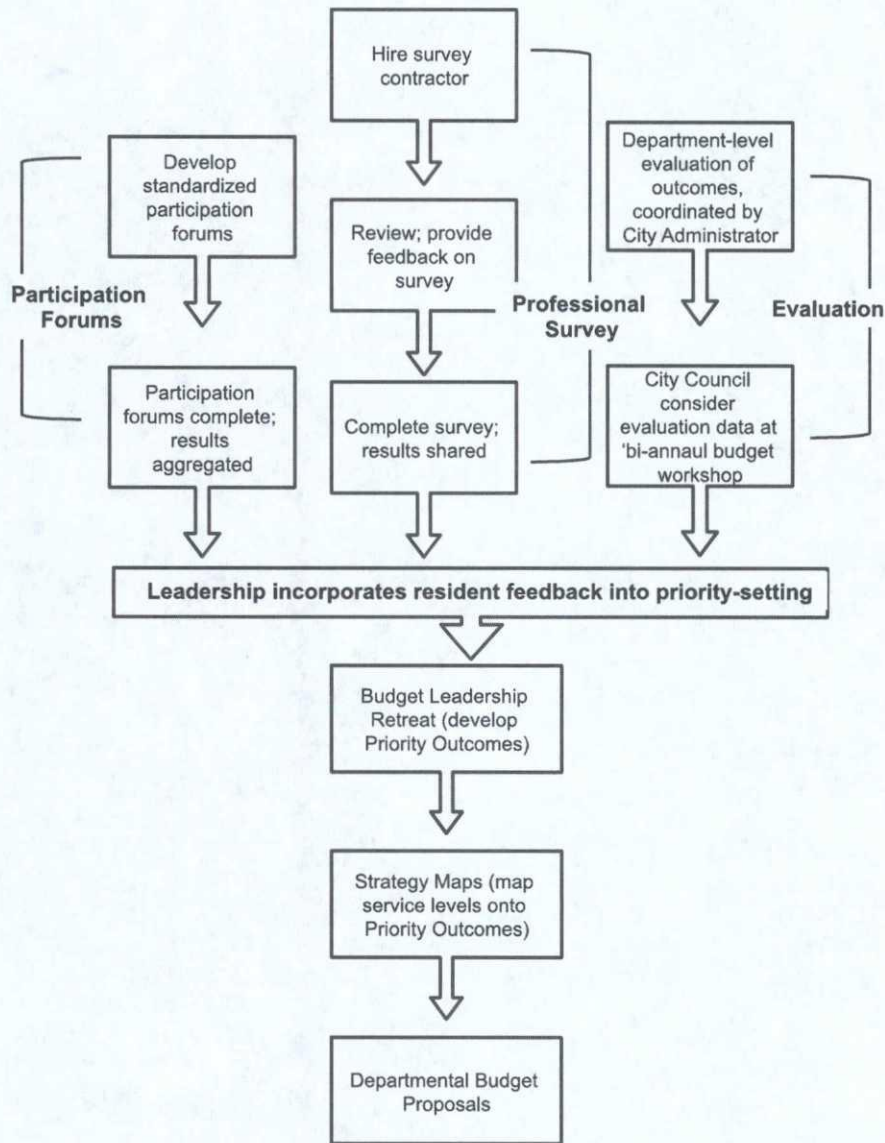
City Councilmembers should use the Priority Outcomes they set in the fall to guide their amendments to the Mayor's Proposed Budget.

The second phase consists of recommendations designed to support the initial changes made in Phase I, Budget Development and Adoption, and prepare the City for the next budget cycle. These recommendations would occur after approval of the next (2015-2017) budget, during the budget amendment cycle from July 2015 until the beginning of development of the next budget in Fall 2016.

- **Annual, early fall** The City Administrator's office will create and facilitate trainings for internal stakeholders on annual basis. New members of city leadership and their staff should participate in these trainings.
- **Evaluation** The City Administrator will begin an evaluation effort to assess progress toward the priorities set out in the previous budget, and Departments will submit their priority results from the previous year. This process should begin in the summer of even-numbered years, and these evaluations should be completed and presented to City Council at the "bi-annual budget workshop" recommended by the TPPP. As a result, the Priority Outcomes-Setting process for 2017-2019 will also include this step, per Figure 5 below.

We also recommend that the Online Engagement Strategy occur throughout the year, regardless of timing within the budget process. It is important that residents and stakeholders have access to information in order to know what part of the budget process the City is in and how they can participate.

Figure 5. Priority Outcome Setting Process Steps (2017-2019 Cycle)



**Institutional Actors**

Furthermore, we have delineated which public servant, governing actor or key stakeholder is tasked with completing each new change in the process. Most tasks require the participation of multiple stakeholders. Our earlier “Recommendation” section details how these stakeholders will work and collaborate together on each particular recommendation. For example, the recommendation to set ranked, Citywide priorities based on citizen feedback requires that the:

- Budget Department finds a facilitator and set the ground rules for the Retreat;

- BAC provides input on best practices in advance of the retreat;
- Mayor, City Council, and Departments participate in the Budget Leadership Retreat;
- City Administrator publicizes the results of the retreat for residents.

#### **City Administrator (including Budget Department and City Controller)**

- Develops and disseminates standard budget literacy workshop materials
- Annual - create training materials and facilitate budget literacy training for internal stakeholders
- Budget Department hires survey contractor; sends survey to BAC for approval
- Creates templates for Participation Forums
- Publishes professional survey results once complete
- Assists Mayor in preparation for, and participates in, Budget Leadership Retreat
- After Budget Leadership Retreat, lead Strategy Map effort
- Create standardized materials for City Councilmembers to use in collecting *ranked, prioritized* feedback at budget town halls
- Creates Evaluation tool and shares results with Mayor and City Council
- Ongoing - coordinates improvements to budget page to ensure that the process is clear, and that materials from all relevant stakeholders are publicly available

#### **Mayor and his/her Staff**

- Attends Participation Forums
- Leads Budget Leadership Retreat
- Publicizes priorities and use them to focus decision-making
- Leads Strategy Map development
- Reviews results from Mid-Cycle Evaluation at mid-cycle - Leadership Retreat

#### **BAC**

- Provides best practices and recommended templates for Participation Forums
- Approves survey instrument
- Provides recommendations on best practices for Participation Forums to Budget Department.
- Ongoing - review online materials ensure clarity of process

#### **City Councilmembers**

- New staff/Councilmembers participate in Budget Literacy Trainings
- Attends Participation Forums
- Participates in Budget Leadership Retreat
- Ongoing - publicize priorities and use them to focus decision making
- Collect feedback from transparency forums and use in budget amendments
- Reviews results from Evaluation at Bi-annual budget workshop'

#### **City Departments**

- New senior leadership participates in Budget Literacy Trainings

- Representative from each Department attends Participation Forums
- Participates in Budget Leadership Retreat
- Ongoing - publicize priorities and use them to focus decision making
- Dept. Directors should lead effort to create a unique, dept. specific strategy map that incorporates priorities
- Submits evaluation of priority results from the last year's budget

## CONCLUSION

Recent reform efforts in Oakland have made significant progress in improving the transparency of the budget, through improved data availability and improved articulation of the service level impacts of past budget changes. Nonetheless, Oakland still lags behind peer cities in aligning services based on city priorities and enabling meaningful citizen participation. The priorities articulated by City Council and the Mayor are not tied directly to citizen input, nor do they manifest clearly in the performance outcomes of all city departments.

Through stakeholder interviews and best practices research, we determined that Oakland's budget process faces three primary challenges: a poor understanding of the budget by residents and policy makers, a lack of clear-cut, ranked citywide priorities, and an unclear connection between the priorities that are set and the service levels and outcomes that drive tangible results for residents. To remedy these challenges, we propose three policy solutions.

### **Solution #1: Best Ways to Improve Budget Literacy:**

- **Public Budget Education** The City Administrator's Office should establish standardized, facilitated public budget education opportunities to increase budget literacy. Expansion of existing online engagement and educational workshop materials are the best options for improving budget literacy.
- **City Staff Budget Education** The City Administrator's Office should enhance existing opportunities for City staffers, including Council staffers and Departmental staff, to get specialized training on the budget process and how it impacts their work.

### **Solution #2: Best Ways to Achieve Shared Priority Setting**

- **Resident Priority-Setting Forums** - The City should create opportunities for residents to participate in the budget process through facilitated participation forums offered throughout the city. These results should be aggregated and publicized in advance of the Budget Leadership Retreat each cycle. These should be separate from the existing post-Proposed Budget Transparency Forums, which should be improved to more consistently incorporate resident priorities into City Council budget amendments.
- **Professional Survey** - The city should invest in a professional survey of residents designed to provide ranked or weighted feedback on existing services. This survey should occur in advance of the Budget Leadership Retreat. It should be conducted to target *all residents*, not simply voters, with a large enough sample to capture Oakland's primary ethnic groups at a reasonable margin of error.
- **Budget Leadership Retreat** - Elected leadership should create shared, ranked citywide priorities and priority outcomes, established through a biennial leadership retreat for priority setting in advance of Department budget proposals. This retreat should be facilitated and should include the City Council, Mayor, and City Administration. Inclusion of Departmental leadership for some of the session should also be taken into considered.

### **Solution #3: Best Ways to Tie Priorities to Performance**

- **Creation of Strategy Maps** - The Mayor should instruct Departments to use the leadership-set priorities to generate “strategy maps” that tie department service levels to the set priority outcomes agreed upon during the Budget Leadership Retreat. A *strategy map* becomes an effective way to achieve clarity on what each department aims to accomplish and provide in services because it connects back to the City’s defined priority outcomes.
- **Leadership Allocation of Resources** - City leadership should rank or weigh priority outcomes to ensure efficient resource allocation. Ranking/weighing of priorities should be used in two places in the budget process: 1) The City Administrator and Mayor should incorporate priorities into the Mayor’s budget development and proposal; and 2) The City Council should consider priorities in their development of budget amendments to the Mayor’s proposed budget.
- **Use Priority Outcomes Budget Evaluation for the Next Budget Process** - City leadership should create budget evaluation opportunities that provide feedback to the following 2-year budget cycle. The evaluation process should identify progress toward results of Departmental services that were based on the citywide priorities and priority outcomes. The ‘biennial budget workshop’ (currently called the Council Budget Briefing and Priorities Discussion) in the Budget Adoption Transparency and Public Participation Policy (TPPP)<sup>41</sup> should occur before the Budget Leadership Retreat and be used as an evaluation opportunity.

The recommendations in this report provide clear benefits to the City in better outcomes orientation, transparency, inclusiveness, and participation in the budget process. Participation forums will give residents more substantive opportunities to impact the process; priority setting will help create a shared mission and outcomes that drive decision-making in all parts of the city government; and evaluation will ensure that budget processes fulfill the values of the city by delivering on the outcomes most important to residents.

These recommendations cannot guarantee changes in actual budget outcomes due to considerable existing structural constraints on the budget of the City of Oakland. Nonetheless, they will better enable residents and the leadership to see and focus on any structural challenges that might prevent alignment of expenditures to the values of the City, which will eventually lead to substantive improvement in the City’s ability to deliver on its promises to residents.

It is critical to note that these recommendations are interconnected and build upon one another to ensure effective budget process reform and implementation. These reforms will require strong leadership from all levels of Oakland’s city government (including elected leaders, Department staff, and the City Administrator’s Office), community leaders, and active residents. With successful implementation, Oakland’s budget process will undoubtedly improve its intended participation, transparency, inclusiveness and priority-outcomes orientation goals.

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<sup>41</sup> See Appendix H for Full Text: City of Oakland Transparency and Public Participation Policy (2013).



## **APPENDIX A: LIST OF INTERVIEWEES**

Below find a list of interviewees, who we would like to thank for their time and assistance with our analysis:

### **Elected Officials and Staff:**

Mayor Jean Quan  
Council President Patricia Kernighan  
Councilmember Desley Brooks  
Councilmember Noel Gallo  
Councilmember Dan Kalb  
Councilmember Libby Schaaf  
Ada Chan, Councilmember Kaplan's Office  
Casey Farmer, Councilmember McElhaney's Office

### **City Staff:**

Karen Boyd, City Administrator's Office  
Mai-Ling Garcia, City Administrator's Office  
Donna Hom, City Administrator's Office  
Brad Johnson, Budget Department  
Brooke Levin, Public Works  
Tom Morgan, Public Works  
Sarah Schlenk, Budget Department  
Kirsten LaCasse, Controller's Office  
Michelle Soares, City Administrator's Office

### **Community Leaders:**

Ecaterina Burton, BAC  
Ed Gerber, BAC  
David Kakishiba, EBAYC  
Jeff Levin, IFPTE Local 21  
Kim McCoy Wade, BAC  
Bruce Nye, Make Oakland Better Now and BAC  
Richard Raya, Make Oakland Better Now  
Rachel Richman, IFPTE Local 21  
Jessamyn Sabbag, Oakland Rising and BAC  
Adam Stiles, OpenOakland and BAC  
Mary Thomas, BAC  
Budget Advisory Committee Members

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## **APPENDIX C: THE PURPOSE OF A PUBLIC BUDGET**

A public budget is more than a mere document; an ideal public budget equitably and efficiently weighs policy priorities against limited public resources.<sup>42</sup> One of its many purposes is to specify ways and means of delivering public services to the community. In order to ensure efficiency and effectiveness, the public budget measures the cost of public programs against criteria by which spending is assessed.

While at its core, the purpose of an ideal public budget is to reallocate generated revenues from taxes back to taxpayers, an ideal public budget process creates a level of transparency to hold the government accountable for its spending decision,<sup>43</sup> and a level of participation by which the members of a community engage and share their priorities. The public budget is simply a guiding plan delineating expected revenues and expenditures for the upcoming fiscal cycle. This plan becomes a legal budget document clearly expressing the guiding vision and mission of the governing entity while summarizing the fiscal projections and available revenues for specific programming.

City governments are tasked with creating municipal budgets that are reflective of the city's priorities and values. The budget serves as a tool to communicate to the public, departments, interested organizations, and elected officials what funding allocations are distributed to which City services. In many successful cities, the administrative leadership is tasked with starting the budget process and then the baton is passed to leadership to ensure the budget aligns with the City's intended priorities. In the case of Oakland, the Mayor is responsible for submitting a biennial budget that is prepared by the City Administrator. The budget is then submitted to the City Council, which is the legislative body tasked with its adoption.

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<sup>42</sup> National League of Cities. (2013). Public Budgets. Retrieved from nlc.org

<sup>43</sup> Ibid.

## **APPENDIX D: BUDGET MODELS- ADVANTAGES & DISADVANTAGES**

The following tables below show the advantages of each of the four different budget process models' philosophy elements, many of which overlap significantly. The tables also show the disadvantages, or potential challenges related to each of the model's mentioned elements in Oakland's current budget process.

### **Priority-Based Budgeting**

This budget model focuses on how to budget scarce resources according to how effectively the program/services achieves the goals that are of the greatest value to the community. It also identifies strategic priorities and ranks City services according to how they align with the priorities.

<b>Advantages of Philosophy Elements<sup>44</sup></b>	<b>Disadvantages in Assessment &amp; Applicability</b>
<ul style="list-style-type: none"> <li>● Prioritizes City services throughout Departments.</li> </ul>	<ul style="list-style-type: none"> <li>● Fitting with City's goals is difficult to do if Department heads are resistant or if information is not readily available.</li> </ul>
<ul style="list-style-type: none"> <li>● Does the important things well, and cut back on the rest.</li> <li>● Reduces services levels/divest/eliminate lower value services.</li> </ul>	<ul style="list-style-type: none"> <li>● Essential to make sure that "what's important" is clear to residents.</li> <li>● There may be statutory mandates that prevent this from happening.</li> </ul>
<ul style="list-style-type: none"> <li>● Questions past patterns of spending and puts all the money on the table.</li> </ul>	<ul style="list-style-type: none"> <li>● Difficult to do given mandates and contractual obligations.</li> </ul>
<ul style="list-style-type: none"> <li>● Spends within the organization's means.</li> <li>● Starts with revenues that are available not last year's expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>● May not consider last year's expenditures as necessary baseline for the following year's expenditures.</li> </ul>
<ul style="list-style-type: none"> <li>● Considers the true cost of doing business.</li> <li>● Focuses on the full costs of City services so that decisions are based on costs of service.</li> </ul>	<ul style="list-style-type: none"> <li>● Difficult to reliably get this information and Departments may have poor incentives to do this.</li> </ul>
<ul style="list-style-type: none"> <li>● Provides transparency of community priorities.</li> <li>● Well-defined priorities are not open ended or left to interpretation.</li> </ul>	<ul style="list-style-type: none"> <li>● Current participation opportunities do not clearly set up a structure for accomplishing this.</li> </ul>

<sup>44</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from gfao.org

<ul style="list-style-type: none"> <li>• Demands accountability for actual results and not simply accountability within the spending limits.</li> </ul>	<ul style="list-style-type: none"> <li>• Will require accountability mechanisms, which are not consistently used in the budgeting process.</li> </ul>
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**Performance-Based Budgeting<sup>45</sup>**

This model aims to improve the efficiency and effectiveness of budget expenditures by linking funding to the results that City services deliver with the systematic use of performance information. This centers on delivered results rather than the money spent and internal processes used.

Advantages of Philosophy Elements	Disadvantages in Assessment & Applicability
<ul style="list-style-type: none"> <li>• Aims to ensure that decision makers systematically take into account results to be achieved by expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>• Not clear on whether performance measures are considered when Mayor and City Council make budget proposals.</li> </ul>
<ul style="list-style-type: none"> <li>• Improves expenditure prioritization (allocating limited resources to where they will do the “most good”).</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritization exists within each Department, but it is unclear how their priorities are incorporated into the Mayor and City Council’s priorities.</li> </ul>
<ul style="list-style-type: none"> <li>• Encourages Departments to spend more efficiently and effectively since program performance will influence their future levels of funding</li> <li>• Focuses on managing the efficiency and effectiveness of public expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>• Departments have varying performance measurement templates.</li> <li>• There is no uniform/standardized performance measure-based document that all Departments must submit, and when performance measures were tried consistently across the city in the past, adoption was unsuccessful.</li> </ul>
<ul style="list-style-type: none"> <li>• Maximizes use of performance information that is evaluation focused and not just indicators.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a need for reliable and timely information about delivered results in order to make performance-informed budget decisions possible.</li> </ul>
<ul style="list-style-type: none"> <li>• Considers the cost implications of expenditure choices.</li> <li>• Considers whether each program should be abolished, scaled-down, or</li> </ul>	<ul style="list-style-type: none"> <li>• City services that are low performing and scaled down may be essential to the community.</li> <li>• Provides no room for City services to</li> </ul>

<sup>45</sup> Last, Duncan & Robinson, Marc. *A Basic Model of Performance-Based Budgeting*. Retrieved from <http://blog-pfm.imf.org/files/fad-technical-manual-1.pdf>

fundamentally restructured.	improve performance before losing funding.
<ul style="list-style-type: none"> <li>Improves the overall fiscal discipline of the government by prioritizing expenditures (“do more with less.”)</li> </ul>	<ul style="list-style-type: none"> <li>City has done this (especially during the recent Recession) but this decision had nothing to do with performance-based measures.</li> </ul>

### **Budgeting for Outcomes**

This model calls upon government leaders to start with a set of results that matter to the community, and then funds City services based on their potential value in achieving those results. The approach assigns funding to City services/services that are most likely to achieve high-level results.<sup>46</sup>

<b>Advantages of Philosophy Elements</b>	<b>Disadvantages in Assessment &amp; Applicability</b>
<ul style="list-style-type: none"> <li>Calls upon decision makers to start with a set of results that matter most to residents.</li> </ul>	<ul style="list-style-type: none"> <li>No clear citizen involvement or contribution to what the priorities of the city budget should be.</li> </ul>
<ul style="list-style-type: none"> <li>Assigns funding to the desired results at the <b>beginning</b> of the process.</li> <li>Budgets for activities and programs deemed “most likely” to achieve those high-level results.</li> </ul>	<ul style="list-style-type: none"> <li>Does not consider organizational structure or needs that may change throughout the process.</li> <li>Estimates high-level results, but does not guarantee actual results.</li> </ul>
<ul style="list-style-type: none"> <li>Funds City services based on their potential in achieving those results.</li> <li>Allows for generating measurable value from every dollar. Asks “what’s the best way to produce the most value with the dollars we have?”</li> </ul>	<ul style="list-style-type: none"> <li>May not align with the City’s goals.</li> <li>Results-orientation may not reflect priorities of the public.</li> </ul>
<ul style="list-style-type: none"> <li>Focuses on smart spending, not smart cutting.</li> <li>Higher-value activities force out lower-value activities in a strategic, zero-based, competitive arena.</li> </ul>	<ul style="list-style-type: none"> <li>Potential loss in City services that are considered lower-value based on performance measures.</li> </ul>

<sup>46</sup> Spray Kinney, Anne & Stein, Beverly. Government Finance Officers Association. (2008). *A Solution for Uncertain Times: Budgeting for Outcomes*. Retrieved from gfoa.org

### **Participatory Budgeting**

This budget model encourages direct democracy in budgeting City services. Generally, government officials allocate a small portion of the municipal budget to citizen participants, who then reallocate the funding based on a community's needs and ideas for projects.<sup>47</sup>

<b>Advantages of Philosophy Elements</b>	<b>Disadvantages in Assessment &amp; Applicability</b>
<ul style="list-style-type: none"> <li>● Encourages direct democracy for budget projects.</li> <li>● Residents are directly involved in the city's financial decision-making process.</li> </ul>	<ul style="list-style-type: none"> <li>● Ultimately still leaves out some members of the community.</li> </ul>
<ul style="list-style-type: none"> <li>● Empowers residents to get involved.</li> <li>● Allocates a portion of a budget for the voting citizen participants' reallocation.</li> </ul>	<ul style="list-style-type: none"> <li>● May only encourage those who are self-motivated, already interested in the budget process, and those who stand to gain the most.</li> </ul>
<ul style="list-style-type: none"> <li>● Based on community's needs and ideas for projects.</li> </ul>	<ul style="list-style-type: none"> <li>● By default, community's needs are provided by City Councilmembers since they are elected representatives of the community.</li> </ul>
<ul style="list-style-type: none"> <li>● Attempts to address the needs of community members outside of the existing budget process.</li> <li>● Does not supplant existing budget procedures for full budget implementation.</li> </ul>	<ul style="list-style-type: none"> <li>● There is a need for participation all throughout the budget process and not just in the beginning or at the end.</li> <li>● Might result in the City's process not being as participatory as it could be.</li> </ul>
<ul style="list-style-type: none"> <li>● Educates community about city finances and budget process.</li> </ul>	<ul style="list-style-type: none"> <li>● Difficult to ensure effective facilitation and use of complicated process.</li> <li>● Difficult to produce useful, reader-friendly, and accessible budget documents.</li> </ul>
<ul style="list-style-type: none"> <li>● Increased involvement in budgeting makes city budgets more accountable, more efficient, and more equitable since this model fosters increased accountability.</li> </ul>	<ul style="list-style-type: none"> <li>● Gives appearance of community engagement but may not translate into meaningful participation.</li> </ul>

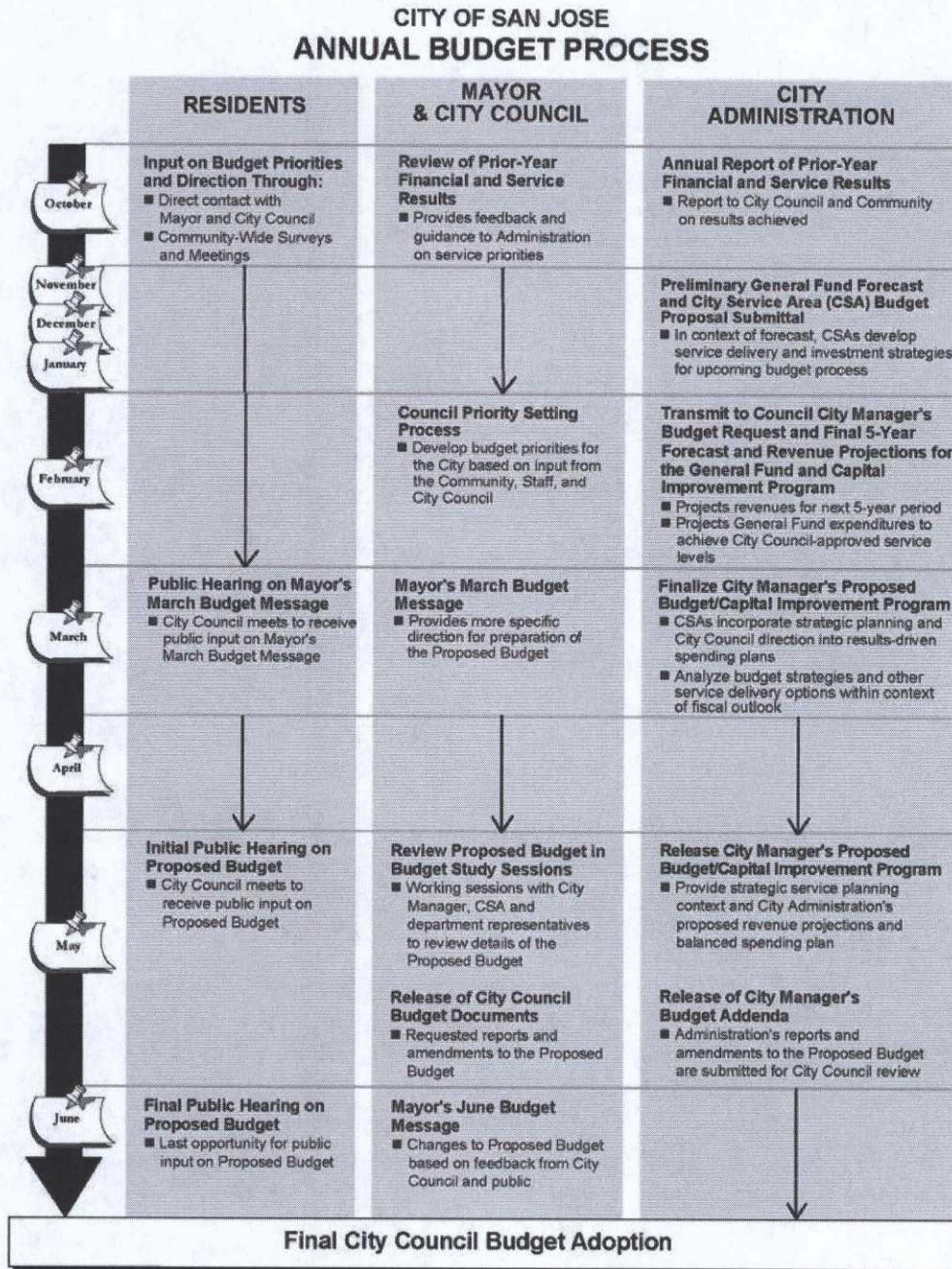
<sup>47</sup> "Where Has It Worked?" *The Participatory Budgeting Project*. N.p., n.d. Retrieved from [participatorybudgeting.org](http://participatorybudgeting.org)



## APPENDIX E: PRIORITY-SETTING TIMELINE EXAMPLES

### San Jose

The budget webpage for San Jose, shown below, provides a clear example of how to integrate a timeline with information on available opportunities for participation for different institutional actors.



## Cincinnati

Cincinnati provides a recent example of a priority setting budget process. Cincinnati began the priority-setting process with a meeting of organizational leadership and with public engagement through community meetings around the city and focus groups aimed at target populations (i.e., large employers, senior citizens, socially disadvantaged populations). 241 total people attended the outreach sessions — 102 people in the focus groups, and 139 people in the open public meetings. They transparently shared the results of the public engagement efforts in a Stakeholder Engagement and Strategic Priorities document in 2012.<sup>48</sup>

Through this process, Cincinnati articulated 6 city priorities:

1. Inclusive, Thriving & Livable Community
2. Well Planned & Developed Infrastructure
3. Safe Community
4. Sustainable Built & Natural Environment
5. Commerce & Jobs
6. Efficient & Effective Basic Service<sup>49</sup>

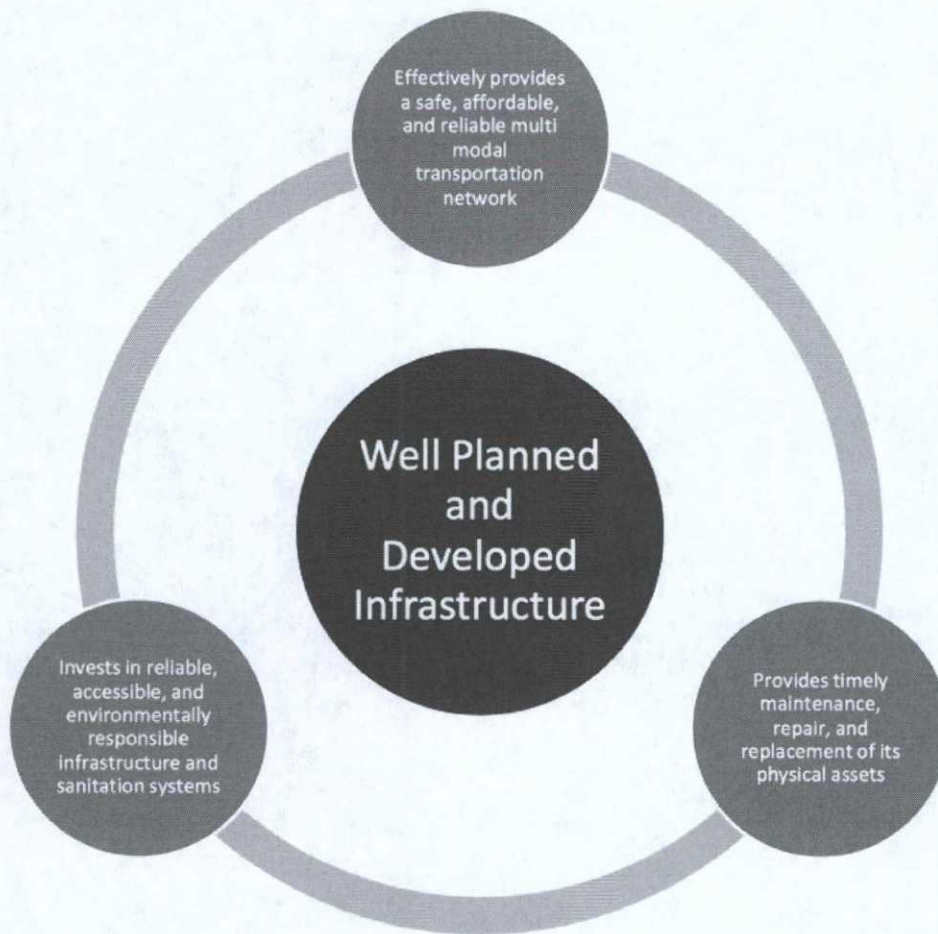
In articulating these priorities, they defined priority outcomes in terms of short and long term outcomes. For example, priority #2 "Well Planned & Developed Infrastructure" described the outcomes as follows:

"Cincinnati provides for timely maintenance, repair, and replacement of our physical assets. Adequate planning, funding, and construction oversight is provided to ensure our infrastructure remains safe and accessible. Affordable and reliable multi-modal transportation is planned for and promoted, and density is encouraged near transportation hubs. "

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<sup>48</sup> The Novak Consulting Group. (2012). City of Cincinnati: Stakeholder Engagement and Strategic Priorities. Retrieved from [cincinnati-oh.gov/finance/](http://cincinnati-oh.gov/finance/)

<sup>49</sup> City of Cincinnati. (2012). Priority-Driven Budgeting Page. Web. Retrieved from [cincinnati-oh.gov/finance/budget/priority-driven-budgeting/](http://cincinnati-oh.gov/finance/budget/priority-driven-budgeting/)



As a part of the budget process, the Administration was able to identify a number of critical budget cuts per their City Council's direction. They found 17 program functions that could be shared with other political jurisdictions, through joint procurement and use of training facilities. In addition, the City Manager found programs that exceeded mandated service levels, like their Cemetery Maintenance Program, which could be reduced. They also expanded fees for seven different programs, a revenue-increasing option that would not be available for most Oakland programs.<sup>50</sup>

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<sup>50</sup> City Manager. (2013). City Manager's Message: Priority Driven Budgeting and the Policy Budget Direction. Retrieved from [cincinnati-oh.gov/finance/](http://cincinnati-oh.gov/finance/)

## APPENDIX F: EXISTING OAKLAND PERFORMANCE MEASURES

Currently, the Oakland budget process does incorporate performance measures, but only insofar as some departments incorporate it into their needs assessments. However, not all departments produce a biennial needs assessment report. The Public Works Agency (PWA) is one of the departments that produce a biennial Needs Assessment report for each budget cycle. In its report, PWA includes a table of performance measures for each individual component of the services that it provides. For example, on its IN01 (Fleet and Equipment Management and Maintenance) page, it includes the following table:

<b>Performance Measures</b>			
	<b>Measurement</b>	<b>Current Levels</b>	<b>Proposed Levels</b>
1	Complete scheduled work orders for vehicles.	1,455	3,005
2	Complete scheduled work orders for street sweepers	3,108	4,250
3	Complete unscheduled work orders for vehicle and major	7,236	3,109
4	Inspect taxis	320	320

<b>SIGNIFICANT CHANGES IN BUDGET AND PERFORMANCE</b>			
<b>General Purpose Fund (GPF)</b>	<b>FTE</b>	<b>FY 2013-14 Changes</b>	<b>FY 2014-15 Changes</b>
Transfer 5.54 FTE to OPRCA Self-Sustaining Fund	(5.54)	(\$386,612)	(\$389,111)
Add 1.00 Student Trainee, PT	1.00	\$23,679	\$23,679
10% reduction in the subsidy for Oakland Zoo, Chabot Space & Science Center, Hacienda Peralta and the Asian Cultural Center	-	(\$94,025)	(\$94,025)
Reduce 1.62 FTE each of a Recreation Leader I, PT and Recreation Leader II, PT	(3.24)	(\$106,653)	(\$106,653)
<b>ALL Other Funds</b>	<b>FTE</b>	<b>FY 2013-14 Changes</b>	<b>FY 2014-15 Changes</b>
Transfer 5.54 FTE to OPRCA Self-Sustaining Fund	5.54	\$386,612	\$389,111

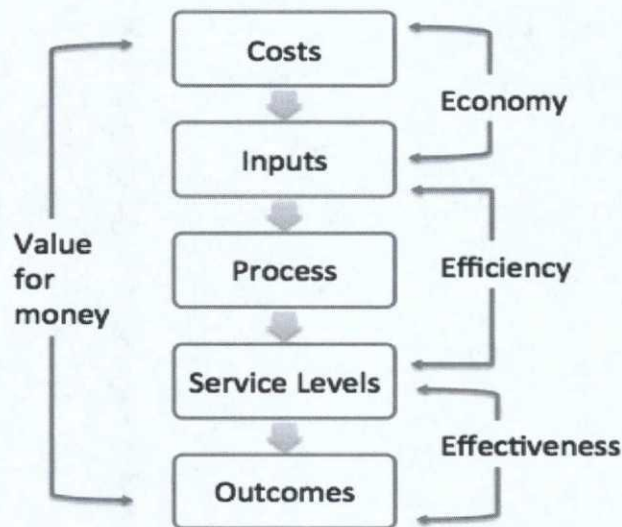
Tables such as these that summarize workflow highlights and changes in budget and performance are helpful for City leadership to take into account when considering budgetary and policy tradeoffs during the budget process.

## APPENDIX G: ANALYSIS OF TRADEOFFS BETWEEN SERVICE LEVELS AND OUTCOMES

### **Performance Measures - Service Levels and Outcomes**

Aligning service delivery with desired results requires consideration of the metrics by which priorities will be translated into results for residents: i.e. how does the City assess what residents “get” from the government. Performance measures are typically characterized in one of two ways: outcomes or service levels. Outcomes represent a direct measurement of the goal to be achieved, whereas service levels, or outputs, are a description of what Departments are doing to achieve the outcomes. Said differently, an outcome represents the “value for money” of a budgetary input to a program or process, whereas a service level represents the efficiency of the process itself (see Figure 3 below). For example, an outcome for libraries might be to raise the city’s literacy rate, and a service level would be the hours a library is open in a day, or how many days a week it is open, and the number of residents the library serves. Here, we outline the advantages and disadvantages of using each as a metric for aligning City services delivery with actual results for residents.

Figure 3. Focuses and Measures of Achievement (adapted from “Outcome-focused Management and Budgeting”)<sup>51</sup>



### ***Service Levels***

Service levels or service outputs are a means of describing public functions in terms of goods and services, often using calculations of services delivered, in metrics of volume, timeliness, and at times quality. Public managers tend to have direct control over service levels. These are useful metrics for Oakland in that the citywide budget and Departmental budgets already incorporate

<sup>51</sup> Kristensen, J. K., Groszyk, W., & Bühler, B. (2002, January 1). Outcome-focused Management and Budgeting. Retrieved from oecd.org

service levels. Though it is with a backward-looking perspective for Department sections in the most recent budget.<sup>52</sup> In addition, it is relatively simple for managers to connect dollars to service levels, as there are often approximated ranges of time, volume, and quality associated with a particular amount of staff effort. Because these metrics are most directly measurable, it is easier to conduct evaluations to ensure that activities are successful in delivering particular services at allotted amounts.

However, service levels do not necessarily directly tie to the policies that are set by the City Council. These policies are more likely to be articulated in outcomes as opposed to just the service level outputs. Elected officials tend to think in terms of outcomes, not service levels, which creates “an accountability mismatch” between elected officials, who are focused on outcomes, and Departments, who are focused on administering policies using service levels. An emphasis on quantitative measures can focus attention within Departments on the metrics themselves, but departments can easily lose sight of the program’s impact on actual outcomes in the city.<sup>53</sup>

### **Outcomes**

Measures of outcomes are directly tied to the priorities that residents and the leadership express. The GFOA suggests, “priorities should be stated in terms of the results or outcomes that are of value to the public” and should be “specific enough to be meaningful and measurable but not so specific as to say how the outcome or result will be achieved.”<sup>54</sup> Therefore, outcomes as a measure takes into account the need to establish connections and will better provide coordination between policy formulation, execution, and evaluation.<sup>55</sup> In addition, tying Departmental performance to actual outcomes will increase public visibility. Residents will know the impacts (positive or negative) of the departments’ service provisions as informed by the citywide priorities. This improves transparency in the budget process.

Though, it is often more difficult to clearly measure whether an outcome has been achieved. Additionally, “calculating the cost of the effort to achieve outcomes can be more difficult than costing outputs [service levels],” because “outcomes may not be as precisely defined as outputs [service levels]” since changes in resource levels for desired service level outputs may affect performance levels.<sup>56</sup> In addition, the use of outcomes may represent a major change for departments that might find it difficult to reorient towards outcomes as a metric because they may not have the appropriate internal systems or sufficient number of staff to undertake such change. Moreover, some residents or city officials may be apprehensive in adopting an outcomes metric because this metric measure may highlight underperforming services that have minimal positive impacts, but are still very important services for the city.

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<sup>52</sup> City of Oakland. (2013). FY 2013-2015 Adopted Policy Budget. Retrieved from oaklandnet.com

<sup>53</sup> Kristensen, J. K., Groszyk, W., & Bühler, B. (2002, January 1). Outcome-focused Management and Budgeting. Retrieved from oecd.org

<sup>54</sup> Kavanagh, S., Johnson, J., & Fabian, C. Government Finance Officers Association. (2011). *Anatomy of a Priority-Driven Budget Process*. Retrieved from gfao.org

<sup>55</sup> Kristensen, J. K., Groszyk, W., & Bühler, B. (2002). Outcome-focused Management and Budgeting. Retrieved from oecd.org

<sup>56</sup> Ibid.

Oakland should use outcomes as the primary tool for *evaluating the effectiveness of Departmental services to fulfill the needs and priorities of the city*. These outcomes should be specific and limited to a few that are closely tied to the priorities. This may mean that some Departments do not use outcomes measures because outcomes measures are not fit to be used as performance measures. Information from interviews with stakeholders and leaders involved in Oakland's government during 2002-2003 suggest that the high volume of performance measures was not effective and led to the effort's downfall. Requiring all departments to use outcomes measures will create a complicated and difficult-to-manage system of evaluation, which ultimately undermines the original purpose of the metric. Outcomes as a measure of performance should be used only by departments that have the staff and technological capacity to implement such measures. An outcomes-based performance measure will give city leadership a better set of analytic tools for assessing the impacts of different budgetary choices on the city.

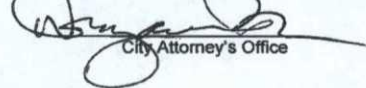
It is essential to recognize that service levels as a measure could still be a useful tool. Service levels measures create a level of accountability ensuring that departments are providing a minimum level of outputs to residents with their allocated funding. Departments that may not necessarily benefit from using outcomes measures should instead use service level measures. Service levels also ensure that a certain level of outcomes is met, even if the achieved outcomes are not the actual outcome goals.

**APPENDIX H: TRANSPARENCY AND PUBLIC PARTICIPATION POLICY**

REVISED BY THE COUNCIL AT MAY 21, 2013 COUNCIL MEETING  
OFFICE OF THE CITY CLERK  
OAKLAND

2013 JUN 19 PM 1:20

Approved as to Form and Legality



City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. 84385 C.M.S.

INTRODUCED BY COUNCILMEMBER LIBBY SCHAAF

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**RESOLUTION ESTABLISHING THE CITY OF OAKLAND'S  
BUDGET PROCESS TRANSPARENCY AND PUBLIC  
PARTICIPATION POLICY**

**WHEREAS**, Article VIII, section 801, of the Charter of the City of Oakland provides that the City Administrator shall propose budget recommendations for the next fiscal year under the direction of the Mayor and the City Council in the form, in the manner and at a time as the Council shall prescribe by resolution; and

**WHEREAS**, the City's Adopted Biannual Budget designates how all revenues shall be allocated among City functions, services, and liabilities, such as police, libraries, and employee retirement costs, and bond liabilities; and

**WHEREAS**, the level of core municipal services provided to the public directly impacts the quality of life of the people who live, work and recreate in Oakland; and

**WHEREAS**, every two years, the Mayor and City Administrator release a proposed budget for City Council consideration; and

**WHEREAS**, the City Council, after considering the public's priorities as well as the totality of current and projected revenues and liabilities, must adopt a balanced biannual budget by June 30 in each two-year budget cycle; and

**WHEREAS**, no formal policy currently exists for clearly ensuring minimal levels of transparency or public participation into the development of the budget beyond what is required by Oakland's Sunshine Ordinance; and

**WHEREAS**, public participation and collaboration may enhance local government's effectiveness, expand its range of options, improve the quality of its decisions, and enlist the problem-solving capacities of the general public and organizations outside local government, and

**WHEREAS**, knowledge and talent are widely dispersed in society, and all benefit when those skills and abilities are directed toward common goals; now, therefore, be it



**RESOLVED**, that the City Council of the City of Oakland hereby finds, determines, declares and resolves that all of the recitals set forth above are true and correct; and be it

**FURTHER RESOLVED**, in order to ensure that the public has access to and an ability to participate in the creation of the City of Oakland's biannual budget and that Oakland decision makers have the public feedback to allow them to prudently manage the City's fiscal resources and adopt a budget responsive to public needs and priorities, the City Council hereby adopts the Budget Process Transparency and Public Participation Policy, as set forth below:

**THE CITY OF OAKLAND'S BUDGET PROCESS TRANSPARENCY AND PUBLIC PARTICIPATION POLICY**

All deadlines apply only to budget development years, normally odd numbered years and not to mid-cycle revisions to an adopted two-year budget.

**1. Council Budget Briefing and Priorities Discussion**

**Deadlines:** Late fall.

**Requirements:** The Mayor and City Council will hold a bi-annual budget workshop in late fall of the year preceding the year in which a budget is adopted. The workshop will include briefings on estimated baseline expenditures, revenue projections and an overview of the City's budgeting process. The workshop will provide the Mayor and Council with the opportunity to begin discussing priorities for the next budget year based on preliminary projected increases or decreases in the next budget.

**2. Five Year Forecast**

**Deadlines:** Produced by February 1<sup>st</sup> and at least 10 days before the matter is heard by a Council body. Heard by the Council's Finance & Management Committee by February 15<sup>th</sup>. Forecast Fact Sheets should be distributed to City community centers and Forecast data should be available on Open Data Portal within two weeks of Council acceptance.

**Requirements:** Each Budget Cycle, the City Administrator must prepare a Five Year Forecast pursuant to Resolution 81399. The Forecast shall contain the two-year baseline budget for the forthcoming two-year budget period, clearly reflecting projected expenditures to maintain existing service levels and obligations, plus an additional three-year forecast of revenues and expenditures. The Baseline Budget shall consist of projected expenditures necessary to maintain existing staffing and service levels, plus an estimate of anticipated revenues for the two-year period. The Forecast shall also contain information on the variance between prior forecasts and actual amounts, including the factors that influenced these variances. Revenue estimates shall be based on the most current data available; at a minimum, revenue projections shall take into account projected revenue for the current fiscal year, as reflected in the 2nd quarter Revenue and Expenditure Report, with appropriate trending into future years and an explanation as to how such revenue projections were derived.

The Forecast shall also contain information on the variance between prior forecasts and actual amounts, including the factors that influenced these variances.

The report shall include a Five Year Forecast "Fact Sheet" document, which summarizes the Forecast's key findings with simplified text and graphics so as to make this important budgetary information more accessible to the general public. Within two weeks after the Forecast is accepted by the City Council, the City Administrator shall print and distribute the Forecast Fact Sheet to all City libraries, recreation centers and senior centers, including in languages required by Oakland's Equal Access Ordinance. The full Five Year Forecast shall also be posted on the City of Oakland's website. Forecast data shall be available in open data format on Oakland's data portal within two weeks of acceptance by City Council.

### **3. Assessment of Stakeholder Needs, Concerns and Priorities**

**Deadlines:** Budget Advisory Committee review by January 30<sup>th</sup>. Survey completion by March 30<sup>th</sup>. Results publicly available within two weeks of survey's close.

**Requirements:** During the January – March period prior to Budget Adoption of a budget adoption year, the City Administrator should develop or secure a statistically valid survey for assessing the public's concerns, needs and priorities. Whenever feasible, the City should conduct a professional poll administered to a statistically relevant and valid sample of residents that is representative of Oakland's population in terms of race, income, neighborhood, age, profession, family size, homeownership/renter-ship, etc. If that's not possible, then demographic information should be collected and reported out with the survey results.

Prior to release, the survey questions shall be submitted to the Budget Advisory Committee for review of bias, relevance, consistency in administration, inclusion of benchmark questions, and ability to assess concerns, needs and priorities. The survey instrument, method of dissemination, and any instructions for administration shall be publicly available.

If the City cannot afford a professional survey, an informal survey shall be made available for broad dissemination by the Mayor and Councilmembers through community list serves and other communication channels. A list of those dissemination channels should be publicly available along with survey results. Survey results should be publicly available no longer than two weeks after the survey closes.

In the event that City's statistically valid survey has been completed, the Mayor and City Administrator shall include in their proposed budget a summary of the survey data and a statement regarding how the data was or was not incorporated into the final proposed budget. Informal surveys and their results shall be made public but not included in their proposed budget document.

The City Administrator shall also create an email address, a phone number with voicemail service, and a web-based engagement platform to collect resident input prior to budget development. Furthermore, the City Administrator shall take steps to promote participation, such as issuing a Flyer promoting participation in the survey and methods of participation (survey internet link, email, phone number) and posting such Fliers near publicly available computers in all City libraries, Recreation Centers, and Senior Centers.

#### **4. Statement of Councilmember Priorities**

**Deadlines:** Written submission due by April 1<sup>st</sup>.

**Requirements:** City Council Members will have the opportunity to advise the Mayor and City Administrator publicly of their priorities. Each Councilmember shall be invited to submit up to seven expenditure priorities in ranked and/or weighted order for changes to the baseline budget as presented in the Five Year Forecast. Councilmember priority statements may either be submitted as part of a report to be heard by the City Council and/or in a publicly available writing to the Mayor and City Administrator. In addition to the priorities, Councilmembers may also submit other suggestions, including revenue suggestions.

#### **5. Administrator's Budget Outlook Message & Calendar Report:**

**Deadline:** Heard by City Council before April 15<sup>th</sup>.

**Requirement:** The City Administrator shall bring as a report to the City Council a Budget Outlook Message & Calendar no later than April 15<sup>th</sup> that provides an overview of the budget development process and lists all key dates and estimated dates of key budget events, including, but not limited to the release of the Mayor and Administrator's Proposed Budget, Community Budget Forums, Council meetings, and final budget passage dates. This publication shall be posted on the City's website and by other means determined by the City Administrator.

#### **6. Release of Mayor & Administrator's Proposed Budget & Fact Sheet**

**Deadlines:** Published and publicly available by May 1<sup>st</sup>. Heard by City Council and Fact Sheet distributed by May 15<sup>th</sup>.

**Requirements:** The Proposed Budget must be released by May 1<sup>st</sup> and shall clearly indicate any substantive changes from the current baseline budget, including all changes to service levels from the current budget. The Proposed Budget shall indicate staffing by listing the number of positions in each classification for each Department, including a listing of each position proposed for addition or deletion. The Council shall hold a public meeting to present the Proposed Budget no later than May 15<sup>th</sup> in budget adoption years. The full proposed budget document shall be made available online from the City's website, and printed copies shall be available in all City libraries. Additionally, the proposed budget data shall be available in open data format on the City's open data portal by May 1<sup>st</sup>. Every effort should be made to thoroughly respond to any public request for departmental budget details, such as line item budgets. The requested information shall

also be made available on the City's website and open data portal within a reasonable time period following the request.

The Proposed Budget must include a Budget Fact Sheet with easy-to-understand graphics and text explaining the City's overall finances, the Proposed Budget and that year's Budget Calendar. The Fact Sheet shall be published in languages required by Oakland's Equal Access Ordinance. The Fact Sheet shall be printed and made available in all City Recreation Centers and Senior Centers as well as all City libraries by May 15<sup>th</sup> or the presentation to the Council, whichever is sooner.

### **7. Community Budget Forums**

**Deadlines:** Between May 1<sup>st</sup> and June 10<sup>th</sup>

**Requirements:** The Administration and Council shall hold at least three (3) Community Budget Forums at varied times in different neighborhoods away from City Hall. These meetings, organized by the City Administrator's Office shall be scheduled so as to maximize residents' access. These meetings must include sufficient time for question and answer period as well as a presentation of budget facts by City staff. One or more of the meetings must be scheduled in the evening. Another must be scheduled on the weekend. These meetings shall also be scheduled so that Councilmembers have sufficient opportunity to attend a meeting close to their council district. Every member of the City Council shall make their best effort to attend at least one Community Budget Forum. In addition, members of the Budget Advisory Commission shall be requested to attend at least one Community Budget Forum. Translators will be provided by request with forty-eight hours advance notice, per Oakland's Equal Access Ordinance. Sufficient Fact Sheets in all available languages shall be available at all Forums.

Meetings shall be held in ADA accessible facilities served by public transit (BART stop, frequently running bus line, etc). Every effort shall be made to record the meeting via video or audio. The City Administrator shall prepare an Informational Report summarizing the Community Forum process, to be heard by the City Council at its the next available budget discussion following the final Forum. The summary memo shall attempt to identify key areas of public agreement and disagreement, as well as respond to the most commonly asked questions.

### **8. Budget Advisory Commission's Report**

**Deadline:** June 1<sup>st</sup>

**Requirements:** The Budget Advisory Committee (BAC) shall be requested to submit a published, written report to the full City Council regarding the proposed budget with any suggested amendments no later than June 1 in budget adoption years. If submitted, the statement shall be published as part of the next budget report to the City Council. The BAC is encouraged to provide similar statements during the mid-cycle budget revise and any other significant budget actions.

### **9. Council President's Proposed Budget**

**Deadline:** June 17<sup>th</sup>

**Requirements:** The City Council President, on behalf of the City Council, shall prepare a proposed budget for Council consideration to be heard at a Special City Council Budget Hearing occurring before June 17th. The Council President may delegate the duty to prepare a budget proposal to another member of the Council. A costing analysis request for any proposed amendments must have been submitted to the City Administrator at least five working days prior to the Special City Council Budget Hearing. The City Council may schedule additional Special City Council Budget Hearings or Workshops as needed.

### **10. Council Budget Amendments**

**Deadline:** No later than up to three days prior to final budget adoption

**Requirements:** In addition to the Council President's proposed budget, any Councilmember or group of Councilmembers may submit proposed budget amendments at any time during the budget process. However, the adopted budget shall not contain substantive amendments made on the floor by Councilmembers at the final meeting when the budget is adopted. All substantive amendments must have been published in the City Council agenda packet for at least three days prior to the budget's final adoption. This three-day noticing requirement may be waived by a vote of at least six Councilmembers upon a finding that (1) new information impacting the budget by at least \$1 million dollars came to the attention of the body after the publication deadline making it not reasonably possible to meet the additional notice requirement and (2) the need to take immediate action on the item is required to avoid a substantial adverse impact that would occur if the action were deferred to a subsequent special or regular meeting, such as employee layoffs.

Additionally, a costing analysis request for the proposed budget amendment must have been submitted to the City Administrator at least five working days prior to the budget's final adoption.

### **11. Process Feedback & Continual Improvement**

**Deadline:** September 30<sup>th</sup> following budget adoption

**Requirements:** The Budget Advisory Commission (BAC) shall be requested to submit an Informational Report to the Council's Finance and Management Committee containing their analysis of the budget adoption process including, but not limited to: 1) the informational quality of the Proposed Budget; 2) the City Administration's and City Council's attention to engaging the public and its impacts on the budget process and product; 3) the level of transparency and open dialogue in all public meetings dedicated to the budget; and 4) opportunities for improving the process in future years.

In assessing opportunities for continually improving public participation in the budget process, the Administration, City Council and BAC shall be requested to consider the following guiding principles:

- **Inclusive Design:** The design of a public participation process includes input from appropriate local officials as well as from members of intended participant communities. Public participation is an early and integral part of issue and opportunity identification, concept development, design, and implementation of city policies, programs, and projects.
- **Authentic Intent:** A primary purpose of the public participation process is to generate public views and ideas to help shape local government action or policy.
- **Transparency:** Public participation processes are open, honest, and understandable. There is clarity and transparency about public participation process sponsorship, purpose, design, and how decision makers will use the process results.
- **Inclusiveness and Equity:** Public participation processes identify, reach out to, and encourage participation of the community in its full diversity. Processes respect a range of values and interests and the knowledge of those involved. Historically excluded individuals and groups are included authentically in processes, activities, and decision and policymaking. Impacts, including costs and benefits, are identified and distributed fairly.
- **Informed Participation:** Participants in the process have information and/or access to expertise consistent with the work that sponsors and conveners ask them to do. Members of the public receive the information they need, and with enough lead time, to participate effectively.
- **Accessible Participation:** Public participation processes are broadly accessible in terms of location, time, and language, and support the engagement of community members with disabilities.
- **Appropriate Process:** The public participation process uses one or more engagement formats that are responsive to the needs of identified participant groups; and encourage full, authentic, effective and equitable participation consistent with process purposes. Participation processes and techniques are well-designed to appropriately fit the scope, character, and impact of a policy or project. Processes adapt to changing needs and issues as they move forward.
- **Use of Information:** The ideas, preferences, and/or recommendations contributed by community members are documented and given consideration by decision-makers. Local officials communicate decisions back to process participants and the broader public, with a description of how the public input was considered and used.
- **Building Relationships and Community Capacity:** Public participation processes invest in and develop long-term, collaborative working relationships and learning opportunities with community partners and stakeholders. This may include relationships with other temporary or ongoing community participation venues.
- **Evaluation:** Sponsors and participants evaluate each public participation process with the collected feedback and learning shared broadly and applied to future public participation efforts.

.; and be it

**FURTHER RESOLVED**, that the above policy is intended to ensure the minimal requirements and a baseline for transparency and public participation in the budget process and that the City of Oakland shall continually strive for more robust public participation in all its decision-making; and be it

**FURTHER RESOLVED**, that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA,

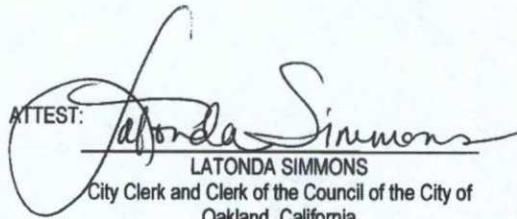
MAY 21 2013

PASSED BY THE FOLLOWING VOTE:

AYES - ~~Brooks~~, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, ~~Reid~~; SCHAAF, AND PRESIDENT  
KERNIGHAN - 6

NOES - Brooks, Reid - 2  
ABSENT - 0  
ABSTENTION - 0

ATTEST:

  
LATONDA SIMMONS  
City Clerk and Clerk of the Council of the City of  
Oakland, California

## APPENDIX I: BAC REPORT ON 2013-2015 BUDGET

### **Annual Budget Process Evaluation**

For the FY 2013-15 Policy Budget passed on June 27, 2013

September 30, 2013

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On May 21, 2013, the Oakland City Council passed A Resolution Establishing the City of Oakland's Budget Process Transparency and Public Participation Policy (Resolution), which requires the Oakland Budget Advisory Committee (BAC) to submit an annual budget process evaluation to the Finance and Management Committee. The purpose of the evaluation is to rate the budget process on transparency, engagement, and clarity.

This evaluation includes the Committee's ratings and a summary of ratings from an online community survey that the Committee conducted. Information about the survey methodology is included in Appendix A. Specific comments and suggestions in each category are included in Appendices B - F.

#### **BAC Top Ten Recommendations for Next Budget Cycle**

The following recommendations were approved by consensus by the Committee. Over the next eight months, the BAC will submit four follow up reports to the Finance and Management Committee on recommendations 1 and 2, 4 through 6, 9, and 10. The BAC will submit a fifth report that tracks the progress of the provisions in the Budget Process Resolution.

##### Most Necessary and Immediate:

- 1. Release the adopted budget and all associated documents in open-data format in a publicly accessible location:** The BAC recommends that the Finance and Management Committee create an ad-hoc taskforce to work with staff to ensure that all budget documents are posted to Oakland's open-data portal ([data.oaklandnet.com](http://data.oaklandnet.com)) as spreadsheets (CSV), making it searchable and downloadable. The city's website, [www.oaklandnet.com](http://www.oaklandnet.com), does not currently allow spreadsheets, making it unsuitable to host accessible budget data. When a budget-related document is released, such as the Comprehensive Annual Financial Report (CAFR), the related data should also be released in this format.
- 2. Create a standard budget-proposal template to enable apples-to-apples comparison of budget proposals:** The BAC recommends that a standard format for budget proposals is created and adopted before the next budget cycle. When the Mayor's budget is released, it should also be summarized and released in this standard format. Councilmembers' proposed amendments should be released using the template and clearly delineate how the proposal impacts total expenditures and how it is different



from the Mayor's budget. The standard template should exist in open-data format (spreadsheet) in a publicly accessible location (City of Oakland's open-data portal, data.oaklandnet.com).

3. **Provide a centralized budget webpage:** Currently, it is difficult for the public to find all of the various budget documents that are released throughout the process. There should be a centralized webpage with links to all documents listed in chronological order.

*Recommended Mid-Term:*

4. **Conduct public engagement year-round:** We recommend that the City expand in its use of town halls and other forums to engage the public so that it is a year-round process where citizen input is gathered throughout to have a more participatory budget. We especially encourage citizen input be gathered before the Mayor and staff begin to draft the budget so that data collected from the community informs and shapes the budget's trajectory. A year-round commitment would entail shifting the manner in which the City conducts its town halls so that they are conducive to gathering community input rather than just merely distributing information. Year-round engagement would enable the City to build long-term relationships with the diverse constituencies that make up Oakland. We recognize that such a commitment would take several years to achieve and encourage the City to devote more resources to planning and implementing a robust and effective public engagement process.
5. **Launch a public budget-literacy campaign:** The BAC recognizes that Oakland residents vary considerably in their understanding of local governance and budgeting, which impacts their level of civic participation. To ensure that the public engagement process the City undergoes is inclusive and equitable, we believe that education campaigns that increase budget literacy are absolutely essential.
6. **Add additional methods of engagement:** While this budget process had more town halls than previously, they were the only method the City used to engage the public. We recommend the City collect community input through a variety of means, including but not limited to: online surveys, paper and/or mailer surveys, focus groups, polling and drop-in hours. We also encourage the City to conduct town halls in more locations, at differing hours, and in multiple languages.
7. **Agree as a Council on revenue projections by a set deadline:** This annual budget process was characterized with several disputes over the amount of revenue projected for the City's coffers. These disputes added to the confusion for the public due to multiple revenue projections. In addition, there was little data provided to the public as to how these projections were obtained. To avoid this in the future, the BAC recommends that the City Council follow the revenue forecast guidelines explained in the Resolution and set a date in mid-May to agree as a Council on a projection.
8. **Do not change the financial policies that underlie the budget process during the process:** It is confusing and compromises transparency when the Council changes policies that set boundaries for the budget process during the process, such as the

reserve policy. The BAC recommends keeping existing policies in place once the process has begun.

9. **Consider ways to separate union negotiations from the budget process:** During this past budget cycle, contract negotiations with unions compounded the complexity of the budget process. The BAC fully supports the contract negotiation process and we think it is best if this process is separate from the budget process so that neither disrupts the other in its completion. Separating the processes would allow the City to better anticipate its obligations and plan accordingly.

Recommended Long-Term:

10. **Connect all spending to a clear set of priorities and shift the budget design to focus on City services:** In its current format, the budget is difficult for a non-expert to follow. On a day-to-day level, citizens interact with specific government City services, rather than departments or funds. The BAC feels it would be very beneficial if the City moved to a program based budget that was tied to clearly stated spending priorities. In particular, the BAC recommends that Council consider the Priority-Based Budgeting model.

**Score Cards**

Overall Score Card		Much Better	Better	Same	Worse	Much Worse
Overall, how would you compare this year's budget's process and design to prior years?	BAC		X*	X*		
	Community Survey	14%	34%	31%	11%	9%

The resolution specifically asks the BAC to evaluate the City on the three areas listed below:

Score Card – Specified Evaluation Criteria		Excellent	Good	Fair	Poor
The informational quality of the Proposed Budget	BAC			X	
	Community Survey	8%	23%	51%	18%
The City Administration's and City Council's attention to engaging the public and its impacts on the budget process and product	BAC				X
	Community Survey	3%	18%	51%	28%
The level of transparency and open dialogue in all public meetings dedicated to the budget	BAC				X
	Community Survey	5%	13%	54%	28%

\*The BAC is giving this year's budget process a score of better in some areas and same in other areas. BAC members want to commend staff for the quality and amount of information released throughout the process. Community members already acquainted with the Oakland budget found this information useful and appreciated the effort as the first steps to a better budget process. In addition, BAC members want to commend Council for adopting the Budget Process Transparency and Public Participation Policy.

However, BAC members feel that parts of the budget process continue to lack transparency and present a major barrier to participation for the majority of community members. In particular, it continues to be difficult to track changes in the budget from year-to-year, to compare competing Council budget proposals, and to understand the real impact of the budget on City Services.

The City has its own set of guiding principles for the budget, which the BAC was also asked to evaluate:

Score Card - Guiding Principles for the Budget		Very Satisfied	Satisfied	Neutral	Dis-satisfied	Very Dis-satisfied
Inclusive Design: Public participation is an early and integral part of issue and opportunity identification, concept development, design, and implementation of city policies, City services, and projects.	BAC				X	
	Community Survey	3%	18%	23%	36%	21%
Authentic Intent: The City pursues public participation in order to shape their budget.	BAC				X	
	Community Survey	3%	26%	18%	23%	31%
Transparency: Public participation processes are open, honest, and understandable.	BAC				X	
	Community Survey	3%	21%	23%	28%	26%
Inclusiveness and Equity: Historically excluded individuals and groups are included authentically in processes, activities, and decision and policymaking. Impacts, including costs and benefits, are identified and distributed fairly.	BAC				X	
	Community Survey	3%	16%	34%	24%	24%
Informed Participation: Members of the public receive and/or have access to the information they need, and with enough lead time, to participate effectively.	BAC					X
	Community Survey	5%	8%	26%	26%	34%

Accessible Participation: Public participation processes are broadly accessible in terms of location, time, and language, and support the engagement of community members with disabilities.	BAC				X	
	Community Survey	8%	16%	29%	29%	18%
Appropriate Process: The public participation process uses one or more engagement formats that are responsive to community needs and encourage full, authentic, effective and equitable participation.	BAC				X	
	Community Survey	5%	14%	35%	30%	16%
Use of Information: Local officials communicate decisions back to process participants and the broader public, with a description of how the public input was considered and used.	BAC					X
	Community Survey	5%	8%	23%	41%	23%
Building Relationships and Community Capacity: Public participation processes invest in and develop long-term, collaborative working relationships and learning opportunities with community partners and stakeholders.	BAC				X	
	Community Survey	3%	13%	26%	31%	28%
Evaluation: Sponsors and participants evaluate each public participation process with the collected feedback and learning shared broadly and applied to future public participation efforts	BAC				X	
	Community Survey	3%	8%	34%	29%	26%