

Priority Based Budgeting

Online Software and Services

For Purposes of “Sole-source” Agreements

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

First Appearance: Priority Based Budgeting was first recognized and written about in the International City/County Management Association’s (ICMA) [Public Management Magazine, in June 2008](#). Since then PBB has been the subject of a [Government Finance Officer’s Association \(GFOA\) White Paper](#) and several Government Finance Review (GFR) journal articles.

Sole Source Agreements – “no equivalent” justification: as of 2018, 131 local government organizations across twenty-nine states in the United States, and two provinces in Canada have sole-sourced the implementation of Priority Based Budgeting to the Center for Priority Based Budgeting and/or ResourceX. These agreements are for Priority Based Budgeting consulting services, software implementation and ongoing software license, support and maintenance services. ResourceX is the only vendor that offers a software solution for the recognized best practice of Priority Based Budgeting. Based upon their documented due-diligence, there is no

Washington (6)

- City of Bainbridge Island
- City of Kenmore
- City of Tacoma
- City of Tukwila
- Clark County
- Town of Maple Valley

Oregon (3)

- City of Salem
- City of Tualatin
- City of Springfield

California (16)

- City of Oxnard
- City of Sacramento
- City of Walnut Creek
- City of Pacifica
- City of Fairfield
- City of Monterey
- City of Salinas
- City of Seaside
- City of Mission Viejo
- City of San Jose
- City of Hermosa Beach
- City of Temple City
- City of Palo Alto
- City of Brisbane
- Town of Placentia
- City of Tracy

Arizona (6)

- City of Goodyear
- City of Chandler
- Town of Queen Creek
- Alliance for Innovation
- City of Lake Havasu City
- Navajo County

Nevada (3)

- Washoe County School District
- Douglas County
- City of Henderson

Colorado (28)

- City of Littleton
- City of Englewood
- City of Boulder
- City of Ft Collins
- Town of Parker
- City of Wheat Ridge
- City of Longmont
- City of Greeley
- City of Loveland
- Highlands Ranch Metro District
- Town of Fruita
- Pueblo West Metro District
- Clear Creek County
- Moffat County
- Routt County
- Mountain View Fire Protection District
- City of Thornton
- Town of Jamestown
- Town of Johnstown
- Denver Int’l Airport
- St Dominic Catholic Parish
- Jefferson County
- Town of Buena Vista
- Town of Mead
- City of Trinidad
- Town of Manitou Springs
- Jefferson County Schools

Idaho (4)

- City of Boise
- City of Meriden
- City of Idaho Falls
- Clark Post Falls

Montana (1)

- City of Billings

Wyoming (1)

- City of Green River

Utah (1)

- City of South Jordan City

New Mexico (3)

- San Juan County
- City of Rio Rancho
- Village of Los Lunas

South Dakota (1)

- City of Rapid City

Nebraska (1)

- City of Grand Island

Kansas (4)

- City of Shawnee
- Finney County
- City of Lawrence
- Unified Government of Wyandotte and Kansas City

Texas (3)

- City of Plano
- City of Corpus Christi
- City of South Lake
- Woodlands, TX sp. district

Minnesota (2)

- City of Duluth
- Scott County

Wisconsin (4)

- Washington County
- Marathon County
- Jefferson County
- City of Monroe

Michigan (2)

- City of Kalamazoo
- City of Battle Creek

Indiana (1)

- City of South Bend

Ohio (2)

- City of Blue Ash
- City of Toledo

Missouri (4)

- City of Kansas City
- City of Branson
- City of Joplin

Alabama (1)

- City of Birmingham

Georgia (4)

- City of Roswell
- City of Chamblee
- Cobb County
- City of East Point

Pennsylvania (2)

- Lehigh County
- City of Duquesne

Massachusetts (1)

- Town of Bourne

Virginia (3)

- City of Alexandria
- City of Chesapeake
- Town of Christiansburg

North Carolina (5)

- City of Asheville
- Gaston County
- Town of Cary
- Town of Garner
- Town of Weaverville

South Carolina (2)

- City of Columbia
- Town of Beaufort

Florida (7)

- Town of Lakeland
- Town of Jupiter
- Pasco County
- Broward County
- City of Delray Beach
- City of New Smyrna Beach
- City of Plantation

Canada (9)

- City of Edmonton, AB
- City of Grande Prairie
- Town of Beaumont, AB
- Strathcona County, AB
- City of St Albert, AB
- City of Lethbridge, AB
- Town of Humboldt, SK
- Alberta Health, Alberta Prov
- Edmonton Police Services

equivalent.

Helpful examples of sole source justification from our clients:

- City of Boise, Idaho boisecityid.iqm2.com/Citizens/FileOpen.aspx?Type=4&ID=11784
- Clark County, Washington
[https://www.clark.wa.gov/sites/default/files/dept/files/contracts-grid/PriorityBasedBudgeting\(1\).pdf](https://www.clark.wa.gov/sites/default/files/dept/files/contracts-grid/PriorityBasedBudgeting(1).pdf)

Establishment of Industry Best Practice: In 2012, in response to the Great Recession, the Association that represents city and county managers from across the US and Internationally (the International City/County Management Association), in partnership with the Alliance for Innovation (a research-based “think tank” who studies emerging innovations across all sectors of local government) identified Priority Based Budgeting as a Best Practice in local government – encouraging every local government to migrate towards the implementation of PBB. This was based on 3 criteria:

- **1.) Repeatable methodology** to follow – PBB has a step by step process that any organization can follow, and expect to achieve the same results as another implementer.
- **2.) Scalable process** – PBB doesn’t just work for large organizations (like those who have implemented in Edmonton Alberta, Cincinnati Ohio, or Sacramento CA) or small organizations (like Victor Colorado, population 300 people), but any organization of any size, type, political complexity, or demographic.
- **3.) Measureable outcomes** – any community can look back on their work and actually measure what has changed as a direct result of implementation.

Since then, Priority Based Budgeting has become a recognized “**best practice**” by the leading professional associations who credential and educate local government practitioners:

- City/County Managers - the International City/County Management Association (ICMA)
- Government Finance Officers – the Government Finance Officer’s Association (GFOA)
- Elected Officials – the National League of Cities (NLC)
- Innovation in Public Administration – the Alliance for Innovation

Priority Based Budgeting in Professional Literature – Journal Articles and White Papers Published:

- Public Management Magazine, ICMA, 2008
<http://webapps.icma.org/pm/9005/public/cover.cfm?author=chris%20fabian%2C%20scott%20collins%2C%20and%20jon%20johnson&title=getting%20your%20priorities%20straight>
- Government Finance Officer’s Association, White Paper, <http://m.gfoa.org/anatomy-priority-driven-budget-process>
- Master’s Thesis, Sheryl Mitchell, “An Exploratory Study of Priority Based Budgeting” 2014,
https://books.google.com/books/about/An_Exploratory_Study_of_Priority_Based_Budgeting.html?id=UbGDoAEACAAJ

Differentiation of Software Tools: Online Priority Based Budgeting software has been characterized as:

- Business Intelligence (BI) software
- Decision Support System (DSS) software
- Budgeting software

While there are other BI, DSS and budgeting software tools, as the City of Boise, Idaho publicly reported in their [due diligence report](#) this is the only software specific to the best practice of Priority Based Budgeting:

This is the only vendor that offers a software solution for priority based budgeting. Priority based budgeted is a recognized best practice by several organizations across the nation included the Government Finance Officers Association, and ICMA. Both of these organizations refer companies to the Center for Priority Based Budgeting for the software and implementation to execute this recommended best practice.

Key differentiators of the best practice of Priority Based Budgeting process include the following:

- **Integration of Programs/Services** – in PBB, the organization identifies it's individual programs and services. In it's unique database, ResourceX has identified over 90,000 individual government programs.
- **Pricing of Programs/Services** – the software integrates data from the organization's financial systems and human resources systems (or ERP) and allows for resource allocation of budget and actual data, to programs and projects.
- **Integration of Results and Result Definitions** – the software integrates the organization's PBB Results and Result Definitions. In it's unique database, ResourceX has accumulated key Result areas from over 170 organizations, as well as the key performance metrics that help an organization define their Results.
- **Scoring Evaluation of Programs/Services** – the software facilitates a unique evaluation process whereby programs are numerically scored relative to the organization's Results, as well as key "Basic Program Attributes" (degree of mandate, size of population served, cost recovery, reliance upon the organization by it's citizens, etc).
- **Ranking Algorithm** – the software applies a unique scoring and ranking algorithm that places programs in priority levels (four specific "quartile rankings"), based on the programs influence on societal objectives and basic program attributes.
- **Resource Alignment Diagnostic (RAD) Modeling** – the software facilitates exploration of the data based on unique analytics drawn from the scoring process, allowing the organization to understand and act upon insights such as: which programs are ideal for public/public partnership; which programs are ideal for public/private partnerships; which programs are charging a fee, where the fee is less than the true cost of providing the program; which programs are best served by another source; which programs are the organization's most influential to achieving Results, etc

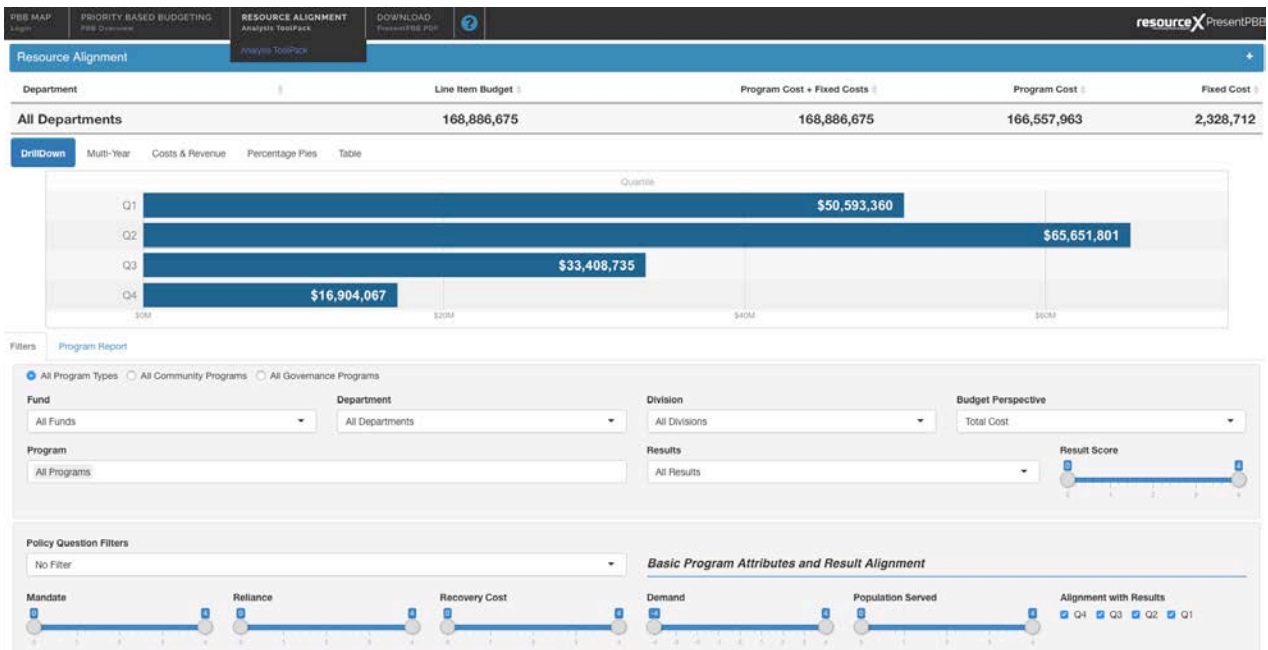


Figure 1: the City of South Bend, Indiana’s Resource Alignment Diagnostic (RAD) model, showing total resource allocation by quartile, across the City

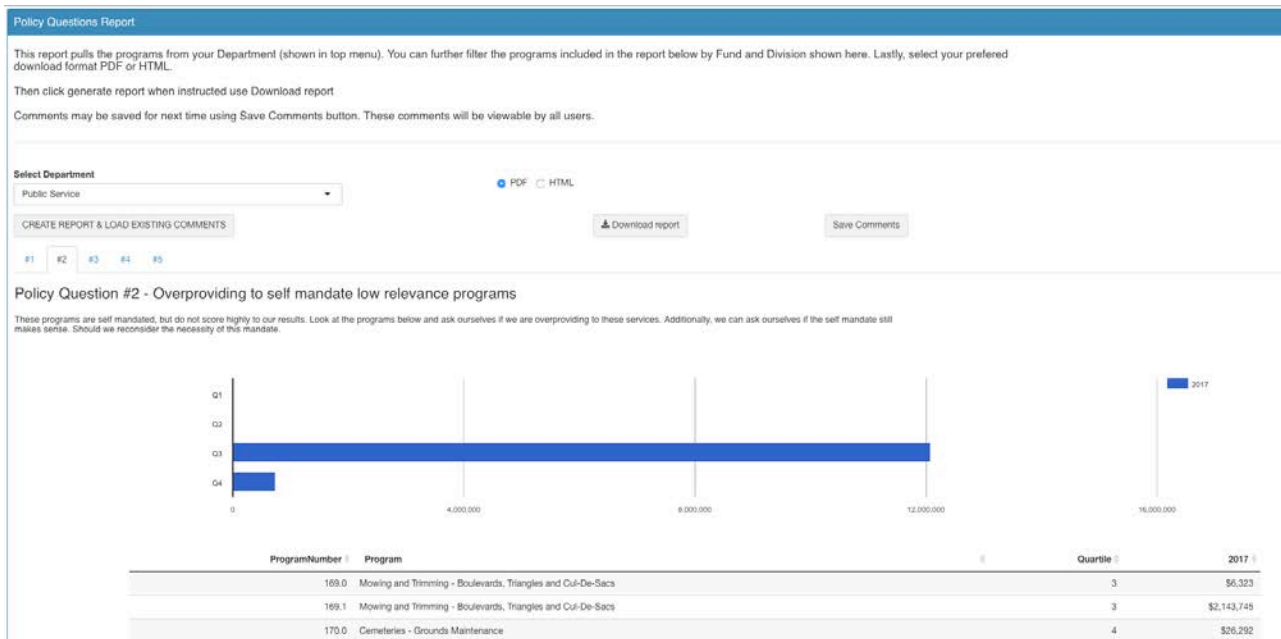


Figure 2: the City of Toledo, Ohio’s Policy Question report, within the Department Dashboard, pointing the Department of Public Services to resource reallocation opportunities where the City’s self-imposed policies may be outdated, as they are requiring the department to provide programs of low influence on the City’s Results. This is one of the “5 Policy Questions”