

*Cecilia*

**Des Moines City Council**

**Retreat  
April 28, 2007**

**9:00 a.m. – 12:00 p.m. (Noon)**

**Des Moines Beach Park  
Founders Lodge  
22030 Cliff Avenue South  
Des Moines, 98198**

**-Agenda-**

- |            |  |
|------------|--|
| 9:00 a.m.  | Call to order  |
| 9:01 a.m.  | Discussion of Priorities of Government/Budgeting for Outcomes proposed process |
| 9:20 a.m.  | Presentation and discussion of draft "Results Areas and Supporting Strategies" |
| 9:45 a.m.  | Presentation and discussion of Departmental "Activity Inventories"             |
| 10:30 a.m. | Break  |
| 10:45 a.m. | Continue presentation and discussion of Departmental "Activity Inventories"    |
| 11:30 a.m. | Revisit and finalize "Result Areas and Supporting Strategies"                  |
| 12:00 p.m. | Adjourn  |

Times noted are estimates and are subject to change depending on the progress made on each item.

# TABLE OF CONTENTS

	<u>Page</u>
<u>Tab A:</u> City Council Work Sessions Proposal . . . . .	1
<u>Tab B:</u> Draft Budget Results and Outcome Areas. . . . .	2
<u>Tab C:</u> City Council Goals, Objectives and Policies	
May 2006 City Council Goals and Strategic Objectives. . . . .	4
2007 Intergovernmental Policies and Positions . . . . .	5
<u>Tab D:</u> Program Service/Activity/Outcomes:	
Executive . . . . .	12
Personnel . . . . .	14
Records Services. . . . .	17
Legal Department . . . . .	19
Finance Department. . . . .	22
Information Technology. . . . .	24
Police Department . . . . .	27
Planning, Building & Public Works Department. . . . .	31
Parks, Recreation & Senior Services Department . . . . .	36
Marina . . . . .	41
Municipal Court. . . . .	42
<u>TAB E:</u> References	
Budgeting for Results and Outcomes, Government Finance Officers Association (2007) (BUDGET) . . . . .	43
Priorities of Government, Budgeting For Outcomes, Extract from <u>Nation's Cities Weekly</u> , NLC . . . . .	46
Extract From Washington State Website on <i>Priorities of     Government</i> . . . . .	48
Budgeting for Outcomes (January 4, 2007 Council Packet). . .	49

# TABLE OF CONTENTS

	<u>Page</u>
<u>Tab A:</u>	
A-1 –City Council Work Sessions Proposal . . . . .	1

## Des Moines City Council Process to Implement *Budgeting for Outcomes*

### Work Session #1 - April 28<sup>th</sup>: *Connecting Activities to Results & Outcomes Expected by Citizens*

1. Discussion of process
2. Presentation and Council discussion of draft *Results Areas and Supporting Strategies* (attached) derived from earlier Council work
3. Department directors present and Council discussion of Activity Inventories and associated discussion
4. Council revisits and finalizes *Results Areas and Supporting Strategies* that it believes are most important to Des Moines citizens, incorporating discussion on department activity inventories

Work Product from 4/28: *City Results Areas and Supporting Strategies*

### Work Session #2 – June/July: *Connecting 2007 Budget to Results & Outcomes Expected by Citizens (Determining the Cost of City Government – Step 2)*

1. Identify current allocation of FTE and dollars associated with each results area (*Determining the current cost of City Government*)
2. Discuss whether these levels are adequate or inadequate given the overall City budget capacity
3. Agree on what overall FTE level and revenue dollar assumptions should be used for development of the 2008 City operating and capital budget proposal by the City Manager (*Decide the Price for Each Priority Result – Step 1*) \*
4. Agree on what strategies, programs and activities will best achieve desired results (*Determine the Priorities of Government, i.e., what results matter most to our citizens – Step 2*) \*
5. Agree on prioritized results areas where additional resources (over 2007 levels) should be allocated by the City Manager in developing the 2008 budget if they become available, or alternatively, where cuts should be made if additional resources are not available to cover inflationary or other mandatory budget increases (e.g., COLAs, insurance premiums)

Work Products from Session #2:

1. *2007 and preliminary 2008 Results Area allocation of FTE and assumed revenues*
2. *Priority ranking in allocating additional 2008 resources*
3. *Priority ranking of 2008 budget decrements if needed*

### Work Session #3 – September (after City Manager submits 2008 budget proposals): *Aligning 2008 Budget to Desired Results & Outcomes*

1. Agree that the budget proposals align with steps 4 and 5 above, i.e., maximizes the results achieved by the City's budget. (*Decide the Price for Each Priority Result, i.e., how much should the City spend to achieve each result – Step 3*) \*
2. Agree on a *small number* (emphasis added) of results and outcomes-related performance measures to compare actual versus budgeted results (e.g., part 1 crimes, injury accidents, pavement condition index)

### Work Session #4 – early 2008: *Delivering 2008 Planned Results & Outcomes*

1. Determine if any overall results could be achieved more cost effectively. (*Decide How Best to Deliver Each Priority Result at the Set Price – Step 4*) \*
2. Develop approaches to more cost effectively achieve results.

- areas of priority to work on
- are we spending the money where your priority areas are

Scott Thomason

- identical but in the end it may not end up the <sup>expected</sup> results.

Cross-hairing

# TABLE OF CONTENTS

Page

Tab B:

B-1 –Draft Budget Results and Outcome Areas. . . . . 2

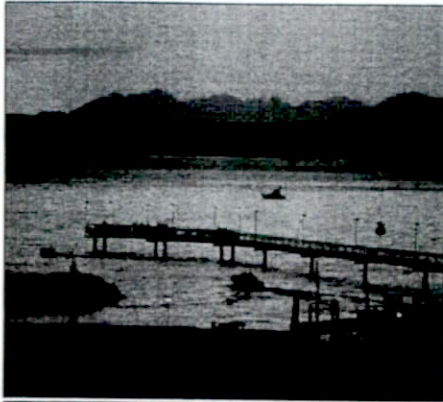
City of Des Moines  
 Budget Results & Outcome Areas  
*(derived from 2006 City Council Goals & Strategic Objectives, other Council-adopted plans and strategies, and department activity inventories)*

Results Areas	Supporting Strategies
1. Improve economic vitality and development	<ul style="list-style-type: none"> <li>• Create and retain jobs</li> <li>• Improve plans, codes, regulations, business licensing, permitting processes</li> <li>• Redevelop the Marina</li> <li>• Redevelop Beach Park &amp; Des Moines Creek Trail</li> <li>• Redevelop Downtown</li> <li>• Redevelop the Des Moines Creek Business Park</li> <li>• Redevelop Pacific Ridge</li> <li>• Promote the City and improve the City's image</li> <li>• Improve tourism</li> <li>• Improve arts and cultural opportunities</li> </ul>
2. Preserve and enhance livability	<ul style="list-style-type: none"> <li>• Maintain high-quality neighborhoods</li> <li>• Prevent and eliminate unsafe and unhealthy living conditions</li> <li>• Provide safe, quality, diverse, reasonably priced, healthy and life enriching active, passive and social recreational opportunities</li> <li>• Assist older adults in living independently</li> <li>• Provide basic needs support for low income citizens</li> <li>• Preserve and enhance Des Moines' historic landmarks and cultural resources</li> </ul>
3. Protect people and property	<ul style="list-style-type: none"> <li>• Improve public safety</li> <li>• Increase community policing</li> <li>• Reduce crime</li> <li>• Hold defendants accountable during trial &amp; when out of compliance</li> <li>• Reduce traffic collisions and injuries</li> <li>• Implement Emergency Management Plan</li> <li>• Ensure safe construction</li> <li>• Control pets and other animals</li> </ul>
4. Protect and enhance the natural environment	<ul style="list-style-type: none"> <li>• Preserve and enhance habitat, greenbelts, stream corridors, shorelines, viewpoints and open spaces</li> <li>• Increase environmental stewardship</li> <li>• Prevent flooding</li> <li>• Improve water quality</li> </ul>

Results Areas	Supporting Strategies
5. Maintain and enhance the City's infrastructure.	<ul style="list-style-type: none"> <li>• Increase level of grants and outside funding</li> <li>• Provide adequate and safe public facilities</li> <li>• Maintain the public's investments</li> <li>• Minimize life cycle costs</li> </ul>
6. Improve delivery of City services	<ul style="list-style-type: none"> <li>• Partner with others</li> <li>• Improve internal support services to strengthen ability of departments to more effectively deliver services</li> <li>• Update administrative and budgeting systems, and business plans</li> <li>• Upgrade information technology</li> <li>• Expand community involvement and volunteerism</li> <li>• Improve print, Internet- and cable TV-delivered public information</li> <li>• Deliver more customer-oriented services</li> <li>• Improve cost effectiveness of City operations</li> </ul>
7. Improve contribution of Marina to City economic development and revenues	<ul style="list-style-type: none"> <li>• Provide quality, price- and service-competitive permanent and guest moorage</li> <li>• Develop new sources of revenue in-water and on Marina floor</li> <li>• Increase level of infrastructure investments and re-investments</li> </ul>

# TABLE OF CONTENTS

	<u>Page</u>
<u>Tab C:</u>	
C-1 – May 2006 City Council Goals and Strategic Objectives	4
C-2 - 2007 Intergovernmental Policies and Positions . . . . .	5



# CITY OF DES MOINES, WASHINGTON

## Vision

An inviting and safe waterfront community embracing the future while preserving our past.

## Mission Statement

We enrich the community by providing leadership and services reflecting the pride and values of Des Moines.



## City Council Goals and Strategic Objectives:

### Goal 1. Promote economic vitality on a citywide basis.

- a. Review the Downtown Element of the Comprehensive Plan.
- b. Complete the revision/update of the Marina Master Plan to include exploring additional retail sales, restaurants, and marine recreational opportunities.
- c. Facilitate development of the Port of Seattle buyout area.
- d. Implement the Beach Park Master Plan.
- e. Explore the feasibility of waterfront tourism and passenger ferry service.
- f. Develop and implement a strategy to promote the City throughout the region, state, and country.

### Goal 2. Review and revise City regulations, rules, standards, procedures, and processes to support responsible economic development.

- a. Review Pacific Ridge vision and zoning.
- b. Zoning Code
- c. Permit Process
- d. Comprehensive Plan revision
- e. Street Standards

### Goal 3. Preserve and enhance the livability of the City of Des Moines.

- a. Implement the Police Department Strategic Plan with an emphasis on community

policing and introduction of new crime fighting and prevention technologies.

### Goal 4. Influence regional and state issues and decisions through active involvement and by becoming members of and providing leadership on committees, commissions, and other organizations that impact the successful outcome of the City's strategic objectives.

- a. Review and revise the City's legislative policy positions to reflect the strategic objectives and actively support those positions by providing information and testimony when appropriate.

### Goal 5. Provide administrative functions and systems to support implementation of the City's strategic objectives.

- a. Explore the "Priorities of Government" budgeting process.
- b. Develop and implement a comprehensive five-year financial plan.
- c. Revise, maintain, and implement the Emergency Management Plan.

### Goal 6. Encourage, where appropriate, partnerships between agencies/entities and the private sector to support job creation and retention.

### Goal 7. Pursue partnerships with other agencies/entities for the efficient and effective provision of services.

### Goal 8. Continually improve service delivery through the use of technology and innovative problem solving.

### Goal 9. Aggressively pursue grants and other funding that support the City's strategic objectives.

### Goal 10. Expand community involvement through boards, commissions, and committees; stewardship programs; and volunteerism.

### Goal 11. Preserve, enhance, and celebrate the historic elements of Des Moines.

### Goal 12. Prevent and eliminate unsafe and unhealthy living conditions in the City through an aggressive code enforcement and abatement program.

### Goal 13. Create, preserve and enhance habitat, greenbelts, stream corridors, shorelines, viewpoints and open spaces.

### Goal 14. Provide diverse active, passive, and social recreational opportunities.

### Goal 15. Maintain, enhance, and support the City's infrastructure systems.

Adopted by the Des Moines City Council on May 13, 2006.

## City of Des Moines

### 2007 Intergovernmental Policies and Positions

#### A. General Policies

1. Any new, law, regulation, or requirement from the county, state, or federal levels should be matched with ongoing secure sources of revenue sufficient to fund the mandate.
2. Decisions affecting Des Moines are best made at the local level. Therefore, county, state and federal legislation or mandates should not erode or curtail local authority.
3. The City opposes any federal, state or regional actions which reduce the fiscal capacity of the City to provide services to its citizens.

#### B. Intergovernmental Positions

1. Metropolitan King County
  - a. The City supports continued King County funding of regional human service needs from current or future county revenues. Des Moines should remain a provider of local human services.
  - b. Any King County budget or service reductions should treat residents of incorporated and unincorporated areas equally.
  - c. King County Metro should provide the following transit services to Des Moines residents.
    - (1) Existing routes
    - (2) Metro should restore service lost to cutbacks in 2000.
    - (3) Provide looped service to the Woodmont and Redondo areas of Des Moines.
    - (4) Provide Dial-a-Ride service to the citizens of Des Moines.
    - (5) Continue to fund the Access transit program.

- (6) Institute the planned rapid transit route along Pacific Highway S. to and from the Tukwila Sounder rail station.
  - (7) Continue to fund the Senior Services Des Moines/Normandy Park Shuttle
  - d. The City will participate in the WRIA9 water quality improvement process. Any changes in or new sources of revenue from Des Moines residents to support projects should be subject to City Council review and authorization.
  - e. The City of Des Moines supports other suburban cities in their negotiations to have King County fund infrastructure improvements in unincorporated areas prior to annexation. New unincorporated developments should provide urban level improvements such as adequate right-of-way, curb, gutter, underground utilities, etc.
  - f. The City supports re-initiation of 24-hour booking at the Regional Detention Center in Kent.
  - g. The City opposes re-initiation and expansion of fill mining on Maury Island.
  - h. King County should respect previous agreements regarding regional governance.
2. State of Washington
- a. Des Moines supports additional funding for the planning acquisition, restoration and development of recreational and boating facilities and wildlife habitat.
  - b. The City supports additional state funding for local criminal justice needs and training.
  - c. Des Moines supports added state funding to meet local and regional transportation maintenance and capacity needs.
  - d. The City supports the restoration of historic levels of Public Works Trust Fund and Transportation Improvement Board funds for local government infrastructure projects.
  - e. Any electric utility deregulation should not result in increases for local rate payers and should provide for consumer aggregation options for bulk purchases. (This policy also applies at the federal level.)

- f. The City supports tort reform that reduces municipal liability and exposures.
- g. The City opposes legislation that preempts local zoning control.
- h. Des Moines supports legislation that treats City leases of DNR aquatic lands equal to Port leases.
- i. The City opposes personnel and labor relations legislation which diminishes its management rights or mandates additional unfunded programs and benefits. (This policy also applies at the federal level.) Des Moines supports legislation providing civil immunity from reference checks.
- j. The City supports continued improvements to high speed passenger rail travel from Portland to Vancouver, B.C. to reduce dependence on planes and automobiles.
- k. The City supports legislation which would abolish the 1889-1890 right-of-way vacation by operation of law statutes.
- l. The City supports legislation returning to Des Moines at no cost and with no conditions any portions of the SR-509 right-of-way not used for traffic improvements.
- m. The City opposes any legislation which directly or indirectly aids in the expansion of Sea-Tac International Airport. (This policy also applies at regional and federal levels.)
- n. The City opposes any legislation which reduces the authority of cities to annex territory.
- o. The City opposes legislation which reduces the authority of cities to assume special purpose districts.
- p. The City supports legislation that requires either sponsors of essential public facilities or jurisdictions in which EPF's are located to fully mitigate environmental, social, and economic impacts of the EPF in neighboring impacted jurisdictions.
- q. The City opposes legislation that would reduce municipal control over city streets and rights-of-way.
- r. The City supports legislation to provide cities with permanent full replacement revenues to offset State funding lost due to I-695.

- s. The City supports legislation to elect Port commissioners by district.
- t. The City opposes mandatory requirements for affordable housing, housing growth, and residential density targets.
- u. The City supports legislation clarifying the right of cities to exercise use and zoning powers with respect to gambling activities, including the power to adopt moratoria, interim zoning controls, and prohibit gambling activities.
- v. The City supports legislation or regulation requiring the covering of loads for vehicles hauling dirt, rock, sand, and gravel.
- w. The City supports legislation to increase the local share of municipal court fines and forfeits.
- x. The City supports legislation to allocate surplus LEOFF I pension funds to local government to assist in meeting LEOFF I medical and long term care obligations.
- y. Des Moines supports full state funding for Shoreline Management Plan updates.
- z. The City supports legislation establishing a state process for siting an additional major airport at a location at least 15 miles from SeaTac International Airport and other essential public facilities of a regional nature.
- aa. The City supports legislation and legal appeals that overrule recent Washington Utilities and Transportation Commission decisions regarding city rights-of-way and Puget Sound Energy. Cities should not be required to purchase private easements for utilities and current rules regarding utility relocates and undergrounding should be maintained.
- bb. The City supports Streamlined Sales Tax legislation with full mitigation to those cities negatively affected by a change to the sourcing rule.
- cc. The City supports retention of full local authority to operate municipal courts. Additionally, the City supports the position that cities may contract with another city to provide municipal court services and opposes legislation that would erode or eliminate this ability.

- dd. The City opposes legislation mandating that all municipal court judges be elected and supports the current law that requires election of judges who work more than 35 hours per week.
3. Federal
- a. Utility deregulation – see Policy B.2.e.
  - b. Airport – see Policy B.2.m.
  - c. Personnel – see Policy B.2.i.
  - d. The City supports continued Community Development Block Grant funding.
  - e. The City opposes legislation that nationalizes cable television and telecommunications franchising, reduces or eliminates cities' ability to manage their rights-of-way, or reduces or eliminates cities' ability to impose franchise fees and utility taxes.
  - f. The City supports increasing federal funding of emergency preparedness for local first responders
4. Interjurisdictional and Regional
- a. The City supports the feasibility study of a Puget Sound Waterborne Passenger Transportation System to be integrated with other transportation systems to provide seamless intermodal transitions between bus, light rail, train and airport connections and, to include a ferry dock serving South King County located at the Des Moines Marina.
  - b. The City supports a balanced Regional Transportation Improvement District (RTID)/Sound Transit Phase 2 (ST2) package that provides geographic investment sub-area equity throughout the 4-county region.
  - c. The City supports a phased approach to the extension of SR-509. Phase I should guarantee completion of the route from I-5 to SR509 and include the following features: the I-5 collector/distributor lanes, a grade-separated interchange at South 200<sup>th</sup> Street, the planned South Access with interchange to SeaTac International Airport, and provisions for 24<sup>th</sup>/28<sup>th</sup> Avenues to continue uninterrupted beneath or over SR-509.

- d. The City supports completion of the higher speed south access route from the SR-509 extension to the south end of the airport during Phase I of the project, to be funded by the Port of Seattle.
- e. The City supports the construction of the 28<sup>th</sup>-24<sup>th</sup> arterial as a separate business access roadway and opposes any interim use of this route for airport south access.
- f. Des Moines supports the development and implementation of a comprehensive regional and state Emergency Management, Response, and Communication System.
- g. The City supports efforts to reduce King County jail costs and/or to obtain lower cost jail services either from other providers (e.g. Auburn, Fife, Benton County, etc) or through a cooperative agreement with other King County cities to build a jail facility using the ValleyCom structure or similar model.
- h. The City supports straightening the Kent-Des Moines boundary on Highway 99 south of Kent-Des Moines Road so that Highway 99 would be the dividing boundary between the two cities.
- i. The City generally supports local, state, and regional efforts to proactively improve salmon habitat to avoid imposition of more restrictive and less flexible federal standards.
- j. The City supports and encourages local water districts to engage in regional and local efforts to ensure adequate future water through conservation and development of new supplies.
- k. The City supports completion of Sound Transit to Tacoma. Phase II should be routed along I-5 adjacent to Des Moines with minimal disruption to Pacific Ridge and should extend at least to Fife.
- l. The City supports retention of local control over its roads.
- m. The City supports interlocal agreements with its neighboring cities to coordinate the collection of traffic impact fees and imposition of appropriate environmental mitigation for development projects near our respective boundaries.

- n. The City supports continued coordination with utility and other special districts to plan for capital improvements within the City limits.

Adopted by the  
Des Moines City Council  
At an open public meeting  
January 4, 2007

## TABLE OF CONTENTS

### Tab D:

#### Program Service/Activity/Outcomes

D-1- Executive .....	12
D-2- Personnel .....	14
D-3- Records Services .....	17
D-4- Legal Department .....	19
D-5- Finance Department .....	22
D-6- Information Technology .....	24
D-7- Police Department .....	26
D-8- Planning, Building & Public Works Department ..	30
D-9- Parks, Recreation & Senior Services Department ..	35
D-20- Marina .....	40
D-10- Municipal Court .....	41

## Executive

Organization of Responsible Activities with the Goal of

*Providing the City Council the support it needs to govern the City, departments and City staff the direction needed to implement City Council policies and to carryout the business of the City, and the residents of Des Moines access to their municipal government.*

Program/Service	Activity	Outcomes
1. Council Relations	City Council meeting agenda management Monthly Report Council Committee meetings Information distribution Policy Research Policy Discussion Constituent concerns	The City Council receives comprehensive, accurate, professional, and timely reports, analyses, and information Issues and policy decisions are tracked and brought to the City Council for action in a timely, unhurried manner Councilmembers receive the opportunity for equal amounts of time with and attention from staff City Manager's Monthly report to Council by the 15 <sup>th</sup> of each month Constituent concerns addressed in a professional and timely manner No surprises <b><i>So that: The City Council receives the support it needs to govern the City effectively.</i></b>
2. Intergovernmental Relations	Intergovernmental policies and positions Intergovernmental interactions Interlocal Agreements Lobbying	Policies and positions are reviewed and updated as needed Policies and positions are followed and accurately and professionally conveyed Relationships and interactions with other governmental entities are positive, productive, and benefit the City of Des Moines <b><i>So that: The actions of and services provided by other governmental entities benefit the City of Des Moines and do not harm it.</i></b>
3. General City Management and Oversight	Interdepartmental coordination Operations oversight Budget development Budget oversight Citizen Action Request program management	Departments work together toward the mutual benefit of the City of Des Moines Departments strive to improve service delivery and to implement City Council directives A comprehensive and understandable budget process delivering improved results Spending is within allocations <b><i>So that: The City provides all of the services for which it is responsible in an efficient and cost effective manner.</i></b>
4. Franchise and Service Licenses	Negotiations Oversee/manage	Franchises and licenses that balance the needs of the City and those of the franchisees Franchisees/licensees that adhere to the requirements of their franchises/licenses <b><i>So that: The services provided by franchisees and licensees are efficient and reasonably priced.</i></b>

Program/Service	Activity	Outcomes
5. Media Relations	Interviews Information request Tours Access to staff Assist Councilmembers and staff Press releases	Des Moines is portrayed positively in all news stories Councilmembers and staff are prepared to work positively with the media The media is made aware of positive events and accomplishments  <b><i>So that: Everyone in the Puget Sound region has a positive image of Des Moines.</i></b>
6. Risk Management	Claims Training Annual audit WCIA Compact compliance Organization-wide application of risk management strategies	The number of claims and lawsuits filed against the City stays low The total dollars paid for claims remains low The City's annual WCIA assessment goes down each year The City is in compliance with all requirements of the WCIA Compact  <b><i>So that: The possibility of injury and damages to residents and visitors is minimal and the City's WCIA assessment stays as low as possible.</i></b>
7. Community Information	Creation and distribution of "City Currents" PEG cable TV channel management Website management Special mailings/notices	Each edition of "City Currents" is comprehensive, timely, and informative Channel 21 and the City's website are timely and updated regularly The City's website is easy to navigate Special mailings and notices are timely and informative  <b><i>So that: All residents of Des Moines have the opportunity and ability to know what their municipal government is doing for them.</i></b>
8. Economic Development	DM Creek Bus. Park Pacific Ridge Downtown Business attraction and retention	New businesses locate in Des Moines Businesses do not leave or close down Increased City revenues  <b><i>So that: Livability and image of Des Moines is improved, commercial development and industrial job creation encouraged, and residential.</i></b>

# Personnel

Organization of Responsible Activities with the Goal of

*Providing comprehensive human resources services to the employees of the City of Des Moines.*

Program/Service	Activity	Outcomes
1. Employee Records	Personnel & Medical files Training records Verify employment Destruction schedule	Employee files are accurate, up-to-date, and secure Files are destroyed when law allows  <b>So that: Employee information is comprehensive, accurate, and secure.</b>
2. Benefit Programs	Medical, dental, and vision 401 and 457 programs Long-term disability Life insurance Employee Assistance Program (EAP) <i>Review new</i>	Employees receive the benefits to which they and their dependents are entitled Employees do not receive benefits to which they and their dependents are not entitled Programs are routinely reviewed and changes made to provide greater benefit to the employees and/or lower cost to the City  <b>So that: The City's mix of benefits provides value to employees and the City and an incentive for high quality individuals to apply for City positions or stay employed with the City.</b>
3. Recruitment	Advertising Application screening Criminal background checks Driving record review Employment and education verification Reference checks	Open positions are advertised in a manner to attract as many highly qualified applicants as possible Recruitment are conducted to reach diverse applicant pools All required background checks are completed prior to finalizing employment offers to candidates  <b>So that: New employees come from a diverse, highly qualified applicant pool and have the background necessary to meet the minimum requirements for the positions they are filling.</b>

Program/Service	Activity	Outcomes
4. Employee Programs	Workers Compensation (L&I) Employment Security (Unemployment) Drug and alcohol testing Hearing Testing Safety Training Shared Leave Wellness Recognition	Employees are schedule for training and testing required for them to stay qualified for their positions No safety violations No work-related injuries Healthy employees Reduced use of sick leave Employees regularly recognized for outstanding performance. L&I and unemployment claims are handled completely and appropriately  <b><i>So that: The City has healthy, well-trained and properly tested employees who are recognized for outstanding performance and receive the benefits to which they are entitled if they are hurt on the job or laid off.</i></b>
6. Investigations	Informal interviews and interventions Formal investigations Assisting supervisors	Reports of activities that potentially violate City rules and regulations are followed up on in a timely manner Violations of rules are dealt with in a fair, equitable manner.  <b><i>So that: Employees have someone to turn to in confidence to discuss issues of concern and employees are held accountable for their actions.</i></b>
7. Compensation and Classification	Salary and compensation surveys Job Descriptions	Employees performing similar and/or comparable job duties and responsibilities receive equal pay Job descriptions are routinely reviewed and changes made to reflect actual duties and responsibilities  <b><i>So that: The City's compensation package is competitive and internally equitable.</i></b>
8. Personnel Manual	Interpretation/questions Minor modifications Comprehensive review	The Personnel Manual reflects current law and case law Employees understand the City's rules and regulations and have someone to turn to for questions and interpretations Employees routinely receive training on important sections of the Personnel Manual A comprehensive review and revision of the Personnel Manual occurs every 5-7 years  <b><i>So that: All employees know what is expected of them and how the City's personnel system operates.</i></b>

Program/Service	Activity	Outcomes
9. Labor Relations	Negotiations Grievances Unfair Labor Practices Collective Bargaining Agreement interpretations	Management and labor agree on the interpretation of the collective bargaining agreements Grievances and unfair labor practice charges are rarely filed Bargaining rarely goes to mediation or arbitration  <i>So that: The relationship between the City and labor is clearly delineated and within the bounds of state and federal law.</i>

# Records Services

Organization of Responsible Activities with the Goal of

*Maintaining the City's records, receiving legal documents and properly licensing all business activity being conducted in the City*

Program/Service	Activity	Outcomes
1. City Records	Retention schedule Ordinances, resolutions, and minutes Contracts, agreements, and franchises Records index City Code books	Records and kept and destroyed as required/ allowed by law Records are comprehensive and easily accessible Records and appropriate back ups are secure All Des Moines Municipal Code books are tracked and updated as necessary  <b><i>So that: The City's vital records are available and maintained in accordance with state law.</i></b>
2. City Council Meetings	Agendas Futures Minutes Public Hearings Election of Mayor and Mayor Pro Tem Councilmember attendance	Agendas are prepared and posted in accordance with state law and the City Council's Rules of Procedure Minutes accurately reflect Council deliberations and actions Public Hearing records are complete Mayor and Mayor Pro Tem elections held per City Council's Rules of Procedure Councilmembers and Mayor only paid for meetings they attend and no more than 36 per year <b><i>So that: The public is notified of City Council meetings and is able to determine Council actions through a review of minutes and the public record of hearings.</i></b>
3. Licensing and Permits	Business licenses Mobil and itinerant vendor licenses Business registration (out-of-town businesses) Special event permits	All businesses, companies, and individuals conducting business in Des Moines are properly inspected and licensed All special events requiring permits are permitted  <b><i>So that: The City receives all taxes and revenues due from business activity conducted in Des Moines and all business activity and special events in the City are safe.</i></b>
4. Information Management	Council contact information Council committee assignments Advisory Committees Consultant and small works roster	Council contact information and committee assignments are accurate Advisory committee vacancies are advertised and filled in a timely manner The consultant and small works rosters are up-to-date  <b><i>So that: Residents are able to contact their municipal elected representatives and know when opportunities to serve on advisory committees are available and consultants and contractors available for work and projects are known to City staff.</i></b>

Program/Service	Activity	Performance
5. Receipt of Legal Documents	Claims and lawsuits Summons Bids	Claims, lawsuits, and summons are only accepted by the City Clerk or designee No bid process is rejected because of an irregularity in the bid opening process <del>So that Claims, lawsuits and summons are responded to in a timely manner and bids are awarded in accordance with state law.</del>
6. Public Records Requests	"Five-day" letters Routing Response	Public records requests are responded to in a timely, appropriate and complete manner No public record request is unanswered <del>So that The public has access to the records to which it has a right.</del>

**City of Des Moines Legal Department**  
 Organization of Responsible Activities

Function	Activity	Objective
1. Administrative	Manage City Attorney's Office Supervise legal staff Supervise case management Assure that City has proper library, legal research resources and materials Prepare, negotiate and manage legal department budget	A friendly and efficient legal office with approachable attorneys and staff; An organized and efficient legal case management system where all City personnel will be able to easily ascertain who in the legal department is responsible for any matter and each legal file will contain sufficient information to allow another attorney or staff person to quickly become familiar with the history and status of the case; Accessible and efficient legal research tools; A reasonable and sufficient legal department budget.
2. Legislative	Review and/or draft proposed ordinances and resolutions Review, research and respond to initiatives and referenda	Clear, cogent, & understandable ordinances and resolutions; A well organized, consistent, & coherent City Code; Legally sound advice & timely responses to initiatives & referenda
3. Advisory	Attend staff meetings Attend City Council meetings Attend board and committee meetings as requested Provide counsel and legal advice to City Council and staff as requested Conduct legal research as necessary Prepare formal legal opinions	The City Manager, City Council, boards, committees, department directors and staff will be properly informed and advised regarding meeting procedures, rules, OPMA, Appearance of Fairness and all other ongoing legal issues; The City Manager, City Council, boards, committees, department directors and staff will regularly and easily communicate and request direction from the City Attorney's office for all legal issues and questions facing them; Properly researched and drafted formal legal opinions will provide proper guidance and consistency for future City policy and actions;
4. Personnel	Review and advise re City hiring policies/practices Review and advise re updating City Personnel Manual as appropriate	The City's recruitment, selection, placement, promotion, retention, and separation decisions will be based upon qualifications and abilities and will comply with Federal and State laws; Rights and responsibilities of all City employees will be properly communicated, clarified and protected.
5. Risk Management	Work with WCIA risk management personnel to identify and mitigate legal risk; Provide ongoing risk management counsel and advice.	The City will minimize its legal exposure and resolve liability issues and questions as early as possible

Department	Activities	Outcomes
6. Litigation	<p>Review and properly respond to all litigation;            Transmit claims and tender defense to WCIA if appropriate;            Monitor cases, cooperate with WCIA &amp; participate as co-counsel if appropriate;            Represent the City in litigation not covered by WCIA;            Recommend commencement of litigation by City when necessary and/or appropriate;            Recommend additional or conflict counsel if necessary</p>	<p>Claims against the City will be defended and/or settled quickly and expeditiously;            The City's claims records with WCIA will be excellent;            The City will properly exercise its police powers, power of eminent domain, etc. for the benefit of all City residents</p>
7. Contracts	<p>Review, modify and update existing standard forms and agreements as needed            Meet regularly with City staff to assure proper use and implementation of standard forms and agreements            Negotiate, prepare, and/or review contracts            Negotiate, prepare and/or review Interlocal Agreements            Negotiate, prepare, and/or review Memorandum of Understanding            Review and properly advise staff re public works projects, bidding, and contract performance issues</p>	<p>Staff will be familiar with and properly use all standard forms;            Forms and procedures will be consistent and clear in all departments;            All contracts will be properly reviewed and/or edited by the City Attorney;            All Agreements and Memoranda of Understanding will be reviewed, properly edited and written in compliance with RCW 39.34;            All public works contracts will be entered into in accordance with federal, state and local laws</p>
8. Real Estate Transactions	<p>Review and/or prepare all deeds, easements, permits, licenses, etc.            Advise City Council re consequences of all real estate transactions;            Assure proper execution of all real estate documents, etc.</p>	<p>Properly drafted and executed real estate documents;</p>

Program/Service	Activity	Objective
9. Civil Service	Provide legal advice & attend Civil Service Commission meetings as needed Prepare proposed amendments to Civil Service Rules & Regulations Advise Civil Service Commission on amendments to state laws and codes affecting Civil Service Represent City in Civil Service Hearings	Properly functioning Civil Service Commission and compliance with all Civil Service laws.
10. Prosecution/Code Enforcement	Prosecute misdemeanors and civil infractions in Municipal Court Courtroom/Hearing training for police department, staff witnesses, etc. Defend RALJ appeals, LUPA appeals, etc. in Superior Court Commence, negotiate and settle civil violation procedures per DMMC 1.28 Bring abatement proceedings as necessary	Aggressive but fair criminal prosecution and code enforcement;  Properly trained courtroom/hearing witnesses;  Appropriate representation in all RALJ appeals, Hearing Examiner, LUPA appeals, etc.;  Abatement of City eyesores, blights, and dangerous premises.
11. DV Advocate	Attend court proceedings with victims Provide counsel and recommendations, when necessary Assist DV victim Prepare victim for trial	Appropriate guidance, support and representation for all DV Victims
12. Drug Forfeitures	Prepare notices for hearings, witness and exhibit lists, subpoenas and Findings, Conclusions and Orders in asset forfeiture actions. Represent City at forfeit hearings	Fair and legal forfeitures

# Finance Department

Organization of Responsible Activities with the Goal of

*Providing accurate and timely financial and accounting services for the City of Des Moines.*

Program/Service	Activity	Outcomes
1. Treasury	Revenue Administration Debt Administration Cash Management Investments	All revenues are processed accurately and timely - <i>completely</i> Debt financing is utilized prudently - <i>monitoring debt</i> Invest available (idle) cash daily - <i>target balance \$500,000</i> Marketable rate of return is earned on investments - Revenue sources and economic conditions are monitored continuously for trends - <i>So that: Resources are effectively managed and available to fund essential City services.</i>
2. General Accounting	General Ledger Accounts Payable Payroll Accounts Receivable Capital Assets	Transactions are recorded accurately and timely Goods and services received are valid claims against the City - Labor performed is authenticated and approved Amounts due the City for goods and services are received - Capital assets are safeguarded and reported to WCIA for insurance coverage - * Policies and procedures are established to ensure compliance with rules and regulations - Costs for public services are analyzed and recovered through program fees - Provide cost analysis of TCC and benefits related to labor contract negotiations - <i>So that: Financial transactions are valid and authorized.</i>
3. Budget	Operating Budget Capital Budget Long-term Financial Forecast	Annual balanced budget is required for all local governments Capital planning provides a framework for decision-making on allocating resources to maintain existing facilities and accommodating reasonable growth by investing in new facilities Financial forecasting provides for implementing strategies to meet future growth and demand upon City services - <i>needs in-depth five-year financial forecasting</i> Budget policies provide guidance for fiscal planning and management <i>So that: City of Des Moines's financial position is maintained fiscally sound.</i>
4. Financial Reporting	Annual Financial Statements Interim Financial Reports WSDOT Annual Street Report Annual State Auditor's Report	Year end financial audit results in no findings and an unqualified opinion Timely interim financial information is provided to decision makers Meet requirements for State Auditor's annual financial reporting Maintain Budgeting, Accounting, Reporting System (BARS) <i>CAFR - as a result of GASB 34</i> <i>So that: City of Des Moines maintains a favorable bond rating that results in lower interest rates for debt financing.</i>

Program/Service	Activity	Outcomes
5. Grants Management	Operating Grants Capital Grants	Grant reimbursement requests meet grantor's requirements A-133 Federal Single Audit results in no findings \$500,000 So that: City of Des Moines continues to be awarded grants that support the City's strategic objectives.
6. Financial Systems	User Security Software Upgrades Future Technology Needs	User security and access to functionality is controlled Software upgrades are implemented <i>purchase order</i> Reserves are set aside for future replacement <i>project costing system</i> Future technology needs are identified and resources requested during budget process So that: Integrity of the City's financial system is maintained and technology efficiencies are identified and implemented to streamline and improve internal processes.

# Information Technology Department

Organization of Responsible Activities with the Goal of

*Making the City of Des Moines Information Systems useful, dependable, and secure.*

Program/Service	Activity	Outcomes
1. Hardware Maintenance	Desktop PC's Servers Printers Network Switches Network Routers	Reliable computer, printer, and network performance.  <b><i>So that: Computer and network services are always available.</i></b>
2. Software Maintenance	New Installations Version Upgrades Patches Security Updates Troubleshooting	Consistent and secure software operation.  <b><i>So that: Software applications operate in a secure, efficient manner.</i></b>
3. Hardware Acquisitions	Determine Needs Determine Compatibility w/ current hardware Request multiple quotes Issue Purchase Orders	Purchase hardware that meets the end-users needs and integrates into the existing infrastructure. Obtain quality hardware at the lowest possible price  <b><i>So that: The computer user's hardware needs are met.</i></b>
4. Software Acquisitions	Determine Needs Determine Compatibility w/ current software Request multiple quotes Issue Purchase Orders	Purchase software that meets the end-users needs without conflicting with existing applications. Obtain software at the lowest possible price  <b><i>So that: Users have the software tools available to efficiently complete their work.</i></b>
6. Data Storage, Backup & Recovery	Monitor Storage Usage & plan for future growth Maintain & Monitor Data Backup Programs Provide method for recovery of deleted/corrupted data	Provide stable, reliable platform for city data storage Provide for the backup and recovery of data in the event of loss or corruption.  <b><i>So that: Electronic data is available when needed.</i></b>

7. E-mail Services	Virus Scanning SPAM Filtering Archiving Backup/Restore Remote Access from Internet or PDA	Virus free and SPAM free email delivery Provide adequate mail storage space to meet retention requirements Easy access to city email via the Internet  <b><i>So that: City employees have secure access to email from anywhere at any time.</i></b>
8. Anti-Virus Control Programs	System Updating System Monitoring Desktop/Server Scanning	Protect all desktop computers and servers from computer virus infection.  <b><i>So that: All city computer data is safe and secure.</i></b>
9. Internet Services	Firewall Maintenance Router Maintenance System Monitoring	Provide secure Internet access to support all web dependent city functions.  <b><i>So that: Applications requiring Internet access can function uninterrupted.</i></b>
10. Court Video Services	Hardware Maintenance Systems Upgrades System Monitoring	Video arraignment system available for court when needed  <b><i>So that: Court can utilize the video system and limit the need to transport prisoners.</i></b>
11. Maintain City Website	Maintain Hardware Maintain System Software Monitor and Update Content	City website is online and up to date  <b><i>So that: There is useful, relevant information online for citizens and those doing business with the City.</i></b>
12. PEG Channel	Maintain Hardware Maintain Channel Content Monitor System	Ensure that Channel 21 is on-air and that the content is up to date.  <b><i>So that: The citizens of Des Moines have current information available for viewing.</i></b>
13. Telephone Systems	Maintain Hardware Maintain Voicemail System Phone moves and repair	Phone and voicemail systems are reliable.  <b><i>So that: Phones and voicemail are always available.</i></b>
14. SQL Server Maintenance	Eden Taxtools Permits Plus Class Pet License	Administer, maintain, and monitor the City's SQL server database environment.  <b><i>So that: The Finance, PBPW, and Parks departments core business applications function properly.</i></b>

15. GIS Client Services	Mapping/Graphics Services Geographic Analysis Demographic Analysis	Standard and also customized maps & reports for the City and public.  <b><i>So that: The City has the ability to ask and answer geographic questions and report findings.</i></b>
16. GIS Data Development	Enterprise GIS database administration Regional GIS Data Collection Digital Aerial photography	Mapping and data basing of City infrastructure, environmental and administrative features. Standardized geographic data throughout departments.  <b><i>So that: The City has a current inventory of City infrastructure, environmental and administrative features and a standardized method of maintenance.</i></b>
17. GIS Application Development	Online Mapping Custom Mapping Application / Database Development	GIS features and functionality on existing systems are enabled and functioning.  <b><i>So that: City Staff has access to accurate, easy to use geographic information.</i></b>

Marina security camera system  
~~#~~ # of servers?

**DES MOINES POLICE DEPARTMENT**  
**Organization of Responsible Activities**

Program / Service	Activity	Outcomes
1. Administration	Emergency Response Policy / Procedure  Strategy Development Leadership/Management Coordinate Activities Planning / Training Community Policing	Respond to 9-1-1 calls for emergency services. Research, develop & maintain PD policy and procedures and ensure compliance with all laws. Develop strategies to prevent, combat & reduce crime. Lead and manage PD personnel and activities. Coordinate PD activities with other agencies and departments. Provide appropriate planning and training to PD personnel and community. Provide community policing services to prevent or resolve criminal activity in our community.  <i>So that: The PD can provide the most effective and efficient services for our community to maintain public safety and quality of life.</i>
2. Investigations	Emergency Response Investigate Crimes Criminal Intelligence  Court Testimony Community Policing  Evidence Collection	Respond to 9-1-1 calls for emergency services. Investigate crimes to identify, apprehend & prosecute criminals. Utilize criminal intelligence information to proactively address gang and homeland security concerns. Provide investigative and expert witness testimony in criminal proceedings. Provide community policing services to prevent or resolve criminal activity in our community. Gather and process evidence from crime scenes to identify, apprehend & prosecute criminals.  <i>So that: Criminals are identified, apprehended &amp; prosecuted to reduce crime and improve quality of life in our community.</i>

*citizens academy  
 civil services*

*Property crimes investigation*

**DES MOINES POLICE DEPARTMENT**  
**Organization of Responsible Activities**

<p>3. Patrol Operations</p>	<p>Emergency Response  Community Policing</p> <p>Dispute Resolution</p> <p>Enforcement of Laws</p> <p>Preliminary Investigations</p> <p>Evidence Collection  Preventive Patrol</p> <p><i>dispatch</i></p>	<p>Respond to 9-1-1 calls for emergency services.  Provide community policing services to prevent or resolve criminal activity in our community.</p> <p>Respond to and help resolve community disputes to avoid hostile confrontations between citizens.</p> <p>Observe or respond to criminal law violations and identify, apprehend &amp; prosecute violators.</p> <p>Conduct preliminary investigation of criminal activity to identify, apprehend &amp; prosecute violators.</p> <p>Collect evidence of criminal activity to identify, apprehend &amp; prosecute violators.</p> <p>Conduct preventive patrol activity to deter crime and provide a visible law enforcement presence in our community.</p> <p><b><i>So that: Criminal activity is reduced and the quality of life in our community is improved.</i></b></p>
<p>4. School Resources</p>	<p>Emergency Response  School Investigations  Community Policing  Counseling Services  Parole / Probation  Enforcement of Laws</p> <p>Evidence Collection</p> <p>Court Testimony</p>	<p>Respond to 9-1-1 calls for emergency services.  Conduct criminal investigations on school campus.</p> <p>Provide school community policing services to deter criminal activity.</p> <p>Provide student and parent counseling services to help prevent criminal activity.</p> <p>Monitor students who are on parole or probation.</p> <p>Observe and/or respond to criminal law violations and identify, apprehend &amp; prosecute law violators on campus.</p> <p>Collect evidence of criminal activity to identify, apprehend &amp; prosecute law violators on campus.</p> <p>Provide expert witness and investigative testimony in criminal proceedings.</p> <p><b><i>So that: The opportunity for criminal activity in the school is reduced and criminal violators are identified, apprehended &amp; prosecuted improving the quality of life in our school community.</i></b></p>

**DES MOINES POLICE DEPARTMENT**  
**Organization of Responsible Activities**

<p>5. Community Services</p>	<p>Conduct Safety Classes  Support Services  Community Policing  Crime Free Rental Housing  Concealed Pistol Licenses  Crime Analysis  Emergency Preparedness</p>	<p>Conduct citizen safety classes in a variety of subject areas to help reduce crime and personal injury.  Provide a wide variety of support services for DMPD police officers to help reduce crime and apprehend criminals.  Provide a wide variety of community policing programs to involve community members in the prevention of crime.  Monitor the crime free rental housing program to ensure the effectiveness and efficiency of the program.  Process all new concealed pistol license applications to ensure lawful registration.  Conduct crime analysis and provide results to DMPD staff to assist in identification, apprehension &amp; prosecution of criminal violators.  Conduct emergency preparedness training and education for city staff and the community.</p> <p><i>So that: The community is better prepared to partner with the police department to reduce crime and improve quality of life in our community.</i></p>
<p>6. Traffic Enforcement</p>	<p>Emergency Response  Enforce Traffic Laws  Court Testimony  Community Policing  Preventative Patrol  Dispute Resolution  Investigations  Evidence Collection  Traffic Hazards  Traffic School</p>	<p>Respond to 9-1-1 emergency calls for service.  Enforce traffic laws to reduce traffic accidents and injuries.  Provide investigative and expert witness testimony in criminal and traffic related proceedings.  Provide traffic related community policing services to prevent or resolve traffic violation activity in our community.  Conduct preventative traffic related patrol activities to deter violations and provide a visible presence in our community.  Respond to and help resolve traffic related disputes to avoid hostile confrontations between citizens.  Conduct traffic collision investigations.  Collect evidence of traffic collisions and violations activity.  Identify and remedy traffic hazards.  Conduct traffic education programs.</p> <p><i>So that: Traffic collisions and injuries are reduced and the quality of life in our community is improved.</i></p>

**DES MOINES POLICE DEPARTMENT**  
**Organization of Responsible Activities**

7. Property / Evidence	Property Maintenance Evidence Processing Unclaimed Property Found Property	<p>Receive, log, maintain and audit property and evidence in the custody of the DMPD to ensure proper storage and disposition.          Ensure proper laboratory processing of various forms of evidence for court purposes.          Coordinate auction of unclaimed property to ensure proper disposition.          Return found property to rightful owners.</p> <p><i>So that: Property and evidence is properly processed, stored and maintained for court proceedings, cold case adjudication, identification of rightful owner and proper disposition accordingly.</i></p>
8. Animal Control	Emergency Response Community Policing Animal Control Academy Dispute Resolution Investigation Court Testimony Animal Licensing Evidence Collection Dead & Injured Animals Livestock File	<p>Respond to 9-1-1 calls for emergency services related to animal control.</p> <p>Conduct animal control related classes to reduce animal control related violations.</p> <p>Conduct the State of Washington Annual Animal Control Academy.</p> <p>Respond and help resolve community disputes relating to animal control to avoid hostile confrontations between citizens.</p> <p>Conduct investigations related to animal control.</p> <p>Provide investigative and expert witness testimony in court proceedings.</p> <p>Issue animal licenses.</p> <p>Gather and process evidence related to animal control violations.</p> <p>Removal of dead animals and capture and treatment of injured animals.</p> <p>Maintain a file on livestock in our community.</p> <p><i>So that: Pets and other animals in our community are properly maintained and that violations of laws and ordinances are properly investigated and prosecuted.</i></p>

# Planning, Building & Public Works Department

Organization of Responsible Activities with the Goal of

*Making Des Moines a great place to live, work and have fun, with a business friendly reputation, and a City government know for great customer service, efficiency and wise use of resources.*

Program/Service	Activity	Outcomes
1. Plan & Code Development	Comprehensive Plan Zoning Code Shoreline Master Program Demographic Analysis	Growth Management Act compliance & State grant & loan eligibility Updated and user-friendly Zoning Code, Critical Area regulation, Shoreline Master Program Downtown and Pacific Ridge Sub-Area Plans & Design Guidelines that facilitate desired development OFM population estimates, King County buildable lands analysis, current King County Benchmark Reports, current Housing Analysis, Census updates that inform City and regional planning <b>So that: A Quality Livable Community Continues to Develop</b>
2. Land Divisions & Alterations	Lot Line Adjustments Short Subdivisions Subdivisions Planned Unit Developments Modified Subdivisions Plat Vacations	Subdivision Act compliance New development that complies with City Comprehensive Plan Predictable land use and development Faster, easier and less expensive land use permitting <b>So that: High-Quality Neighborhoods Are Maintained</b>
3. Building Plan Review & Permits (200 building plus 250 specialty permits thru Mar 2007)	Single-Family Residential Multi-Family Residential Mixed Use & Commercial Light Manufacturing Electrical, Plumbing, Mechanical & Fire Remodels Public Utilities & Telecommunications Municipal Facilities Signs	City Zoning and Building Code compliance Faster and easier building permits <i>200 bldg permits</i> Improved customer service reputation with citizens, design professionals, builders and the business community <b>So that: Homes and commercial facilities are permitted fairly and efficiently, and buildings are designed safely and to complement the community.</b>
4. Building Inspections (1500 thru Mar 2007)	New Construction Tenant Improvements, Remodels & Repairs Building Code Enforcement	Improved public health and safety <b>So that: Buildings are built safely and according to approved plans.</b>

Program/Service	Activity	Desired Outcomes												
5. Economic Development	DM Creek Business Park Pacific Ridge Main Street Business Attraction & Retention Business Licensing	Improved economic vitality – businesses, jobs, housing Increased City revenues Faster and more effective business licensing  <b><i>So that: Livability and image of Des Moines is improved, commercial development and industrial job creation is encouraged, and residential development in targeted areas is stimulated.</i></b>												
6. Code & Public Policy Administration	Public Information Conditional & Unclassified Use Permits Variances & Rezones Business License & Adult Entertainment Reviews & Inspections Support to Hearing Examiner, Planning Agency & City Council	Easy public access to City plans, codes and polices Improved awareness of and compliance with City plans and regulations City government acts in a way that balances the public interest and private property rights.  <b><i>So that: Citizens agree that Des Moines is a great place to live &amp; government is business-friendly and customer-oriented.</i></b>												
7. Environmental Services	SEPA Environmentally Sensitive Areas Native Growth Protection Floodplains Recycling & Solid Waste Coordination Critical Areas & Shorelines Monitoring Clearing & Grading	Protect and improve these natural environment categories within Des Moines: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">water quality</td> <td style="width: 50%;">flooding</td> </tr> <tr> <td>air</td> <td>noise</td> </tr> <tr> <td>fish &amp; wildlife habitat</td> <td>solid waste stream</td> </tr> <tr> <td>greenbelts</td> <td>stream corridors</td> </tr> <tr> <td>shorelines</td> <td>viewpoints</td> </tr> <tr> <td>open spaces</td> <td></td> </tr> </table> <b><i>So that: The natural environment in Des Moines is protected and enhanced.</i></b>	water quality	flooding	air	noise	fish & wildlife habitat	solid waste stream	greenbelts	stream corridors	shorelines	viewpoints	open spaces	
water quality	flooding													
air	noise													
fish & wildlife habitat	solid waste stream													
greenbelts	stream corridors													
shorelines	viewpoints													
open spaces														
8. Code Enforcement	Complaints (648 new cases in 2006) Abatement	Prevent and eliminate unsafe and unhealthy living conditions Encourage safe & attractive neighborhoods and business areas  <b><i>So that: The livability of Des Moines is preserved and enhanced.</i></b>												

Program/Service	Activity	Desired Outcomes
9. Equipment Services (91 pieces of equipment)	Maintenance & Repair Replacement (includes purchase and surplus) Fuel Management	Safe, cost effective equipment and equipment support that supports City operations  <b><i>So that: City departments can deliver their services safely &amp; cost effectively.</i></b>
10. Municipal Facilities Management (16 buildings w/ 87,000 SF of space)	Operations & Routine Maintenance Utilities & Service Contracts Major Maintenance Capital Renewal	Safe, cost effective facilities that serve the community and provide productive work environments for City employees  <b><i>So that: City departments can deliver their services safely &amp; cost effectively.</i></b>
11. Transportation System Planning	Comprehensive Plans Street Development Standards Capital Improvement Planning Development Review Studies & Analysis	Updated & implemented Comprehensive Transportation Plan Current 6-Year Transportation Improvement Plan Improved Street Standards Increased level of both City and non-City funding for system improvements New development that complement the City's transportation system <b><i>So that: An efficient and safe transportation system within and through Des Moines is created that provides mobility for motorists, pedestrians, bicyclists and transit users.</i></b>
12. Transportation System Management (100 centerline miles)	Traffic & Pedestrian Safety & Movement (warning & regulatory signs, signals, markings) Pavement Management including: Routine Maintenance (pot holing, vegetation control, snow & ice removal, sign repairs, striping) Preventative Maintenance (slurry & chip sealing), Restoration & Reconstruction (overlay) Bridge Management Pedestrian & Non-Motorized Facilities Management (sidewalks, trails, lighting, streetscape, bike lanes) Rights-of-Way	Reduction in congestion and accidents Reduction of % of pavement in poor condition Increase in number of City-owned bridges in good condition Increased level of re-investment in existing roads and bridges Increase in well maintained pedestrian facilities (sidewalks & trails) Reduction in % of non-compliant street signs  <b><i>So that: The transportation system remains safe, the public's investment in its transportation system is maintained, and life cycle costs minimized.</i></b>

Program/Service	Activity	Desired Outcomes
13. Surface Water Utility Planning	Comprehensive Plans Inter-jurisdictional Planning (WRIA, DMCB Committee, KC CC, utility districts) Development Standards Capital Improvement Planning Acquire Grant Funds Development Review Studies & Analysis	Reduction in incidents of and damages resulting from flooding Improved water quality NPDES permit compliance & grant & loan eligibility Improved fish habitat and fish passage Increased level of non-City funding for SWM improvements New development that complement the City's surface water management system Well coordinated City & private capital investments  <i>So that: An efficient and safe surface water management system is created within and through Des Moines that prevents flooding and protects &amp; improves the natural and built environment</i>
14. Surface Water System Management (80 miles of pipe, 20 miles of ditch, 50 detention/treatment facilities, 3500 catch basins)	Control & Prevent Flooding, Erosion, Sedimentation & Water Quality Degradation Streams & Wetland Protection Respond to Citizen Concerns & Claims Storm Drainage System and Retention Pond Management including: Routine & Preventative Maintenance (basins, inlets, storm pipes, culvert and under crossings, street sweeping, gutter maintenance) Restoration & Reconstruction (pipe replacement) System Expansion (piping open ditch, new detention pond) System Records Maintained Stream & Wetland Monitoring	Improved water quality NPDES permit compliance & grant & loan eligibility Reduction in flooding incidents Improved fish habitat Removed fish barriers Meet the "moderate" level of service and investments promised to ratepayers.  <i>So that: The surface water management system remains safe, the natural environment is protected &amp; improved, the public's investment in the system is maintained, and life cycle system costs for the rate payers are minimized.</i>

Program/Service	Activity	Desired Outcomes
15. Park Operations (27 parks and play fields on 92 acres)	Parks and Streetscape Maintenance including: Neighborhood Parks Sports Fields Play Equipment Trails (2.75 miles) Irrigation Systems Event Support Volunteer Support Planters and Medians (4 miles)	Safe, cost effective park facilities that support City recreation, historic and cultural activities. Safe, cost effective streetscapes that enhance City transportation systems and livability of the City.  <b><i>So that: The livability of Des Moines is preserved and enhanced.</i></b>
16. City Hall Operations	Reception Provide general information Receive non-PBPW revenues City Manager & City Council Support	Quality, highly valued customer services meeting citizen and stakeholder expectations.  <b><i>So that: Citizens agree that they receive great customer service and that City government uses its resources efficiently.</i></b>

**Parks, Recreation & Senior Services Department**  
 Organization of Responsible Activities with the Goal of  
*Building Community through People, Parks and Programs*

Program/Service	Activity	Outcomes
<b>1. Administrative Services</b>	<p>Human Resources- Recruitment, Processing, Training, Scheduling, Supervision, Evaluation and Payroll (9 full time staff, 30 part-time staff; 20 contractors)</p> <p>Risk Management- Facility and Event Safety Trainings and Reviews</p> <p>Budget, Purchasing &amp; Accounting- Annual Budget preparation and Monitoring</p> <p>Community Information and Marketing:</p> <ul style="list-style-type: none"> <li>• Customer Service Inquiries, registration</li> <li>• Parks &amp; Recreation Brochure (3 annually)</li> <li>• Senior Services Newsletter (12 annually)</li> <li>• Program Poster and Flier Distribution</li> </ul>	<p><i>Adherence to State employment rules, laws and regulations</i></p> <p><i>Qualified and skilled staff hired and retained</i></p> <p><i>Accurate department payroll, department employee records and reports</i></p> <p><i>Compliance with Federal and State laws and regulations, Washington Cities Insurance Authority requirements</i></p> <p><i>Reduced occurrences of personal injury and/or property damage</i></p> <p><i>Compliance with approved annual departmental budget guidelines (expenditures and revenues)</i></p> <p><i>Accurate processing of departmental accounts receivable and payable</i></p> <p><i>Reports, documentation &amp; spending in accordance with grant award</i></p> <p><i>Responsive customer service that exceeds citizens expectations</i></p> <p><b><i>So That: Department provides appropriate information and assistance for department &amp; city personnel and the general public</i></b></p>
<b>2. Parks &amp; Facilities Planning</b>	<p>Long Range Planning - Parks, Recreation &amp; Senior Services Master Plan <i>every 4 yrs</i></p> <p>Beach Park Master Plan- historic, recreational and environmental systems</p> <p>Sub Division Park Plan Review</p> <p><i>Park Land &amp; Facility Acquisition, Design, Development, Rehabilitation and Maintenance</i></p> <p><i>Neighborhood Parks &amp; Sports Fields</i></p> <p><i>Play Equipment</i></p> <p><i>Trails (2.75 miles)</i></p> <ul style="list-style-type: none"> <li>• Downtown Planters and Medians (2miles)</li> <li>• Recreation Centers &amp; Historic</li> </ul>	<p>Diverse and balanced opportunities for active, passive, and social recreation are provided for Des Moines Citizens</p> <p><i>Eligibility to apply for State funding and grants</i></p> <p><i>Funding plan and timeline for capital facility rehabilitation and site improvements</i></p> <p><i>Protection of stream corridors, shorelines and viewpoints that are accessible to Des Moines citizens.</i></p> <p><i>Quality mini, neighborhood, community, special use, regional and conservancy parks and open spaces City's Comprehensive Plan's standard of 8.5 acres per 1,000 population ratio, distributed appropriately throughout Des Moines and</i></p> <p><i>Trail systems that meet City standard OF .6 mile/1,000 population</i></p> <p>Community pride; healthy and engaged citizens, safe and appealing neighborhoods</p> <p><i>Accurate monitoring of capital projects, retainage, project close-out, accurate project accounting and records</i></p>

	<ul style="list-style-type: none"> <li>Buildings (10 Buildings)</li> <li>27 parks and playfields on 127 acres</li> <li>Project Management &amp; Accounting</li> <li>Volunteer Projects</li> </ul> <p>Government Grants &amp; Appropriations- Federal, State-CTED, IAC, County</p> <p>Grant &amp; Appropriations Management- Federal, State-CTED, IAC, County</p>	<p>Higher crime community with reduced crime and vandalism</p> <p>Appealing atmosphere that fosters business retention and expansion and enhanced tourism</p> <p><i>So That: Citizens and visitors have places to engage with others in their community; have things to do at safe and quality public facilities to preserve and enhance the livability of Des Moines</i></p>
3. Intergovernmental Projects	<p>Mt. Rainier Pool</p> <ul style="list-style-type: none"> <li>AMG contract management; Pool Owners and Mt. Rainier Pool Contributors Communications</li> </ul> <p>CDBG</p> <ul style="list-style-type: none"> <li>Coordination &amp; Review of City Projects</li> <li>City Representative to South Sub Area Review</li> </ul> <p>DMMD Interlocal Committee</p> <ul style="list-style-type: none"> <li>City Representation on Inter-jurisdictional Committee</li> </ul>	<p>Interjurisdictional development and management of properties for parks and recreation purposes</p> <p><i>So That: City meets its goal of partnerships with other agencies/entities for the efficient and effective provision of services.</i></p>
5. Economic Development	<p>Historic Preservation</p> <ul style="list-style-type: none"> <li>Landmark Nominations</li> <li>State &amp; County Review Processes</li> </ul> <p>Storefront Studio Downtown Wayfinding &amp; Amenities Study</p> <p>Destination Des Moines Special Events, Waterfront Tourism, Youth &amp; Seniors Committees</p> <p>Farmers Market</p> <ul style="list-style-type: none"> <li>Liaison between Farming &amp; the Environment, Council and Departments</li> </ul> <p>Passenger Ferry Coalition</p>	<p>Preserve, enhance, and celebrate the historic landmarks &amp; cultural resources of Des Moines.</p> <p>Improved Economic Vitality in Des Moines and Waterfront District</p> <p>Integration and connectivity between Marina District business, residential and waterfront amenities.</p> <p>Sense of "Place" Create sense of pride in the Marina District to create an atmosphere that is appealing to residents, businesses and visitors to enhance the City's Waterfront Tourism</p> <p><i>So That: City supports economic development and the image and livability of Des Moines is preserved and enhanced</i></p>
6. Recreation Programs	<p>Youth &amp; Teen Outreach</p> <ul style="list-style-type: none"> <li>Des Moines Youth Council</li> <li>After School Programs at Pacific MS</li> <li>Teen Dances</li> </ul> <p>Recreation &amp; Education</p> <ul style="list-style-type: none"> <li>Before and After School Program (6 school sites)</li> <li>Camp KHAOS and K2 (avg. 100 kids)</li> </ul>	<p>Alternative after school options for children between high risk time of 4-8 pm specifically to reduce criminal activity against youth victims</p> <p>Positive interaction with teen leaders and adult role models, safe and supervised recreation activities, structured free time, drug and violence free surroundings and high expectations for positive behavior</p> <p><i>Improved overall physical &amp; mental health for children and adults; active participation</i></p>

*Fun, safe, creative community gathering events for our community.*

*Fun, safe creative cultural community events for our community.*

*Safe, high quality, organized sports leagues for youth and adult athletes in our community.*

*Organized, safe and maintained fields and facilities and scheduling and marketing of those fields and facilities for the usage by our community.*

- per week/10 weeks)
- Classes
- Provided Scholarships for 327 children in 2006 totaling \$40,873.19 of activities.
- Community Events
- Waterland 3 on 3 Streetball Tourney
- Waterland 5K Run and Walk
- Spring Egg Hunt , Halloween Carnival and Breakfast with Santa
- Car Show, Circus Chimera, Pet Festival, many other community events
- Fireworks Over Des Moines
- Bicycle Criterion
- Cultural Events (working with Arts Commission)
- Kids Art Day
- Summer Concert Series
- Missoula Children's Theatre
- South Marina Park Mural
- Athletic Leagues
- Youth and Teen Basketball League (600 players, 60+ coaches)
- Spring and Fall Youth Soccer Leagues(300+ players, 30+ coaches)
- Adult Softball Leagues (50+ teams)
- T-ball and Coach Pitch League (100 players)
- Adult 3 on 3 Basketball League (20 teams over 4 seasons)
- Adult Dodgeball Leagues
- Field/Facility Rentals
- Ballfields – Steven J Underwood Memorial Park, Des Moines Field House, Zenith Park
- Steven J Underwood Memorial Park
- 29, 255 users in 2006
- Des Moines Field House fields 9,435 users in 2006 (users based on 15 people/practice & 25/game formula)
- Rental Facilities – Des Moines Field House, Des Moines Activity Center, Founder's Lodge, Wooten Park

	<p>Gazebo, Picnic Shelters at Field House and Des Moines Beach Park.</p> <p>Concessions</p> <ul style="list-style-type: none"> <li>• Steven J Underwood Memorial Park concessionaire</li> <li>• Special Event vendors</li> </ul> <p>Specialized Recreation</p> <ul style="list-style-type: none"> <li>• Special Pops Socials (done with Tukwila/SeaTac and Burien)</li> <li>• Creative Movement Aerobic class</li> </ul> <p>Grants/Sponsorships</p> <ul style="list-style-type: none"> <li>• 4 Culture Grant</li> <li>• Human Services Grant</li> <li>• Rotary Scholarships and Grant Funds</li> <li>• Advertisements at Underwood Park</li> <li>• Youth Sports Team &amp; Special Event Sponsors (all teams sponsored by local businesses)</li> </ul>	<p><i>Refreshments provided by qualified concessionaires for community functions at city facilities that are in compliance with all regulations and that will enhance activities.</i></p> <p><i>Safe, quality, creative and life enriching programs in the area of Specialized Recreation for persons with special needs</i></p> <p><i>Receive grants and sponsorships as alternative funding sources for programs, events, facilities and classes.</i></p> <p><b>So That: Safe, quality, diverse, reasonably priced, life enriching programs and activities are accessible to all persons regardless of age, ability and income</b></p>
<p><b>7. Senior Services</b></p>	<p>Health &amp; Nutrition Services 15,815 <del>weekly</del> lunches and Meals on Wheels <i>annual</i></p> <p>Fee Programs (5,094 Participants; 15,905 Drop In Participants)</p> <ul style="list-style-type: none"> <li>• Trips/Travel</li> <li>• Special Events</li> <li>• Recreation &amp; Education Senior Outreach</li> </ul> <p>Transportation (1,389 riders)</p> <p>Volunteer Management (24,985 volunteer hours)</p> <p>Grants/Fundraising</p>	<p><i>Improved overall physical &amp; mental health for older adults; active participation in one's healthcare</i></p> <p><i>Encourage socialization, exploration and a healthy lifestyle.</i></p> <p><i>Socialization, community support &amp; revenue for senior services</i></p> <p><i>Improved physical and mental health for older adults; encourage healthy lifestyles</i></p> <p><i>Community awareness of senior social &amp; supportive services &amp; community partnerships with other older adult service providers</i></p> <p><i>Provide leadership opportunities &amp; utilization of varied skills &amp; experiences</i></p> <p><i>Provide senior citizens with the information and tools to make informed decisions.</i></p> <p><i>Grant funds to assist in meeting the needs of older adults in the Des Moines community</i></p> <p><b>So That : Older adults and their families have the support they need to live independently in their homes &amp; in their community</b></p>

<p><b>8. Human Services</b></p>	<p>Report Forms</p> <p>Community Service Directory</p> <p>County Representation</p> <p>Intergovernmental Services</p>	<p><i>Ensure that funded agencies are meeting their projected goals &amp; performance measures</i></p> <p><i>Provide a comprehensive listing of human services agencies by category for Des Moines residents</i></p> <p><i>Represent Des Moines residents and issues in county human services projects</i></p> <p><i>Encouraging collaboration and partnership with other government agencies dealing in human services.</i></p> <p><b><i>So That: Citizens have food, shelter and clothing basic needs met.</i></b></p>
<p><b>9. City Council Citizen Committees, Des Moines Legacy Foundation and CORPS Volunteer Programs</b></p>	<p>Arts Commission</p> <p>Human Services Committee - 22 programs in 2007 offered by 18 local agencies</p> <p>Lodging Tax Advisory Committee- Seattle Southside</p> <p>Senior Services Advisory Committee</p> <p>Des Moines Legacy Foundation- Secretary for Organization that support Des Moines Parks, Recreation and Senior Services</p> <p>Citizens Organized for Recreation &amp; Parks Stewardship (CORPS) Volunteers organization; risk management; Event management (5 events, 77 volunteers)</p> <ul style="list-style-type: none"> <li>• Beach Naturalists, Friends of Des Moines Creek, Youth &amp; Service Club Projects</li> </ul>	<p>Increased cultural unity through experiences that promote cultural understanding</p> <p>Enhanced local arts and cultural opportunities</p> <p>Review and select nonprofit agencies to provide human services to Des Moines residents</p> <p>Tourism strategy to promote Des Moines throughout the region, state, and country.</p> <p>Promote quality of life, independence, and involvement in the community for older adults</p> <p>501c3 Non-Profit Foundation specifically in support of Des Moines Parks, Recreation and Senior Services programs</p> <p>Utilize individuals and organizations to benefit the community as a whole in such a way that projects and services which would not usually be available due to excessive costs, can be provided in an appropriate manner, without adding undue or unnecessary liability to the citizens of the City.</p> <p>Expand community involvement through boards, commissions, and committees; stewardship programs; and volunteerism.</p> <p><b><i>So that: Citizens are given opportunities to use their talents and skills to help build a strong, connected community.</i></b></p>

# Marina

## Organization of Responsible Activities

Program/Service	Activity	Outcomes
1. Customer Service	Customer Contacts Waiting Lists Permanent Moorage Acc'ts Monthly Billing, Posting Sublease/Shared Moorage Winter Moorage Program Rule Compliance Guest Moorage Fuel Sales Misc. Sales & Vending Launching	Meet Customer Needs, Create Positive Experience Correctly maintained lists, timely notifications, minimize vacancy rates. Accurate, timely, complete invoices. Accurate records. Increased revenues. Tenant awareness of benefits of program. Maximize rental returns from facility. Fair and consistent enforcement of the Rules & Regulations. Maximize revenues and create positive benefits for downtown businesses. Maximize revenues, safe and environmentally responsible operation. Develop revenue stream. Make Redondo a viable option for trailered boat launching.
2. Internal Services	Daily Cash Reconciliation & Reports Monthly Reports Personnel Management Budget Management Lease Management City Manager/Council Support	Accurate credit card reconciliation and cash deposits.  Timely, accurate reports. Productive employees. Revenues meet or exceed projections – Expenses +/- 5% in the aggregate. Maximize revenues, compliance with the terms of the lease. Quality information, presentations and advice.
3. Facility Management	Maintenance/Upgrades Vehicle & Equipment Maintenance Janitorial Grounds Keeping Capital Projects	Cost effectively maximize the useful life of the facility. Maximize the useful life to the vehicles and equipment.  Positive experience for customers. Positive experience for customers, appearance reflects communities pride in Marina. The right project, on time and on budget. Minimize revenue losses.
4. Business Development	Marketing Special Events	Expansion of the Marina's customer/revenue base. Support marketing efforts for Marina & City in general. Positive impacts on downtown businesses & neighborhoods.

## Municipal Court

### Organization of Responsible Activities

Program/Service	Activity	Outcomes
1. Court Room	Court Hearings  Jury Trials	Cases are processed in a timely manner so not to bog down court time Provide a diverse pool of jurors from the community  <i><b>So That: Defendants get a fair hearing</b></i>
2. Civil Infraction	Infraction hrg by mail Mit/Contested Hrg	Allows the public to tell their issue by letter Allows the person to fight their ticket in court  <i><b>So That: People have options if they cannot appear for court due to work schedules.</b></i>
3. Criminal Citations	Arraignment  Pre-Trials Bench/Jury Trial	Person's right to plead guilty or not guilty & apply for public defender Opportunity to address legal issues, resolve the case or set for trial Person's day in court for the Judge to hear their case or their peers from the community to hear their case.  <i><b>So That: The Defendant's constitutional rights are upheld and implemented in our court.</b></i>
4. Administration	Training Public Defender Legislation  Computer Technology Accounting Contracts	Keeping staff updated on legislative changes/cross training staff. Providing public defender services for indigent defendants. Keeping up to date on all legislative changes that may affect the City or the Court. Keeping up to date on court technology Process all court fines/forfeitures in a timely manner. Maintain all contracts for court services  <i><b>So That: the court has all the tools to properly administer justice to the people that come through the court.</b></i>
5. Jail	Jail contracts Jail Costs Transporting Inmates Alternative jail options	Maintain ILA's with local surrounding jails. Keep jail costs down, move inmates to local jails rather than KCJ Monitoring inmate locations on a daily basis. Putting low risk people on home detention rather than sending to jail  <i><b>So That: The City's Police Department can maintain enforcing the laws and having different options of where we house prisoners.</b></i>
6. Passports	Process Passports	Allows local residents to apply for passports locally  <i><b>So That: the community has a local agency</b></i>

# TABLE OF CONTENTS

	<u>Page</u>
<u>TAB E: - References</u>	
E-1- Budgeting for Results and Outcomes, Government Finance Officers Association (2007) (BUDGET) . . . . .	43
E-2- Priorities of Government, Budgeting For Outcomes, Extract From <u>Nation's Cities Weekly</u> , NLC . . . . .	46
E-3- Extract From Washington State Website on <i>Priorities of Government</i> . . . . .	48
E-4- Budgeting for Outcomes (January 4, 2007 Council Packet .	49



Government Finance Officers Association

Recommended Practice

Budgeting for Results and Outcomes (2007) (BUDGET)

**Background.** The National Advisory Council on State and Local Budgeting (NACSLB) has identified four essential principles of effective budgeting. The specific principles include: (1) set broad goals to guide decisions, (2) develop strategies and financial policies, (3) design a budget supportive of strategies and goals and (4) focus on the necessity of continually evaluating a government's success at achieving the goals that it has set for itself (i.e., performance). The Government Finance Officers Association (GFOA) has officially adopted the recommendations of the NACSLB. GFOA also has issued separate recommended practices on strategic planning and performance measurement. All of these documents underscore GFOA's longstanding support of strategic planning and performance measurement as part of the budget process.

Consistent with the NACSLB principles, a growing number of governments use the budgeting for results and outcomes approach. Rather than starting with the prior period's budgeted programs and activities, they begin with available revenues, continue with a consideration of desired results and strategies, and then conclude by deciding what activities and programs can best achieve desired results. This approach is a marked departure from the incrementalism often characteristic of budgeting.

Budgeting for results and outcomes links strategic planning, long-range financial planning, performance measures, budgeting, and evaluation. It also links resources to objectives at the beginning of the budgetary process, so that the primary focus is on outcomes rather than organizational structure.

**Recommendation.** The Government Finance Officers Association (GFOA) recommends that governments consider budgeting for results and outcomes as a practical way to achieve the NACSLB objective of integrating performance into the budgetary process. GFOA believes that the following steps should help a government in making this successful transition:

- (1) *Determine how much money is available.* The budget should be built on expected revenues. This would include base revenues, any new revenue sources, and the potential use of fund balance.
- (2) *Prioritize results.* The results or outcomes that matter most to citizens should be defined. Elected leaders should determine what programs are most important to their constituents.
- (3) *Allocate resources among high priority results.* The allocations should be made in a fair and objective manner.
- (4) *Conduct analysis to determine what strategies, programs, and activities will best achieve desired results.*

- (5) *Budget available dollars to the most significant programs and activities.* The objective is to maximize the benefit of the available resources.
- (6) *Set measures of annual progress, monitor, and close the feedback loop.* These measures should spell out the expected results and outcomes and how they will be measured.
- (7) *Check what actually happened.* This involves using performance measures to compare actual versus budgeted results.
- (8) *Communicate performance results.* Internal and external stakeholders should be informed of the results in an understandable format.

Budget professionals may play a number of roles in budgeting for results and outcomes, including the following:

- Facilitating government-wide results and analytic support.
- Providing “reality checks” on budget allocations and expected revenues in the light of adopted financial policies.
- Advising on allocations for administrative support functions, which provide necessary organizational infrastructure for achieving community goals, but do not typically emerge as high priorities on their own.
- Analyzing work product to evaluate the process of budgeting for results and outcome.
- Serving as an advocate for outcomes and the process in general rather than for any particular department.

Budgeting for results and outcomes is not just a one-year exercise, but also a multi-year effort that should improve the budget process.

### References

- GFOA Recommended Practice: *Recommended Budget Practices of the National Advisory Council on State and Local Budgeting (NACSLB) (1998).*  
<http://www.gfoa.org/services/rp/budget/budget-recommended-nacslb.pdf>
- GFOA Recommended Practice: *Performance Management: Using Performance Measurement for Decision Making (2002) - Updated Performance Measures (1994).*  
<http://www.gfoa.org/services/rp/budget/budget-performance-management.pdf>
- GFOA Recommended Practice: *Adoption of Financial Policies (2001).*  
<http://www.gfoa.org/services/rp/documents/AdoptionofFinancialPolicies.doc>
- GFOA Recommended Practice: *Establishment of Strategic Plans (2005).*  
<http://www.gfoa.org/services/rp/documents/StrategicPlanningRPOrlando.pdf>
- GFOA Recommended Practice: *Managed Competition as a Service Delivery Option (2006).*  
<http://www.gfoa.org/services/rp/documents/ManagedCompetitionRPI.pdf>

leaders to start with a set of results that matter to citizens and to allocate available dollars to each of those results.

In eras of budget constraint or surplus, this new strategy has proven to be an effective tool for local government officials.

The BFO budget-building process includes four basic steps:

1. Determine the Price of Government (How much revenue will be available?)

2. Determine the Priorities of Government (What results matter most to our citizens?)

3. Decide the Price for Each Priority Result (How much should we spend to achieve each result?)

4. Decide How Best to Deliver Each Priority Result at the Set Price (How can we BEST deliver the results that citizens expect?)

There are benefits to Budgeting for Outcomes. Cities will engage citizens by tying performance measures to outcomes that are meaningful to them by having the tools to explain what citizens are getting for their money. It also connects with employees by opening up the organization and cutting across the traditional hierarchies to identify the most effective practices. Governments that utilize BFO





Home Plan for 2007-09 Team Reports Results & Indicators Resources Results & Strategies Feedback

The Priorities of Government (POG) approach creates a strategic framework for investment decisions. The approach starts with several basic questions:

- What are the results citizens expect from government?
- What strategies are most effective in achieving those results?
- How should we prioritize spending to buy the activities that are most critical to implementing these strategies?
- How will we measure progress?

This prioritization of activities is used to guide the Governor's budget proposal to the legislature, and to communicate that budget to the public. This innovative approach was honored as a finalist in the 2005 Innovations in American Government Awards sponsored by the John F. Kennedy School of Government at Harvard University.

Overview of the POG Process

2007-09 Priorities of Government Report - November 2006

#### Key Benefits of the POG Approach

- Helps keep the focus on contribution to priority results - lets us escape agency "silos" and consider statewide strategies.
- Makes performance information more relevant to budget choices.
- Helps frame the question, "Are we sure we're buying things at the best possible price?"
- Helps us describe the activities and results the entire budget will buy.

#### Statewide Results List

1. Improve **student achievement** in elementary, middle and high schools
2. Improve the value of **postsecondary learning**
3. Improve the **health** of Washingtonians
4. Improve the **security** of Washington's vulnerable children and adults
5. Improve the **economic vitality** of business and individuals
6. Improve **statewide mobility** of people, goods, and services
7. Improve the **safety** of people and property
8. Improve the quality of Washington's **natural resources**
9. Improve **cultural and recreational opportunities** throughout the state
10. **Strengthen government's** ability to achieve results efficiently and effectively

#### Priorities of Government

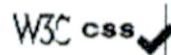
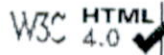
Last modified January 2007

State of Washington

Office of Financial Management Home

OFM Budget Division

Fiscal Research & Forecasting





## How the POG Approach Will Guide the 2007-09 Budget

Preparation for the 2007-09 budget began in the fall of 2005 when POG results teams met to complete the following tasks:

- Identify indicators of success for the key strategies for each result.
- Recommend three to five focus areas ideas for improving results, reducing activity costs, or gaining research to aid the evidence-based prioritization of activities. OFM will communicate many of these ideas to agencies in the form of targeted budget instructions, asking them to prepare proposals as part of their 2007-09 budget submittal.

An overview of POG work planned for the winter of 2005-06 and how these efforts are connected to the Government, Management, Accountability, and Performance (GMAP) efforts.

Detailed Instructions to Result Teams for 2005-06

Teams will convene in 2006 to prioritize activities and recommend a "purchase plan" that will best deliver results to citizens within a designated resource limit. These purchase plans will guide the development of the Governor's 2007-09 budget proposal.

Detailed Instructions to Teams for 2006

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### Plan for the 2007-09 Budget

Last modified July 2006  
**State of Washington**  
Office of Financial Management Home  
OFM Budget Division  
Fiscal Research & Forecasting  
OFM.Forecasting@ofm.wa.gov



## Priorities of Government – What is it?

The “Priorities of Government” budget approach helps guide budget decisions by producing a results-based prioritization of state activities.

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### The POG Process

The process starts by identifying the **priorities of government**: in this case, 10 key results citizens expect from government.

- Each result was assigned a team of experts from different agencies, led by staff from the Governor’s budget or policy office.
- These teams present their work at a series of tollgate meetings with the Guidance Team – a group of executives from state and local government and private and non-profit sector organizations. The Guidance Team makes sure the work of the teams stays result and citizen-focused.

Result Teams first **identify key indicators of success**. How would citizens know if we are making progress toward the high-level results?

Next they **identify proven or promising strategies for achieving results**. What does our experience and research tell us about the factors most critical to success?

Teams have access to the **activity inventory** – a catalog of the discrete activities of state government described in a citizen-oriented way.

- What do we do; for whom; why; what does it cost; what do we expect to accomplish?

Each team receives a **dollar allocation** that serves as a constraint to their purchase plan.

- The prioritization process is often more meaningful when the allocation is less than the amount currently spent in that result area.
- A dollar constraint encourages creativity, keeps proposals grounded in financial reality, and forces people to articulate priorities and choices.

The teams then **develop a results-based prioritization of activities** – Given the available resources, what are the most important activities to buy to achieve results?

- Teams are asked to focus only on maximizing results for citizens through evidenced-based strategies, and to ignore fund source and statutory restrictions that stand in the way.
  - When they’ve exhausted their allocation, they list the items they would buy back next, in priority order.
  - Conceptually, for each result you end up a list of prioritized activities with “purchases” above the line and potential buy-backs below the line.
- 

### Key benefits of this POG framework

- Helps keep focus on contribution to results – lets us escape agency “silos” and consider statewide strategies.
  - Makes performance information more relevant to budget choices.
  - Facilitates thinking about trade-offs above and below the line and across the results areas. Does the budget make sense as a whole?
  - Helps frame the questions, “Why does the line have to be drawn here? Can we make things above the line cost less? Are we sure we’re buying things at the best price?”
  - Shows the “keeps” as well as the “cuts.”
- 

*Note: POG is not the actual budget. It’s what the budget might look like if the only objective were to maximize results to citizens. It helps build a better budget within the complex real world and helps identify barriers that need to be removed to build an even better one.*

## AGENDA ITEM

SUBJECT: Budgeting for Outcomes  
(Priorities of Government)

AGENDA OF: January 4, 2007

DEPT. OF ORIGIN:

ATTACHMENTS:

1. Ms. Stein's Resume
2. Budgeting for Outcomes: Better Results for the Price of Government
3. Budgeting for Outcomes: Readiness Assessment
4. Discussion Questions

DATE SUBMITTED:

CLEARANCES:

[ ] \_\_\_\_\_  
[ ] \_\_\_\_\_

APPROVED BY CITY MANAGER  
FOR SUBMITTAL: 

### Purpose and Recommendation:

The purpose of this agenda item is to provide the City Council a briefing and information on a budgeting process known as "Budgeting for Outcomes" or "Priorities of Government". Ms. Beverly Stein, a consultant with the firm Public Strategies Group, Inc. will provide the briefing. Ms. Stein forwarded the attached materials for the Council to review prior to the January 4, 2007 Council meeting and will provide a hard copy of her PowerPoint presentation at the meeting.

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# Beverly Stein

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**Beverly Stein** is currently a Senior Managing Partner and co-owner of the Public Strategies Group, Inc. Her recent PSG clients have included the Louisiana Department of Culture, Recreation and Tourism, the Oregon Department of Education, Snohomish County, WA, Fort Collins, CO, Mesa County, CO, the States of Iowa and Michigan, Sacramento County, CA, and Dallas, TX.

Beverly served as the elected Chair of the Multnomah County Board of Commissioners and Chief Executive of the county for eight years. Multnomah County includes the city of Portland, Oregon. She was responsible for managing 5,000 employees and a billion dollar budget. She focused on initiatives linking schools and social services, expanding access to health care, creating a sound public safety system, and implementing quality management techniques in government. She led the county in a year-long assessment process resulting in Multnomah County winning the Oregon Quality Award (based on Baldrige criteria) in 1999.

In 1996, Beverly was chosen as "Local Public Official of the Year" by *Governing Magazine* in recognition of the outstanding cooperation between the city of Portland and the county. Secretary of Labor Robert Reich appointed Beverly to his *Task Force on Excellence in Government through Labor Management Cooperation*.

Beverly has been sought out nationally and internationally to speak about her experiences creating high-performance government based on results, engaging line workers, and creating a post bureaucratic culture in government.

Beverly was elected as a State Representative in the Oregon Legislature three times in the 1990's. Prior to government service, Beverly was an attorney in private practice and a strategic planner and facilitator for non-profit organizations, small businesses and government. She worked with over 100 clients on strategic plans, board development and organizational change.

Beverly received her BA from the University of California at Berkeley in Urban Studies in 1970 and her law degree from the University of Wisconsin in 1976. She resides with her husband Rob in Portland, Oregon.

THE PUBLIC STRATEGIES GROUP • 325 CEDAR ST., SUITE 710, ST. PAUL, MN 55101 • 612-227-9774



# IO REPORT

VOLUME 36/NUMBER 11 NOVEMBER 2004

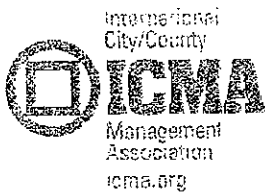
## BUDGETING FOR OUTCOMES: BETTER RESULTS FOR THE PRICE OF GOVERNMENT

Governments are facing a permanent fiscal crisis. The costs of running governments are rising, especially the costs to educate, incarcerate, and medicate. But the price citizens will pay is fixed. Consequently, government is broke. Traditional budgeting only makes matters worse. Our customary approach leads to a budget that provides for the status quo—only less. The focus (and the acrimony) settles on the small percentages to cut, but the great majority of spending escapes examination. And next year our problems return. In the end, our citizens not only think we are broke, they know we are broken.

Budgeting for outcomes changes this equation. It asks different questions—and gets very different answers. This report explains how local governments can create a budget designed to give residents the results they really want and need—at a price they are willing to pay.

### Contents:

- Business as Usual Won't Work
- A Budget Designed from the Ground Up: The Washington State Experience
- Implementing Budgeting for Outcomes in Local Government
- It Works
- Further Information
- Appendix A: Roles of Teams and Elected Officials
- Appendix B: Sample Process Schedule for Implementing Budgeting for Outcomes
- Appendix C: Calculating the Price of Government
- Appendix D: Price of Government in All States, Selected Cities, Selected Counties, and City-County Combinations
- Appendix E: Proposal Submission Form—Spokane, Washington



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## Budgeting for Outcomes: Better Results for the Price of Government

*This report is adapted from the book, The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis, by David Osborne and Peter Hutchinson. David Osborne, a senior partner in Public Strategies Group, has coauthored several earlier books; among them are Reinventing Government, Banishing Bureaucracy, and Reinventor's Fieldbook. Peter Hutchinson is a founder of Public Strategies Group, a consulting firm whose mission is transforming governance. Both authors have advised and consulted with public organizations at all levels in the United States and worldwide.*

Native Americans have many sayings, and one of the wisest is: "When you're riding a dead horse, the best strategy is to dismount." The tradition of cost-focused budgeting is the dead horse of the public sector. When we budget for costs, we get more of them. What we don't get is the innovation and accountability for results we need if we are to win the campaign for public support. Winning back public support is in fact the greatest challenge facing government today.

Governments across the country find themselves in a fiscal crisis that will continue because the price—the percentage of personal income—that Americans are willing to pay for their government through taxes, fees, and charges is fixed, whereas the costs of running the government are rising inexorably.

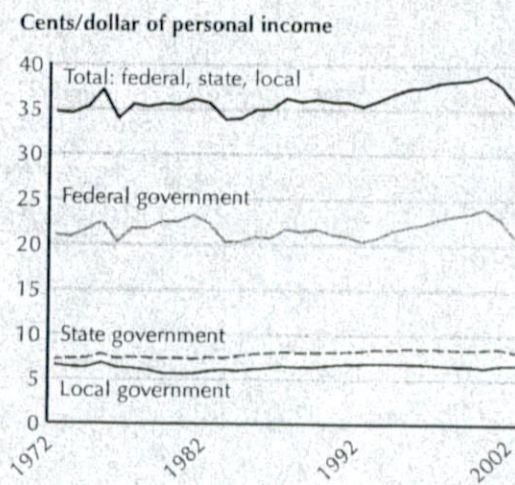
For the past 50 years Americans have committed the equivalent of 35 to 37 cents of every dollar of annual personal income to buy services from their local, state, and federal governments. For those five decades—through good economic times and bad, through arguments from the right about spending too much on bloated bureaucracy and arguments from the left about spending too little on essential services—Americans have stuck with about 36 cents per dollar. We will call this "the price of government." Americans have continued to put 36 cents aside for government in the face of competition for their dollar from food, clothing, housing, health care, transportation, services, and savings. The 36 cents works like the set point on a thermostat. If the price gets too high, as it did in the middle to late 1990s when President Clinton and Congress raised it to eliminate the deficit, tax cuts are sure to follow. If it gets too low, appeals for new revenue to improve services succeed.

Not only is the overall price fixed for the nation as a whole, but the separate prices for federal, state, and local governments are also fixed. Figure 1 shows that the prices

for state and local governments are even more stable (as a whole) than the price for the federal government. Furthermore, each state and local government has its own price and its own thermostatic comfort range.

But even though the price of government is fixed, the costs of government are not. The costs to educate, incarcerate, and medicate are rising faster than state and local government revenue. Added to these costs are those that governments will bear as the increasing number of retirements makes unfunded pension obligations come due. Furthermore, under current trends, social security, Medicare, and Medicaid will consume the entire federal

**Figure 1** Price of Government in the United States, by Level of Government



Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis.

#### 4 Budgeting for Outcomes: Better Results for the Price of Government

budget in the next 25 years and crowd out programs that help local governments. On top of all that will be the costs to cover the debt obligations that are piling up as governments borrow from the future to meet today's spending commitments. A fixed price and rising costs means that the fiscal crisis facing government today is not really a crisis but a permanent condition.

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#### BUSINESS AS USUAL WON'T WORK

Traditional budgeting begins with the question "How much will it cost to keep doing what we've been doing in the way we have always done it with the results we have always gotten?" The answer: More! More to cover inflation, case load increases, and added services. When all these "needed costs" are added up, they greatly exceed the available revenue. So the challenge becomes how much to cut (5 percent, 7 percent, 10 percent or more), or how much to tax to reconcile the costs of the status quo with revenues. In such a process, all of the focus (and opposition by interest groups) is on the small percentage to cut, while the 90 percent, 93 percent, or 95 percent of continuing spending escapes examination. Consequently, the connection between spending and results seldom gets consideration.

In the heated politics of budget cutting, the goal is to avoid blame and pain. Too often the course of least resistance leads to politically expedient budget and accounting practices that "solve" the budgetary math problem by creating what public finance experts call a fiscal illusion that makes budgets look better than they really are. Seven such illusions are particularly harmful:

1. Robbing one fund to plug a hole in another
2. Using accounting tricks
3. Borrowing long term to spend short term
4. Selling off assets
5. Making something up
6. Nickel and diming expenses
7. Delaying maintenance and replacement of assets.

When these actions fail to relieve the pain, governments often resort to across-the-board cuts—a process that cuts no one in particular but "thins the soup" for everyone. In the end, the budget may appear to be balanced. Of course, when the crisis reappears the following year, the public's cynicism deepens.

In 2002, the *Seattle Times* captured the heart of the problem in these words:

The usual, political way to handle a projected deficit is to take last year's budget and cut. It is like taking last year's family car and reducing its weight with a blowtorch and shears. But cutting \$2 billion from this vehicle does not make it a compact; it makes it a wreck. What is wanted is a budget designed from the ground up.

—*Seattle Times*, November 17, 2002

These blowtorch-and-shears practices may help solve the math problem and allow governments to claim that their budgets are balanced. But they fail utterly to address the leadership problem: how to deliver the results that citizens want at the price they are willing to pay.

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#### A BUDGET DESIGNED FROM THE GROUND UP: THE WASHINGTON STATE EXPERIENCE

In fiscal 2002 and 2003, Washington State's general-fund revenue declined for the first time in 30 years. Thus, halfway through this biennium, Democratic Governor Gary Locke and the legislature had to trim \$1.5 billion and eliminate 1,340 jobs. In looking ahead to the next biennium, the governor was facing an estimated \$2.1 billion deficit in the general fund—almost 10 percent—plus another \$600 million deficit in the health-services account. Frustrated with across-the-board cuts, the governor wanted to focus on the big question: What should state government do and what should it stop doing? "Closing the \$2 billion gap we face in the next biennium would require an across-the-board cut of 15 percent—if that's all we did," he announced. "And that is not what we are going to do. I don't want to thin the soup. I want state government to do a great job in fulfilling its highest priorities."

In August 2002, with ten weeks left to design a new budget, Governor Locke's chief of staff asked the Public Strategies Group (PSG) for help in shifting the focus from spending cuts and tax increases to buying the best possible results for citizens with the funds that would be available.

PSG proposed *budgeting for outcomes*—that is, starting with the results citizens wanted, not the programs the agencies funded; not with last year's spending, but with the outcomes that mattered most to the public. PSG urged the governor and his staff to focus not on how to cut 15 percent but on how to maximize the results produced with the remaining 85 percent.

With PSG's help, the governor's budget staff designed a process to answer five key questions:

1. Is the real problem short or long term?
2. How much are citizens willing to pay?

3. What results do citizens want for their money?
4. How much will the state pay to produce each of these results?
5. How best can that money be spent to achieve each of the core results?

These questions become the five key challenges in budgeting for outcomes, and they were the challenges that Washington addressed in preparing its next state budget.

**1. Get a grip on the problem.** Washington's fiscal staff defined the problem as the convergence of three forces: a deep economic recession that slashed revenues; permanent limits on revenue and spending growth imposed by antitax activists through statewide initiatives; and rising costs for the core activities of the state—"education, medication, and incarceration."<sup>1</sup> Of the three forces, only the recession's effect on revenue could be termed cyclical, likely to turn around someday. The other two were more or less permanent. Thus, staff decided that solutions had to be more or less permanent.

**2. Set the price of government (determine the amount citizens are willing to spend).** Determining how much citizens were willing to spend on their government was the purview of a guidance team made of up senior executive branch policy people as well as several leaders from business and private think tanks. (Organized labor was invited to participate but chose not to.) The team's first big decision was that the budget would be built on the basis of revenues expected under existing law, without new taxes. In early November, despite heavy lobbying by the governor, voters had soundly defeated a gas tax increase to pay for long-needed transportation projects. This antitax reality—plus a fear that tax increases would further depress the state's economy—led the team to advise the governor against raising taxes.

**3. Set the priorities of government.** A staff team made up of senior people from the Office of Financial Management worked with the guidance team to define the key results they believed Washington's citizens most wanted from state government. (For more information about teams, see Appendix A.) The guidance team then refined these into ten desired outcomes: the priorities of government. These priorities consisted of improvements in

- Student achievement in elementary, middle, and high schools
- The quality and productivity of the workforce

- The value of a state college or university education
- The health of Washington's citizens
- The security of Washington's vulnerable children and adults
- The vitality of businesses and individuals
- Statewide mobility of people, goods, information, and energy
- The safety of people and property
- The quality of Washington's priceless natural resources
- Cultural and recreational opportunities.

**4. Allocate available resources across the priorities.** The next challenge was to decide how to allocate the state's entire budget across the ten results. The two teams set aside 10 percent of the budget for overhead functions, such as pension contributions and internal services, and then parceled the rest out among the ten results, using a citizen's point of view; that is, they focused on perceived value rather than past practice. In some areas the teams' choices reinforced past patterns, but in a few areas they made changes—allocating more resources to economic vitality, for example, and fewer to public safety.

**5. Develop a purchasing plan for each result.** The staff team then put together ten results teams, one for each outcome, made up of knowledgeable people from agencies involved in the relevant policy area. Governor Locke asked the results teams to forget their loyalties to the agencies they represented. He challenged them to be like citizens and tell the governor where to put the money to get the best results. Teams were free to suggest everything from program consolidation to elimination and beyond.

Each team started by choosing three indicators to measure progress toward their assigned outcome. Then they developed a cause-and-effect map that diagrammed the *factors* (not government programs) that lead to or affect the result. With the cause-and-effect map in hand, they laid out the strategies or "purchasing plans" they thought the state should use to produce the outcome.

This process stimulated creativity that is absent from traditional budget development. For example, team members dealing with K-12 education said they needed to purchase more early childhood education, start the shift to a pay-for-skills compensation system for teachers, and move away from across-the-board school funding toward targeted funding for those schools and kids most in need. The health team decided that the highest-impact strategies focused on *prevention*: mitigating environmental hazards, improving food sanitation, providing public health clinics, and the

<sup>1</sup> Marty Brown, Director of the Office of Financial Management, State of Washington.

## 6 Budgeting for Outcomes: Better Results for the Price of Government

like. They proposed spending more on these strategies and less on health insurance for childless adults.

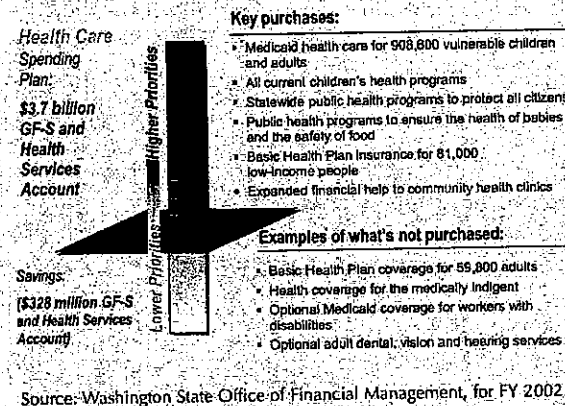
Next, the results teams turned to existing state activities—the place where traditional budget processes start. Each results team was given a subset of the 1,300 state activities funded by the traditional budget. “Their mission,” the governor explained, “was to get more yield on less acreage.” To do so, the members of each team had to put together a detailed purchasing plan based on their cause-effect diagram, indicating four things:

- What they would buy—both new and existing activities
- What else they would buy if they had more money
- What they would eliminate first if they had less money
- What they would not buy.

Finally, the ten results-team leaders met to talk about what they needed to purchase from one another. The higher-education team decided to use some of its funds to pay for better K–12 education in order to better prepare its incoming students. Two teams jointly bought increased efforts to protect water quality in order to improve both health and natural resource outcomes. Several teams decided to use some of their money to fund prisons in order to reduce the number of low-risk prisoners who would have to be released early. The cross-team buying was necessary because the work of state government is so interconnected. Spending in one area contributes to outcomes in other areas.

Following this meeting of the ten leaders, the results teams completed their purchase plans. These plans gave the staff team and the guidance team a prioritized ranking of all existing activities of state government based on the degree to which the results teams believed these activities contributed to producing the results desired. Using these and comparable rankings provided by the agencies, the staff and guidance teams made final recommendations to the governor. The result was, in effect, ten strategic programs for state government, each of which linked desired results, indicators of progress, strategies to achieve the results, and purchase plans. The governor embraced the product and generally followed the purchase plans in completing his budget proposal. Under each of his ten priority results (those identified in challenge number 3, setting priorities of government), his budget showed the activities that would be purchased and the ones that would not. This budget was clear and easy to understand, and it explained in simple terms why some activities were retained and others were eliminated. (See Figure 2 for an example of the clarity.)

**Figure 2** Health Care Purchasing Plan with Priorities Clearly Stated, State of Washington



The 2003 budget caused pain. It proposed to eliminate health insurance for nearly 60,000 poor working people; dental, hearing, and optometric coverage for adults on Medicaid; and 2,500 state jobs. It would suspend cost-of-living increases for state employees, eliminate pay increases for teachers, and suspend a \$221 million class-size-reduction effort mandated by a citizens' initiative. University tuition would rise by 9 percent a year for two years, 1,200 low-risk felons would leave prison early, and a series of smaller programs would be shut down.

Yet the media response was overwhelmingly positive. As former chief of staff Joe Dear put it, “Never has such bad news been received so well.” “Gov. Gary Locke’s budget is a big step forward for Washington,” declared the *Seattle Times*. Governor Locke’s 2000 gubernatorial opponent, Republican John Carlson, wrote an opinion piece for the *Seattle Times* in which he noted that Locke’s “budget for the next two years is a work of bold, impressive statecraft. . . . He is willing to face down the most powerful interest groups in his own party to bring this budget in without a major tax increase. Genuine leadership is doing what must be done when you don’t want to do it. And I think the governor is doing that.”

Public reaction was similar. “When we’ve taken this [to the] public, no matter what the setting—business, labor, social services advocates, health care, the classroom, the rotary meeting—people understand what we’re doing and not doing in a much more fundamental way than ever before,” according to Wolfgang Opitz, deputy director of Washington’s Office of Financial Management. “When they say, ‘Well, I don’t like that cut,’ I say, ‘Okay, then what from above this line do you not want to do?’ And the response is usually ‘Oh. . . . Well, I’m learning to like the

cut a little more now.' It seems to be helping resubscribe everyone to the basic business of state government."

Perhaps most important, budgeting for outcomes can help public leaders win back some of the support government has lost in recent decades. The *Everett Herald* put it well: "The public is not in a forgiving mood. It still holds a grudge for a government it sees as wasteful and unresponsive. Locke's plan, or one like it, might be a good step toward proving otherwise. The more thrifty government becomes, the more generous voters might be at the ballot box."

### IMPLEMENTING BUDGETING FOR OUTCOMES IN LOCAL GOVERNMENT

Washington State is continuing to improve the process it started in 2003. Local governments in Washington (and elsewhere) have followed suit: Snohomish County and the City of Spokane have both implemented their own versions of budgeting for outcomes (as have Azusa, California, and Multnomah County, Oregon). Although the details vary from place to place, the seven steps discussed below constitute the core of budgeting for outcomes. See Appendix B for a sample process schedule for budgeting for outcomes.

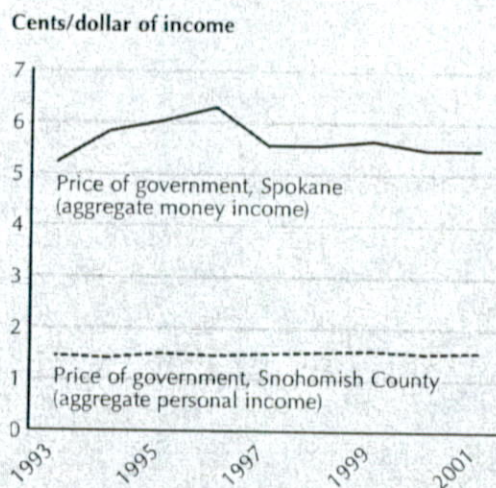
#### 1. Set the Price of Local Government

The price of government represents the amount of purchasing power a community is willing to commit to its governments. There is no "right" price of government any more than there is a "right" price for Cheerios. There is, however, an acceptable price, which may vary from one jurisdiction to the next depending on a jurisdiction's wealth, history, culture, and values.

Finding that acceptable price is the job of elected officials. This job is just as challenging for them as it is for executives at General Mills. If those executives price the Cheerios too high, consumers will tell them—by buying Corn Flakes or Rice Krispies instead—that they're out of line. If they price the Cheerios too low, the business falls apart. Similarly, when the price of government gets too high, citizens let government know. They oust incumbents, elect antitax candidates, or embrace antitax initiatives. When the price of government gets too low, critical public services like schools, roads, and police begin to fray. Allow this decline to reach a breaking point and citizens push the price of government back up, either by electing representatives committed to improving services or by approving referenda to pay more for services they care about.

In PSC's budgeting for outcomes, the precise definition of the price of government is the sum of all taxes, fees, and

**Figure 3** Price of Government in Snohomish County and Spokane, Washington



Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis.

charges collected directly by a given jurisdiction divided by the jurisdiction's total economic resources.

The numerator in this calculation should consist of all taxes, fees, and charges collected by the jurisdiction for all funds.

For the denominator, the measure PSG uses most often to represent total economic resources is aggregate personal income, but money income is sometimes used.<sup>2</sup> Taken together, these data on revenue and buying power allow us to estimate the price of government over time and, as a result, give leaders a good sense of the trends. (For more information on calculating the price of government, see Appendix C).

Figure 3 shows the price of government for Snohomish County and the city of Spokane in Washington. Note how the thermostat governs the price of government over time.

Tables 1 through 4 in Appendix D show the price of government in 2000 for all 50 states and the District of Columbia, the 50 largest cities, the 50 largest counties, and 9 large city-county combinations. It is important to keep in mind that a higher price is not "better" or "worse" than a lower price. People in different jurisdictions make different

<sup>2</sup> Personal income and money income are related but not identical. Both represent the buying power of those living within the jurisdiction, but personal income is more comprehensive. It consists of wages and salaries, dividends, interest, rents, and the value of transfer payments. Money income consists only of the cash part of personal income; it excludes employer-paid health, retirement, and pension programs as well as the value of in-kind or noncash assistance.

## 8 Budgeting for Outcomes: Better Results for the Price of Government

choices about what public services they want, at what level of quality, and at what price. In addition, some jurisdictions have access to revenues, such as oil and gas extraction taxes, that are “exportable” to nonresidents. Furthermore, apropos of city and county budgets, about half include schools and half do not (the latter do not because the school districts raise their revenue separately).

The message in these figures and tables is that the price of government is not something that elected leaders can set at any level they choose. Citizen tolerance, both for taxation and for an acceptable level of service, acts as a constraint. That tolerance, of course, is affected by the health of the economy at any given time, but in the long run, the price of government stays fairly constant. The price must be acceptable to those who pay it and must be adequate to deliver the results that citizens demand. The choices citizens make over time about the price of their government reflect their unique judgments about the value of public services.

With this understanding, how should you as a government leader go about setting your overall levels of revenue as you prepare your budgets?

First, assemble and graph the data, over time, on the taxes, fees, and charges paid to all governments serving citizens in your area, expressed as a percentage of the aggregate income of that area. Show both the overall price of government that citizens pay and the share paid to each governmental unit.

Second, chart the downturns and upticks to see what price levels have triggered resistance (and commensurate reductions in service) and what levels have prompted a willingness to pay (and provide) more.

Third, to arrive at a price appropriate for your area, evaluate this historical information in the context of two sets of data: trends in your local economy (particularly in personal income) and the price of government in competing jurisdictions. (To help you reach your decision, you may want a process of public education and consultation.) Government leaders should definitely not passively accept the status quo. You may decide that your citizens will embrace a reasonable increase in taxes or fees to restore services or that your citizens are already at the point of rebellion and need taxes reduced. The trend analysis used for understanding the current price of government provides the best basis on which to make these decisions.

Next, consider the share of the price of government paid to each government. In the best of all worlds, you would do this jointly with other overlapping local governments. Demonstrate to citizens that you and your colleagues recognize that there is in fact a limit to the price of government and that, together, the relevant governments are striving to provide the best value for citizens’ money.

For several years the major jurisdictions in Ramsey County, Minnesota—the county, the city of Saint Paul, and the Saint Paul Public Schools—have met annually to jointly set their property tax limit. When this collaboration has worked as it should, it has raised the public’s level of confidence that the governments involved are accountable for citizens’ annual tax bills.

If you can’t set the price of government jointly, at least demonstrate that you know there is a limit to the collective price of government. Tell citizens out loud what you think that number is, and announce that you will set your share of it at what appears to be an acceptable portion of the total. Once the target price of government is established, it can be multiplied by a forecast of community income to determine the overall revenue to be used in budgeting.

Ultimately, next year’s price of government is a choice. Once the choice is made, it can and should drive all other decisions throughout the budget process. Deciding on revenue levels from all sources up-front turns the traditional budget process on its head and liberates budgeters to focus on an even more important step: buying results that citizens value.

### 2. Set the Priorities of Government

Citizens don’t think in terms of programs or activities (and certainly not in terms of departments). They want results—things like safety, jobs, and health. Government officials need to define the outcomes that matter most to citizens, along with indicators to measure progress. How? By listening effectively to the people they serve. There are many ways to do this.

- Polling—random sampling of public opinion
- Focus groups—sit-down discussions with randomly selected participants
- Town hall sessions—public discussions with whom-ever shows up (facilitated by experienced staff)
- Civic journalism—news media initiatives to engage readers, listeners, and viewers in interactive discussions, debates, and feedback about priorities
- Web sites—feedback collected online in response to efforts to heighten awareness.

All of these can be useful, but they need to be handled carefully. Polling and focus groups provide access to “regular” citizens. The results will embody, in citizens’ own words, what they think they want from government. The results will also show that citizens don’t think about government the same way people in government do. Citizens don’t think about programs or line items but about results. They also don’t know about agencies, departments, or even the differences among jurisdictions. To them it is all govern-

ment. This may be frustrating to government officials, but it is reality. (A sample guide to moderating a focus group of regular citizens can be found at <http://bookstore.icma.org/freedocs/43043>.)

Town hall sessions will attract advocates and interest groups. It is important to hear from them. It is also important not to confuse their input with that of regular citizens. Both kinds of input are valuable for determining a government's priority results. It is also important to share the different perspectives publicly so that the advocates hear from regular citizens and vice versa. For more on engaging citizens in discussion of public policy, see *Smart Democracy: How to Engage Citizens* (IQ Report, September 2004, item no. 43041).

In developing priorities from this listening, you should generally select ten or fewer outcome goals (i.e., the priority results discussed above). In the end, you should express these priorities in citizens' terms, using indicators that citizens would use to assess progress. In choosing indicators,

- Include both subjective and objective measures (citizens' perceptions of safety and the crime rate, for example).
- Don't settle for activity data that are readily available; commit to indicators of real results, and make a plan to start gathering the data for those indicators.
- Use an index, if necessary, to capture multiple sources of related data. For instance, Washington developed an index of health that combines data on the incidence of major diseases.

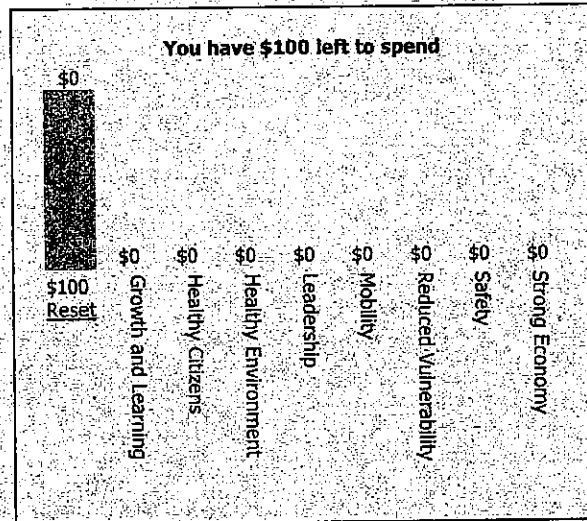
In the end, the acid test is whether the priorities and indicators you have chosen make sense to citizens. Snohomish County in Washington stated its priorities and indicators in terms that citizens actually used:

1. I want reasonable and predictable travel times.
  - Improved travel time
  - Same trip time every time
2. I want to feel safe where I live, work, and play.
  - Increased citizen confidence that their community is safe
  - A reduction in crime (per capita statistics for comparable demographics)
  - Decreased risk factors and increased protective factors relating to public safety
3. I want kids in my community schools to pass the state school achievement tests.
  - Increased percentage of Snohomish County students pass the Washington Assessment of Student Learning/other state achievement tests
4. I want to improve the health of people in the community and reduce vulnerability of those at risk.
  - Increased high school graduation rate
  - Continual improvement in a Community Education Environment index designed to measure how conducive and supportive the community is to education
  - Reduced proportion of unhealthy people (composite measure of standard health indicators from the Washington State Health Report Card)
  - Improved safety and other supports for vulnerable people (composite measure of percentage of people in vulnerable situations)
  - Reduce the percentage of households with incomes indicating poverty or risk of poverty (measure at twice the national poverty level to reflect local conditions)
5. I want to live in a thriving community, one with infrastructure sufficient to support planned growth.
  - Increase the level of individual and business income by both the percentage of people employed and the increase of their median income
  - Measure the infrastructure quality by public satisfaction with services such as water, sewer, solid waste, transportation facilities, and communications, and by citizen usage and access to cultural and recreational facilities such as parks, libraries, and open space
6. I want my community to be prepared to respond to emergencies.
  - Number of people who are self-reliant for three days during an emergency
  - Countywide disaster exercise that involves multiple first-responder agencies
  - Effective communications systems for citizens and emergency responders
7. I want to get the level of service I need at an affordable price and see that my dollars are spent wisely.
  - Leadership
    - Trust and confidence
    - Fairness and equity
    - Responsible stewardship of public funds
  - Internal support services
    - Customer satisfaction as measured from feedback received through survey tools

## 10 Budgeting for Outcomes: Better Results for the Price of Government

**Figure 4** List of Priorities, Spokane, Washington

Here's your task. You have \$100 to spend on City government. Tell us how much money you want to spend on each of the following priorities. Your total should add up to \$100. You can't go over.



Enter your budget amount for each priority in whole dollars or use the arrows to increase and decrease your amount in \$5 increments.

- Growth and Learning** I want the opportunity to learn and grow.  
Examples: libraries, recreation programs, and cultural programs
- Healthy Citizens** I want the opportunity to lead a healthy life.  
Examples: water, trash collection, and health programs
- Healthy Environment** I want clean air, water, and land with healthy parks.  
Examples: sewers, park maintenance, and environmental planning
- Leadership** I want strong and responsive leadership that gets results.  
Examples: Mayor & City Council, internal support services, and neighborhood councils
- Mobility** I want to get where I want to go in a safe and timely manner.  
Examples: street maintenance, traffic signals, and bike trails
- Reduced Vulnerability** I want to reduce the vulnerability for citizens at risk.  
Examples: homeless assistance, low-income housing, and job training
- Safety** I want to feel safe and secure at home, work and play.  
Examples: police, fire, and domestic violence prevention
- Strong Economy** I want a healthy, growing economy.  
Examples: zoning, business licenses and permitting, and tourism promotion

Source: City of Spokane, Washington, 2004

- High ranking on Executive Compliance Report Card
- Progress in productivity and cost measures
- Progress in each department's own performance measures, including outputs and outcomes
- Success in all other results team indicators.

Spokane developed a similar list of priorities with accompanying indicators and organized its four legally mandated budget hearings around these priorities, ultimately showing the "keeps" and "cuts" by priority.

### 3. Set the Price of Each Priority

With the available revenue and priorities established, the next step in budgeting for outcomes is to divide the total revenue among the priority outcomes on the basis of their relative value to citizens. Here again it is useful to ask citizens for guidance. Give them \$100 or 100 percent to divide among the priorities according to their assessment of relative value (see Figure 4).

This can be done as part of the focus groups described above. It can also be done as part of a survey using a random sample. The city of Spokane even created a Web site

### Choosing Strategies to Achieve Desired Safety Outcomes

In Snohomish County, the safety results team realized in its initial discussions that achieving the result “to feel safe where I work, live, and play” involved strategies to create both actual safety and the perception of safety. Team members also acknowledged that they would have to address both preventive and reactive factors. As a result they proposed strategies that encouraged and supported responsible citizenry, fostered community livability, and provided responsive services.

Further, their research into prevention led them to an approach that combined reducing *risk* factors (e.g., substance abuse, absence from school, teen pregnancy, association with friends who engage in problem behavior) with increasing *protective* factors that buffer, inoculate, or protect against the negative consequences of exposure to risks.

at which citizens could “vote” on how to allocate resources among the city’s list of priority outcomes.

There is no right answer to the question of how to allocate resources among priorities. Rather, it is a matter of judgment. The goal is to put a relative value on each result sought by citizens.

The question most often asked when governments get to this step is “What did we spend on this last year?” There is no answer to this question. Yes, careful records are kept, but they are kept by organizational units (departments or divisions), not by results. How much the police department and public works spent is clear, but not how much went to make people safe, to make them healthy, or to ensure mobility on our streets. Thus, the answer to the question “How much is each of these results worth?” will be a judgment based on the relative value—not the relative cost—of each result. In some cases the answer will be that a result is worth more than it costs and in others it will be that a result is worth less than it costs. It is this tension between value and cost that makes budgeting for outcomes powerful.

Executives must make the final call, but knowing what citizens think makes their job a lot easier.

#### 4. Develop a Purchasing Plan for Each Priority

Perhaps the most powerful shift brought about by budgeting for outcomes is the shift from paying for costs to buying results. The process of developing a purchase plan for each result begins with a map of the factors that lead to or impact the result. Creating such a map requires those involved (the buyers) be clear about what factors add up to results and which ones matter most. Doing so means collecting and debating available evidence, information on best practices,

### Choosing Strategies to Achieve Desired Health Outcomes

Washington State’s health team identified four possible strategies: increasing healthy behaviors (getting citizens to eat better, drink less, quit smoking, get more exercise, etc.); mitigating environmental hazards (ensuring cleaner water and air and healthier food); identifying and mitigating risk factors related to gender, socioeconomic hardships, and genetic predispositions; and providing access to appropriate physical and mental health treatment.

When the team ranked these strategies in terms of their contributions to the result, it decided that mitigating environmental hazards was most important, increasing healthy behaviors was second, providing access to health care was third, and mitigating risk factors was fourth. With limited resources, it decided to increase the state’s emphasis on the first two strategies. Research data had convinced team members that this was the way to get the most bang for the state’s buck, even though that choice meant reducing spending on more traditional—and highly expensive—patient care. In fact, the team’s analysis showed that the two strategies selected would yield a 16 to 1 return on investment.

The old budget game would have led the health team to focus on the strategies with the greatest costs. The new approach required the team members to ignore the previous year’s numbers and figure out where the best results could be obtained for the money available.

and professional expertise. This is exactly the kind of debate the budgetary process should stimulate.

This kind of debate requires participants to answer questions such as “When it comes to the health of citizens (or decreasing congestion, or improving sense of community safety), which factors have the most impact, and how do different factors interact?” When the answers are compiled into cause-and-effect maps, they provide the basis for decisions about which strategies to follow to achieve the desired result. The maps help purchasers choose from among many possible strategies and assign a relative priority to each (see sidebars on this page).

There is no one right way to do a results map. Figures 5 and 6 are examples from two jurisdictions. What is crucial is that they answer the fundamental cause-effect questions on the basis of available evidence.

To be successful, those who do this purchase planning must wear a “citizens’ hat” at all times. They must also be ready to follow the evidence wherever it leads—even if where it leads is contrary to business as usual. For these reasons, each team should

- Be small—no more than ten people
- Have a specific charter (a prototype results-team charter is available at <http://bookstore.icma.org/frcecdocs/43043>)

## 12 Budgeting for Outcomes: Better Results for the Price of Government

- Include both a leader and a facilitator
- Have diverse backgrounds represented, and include some members who are knowledgeable about programs related to the result and some who are not
- Have access to research and best-practices information from around the world.

### 5. Solicit Offers from Providers to Deliver the Desired Results

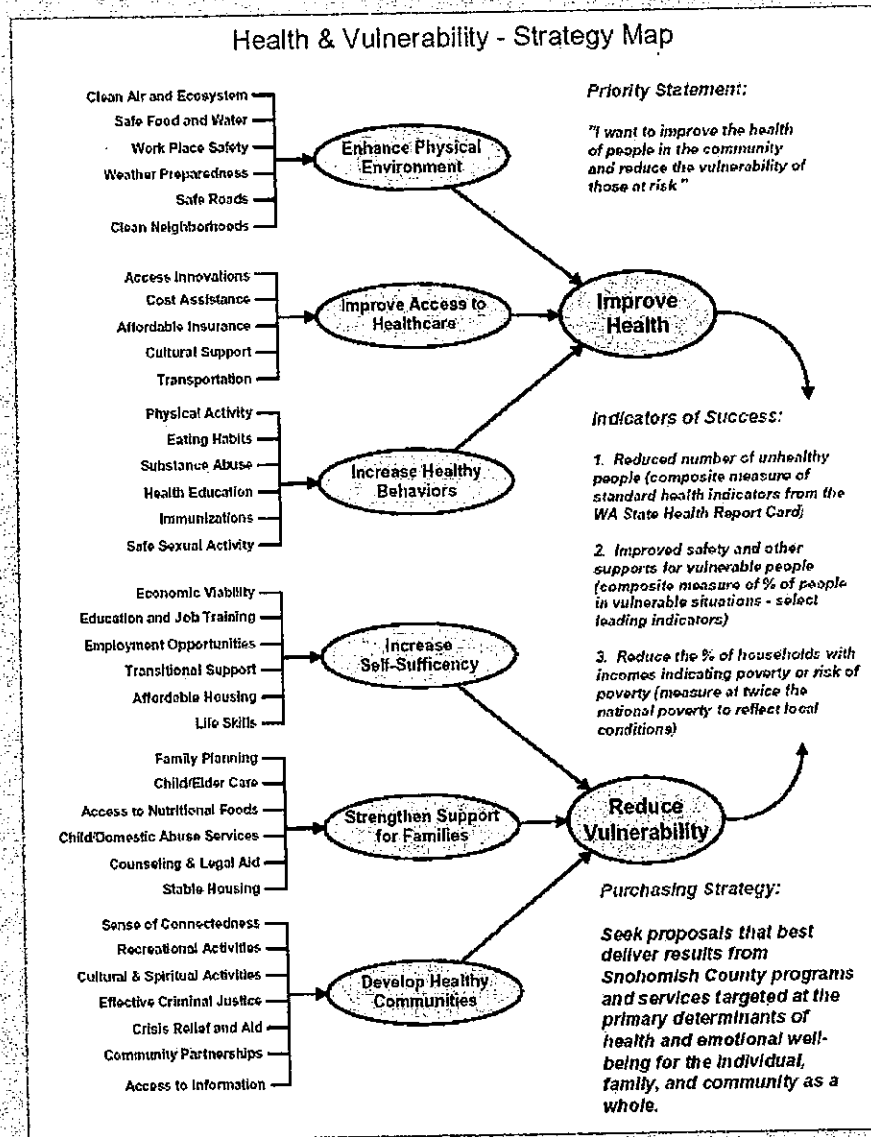
At this point the buyers have finished the first part of their work—laying out the factors that matter most and choosing the strategies they believe will allow their jurisdiction to deliver the results that citizens want at the price they are willing to pay. Now the emphasis shifts to the providers or sellers.

With their priority-outcome goals and strategies clearly in mind, buyers then solicit offers to see who can deliver the most results for the money. This is the step that departs most radically from traditional budgeting. Instead of asking divisions or departments to add to or subtract from the previous year's costs, the buyers (acting as purchasing agents) incorporate the results (outcomes), price, and purchasing strategy they have settled on

into something like a request for proposals. This "request for results" replaces the traditional budget instructions.

An important decision that needs to be made at the outset is who can bid: who can offer proposals? Each request for results can and should be sent beyond the traditional department "bidders" or "sellers" to all agencies and departments, to other governments (a city proposing to deliver results to a county or school district, for example, and vice versa), even to unions, nonprofits, and for-profit

Figure 5 Strategy Map by the Health and Vulnerability Results Team, Snohomish County, Washington

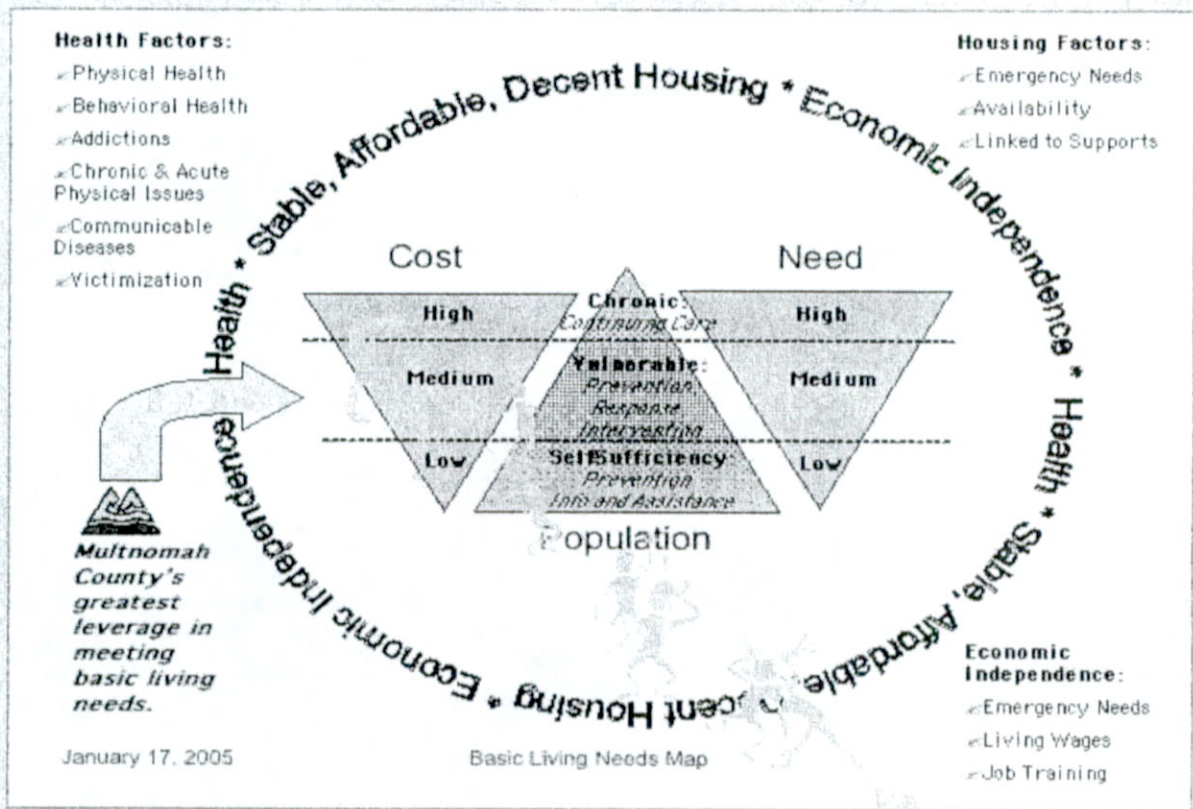


Source: Snohomish County, Washington, 2004.

organizations. The greater the number of potential proposers or sellers, the more options there will be; the more proposals, the more and better the competitive choices. Opening the process up to more and different providers may be hard, but it will produce both service improvements and cost savings.

The request for results asks each potential supplier to identify how it can deliver the expected results and at what price.

Figure 6 Results Map by the Basic Needs Team, Multnomah County, Oregon



Source: City of Spokane, Washington, 2004.

In developing their responses, sellers need not, and indeed cannot, take anything for granted. Using last year's information and simply fitting it to the new process is a recipe for failure. Sellers must assume that for each result there will be many proposals from many potential sellers. If a seller expects to get funded, it has to offer up a proposal that delivers the needed results at a competitive price. Since an individual bidder may choose to submit multiple proposals (for its various programs and activities), it is in a sense competing against itself. This forces it to challenge its own practices, to make them as competitive as possible.

Furthermore, sellers are not limited by the past. The process encourages them to come up with new approaches and creative twists. Some will forge partnerships across departments or agencies, with other governments, and with nongovernmental organizations. The bidding process also encourages them to consider ways they could contribute to more than one of the priority outcomes. Although the process is challenging to bidders, it also liberates them.

Technology can make the process of submitting proposals relatively easy. The buyer can create a simple standard

form as part of a database into which proposers can enter both financial and descriptive information. (See Appendix E for a reproduction of Spokane's input form.)

Because of what takes place in the next step, it is also recommended that buyers use technology or forms to limit the information required so as not to overwhelm either the proposers or the results teams that will ultimately review each proposal against the request for results. Teams can gather more information as needed by inviting proposers to clarify their offers or to provide additional information in writing.

### 6. Buy the Best, Leave the Rest

After the proposals are in, the results teams, again acting as buyers, must first rank the proposals in order of their contribution per dollar to the result. Because teams could end up with 50 or more proposals, technology can be a great assist. An effective way to help a team arrive at its ranking is to give each member a ranking form on a Web site. (See Figure 7 for Spokane's form.)

## 14 Budgeting for Outcomes: Better Results for the Price of Government

Using this form, teams are asked to divide all the proposals into three equal groups: high contribution to the result, medium, and low. Once all of the team members have individually ranked the proposals, the system computes an average score for each proposal, ranks them, and identifies those for which there is greatest divergence (see Figure 8). The team members should then discuss the differences among their rankings, clarify understandings, and then re-rank using the same method.

Once the re-ranking is done, the process of purchasing can begin. In some cases, buying teams do their ranking as a recommendation to the executive. In others, the ranking is done directly by the executive. Regardless of the method, the mechanics are the same.

Up to the point of buying, all proposals and all money are the same color: green. But when the time comes to buy, the differences between kinds of activities and sources of funds become important. Among the most important categories are these:

- **Mandates**—Some activities are mandated by law, charter, or regulation. Mandates may include prescriptions about the existence of an activity, the level of the activity, the means of conducting the activity, or the level of spending. Mandates must be respected. Consequently, the first buying decision involves iden-


tifying the mandates and deciding (given an activity's ranking and the nature of the mandate) what scope of activity and spending to support. When mandates give jurisdictions choices about scope and means, these choices are especially important. Finding flexibility

### Devising a Request for Results

Snohomish County traditionally has not explicitly involved itself in education or seen that it had a real role in educating children. However, because education was a high priority for citizens, an education results team was formed. The members soon realized that in fact the county ran a school at the juvenile detention facility and that educational success for children was influenced by county health programs, juvenile crime programs, family support, and community livability. They described their strategy as "From Doorbell to School Bell" to indicate the comprehensive approach they were taking.

To find the county's best leverage, the team then tailored its request for results by asking the question "How can county programs help education and lead to reductions in demand for county spending?" The team then sought proposals to build partnerships among educational institutions in the county, create interactions between county employees and schools, create opportunities for early-childhood education, develop more educational programs outside traditional months and hours, improve student wellness (safety, health, and nutrition), and promote school attendance.

Figure 7 Site Ranking Form, Spokane, Washington



City of Spokane  
www.spokanectry.org

[POG Voting Home](#) | [Voting Results](#)

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**Growth and Learning** I want the opportunity to learn and grow. Examples: libraries, recreation programs, and cultural programs

Budget	Bids
Received	Expenditures
\$2,965,975.00	18 \$3,649,618.00

---

Bid No.	Name	Department	H	M	L
214	Strengthen Arts Community	Arts	☺	☺	☺
223	Visual Arts Program - Gallery, Collections, Docume...	Arts	☺	☺	☺
225	Find Art Campaign	Arts	☺	☺	☺
243	Neighborhood Library Service	Library	☺	☺	☺
247	Outreach Library Service to Seniors	Library	☺	☺	☺
250	Downtown Library Service	Library	☺	☺	☺
252	Increase Downtown Library Hours	Library	☺	☺	☺
254	Preschool Outreach	Library	☺	☺	☺
256	Improve Speed in Delivery of New Library Materials...	Library	☺	☺	☺
329	Join Alhi Stadium	Entertainment Facilities	☺	☺	☺
341	Increase Neighborhood Library Hours	Library	☺	☺	☺
386	Change Youth Commission	Youth Department	☺	☺	☺
395	Youth Advisory Council	Youth Department	☺	☺	☺
403	Youth Empowerment Zone	Youth Department	☺	☺	☺
452	Amusees	Parks and Recreation	☺	☺	☺
458	Other Recreation	Parks and Recreation	☺	☺	☺
462	Special Interest Classes	Parks and Recreation	☺	☺	☺
465	Thematic Recreation	Parks and Recreation	☺	☺	☺

Required Totals: ☺ ☺ ☺  
Vote Totals: 0 0 0

Source: City of Spokane, Washington, 2004.

### Snohomish County's Budget Message to Department Heads

Keys to creating the most competitive proposals are:

1. Remember these priority packages are responses to results teams requests for results (RFRs). They are not about process—they are about outcomes. Read the RFRs carefully—what sort of results are they looking for? Make sure your responses emphasize what is provided to the county, not what process happens within government.
2. Your performance measures will be reviewed carefully. If your performance measure counts something that is not meaningful, it will hurt the probability of funding success.
3. Scalability—Indicate in your priority package how increases or decreases will affect outcomes. Below are brief illustrations of this approach:
  - "For an extra 20 percent in funding, the outcomes can increase by 40 percent."
  - "If funding is cut by 25 percent, expect outcomes to be reduced by 25 percent."
4. In addition, explain where an additional investment can create multiple benefits—e.g., "If we purchased a county-wide license for an extra 20 percent, the software would have value to all departments, not just one unit. This would equate to a 50 percent increase in functionality."
5. Explain the short-term *and* long-term benefits, for example, "It will allow us to respond to this requirement, but it will increase overall productivity by 15 percent within five years."
6. Make sure that your package is clear and understandable. Have someone who is not an expert read it. Does it make sense? Is it compelling? Are the justifications solid?
7. Develop proposals without regard to department structure or boundaries, i.e., make them functionally based, not departmentally based.
8. Don't be limited to your own area—propose ideas for doing things better outside the scope of what is traditional for your department.
9. Consider interdepartmental opportunities. What if you partner with another department to work together to get triple the output for double the cost? Many successful packages will depend on cross-departmental synergies.
10. Consider partnering with the private sector or nonprofits where feasible.
11. Consider innovations in technology to increase efficiency.
12. State the actions that your department would be willing to take if targets are not achieved. For example, "The department would be willing to recommend ending this activity if stated quantifiable performance measurement targets are not achieved by 9/1/05."
13. Look for revenue-producing ideas, e.g., is there a grant that will fund this? Will a business pay us to provide this service?
14. Look for opportunities to move functions online so members of the public can serve themselves (Web, kiosks, etc.).

Figure 8 Ranking of Growth and Learning Results, Spokane, Washington

City of Spokane  
www.spokane-city.org

ESG Voting Home | Voting Results

**Growth and Learning** I want the opportunity to learn and grow. Examples: libraries, recreation programs, and cultural programs

Bid No.	Name	Department	Total Expenditures	Rank	Score	Votes Cast		
						H	M	L
243	Neighborhood Library Service	Library	\$1,454,187.00	1	46	14	2	0
250	Downtown Library Service	Library	\$1,115,040.00	2	45	13	3	0
386	Chase Youth Commission	Youth Department	\$45,391.00	3	43	12	3	1
452	Aquatics	Perks and Recreation	\$127,400.00	4	41	9	7	0
458	Other Recreation	Perks and Recreation	\$55,300.00	5	40	9	6	1
465	Therapeutic Recreation	Perks and Recreation	\$60,800.00	5	40	9	6	1
247	Outreach Library Service to Seniors	Library	\$77,005.00	7	37	7	7	2
341	Increase Neighborhood Library Hours	Library	\$108,426.00	8	35	7	5	4
462	Special Interest Classes	Parks and Recreation	\$196,500.00	9	35	6	7	3
214	Strengthen Arts Community	Arts	\$28,325.00	10	34	6	6	4
252	Increase Downtown Library Hours	Library	\$77,071.00	11	32	7	2	7
395	Teen Advisory Council	Youth Department	\$29,017.00	12	30	4	6	6
254	Preschool Outreach	Library	\$12,292.00	13	29	3	7	6
403	Youth Empowerment Zones	Youth Department	\$19,716.00	14	28	4	4	8
223	Visual Arts Program - Gallery, Collections, Promot...	Arts	\$20,888.00	15	27	3	5	8
225	Find Art Campaign	Arts	\$45,840.00	16	25	2	5	9
256	Improve Speed in Delivery of New Urban Materials...	Library	\$15,500.00	16	25	2	5	9
329	Joe Albi Stadium	Entertainment Facilities	\$152,000.00	16	22	1	4	11

Budget	Received	Bids	Expenditures
\$2,965,975.00	18		\$3,640,618.00

= Bids that received a high/low vote disparity

Source: City of Spokane, Washington, 2004.

## 16 Budgeting for Outcomes: Better Results for the Price of Government

within mandates is a key challenge in ensuring that the budget produces results that citizens value, not just compliance with mandates.

In the end, though, it is likely that some low-ranking, mandated activities will be purchased. These should become candidates either for initiatives for repeal or for amendments to the mandates themselves.

- **Matching**—Matching programs are the first cousins of mandates. Often these activities are not required, but if a jurisdiction wants the match money it has to comply with the associated rules and regulations. Rankings of such programs should be based on their contribution to the results, not their contribution to the treasury. Once the programs are ranked, however, the buyers must be clear about the fiscal implications of buying or not buying. A no-buy decision releases local dollars for higher priorities but sacrifices the receipt of nonlocal revenues. The ranking process is designed to force the question “Will we accept this low-ranking activity just because it comes with money attached?” (The same applies to programs and activities that generate revenue. If such a program is ranked low, should it continue just because it pays for itself?)

- **Designated or dedicated funds**—The general fund by definition has the most flexibility in how it can be used. Other funds are generally designated for specific purposes. Before the buying process starts, it is critical to establish the limits of each fund. It is best to begin buying with designated funds, leaving the general fund to purchase the high-priority proposals that cannot be purchased by any other means.

As with mandates, it will probably happen that a low-priority activity can be purchased because designated funding is available. In this case, since these activities are not mandated, the jurisdiction has to decide whether to keep the funding and the low-priority activity or cut both.

The buying process itself starts at the top of the ranked proposals and moves down the list, buying according to priority until available funds have been exhausted. Then draw a line (see Figure 9). Proposals above the line are in, and the rest are out (unless they are being purchased because they are mandated or can be purchased with specifically designated funds). This buying plan becomes the budget. It is a list of keeps, not cuts—positive choices for spending the citizens’ resources to buy the citizens’ results.

Laying out the budget this way is another radical departure. In tough times, the traditional process puts 100 percent of time and energy into finding the 5 to 15 percent to cut, and when that is done, the list of cuts is published—and the attacks by the interests that are directly affected start. In budgeting for outcomes, however, the energy goes into deciding what to keep and where to draw the line. At the end of the budget process, the support of those whose programs are above the line can counterbalance the opposing arguments of those whose programs are below it.

### 7. Negotiate Performance Agreements with the Chosen Providers

Step 7 completes the work of budget development. The budget, now a collection of purchasing decisions, provides an improved opportunity to man-

Figure 9. Buying Results, Spokane, Washington

✓	Funded	Bid No.	Name	Department
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	243	Neighborhood Library Service	Library
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	250	Downtown Library Service	Library
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	386	Chase Youth Commission	Youth Department
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	452	Aquatics	Parks and Recreation
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	458	Other Recreation	Parks and Recreation
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	465	Therapeutic Recreation	Parks and Recreation
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	247	Outreach Library Service to Seniors	Library
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	341	Increase Neighborhood Library Hours	Library
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	462	Special Interest Classes	Parks and Recreation
<input type="checkbox"/>	<input type="checkbox"/>	214	Strengthen Arts Community	Arts
<input type="checkbox"/>	<input type="checkbox"/>	252	Increase Downtown Library Hours	Library
<input type="checkbox"/>	<input type="checkbox"/>	395	Teen Advisory Council	Youth Department
<input type="checkbox"/>	<input type="checkbox"/>	254	Preschool Outreach	Library
<input type="checkbox"/>	<input type="checkbox"/>	403	Youth Empowerment Zones	Youth Department
<input type="checkbox"/>	<input type="checkbox"/>	223	Visual Arts Program – Gallery, Collections, Promot...	Arts
<input type="checkbox"/>	<input type="checkbox"/>	225	Find Art Campaign	Arts
<input type="checkbox"/>	<input type="checkbox"/>	256	Improve Speed in Delivery of New Library Materials...	Library
<input type="checkbox"/>	<input type="checkbox"/>	329	Joe Albi Stadium	Entertainment Facilities

Source: City of Spokane, Washington, 2004.

age for results. Think of developing each purchasing decision into a real performance agreement with the selected proposer. Each performance agreement should spell out the expected outputs and outcomes, the ways they will be measured, the consequences for performance (or non-performance), and the flexibilities granted to help the provider maximize performance. As a result, accountability is built into the budget itself.

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### IT WORKS

In summary, budgeting for outcomes focuses on the programs kept, not the programs cut. It ensures that the 90 percent of the budget that will continue to be spent buys as much for citizens as possible. Moreover, the *whole* budget:

- Buys results, not costs
- Puts the general interest of citizens first, before any special interests
- Emphasizes performance accountability
- Promotes continual reform and improvement
- Communicates in common-sense language.

"We're looking at things that everyone likes, everyone wants to do, that aren't going to get funded," Mayor West said. "As we go through this process, we're learning an awful lot. More people know [more] about the budget than they've ever known before. That is a very healthy process."

—*Inlander* (Spokane), July 29, 2004

A member of the guidance team and a recent political opponent of the county executive wrote in a letter to the editor:

"This new budget process wasn't perfect, but it worked well. And it worked in a way that serves the citizens of Snohomish County better by focusing on the results they want, not the programs government administrators.

—*Everett Herald*, October 5, 2004

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### FURTHER INFORMATION

David Osborne and Peter Hutchinson. *The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis*. New York: Basic Books, 2004.

#### On ICMA's Web Site

See <http://bookstore.icma.org/freedocs/43043> for a prototype results-team charter and a sample guide to moderating a focus group of regular citizens.

#### Other Web Sites

Washington (State) Office of Financial Management: [www.ofm.wa.gov/](http://www.ofm.wa.gov/)  
City of Spokane, Wash.: [www.spokanecity.org](http://www.spokanecity.org)  
Snohomish County, Wash.: [www.co.snohomish.wa.us/](http://www.co.snohomish.wa.us/)  
Public Strategies Group, Inc.: [www.psg.us](http://www.psg.us)

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## APPENDIX A: ROLES OF TEAMS AND ELECTED OFFICIALS

Compared with the traditional cost-based approach, budgeting for outcomes involves different people in different roles over a different schedule. Chief executives and elected officials, too, have different roles to play.

### Teams

Five kinds of teams are key to making budgeting for outcomes successful.

**Guidance team.** The role of the guidance team is to guide the overall process to ensure that purchasing choices deliver the results that matter most to citizens for the price. Guidance teams include eight to ten citizens who provide advice or feedback, generally to the chief executive, on key components of the budgeting-for-outcomes process (i.e., the price of government, citizen priorities, allocation of resources to individual priorities, and purchasing plans).

**Results teams.** The purpose of the results teams is to recommend how funds allocated to the particular priority outcome should be used to produce the intended results. Results teams develop cause-and-effect theories, identifying the factors that contribute most to producing the desired result. From a factor map that diagrams these theories, results teams develop their purchasing plans. Purchasing plans describe the jurisdiction's procurement intentions to achieve a result (i.e., the types of programs and services the team would like the jurisdiction to buy, given the cause-effect theory, in order to produce the desired result). Each results team then submits to the chief executive a rank-ordered recommendation of the programs and services it believes are most likely to contribute to the result, while also accounting for mandates, fund limitations, obligations, and other purchasing constraints.

**Staff team.** The role of the staff team is to support the guidance and results teams. This may include providing teams with budget and performance information on current programs, recommending enterprise-wide strategies, supporting the integration of the teams' work into other budget development activities, and providing facilitation or logistical support to the teams. Staff teams typically include members of the budget and finance staff.

**Communication team.** The role of the communication team is to support internal and external communication

of the budgeting-for-outcomes effort by providing both citizens and employees with opportunities to give input and receive feedback.

**Consulting team.** The purpose of a consulting team is to shape the process to fit the specific needs of the jurisdiction and then to provide overall guidance, training, and feedback to each team in the development of its specific deliverables. A consulting team can provide valuable insights on the challenges involved at each step of the process, in addition to thinking through implications for budget management after a budget has been developed through the budgeting-for-outcomes process.

### Chief Executives and Elected Officials

Budgeting for outcomes also requires different roles for chief executives and elected officials.

Mayors and chief executives retain their traditional role of making ultimate decisions on what to include in the budget they propose to their councils or commissions. Given the significant degree of departure from traditional budgeting processes, elected officials and chief executives will be challenged to support both the process and (in large part) the recommendations of the results teams. Experience has shown that employees feel undercut, and challenge the credibility of the process, if their strategy development and purchasing plans see limited use in the recommended budget. It is essential at the front end that the top elected leader confirm his or her intention to follow the recommendations that emerge from the process—and then do so.

The elected councils or commissions, when faced with a budget developed through this process, should take a hard look at the cause-and-effect theories and the purchasing strategies that result from them to see if they (the elected officials) fundamentally agree with them (the theories and strategies). If they do, they should similarly scrutinize program rankings to decide if the programs chosen are truly the ones most likely to achieve the results desired. In the ideal world they would then engage with the mayor or chief executive in a rich discussion of results, strategies, and programs, a discussion that would include suggestions that certain programs should go above the funding line with a corresponding movement of other programs to below the line.

**APPENDIX B: SAMPLE PROCESS SCHEDULE FOR IMPLEMENTING BUDGETING FOR OUTCOMES**

Week	Element
	1. Develop budget road map and communications effort to guide the work
	2. Conduct citizen listening sessions about the price, priorities, indicators, and performance of government
	3. Engage other elected officials and other jurisdictions if possible
	4. Create guidance team
	5. Define initial price, priorities (results), indicators, and allocations
	6. Define enterprise-wide strategies to be pursued in support of delivering the most outcomes within the revenue
	7. Adapt the budget system to accommodate and support budgeting for outcomes
	8. Develop internal consulting resource to support results teams and departments (staff team)
	9. Have departments prepare initial results and price data on programs and activities
	10. Create results teams, one for each result (the buyers)
	11. For each priority, define the result target, diagram factors in the cause-effect relationship for each result, create a purchase plan and a purchasing RFR
	12. Have agencies prepare proposals in response to the results team RFRs (the sellers)
	13. Have buyers make initial ranking and buying decisions
	14. Have sellers (departments) submit revised proposals
	15. Have buyers create second set of rankings and buying decisions
	16. Have buyers share draft decisions, considering intra-result effects
	17. Have buyers submit purchasing recommendations
	18. Have staff team review purchasing recommendations and forward to the executive
	19. Develop initial budget and budget message
	20. Communication
	21. Perform follow-on implementation
	22. Gather evaluation and feedback to improve next budget process

**APPENDIX C: CALCULATING THE PRICE OF GOVERNMENT**

Through taxes, fees, and charges, governments use economic resources to provide services for citizens. Those taxes, fees, and charges constitute the price of government (POG). Since they are paid out of the economic resources of the community (its income), we can express the price as a ratio: the sum of taxes, fees, and charges divided by the total income of the community. The price represents the number of cents out of every dollar in the community that are committed to paying for government services:

$$POG = (\text{taxes} + \text{fees} + \text{charges}) / \text{community income}$$

Measuring the price of government allows us to track the burden of government on the economy. It also reminds us that the price can go up or down in two ways: first, government revenues can increase or decrease. This has been the traditional focus. The second way in which the price of government can change is by the local economy's growing or shrinking. The connection between the health of the local economy and the price of government is crucial to reminding government managers and citizens alike that they have a common stake in making the economy as robust as possible.

This appendix examines three aspects of the price of government: its components, its calculation, and ways of using it.

**State and Local Personal Income Data**

The data for the aggregate personal income of a state, region, and county can be found on the Web page of the Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/regional/reis/>). Personal income summaries are found in section CAI-3.

Information on personal income is not available for cities, school districts, or other local jurisdictions. For these jurisdictions, money income will be a better measure. Money income can be calculated from per capita income and population, both of which can be obtained from the U.S. Census Bureau. When per capita income and population are multiplied, they produce aggregate money income. Per capita income is available only every ten years (through the census). Population estimates are available more often.

**State and Local Revenue Data**

For calculating the price of government, all revenues collected by the jurisdiction and used to deliver services should be included. Revenue means all revenues to all funds except for intergovernmental revenues, interfund revenues, and bond proceeds used for capital purposes.

## 20 Budgeting for Outcomes: Better Results for the Price of Government

The range of funds managed by jurisdictions can be quite extensive, for it reflects the diversity of a jurisdiction's services and enterprises. On the one hand this diversity makes it hard to compare jurisdictions directly. On the other hand the full range of services and the price for them reflect the unique choices made by each jurisdiction.

For comparisons over time, it is best to review historical information going back at least ten years in order to take several economic cycles into account.

The first step in calculating revenues is to determine what revenues to include and what to exclude (see above).

Included should be

- Property taxes
- Other taxes (including local option)
- Licenses, fees, and service charges
- Fines
- Sale and lease of property
- Other operating revenue
- Interest.

Excluded should be

- Intergovernmental revenue/transfers
- Interfund transfers
- Debt proceeds.

### The Calculation

As noted above, one calculates the price of government by dividing the jurisdiction's revenues (minus intergovernmental revenues, interfund transfers, and debt proceeds) by its aggregate personal income. For individual cities or school districts, the revenue should be divided by the aggregate money income. For overlapping jurisdictions (e.g., all the cities and schools within a county), the revenues should be divided by the personal income or the money income of the larger jurisdiction.

The numbers used in the calculation should all be expressed in the same scale (e.g., \$ millions) so that the resulting decimal is interpreted as cents per dollar (e.g., .012 = 1.2 cents per dollar of personal income).

### Ways to Use the Price of Government

The price of government in a jurisdiction reflects the unique choices made about what services to provide, how to provide them, and how much to pay for them. There is substantial variation in the prices that governments have chosen (see Appendix D). In each case the price reflects the jurisdiction's choices about what is adequate, affordable, and competitive.

A jurisdiction can develop a target price of government for itself that it can use to project revenues and program expenditures based on:

- The price of government in the jurisdiction over time (this will show trends and the community's norm)
- The price in other jurisdictions of similar size (this will show how other jurisdictions have weighed adequacy, affordability, and competitiveness in choosing their government services)
- The price in overlapping jurisdictions—those that draw their revenue from the same community, that is, all the governments in a county, region, or state (this will show the price of one jurisdiction in the context of the total price for government paid by the community and of the trends in the relative shares taken by each of the jurisdictions).

However, it cannot be stressed enough that care is needed when comparisons are being made. One price is not better or worse. Prices are different mostly because of the choices being made about adequacy, affordability, and competitiveness.

**APPENDIX D: PRICE OF GOVERNMENT IN ALL STATES, SELECTED CITIES, SELECTED COUNTIES, AND SELECTED CITY-COUNTY COMBINATIONS**

**Price of Government in the 50 States**

State	Price of government 2000—Cents/dollar of personal income (Own source general revenue/aggregate personal income)						
Alabama	15.1	Indiana	14.9	Nevada	13.9	Tennessee	12.3
Alaska	40.6	Iowa	15.8	New Hampshire	11.4	Texas	13.1
Arizona	14.0	Kansas	14.8	New Jersey	13.7	Utah	17.2
Arkansas	14.9	Kentucky	15.1	New Mexico	19.3	Vermont	15.5
California	15.4	Louisiana	16.7	New York	17.2	Virginia	13.7
Colorado	13.8	Maine	17.7	North Carolina	14.7	Washington	14.8
Connecticut	13.7	Maryland	13.5	North Dakota	17.4	West Virginia	16.6
Delaware	17.9	Massachusetts	13.2	Ohio	15.0	Wisconsin	16.7
District of Columbia	17.4	Michigan	15.7	Oklahoma	15.1	Wyoming	19.3
Florida	14.1	Minnesota	16.5	Oregon	16.5	All States	14.9
Georgia	14.1	Mississippi	16.9	Pennsylvania	14.3		
Hawaii	16.9	Missouri	13.2	Rhode Island	14.8		
Idaho	15.8	Montana	17.1	South Carolina	15.8		
Illinois	13.3	Nebraska	15.4	South Dakota	13.4		

Sources: U.S. Bureau of the Census; U.S. Bureau of Economic Analysis

**Price of Government in the 50 Largest Cities**

City	Price of government 2000—Cents/dollar of money income (Own source general revenue/aggregate money income)						
Albuquerque	4.4	Dallas	5.9	Minneapolis	6.1	Seattle	5.7
Anaheim	4.7	Detroit	10.8 <sup>a</sup>	New Orleans	7.2 <sup>b</sup>	St. Louis	11.6 <sup>b</sup>
Arlington, TX	2.8	El Paso	4.4	Oakland	8.7	Tampa	5.8
Atlanta	9.4	Fort Worth	4.8	Oklahoma City	5.6	Toledo	4.9
Austin	4.4	Fresno	4.5	Omaha	3.3	Tucson	4.4
Baltimore	9.1 <sup>a,b</sup>	Houston	4.6	Phoenix	4.6	Tulsa	6.5
Boston	9.0 <sup>a,b</sup>	Kansas City, MO	8.4	Pittsburgh	5.7	Virginia Beach	6.8 <sup>a</sup>
Buffalo	4.9 <sup>a</sup>	Las Vegas	2.8	Portland	5.2	Wichita	3.1
Charlotte	4.6	Long Beach	7.9	Sacramento	5.9		
Chicago	5.7	Los Angeles	5.9	Saint Paul	5.2		
Cincinnati	8.6	Memphis	4.0	San Antonio	3.8		
Cleveland	10.3	Mesa	3.0	San Diego	5.4		
Colorado Springs	6.2	Miami	6.7	San Jose	4.3		
Columbus	5.3	Milwaukee	3.6	Santa Ana, CA	5.0		

Source: U.S. Bureau of the Census  
a includes schools  
b includes county functions

**Price of Government in the 50 Largest Counties**

County	Price of government 2000—Cents/dollar of personal income (Own source general revenue/aggregate personal income)						
Alameda County, CA	1.2	Fairfax County, VA	4.3 <sup>a</sup>	Montgomery County, MD	6.2 <sup>a</sup>	Santa Clara County, CA	1.0
Allegheny County, PA	1.1	Franklin County, OH	1.3	Nassau County, NY	3.0	Shelby County, TN	3.9 <sup>a</sup>
Baltimore County, MD	5.2 <sup>a</sup>	Fresno County, CA	1.7	Oakland County, MI	0.5	St. Louis County, MO	1.1
Bergen County, NJ	0.9	Fulton County, GA	2.6	Orange County, CA	1.2	Suffolk County, NY	2.7
Bexar County, TX	1.6	Hamilton County, OH	2.1	Orange County, FL	3.6	Tarrant County, TX	1.2
Broward County, FL	2.7	Harris County, TX	1.3	Palm Beach County, FL	2.1	Travis County, TX	1.0
Clark County, NV	4.1	Hennepin County, MN	1.6	Pima County, AZ	2.0	Wayne County, MI	1.5
Contra Costa County, CA	1.8	Hillsborough County, FL	3.6	Pinellas County, FL	2.1	Westchester County, NY	2.8
Cook County, IL	1.0	King County, WA	1.6	Prince George's County, MD	5.5 <sup>a</sup>		
Cuyahoga County, OH	1.9	Los Angeles County, CA	1.8	Riverside County, CA	0.7		
Dallas County, TX	1.2	Macomb County, MI	0.8	Sacramento County, CA	2.4		
DuPage County, IL	0.7	Maricopa County, AZ	1.0	Salt Lake County, UT	1.6		
Erie County, NY	3.9	Miami-Dade County, FL	6.1	San Bernardino County, CA	1.9		
Essex County, NJ	1.2	Milwaukee County, WI	1.7	San Diego County, CA	0.7		

Sources: U.S. Bureau of the Census; U.S. Bureau of Economic Analysis  
a includes schools

**Price of Government in the Largest Combined City-County Governments**

City-County	Price of government 2000—Cents/dollar of personal income (Own source general revenue/aggregate personal income)						
Anchorage	5.3	Indianapolis	4.4	New York	9.8		
Denver	6.7	Jacksonville/Duval	4.1	Philadelphia	6.8		
Honolulu	3.2	Nashville/Davidson	5.9	San Francisco	6.5		

Sources: U.S. Bureau of the Census; U.S. Bureau of Economic Analysis

22 Budgeting for Outcomes: Better Results for the Price of Government

**APPENDIX E: REPRODUCTION OF ELECTRONIC PROPOSAL SUBMISSION FORM—  
SPOKANE, WASHINGTON**

Priority: [pull-down menu] \_\_\_\_\_  
 Lead department name: [pull-down menu] \_\_\_\_\_  
 Bid name: \_\_\_\_\_  
 Bid type: [pull-down choices = Basic, Enhancement, New Stand-Alone] \_\_\_\_\_  
 Linked to: [pull-down shows up if Enhancement is chosen as the Bid Type, with Basic Bids shown as choices] \_\_\_\_\_

Executive summary (limited to 50 words or less): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Bid description (activities to be performed; other departments collaborating [if relevant]): \_\_\_\_\_  
 \_\_\_\_\_

Bid justification (how bid contributes to priority; evidence of capability to deliver): \_\_\_\_\_  
 \_\_\_\_\_

Performance measures (1-3 measures that indicate the quantifiable results citizens should expect from this program): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Other factors:**

Legal/contractual mandate (if yes, specify the source and nature of the mandate)  
 \_\_\_\_\_  
 \_\_\_\_\_

Competing bid (if yes, specify name of department you are competing with and the name of its relevant bid)  
 \_\_\_\_\_  
 \_\_\_\_\_

**Bid Expenditures and Revenue Impacts**

Bid expenditures	2004 Actual		2004 Actual	
	GF	Non-GF	GF	Non-GF
Total expenditures	\$	\$	\$	\$
Direct personnel & benefits	\$	\$	\$	\$
Administrative personnel & benefits	\$	\$	\$	\$
Internal service charges allocated to bid	\$	\$	\$	\$
Other costs allocated to bid	\$	\$	\$	\$
No. of FTEs (direct & administrative total)	\$	\$	\$	\$
Explanation of expenditures (if needed)				

Revenue impacts	2004 Actual		2004 Actual	
	GF	Non-GF	GF	Non-GF
Total revenue to city generated by this program	\$	\$	\$	\$
Revenue to the general fund	\$	\$	\$	\$
Revenue to other city funds	\$	\$	\$	\$
Explanation of revenue (source, key conditions, or constraints)				

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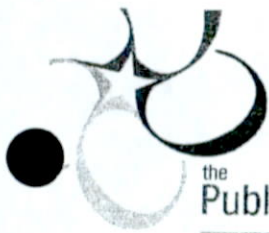
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<b>Budget &amp; Finance</b>	<b>Item No.</b>	<b>Management (cont.)</b>	
Automated Budgeting Decision Support Systems, 09/02	42789	Managing Special Events, 03/03	42861
Financing Land Conservation, 05/01	42664	Strategic Planning: A New Perspective for Public Managers, 08/02	42788
GASB 34: What It Means for You, 12/00	42626	Fleet Management, 07/02	42787
		Performance-Based Contracting, 06/01	42665
		The Retreat as Management Tool, 01/01	42636
		Continuous Learning: A Leadership Challenge, 11/00	42609
<b>Community Relations &amp; Services</b>		<b>Planning &amp; Economic Development</b>	
Consensus Building: Keys to Success, 10/04	43043	Marketing for Economic Development, 02/03	42860
Smart Democracy: How to Engage Citizens, 09/04	43041	Technology-Based Economic Development, 05/02	42785
The Manager as Coach: Increasing the Effectiveness of Elected Officials, 10/03	42868	Vacant Properties: Revitalization Strategies, 03/02	42783
Communications in Local Government: A Business Planning Model, 04/03	42862	Regional Community Building: The Kalamazoo, Michigan, Experience, 09/01	42668
Crisis Communication for Local Government Managers, 12/02	42792		
Managing Community Meetings, 04/02	42784	<b>Public Safety</b>	
Neighborhood Associations, 11/01	42670	9-1-1 Center Operations: Challenges and Opportunities, 06/04	43035
Citizen Academies, 08/01	42667	Wireless E 9-1-1, 03/04	43035
		Police and Fire Physical Fitness, 01/04	43033
		Disaster Preparedness, 11/03	42869
		Community Policing in Action, 07/03	42865
		Reducing False Alarms: A Systemic Approach, 06/02	42786
		Contracting Law Enforcement Services, 02/02	42782
		The Shining Badge: Successful Police-Community Partnerships, 01/02	42781
		Managing the Threat of Terrorism, 12/01	42671
<b>Human Resources</b>		<b>Public Works &amp; Environmental Services</b>	
Recruiting Key Management Personnel, 03/01	42662	Green Building, 12/03	42870
		Brownfields: Creative Solutions, 01/03	42859
		Trees: The Green Infrastructure, 11/02	42669
		Stormwater Management, 10/01	42669
		Upgrading City Hall: Building and Renovating City and County Centers, 07/01	42666
		Sustainable Energy: Power Solutions for Local Governments, 04/01	42663
<b>Information Technology &amp; Telecommunications</b>			
Broadband Access: Local Government Roles, 02/04	43034		
The Paperless Council, 10/02	42790		
Transforming Information Services: New Roles, New Strategies, 02/01	42653		
<b>Management</b>			
Privatization: Strategies for Success, 07/04	43039		
Collaboration across Boundaries: The Basics for Change, 05/04	43037		
Successful Project Management in Local Government, 4/04	43036		
Bulletproof RFPs, 09/03	42867		
Fiscal Distress: Prescriptions for Good Management in Bad Times, 08/03	42866		
Employee Suggestion Programs, 06/03	42864		
Accountability in Local Government-Nonprofit Relationships, 05/03	42863		

Budgeting for Outcomes:  
Better Results for the Price of Government

Volume 36/Number 11  
November 2004



## **BUDGETING FOR OUTCOMES**

### **Readiness Assessment**

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Are you ready for BFO? What can you do to prepare? The following 14 questions are designed to help you assess your organization's readiness to budget for outcomes, and to focus your preparation on areas that are most critical to success for your jurisdiction. Have your senior managers individually score your organization on these 14 criteria. Share your scores and together identify the areas on which you may need additional support, coaching or attention.

Be authentic in your scoring! Every organization has strengths and weaknesses. An honest assessment will help you prepare to leverage your strengths in support of the areas that are not as robust.

#### **1. Citizen Perspective**

1                      2                      3                      4                      5                      6                      7

---

We have little direct knowledge about the results citizens expect

We have current reliable data on the results that citizens expect

#### **2. Availability of Performance Data**

1                      2                      3                      4                      5                      6                      7

---

Performance data is not collected, reported or used

We regularly collect and use data on our programs' performance

#### **3. Support of Elected Decision-Makers**

1                      2                      3                      4                      5                      6                      7

---

Elected officials have limited understanding or are not supportive of BFO

Elected officials understand and endorse the BFO concept

#### **4. Support of Chief Executive officer for the organization**

1                      2                      3                      4                      5                      6                      7

---

Chief executive has limited understanding or is not supportive of BFO

Chief Executive understands and endorses the BFO concept

**5. Support of Budget or Finance Director**

1                      2                      3                      4                      5                      6                      7

Budget or finance director has limited understanding or is not supportive of BFO

Budget or finance director understands and endorses the BFO concept

**6. Support of Senior Management**

1                      2                      3                      4                      5                      6                      7

Senior management is not entirely sold on the idea of BFO

Senior managers understand BFO concepts and are excited about the opportunity

**7. Employee engagement**

1                      2                      3                      4                      5                      6                      7

Employee input into decision-making about strategy or budget is limited or infrequently solicited

We regularly engage employees in decision-making about strategy and budget

**8. Understanding of the BFO process**

1                      2                      3                      4                      5                      6                      7

Key leaders and managers see BFO as another mechanism for creating a budget

Key leaders and managers understand the opportunities for transformation presented by BFO

**9. Engagement of stakeholders**

1                      2                      3                      4                      5                      6                      7

We do not know if any of our stakeholders will be interested in our use of BFO

We understand the level of interest our stakeholders will have and have a plan to engage them

**10. Sense of urgency**

1                      2                      3                      4                      5                      6                      7

Key leaders and staff believe the current approach will address structural budget issues

Staff and managers understand the need for a different approach to budgeting

**11. Capacity of budget staff**

1                      2                      3                      4                      5                      6  
7

Budget and support staff are stretched to the max

Budget staff have access to the support they need for this project

**12. Support for Change**

1                      2                      3                      4                      5                      6                      7

The prevailing culture is tradition-oriented and risk averse

Staff and managers embrace opportunities to improve

**13. Technology**

1                      2                      3                      4                      5                      6                      7

Staff have limited access to technology tools or support that can be applied to the project.

Staff have access to IT support and technology for the project

**14. Courage**

1                      2                      3                      4                      5                      6                      7

When the going gets tough, managers tend to back off their support of a new approach

We can count on our managers to visibly/vocally support a new approach that makes sense



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## SHOULD CITY OF DES MOINES USE THE BFO BUDGET PROCESS?

### Discussion Questions

*Budgeting for Outcome challenges organizations to improve the degree to which it aligns its strategies and financial resources in support of results that citizens desires. Doing so requires changing the way things have been done in the past. Change is difficult and requires investments. Here are some questions to discuss to evaluate your desire to move forward with BFO.*

#### **Leadership**

1. BFO requires a commitment of leadership to the process. It doesn't require every leader to be a champion but at least two of the three key leaders (elected head of the government, Finance or Budget Director, and/or City Manager or County Administrator) need to be solidly on board. Leadership will have to carry the message about why BFO is being used for the budget and that there is no "Plan B." They will have to be able to respond to cynicism ("this is just another flavor of the month"). They need to be comfortable saying "I don't know" when questions arise about the process or its implications. The need to remain enthusiastic when people experience fear and uncertainty from implementing a new process. They need to believe that this approach to budgeting is better than past practices. They need to set expectations that this course will produce better results, not just repackage the past.

*Are your leaders ready?*

#### **Investment**

2. PSG's experience suggests that those who approach BFO as a budget process will just get a different budget process. Those who seek to align an organization's financial resources with its strategies so as to improve outcomes for citizens will experience changes well beyond the budget process. You will be focusing on meeting citizen's needs and expectations not the needs of the internal bureaucracy. You will be rethinking whether the organization knows what really makes a difference in measurable terms. Consequently, you will be asking your staff to think about how they can do their work differently. BFO requires that key leaders commit time and energy to the process. You must also ask a number of employees to temporarily set aside their regular jobs to participate on Results Teams. The Council will have to recognize that staff will be preoccupied for periods of time with this process and they will need to adjust their expectations accordingly. The time commitment can be significant.

However, change requires investments of time --- and money, and the attention of your most talented people.

*Are you ready to invest in change?*

### **Change Management**

3. BFO makes budget decisions much more transparent than in the traditional budgeting process. More people become engaged in the process and in how budget decisions get made. In most organizations employees have been asked in the past to participate in change processes. Any change must be considered within the context of the history and culture of the organization making the change. People are more likely to be open to change when they believe their participation will be meaningful and will make a difference, and when their fears and hopes are addressed openly.

*Are you prepared to address the cultural issues surrounding a change?*

### **Opportunities for Transformation**

4. BFO will give you an opportunity to rethink how you do your work, how you monitor and measure success, and opportunities for partnerships across the organization and with groups outside the organization. Your employees will be asked to be innovative and “think outside the box”. The focus for decisions will be on what helps achieve results for citizens not what is comfortable or desirable by the bureaucracy. This can mean people may be scared about job security, unions may be concerned about the changes, and “pet projects” may have to be left behind.

*Do you believe that this kind of change is important and necessary and will you be willing to “stay the course”?*

## AGENDA ITEM

### BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Des Moines Creek Business Park  
(DMCBP) 2<sup>nd</sup> Development Agreement Policy  
Framework

ATTACHMENTS:

1: 1<sup>st</sup> Development Agreement

FOR AGENDA OF: April 28, 2007

DEPT. OF ORIGIN: Planning, Building & Public  
Works

DATE SUBMITTED: April 17, 2007

CLEARANCES:

Planning, Building & Public Works *AK*  
 Legal \_\_\_\_\_

APPROVED BY CITY MANAGER  
FOR SUBMITTAL: *AK*

#### Purpose and Recommendation

The purpose of this agenda item is to brief Council on the progress of the 2<sup>nd</sup> Development Agreement with the Port of Seattle for the Des Moines Creek Business Park project and to seek Council's direction and concurrence on the policy framework for the Agreement.

#### Suggested Motion:

"I move to accept staff's recommendation on the policy framework for completion of the Second Development Agreement with the Port of Seattle on the Des Moines Creek Business Park."

#### Background

The City of Des Moines (City) and the Port of Seattle (Port) have partnered to bring economic development to the City and region through development of the Des Moines Creek Business Park (DMCBP) site. Formerly a residential neighborhood, the property was purchased by the Port through its Noise Remedy Program and all the houses on the site were removed. The property is zoned B-P, Business Park.

In July of 2005, the City and Port entered into a First Development Agreement that outlines the jurisdictional authority of each party and establishes the development process for the DMCBP including permitted uses of the site, creation of a conceptual master plan, environmental review, and approval of a Master Plan (see Attachment 1).

In April 2006, the Port completed a draft Conceptual Master Plan (CMP) for the DMCBP site. The CMP identified two potential development scenarios for the site that constituted the land use alternatives for the environmental review of the project. The types of businesses the Port is proposing for the site are logistics such as air cargo and distribution, manufacturing, and office. Retail is also a permitted use per the First Development Agreement. A master developer will decide what the ultimate development will be and the timing of development. It is envisioned that site development would be phased over a 7- to 10-year period.

A State Environmental Policy Act (SEPA) review of the land use alternatives was completed in March 2007 with the publication of the Final Environmental Impact Statement (FEIS). No appeals were filed on the FEIS.

An economic benefits study was done to complement the EIS analysis and to help both the Port and City understand the direct and indirect economic benefits associated with the DMCBP's development. The results of this study were presented to the City Council on February 1, 2007.

City and Port staffs are negotiating a Second Development Agreement that will be presented to the City Council and the Port Commission for preliminary approval on August 2, 2007 and final approval when the private master developer is identified in November. If the Second Development Agreement is approved, it is anticipated that the Port would enter into a land lease agreement with a master developer in early 2008. Groundbreaking could occur on the site as early as mid to late 2008 depending on the site plan development schedule submitted by the developer and the City's review and approval requirements.

### **Discussion**

Staff has been working closely with Port staff to define the essential elements of the Second Development Agreement and on other actions which must be completed by the City or the Port to proceed with the development of the DMCBP. These other actions include sale and vacation of City rights-of-way on the property, vacation of the old neighborhood plats, working out an approach to develop the 24<sup>th</sup>/28<sup>th</sup> Avenue South corridor in conjunction with the City of SeaTac, and developing a process to select a master developer of the property.

The proposed policy framework has four essential features:

- 1 **An ultimate outcome of:**
  - A vibrant employment center.
  - A new source of direct and indirect long-term revenue for both the City and the Airport.
  - Increased trade opportunities for the Puget Sound region, and
  - An attractive and safe community asset.

- 2 **A City review and approval process** on the front-end that provides:
  - A clear, efficient and predictable process conducive to marketability and return on investment that helps achieve a commercially successful development,
  - Integration of the site with surrounding neighborhoods in a community-friendly way,
  - Protection of environmentally sensitive areas, and
  - Engagement of key stakeholders.
  
- 3 **Approval criteria for the Conceptual Master Plan** that includes:
  - Sufficient detail to satisfy business park master plan submittal and Council approval requirements,
  - Flexible use mix so long as a vibrant employment center is achieved,
  - Flexible building locations, heights and sizes, and parking and loading configurations within prescribed regulatory and performance parameters,
  - Parks and recreation areas requirements satisfied through a combination of more open space than the minimum required by the DMMC, and passive recreation and pedestrian amenities such as access to and along the Des Moines Creek Trail incorporated in the site's design,
  - Phased development of the site and supporting infrastructure,
  
- 4 **A realistic, market-accommodating approach** for the developer chosen to develop the property that:
  - Streamlines City staff approval and decision making of Site Plan detail.
  - Fixes the Development Agreement term and vesting periods.

### **Alternatives**

The Council can either endorse this policy framework or modify it.

### **Financial Impact**

The success of the DMCBP project will allow the City of Des Moines to realize many of its long-term economic goals for the City. The DMCBP is expected to attract between 1200 and 2100 new family wage jobs, between \$200 million and \$300 million annually of direct economic activity and between \$650,000 and \$900,000 of ongoing annual tax revenue to the City. Realizing these benefits will depend in large measure on how conducive the City's development regulations and review and approval process are to the realities of the private marketplace.

### **Recommendation**

Staff recommends that City Council support the proposed policy framework subject to further development of the Second Development Agreement details.

**FIRST DEVELOPMENT AGREEMENT  
CITY OF DES MOINES AND PORT OF SEATTLE  
DEVELOPMENT OF THE DES MOINES CREEK BUSINESS PARK PROPERTY**

In accordance with RCW 36.70B.170-210, and under the authority granted to municipal corporations under the Interlocal Cooperation Act, RCW Chapter 39.34, to enter into agreements for joint performance of actions within their separate powers, this DEVELOPMENT AGREEMENT (Agreement) is entered into effective the 1<sup>st</sup> day of July, 2005 between the City of Des Moines ("City"), a Washington municipal corporation and the Port of Seattle ("Port"), a Washington municipal corporation.

**RECITALS**

**WHEREAS**, the City of Des Moines is a municipal corporation with authority under the Growth Management Act, Chapter 36.70A RCW; the Planning Enabling Act, Chapter 35.70 RCW; the State Environmental Policy Act (SEPA), Chapter 43.21C RCW; and other state and local laws, to exercise discretionary land use jurisdiction over real property located within its boundaries, and

**WHEREAS**, the Port of Seattle is a municipal corporation, with authority under the Revised Airports Act, Chapter 14.08 RCW; the Airport Zoning Act, Chapter 14.12 RCW, the State Environmental Policy Act (SEPA), Chapter 43.21C RCW; certain port district enabling statutes; and other state and local laws, to exercise discretionary land use jurisdiction over real property located with its boundaries, and

**WHEREAS**, the Port has acquired property located in the City of Des Moines located on South 216<sup>th</sup> Avenue on the south and 24<sup>th</sup> Avenue South on the east, a map of which is included as Exhibit 1 of the agreement, under the Federal Aviation Administration "Part 150 regulations" for the purposes of aircraft noise mitigation, and

**WHEREAS**, the property is currently vacant and the Port would like to make the property available for commercial development, the types of which are further detailed in Exhibit 2 of the agreement, that is compatible with the airport, buffers the community from airport impacts, and provides a source of revenue for the airport noise mitigation program, and

**WHEREAS**, the City and the Port are partners with other local cities in the Central Puget Sound Economic Development District's "New Economic Strategy Triangle" (NEST) study that evaluated the potential for economic growth associated with vacant industrial and commercial areas surrounding Seattle-Tacoma International Airport, and

**WHEREAS**, the Port and City share the economic objective of attracting and retaining businesses to the region to create family wage jobs, seeking to increase the local and regional tax

base, providing goods and services that benefit the public and redeveloping vacant noise-impacted property near the airport, and

**WHEREAS**, failure to redevelop this site would continue to have a negative economic impact to both the City of Des Moines and the Port of Seattle, and

**WHEREAS**, in 1996, the City and the Port conducted extensive work on the proposed 55 acre "Des Moines Creek Technology Campus" (DMCTC) project, and

**WHEREAS**, in 1996 the City of Des Moines adopted an environmental impact statement (EIS), master plan and conditions of approval for the DMCTC project, but the economic conditions were unfavorable for development and the project was not built, and

**WHEREAS**, the City and the Port now seek to encourage the development of Port property for commercial purposes in order to achieve the airport noise mitigation, airport community buffer, and economic development objectives described above, and

**WHEREAS**, the Port intends to select a private developer to develop and build a commercial development project on the property, and

**WHEREAS**, entering into this Development Agreement under RCW 36.70B.170-.210 is within the authority granted to municipal corporations under the Interlocal Cooperation Act, RCW Chapter 39.34, to enter into agreements for joint performance of actions within their separate powers, and

**WHEREAS**, this Development Agreement is consistent with the applicable development regulations adopted by the City and by the Port as modified pursuant to the authority of RCW 36.70B.180, and

**WHEREAS**, the Des Moines City Council, as the City's legislative body or when sitting as a quasi-judicial body cannot make any additional advance commitments and cannot pre-judge the consistency of any proposed development of the property with the public health, safety and welfare, and

**WHEREAS**, the Federal Aviation Administration must review and approve the use or disposal of Airport property, payment of airport funds for any purpose and agreements pertaining to leases of airport property, and

**WHEREAS**, both the City and the Port are investing in and risking substantial financial, real property, construction-related and political resources on the success of this collaborative project, with the Port's investment and risk including use of restricted FAA funds, costs of

development planning, and the City's investment and risk including loss of control of its public streets, environmental concerns, public support or opposition, and its future economic development; such that both parties recognize the necessity of good-faith completion of all steps of the process and anticipated subsequent agreements set forth in this Agreement;

**NOW, THEREFORE**, for good and valuable deliberation, the adequacy of which is acknowledged here, the Port and the City agree as follows:

## AGREEMENT

### I. Purpose of This Agreement.

This agreement will:

- (1) Address jurisdictional authority issues;
- (2) Set forth permitted uses of the property (Exhibit 2);
- (3) Set forth and authorize an overall development process for development of this property;
- (4) Set forth a recommended time schedule for implementation of this development (Exhibit 3);
- (5) Authorize use of a Second Development Agreement-Conceptual Master Plan between the City of Des Moines and the Port of Seattle for development of this property, and set forth a process for SEPA review associated with the Second Development Agreement-Conceptual-Master Plan;
- (6) Set forth additional detail applicable to the process for the Des Moines City Council legislative decision on street vacations that will be requested by the Port of Seattle;
- (7) Authorize use of the Master Plan process under Des Moines Municipal Code Chapter 18.25, between the City (as decision maker) and a developer (as applicant) selected by the Port, as the appropriate process to implement actual development of the property;
- (8) Set forth agreements concerning SEPA authority for all phases of development of this property;

- (9) Set forth standards and processes governing the relationship between the parties;  
and
- (10) Set forth miscellaneous agreements to date.

## **II. Definitions.**

- (1) **"Agreement"** means this First Development Agreement, governed by provisions of Chapter 36.70B RCW.
- (2) **"City"** means the City of Des Moines.
- (3) **"Conceptual Master Plan"** means a section of the second Development Agreement under RCW 36.70B.170-.210 between the City and the Port that, among other actions, will set forth concept level development plans for, and impacts of development, including but not limited to traffic, surface water, building mass, general building location, associated parking, general open space areas, loading facilities and square footage of buildings, of the proposed commercial development of the property.
- (4) **"Consultant"** means the business entity with whom the Port contracts to assist it in developing the property.
- (5) **"Environmental documents"** means documents prepared pursuant to the State Environmental Policy Act (SEPA) and the National Environmental Policy Act (NEPA).
- (6) **"Lead agency"** means the agency responsible for carrying out SEPA's procedural requirements as defined by WAC 197-11-758.
- (7) **"Master Plan"** means the development process set forth in Des Moines Municipal Code Chapter 18.25, between the City (as decision maker) and the developer (as applicant) selected by the Port to implement development of the property with uses as detailed in Exhibit 2.
- (8) **"Party"** or "parties" means the City and the Port.
- (9) **"Port"** means the Port of Seattle.
- (10) **"Property"** means the real property located on the map in Exhibit 1 which is attached to this agreement and incorporated by reference.

- (11) **"Responsible Official"** means the officials for the City, the Port or both who are designated to undertake SEPA's procedural responsibilities.
- (12) **"Second Development Agreement – Conceptual Master Plan"** means one subsequent Agreement entered into between the City and the Port, governed by the provisions of Chapter 36.70B.RCW.

**III. Jurisdictional Authority: Agreements Concerning Land Use Jurisdiction.**

- (1) **Property ownership.** The Port owns the property which is located within the City limits and is detailed in Exhibit 1.
- (2) **Land use discretionary authority.** As municipal corporations, the City and the Port each have statutory authority to exercise discretionary land use jurisdiction over comprehensive planning, zoning, grading, critical areas, regulatory controls, and SEPA review. The City of Des Moines is a municipal corporation with authority under the Growth Management Act, Chapter 36.70A RCW; the Planning Enabling Act, Chapter 35.70 RCW; the State Environmental Policy Act (SEPA), Chapter 43.21C RCW; and other state and local laws, to exercise discretionary land use jurisdiction over real property located within its boundaries. The Port of Seattle is a municipal corporation with authority under the Revised Airports Act, Chapter 14.08 RCW; the Airport Zoning Act, Chapter 14.12 RCW; the State Environmental Policy Act (SEPA), Chapter 43.21C RCW; certain port district enabling statutes; and other state and local laws, to exercise discretionary land use jurisdiction over real property the Port owns.
- (3) **Scope and extent issues.** The parties recognize that they may not agree upon the scope and extent to which they might exercise their respective legal authority concerning the development of the property.
- (4) **Agreement governs.** In order to avoid conflicts over their respective authority and to avoid delay in developing the property, the parties agree to allow the provisions of this Agreement and any subsequent agreements or governmental actions entered into as contemplated in this Development Agreement to govern the development of the property.
- (5) **Non-waiver.** In entering into this Development Agreement and any subsequent agreements or governmental actions entered into as contemplated in this Development Agreement, the parties do not concede any authority or waive any argument they might make in any legal proceeding concerning the scope and nature of their respective legal authorities concerning discretionary land use jurisdiction.

#### **IV. Permitted Uses.**

(1) **List of uses adopted.** As authorized pursuant to RCW 36.70B.180, under this Development Agreement, and under the subsequent Second Development Agreement - Conceptual Master Plan entered into as contemplated in this Development Agreement, the property may be used for any of the uses identified in Exhibit 2, which is attached to this Agreement and incorporated by reference.

(2) **List of uses allowed.** Both parties agree that in lieu of the uses listed in DMMC 18.25, only the uses set forth in Exhibit 2, and others similar in nature as determined by the Community Development Director or city designee under the process set forth in Des Moines Municipal Code Section 18.25.020 shall be allowed in this development.

(3) **No additional use approvals required.** Under this Development Agreement, and under the subsequent Second Development Agreement-Conceptual Master Plan as contemplated in this Development Agreement, the Port and its developer shall not be required to obtain any other use approvals or use-related permits from the City to use the property for any of the uses listed in Exhibit 2 except those administrative permits required for building construction, including but not limited to, right-of-way permits, land clearing and grading permits, building permits, etc.

#### **V. Overall Development Process**

(1) **Order.** The following major steps will be taken in the process of planning for potential development of the property, in the following general order. To expedite time-consuming processes, later steps in the process may be initiated by filing appropriate applications and required supporting documentation prior to completion of earlier steps in the process, but neither party may be required to complete a later step in the process until completion of all earlier steps in the process by both parties. For example, the Port may prepare an application for street vacations at any time (Step 3), but the parties agree that the City will not approve street vacations until the parties have approved a binding Second Development Agreement - Conceptual Master Plan (Step 2).

(2) **Time Schedule.** The parties agree that the terms and conditions of this Development Agreement shall be implemented pursuant to the recommended time schedule set forth in the Proposed Des Moines Creek Development Timeline attached to this agreement as Exhibit 3. While both parties acknowledge the proposed Des Moines Creek Development Timeline reflects their mutual desire to expeditiously move towards development at this site, the parties agree to use the timeline for guidance only.

(3) **Steps.**

**Step 1. First Development Agreement.** This First Development Agreement shall be presented to the City Council and the Port Commission for review and approval, as provided for in RCW 36.70B.200.

**Step 2. Second Development Agreement-Conceptual Master Plan.**

(1) **Subsequent Second Development Agreement-Conceptual Master Plan.** The parties contemplate that this Development Agreement will be followed by a Second Development Agreement-Conceptual Master Plan executed under RCW 36.70B.170-.210 and entered into between the City and the Port as owner of the property, setting forth certain provisions governing the development of the property.

(2) **Description.** The Conceptual Master Plan will be a section of the Second Development Agreement – Conceptual Master Plan under RCW 36.70B.170-.210 between the City and the Port that will set forth conceptual site plans for and impacts of development, including but not limited to traffic, surface water, building mass, general building location and open space, square footage of buildings, and associated parking and loading facilities of the proposed commercial development of the property. In developing the Conceptual Master Plan portion of the Second Development Agreement, the parties may utilize the master plan site plan and associated SEPA analysis developed during the DMCTC process, as well as additional master planning work that they may agree is appropriate and meets the intent of the proposed SEPA planned action and the requirements of that section of the Second Development Agreement – Conceptual Master Plan.

(3) **SEPA.** SEPA review of the Conceptual Master Plan will be conducted on a “planned action” basis as authorized under RCW 43.21C.031 and WAC 197-11-164 through WAC 197-11-172. Both parties agree that, except for the identification of new probable significant adverse environmental impacts as determined by the SEPA responsible official, no other SEPA review will be necessary if development occurs within the parameters evaluated in the planned action.

(4) **Parties Acknowledge Permits Regarding Critical Areas.** The parties agree that within the City of Des Moines there are certain environmentally critical areas that are special concerns to the City. The parties agree that the preservation, restoration and development within these areas are regulated by 18.86 DMMC. The parties further recognize specifically that the areas within the business park may also be subject to separate state and federal regulations and permits. The parties acknowledge that in the event that state or federal permits regarding these critical areas are issued, these permits shall control over the provisions of Chapter 18.86 DMMC. Nothing in this paragraph shall prevent either party from utilizing the Conflict Resolution

procedures of this Agreement, including any additional legal remedies, in the event of disagreement concerning environmentally critical areas.

**Step 3. Street Vacation Process.**

(1) **Street vacation will be requested.** The parties recognize that the Port will request that certain city streets located on the property be vacated before beginning work. The parties recognize that the work to be performed by the Port, including but not limited to rough and final grading, utility installation or removal, surface water facilities, street and road construction, and building construction, will be more difficult and costly if the streets are not vacated. The parties agree that the street vacations shall be reviewed in concert with review of the Second Development Agreement - Conceptual Master Plan. The parties agree that no decision on the street vacations shall occur prior to a decision on the Second Development Agreement -Conceptual Master Plan.

(2) **Port to apply for street vacation.** The Port will apply to the City for vacation of the streets pursuant to the provisions of Chapter 35.79 RCW and Chapter 12.12 Des Moines Municipal Code (DMMC). The City shall process the application pursuant to the provisions of Chapter 35.79 RCW and Chapter 12.12 Des Moines Municipal Code (DMMC). The Des Moines City Council shall make its discretionary legislative decision concerning the Port's petition for street vacation in compliance with the provisions of Chapter 35.79 RCW and Chapter 12.12 Des Moines Municipal Code (DMMC) and applicable case law. Nothing in this Agreement commits the City to any particular decision with respect to the Port's petition for street vacation.

(3) **Valuation of any vacated streets.** If the City does not agree with the valuation of any street proposed for vacation, as determined by an independent appraiser hired by the Port and approved by the City, the parties will jointly hire another appraiser and will share equally the costs of this appraisal. If the parties jointly hire an appraiser to determine the fair market value of the streets, the parties agree to accept this joint appraisal as the reasonable fair market value of the streets.

**Step 4. Master Plan.** The parties contemplate that this Development Agreement and the subsequent Second Development Agreement-Conceptual Master Plan will be followed by a Master Plan as defined in 18.25 DMMC, between the City (as decision maker) and the developer (as applicant) who is selected by the Port to develop and build the commercial development on the property. That Master Plan will be based upon and shall incorporate by reference the provisions of this Development Agreement and of the Second Development Agreement-Conceptual Master Plan.

(1) **Additional Development Agreement.** Nothing in this Agreement precludes the City and the developer who is selected by the Port from entering into an additional development agreement under Chapter 36.70B RCW to complete development of the property.

(2) **Master Plan SEPA Review.** Both parties agree that except for identification of new probable significant adverse environmental impacts as determined by the SEPA responsible official, no additional SEPA review of the Master Plan or any additional development agreement will be required if development occurs within the parameters evaluated in the planned action review set forth in Step 2, Item 3 above, authorized under RCW 43.21C.031 and WAC 197-11-164 through WAC 197-11-172.

#### **VI. SEPA Review For All Project Phases.**

(1) **SEPA Review for the First Development Agreement.** The parties agree that adoption of this Agreement by the City and by the Port is categorically exempt from SEPA review, as a governmental procedural action pursuant to WAC 197-11-800(19).

(2) **SEPA Review for the Second Development Agreement – Conceptual Master Plan.** The parties agree that SEPA review is likely required for consideration and adoption of the second development agreement which will include the conceptual master plan. In the event that an environmental impact statement (EIS) is required, the parties further agree that as authorized under WAC 197-11-164-172, the EIS shall be a “planned action”. The parties also agree that in development of the planned action, as is authorized by WAC 197-11-600, a thorough assessment of existing EIS documents, including but not limited to, the Sea-Tac International Airport Master Plan Update EIS, the Des Moines Creek Technology Campus EIS and the Greater Des Moines Comprehensive Plan EIS shall be conducted as part of the environmental review for the planned action. Both parties agree that except for the identification of new probable significant impacts as determined by the SEPA responsible official, no other SEPA review will be necessary if development occurs within the parameters evaluated in the planned action.

(3) **Available Environmental Review Documents.** The parties acknowledge that several environmental review documents have already been prepared for certain proposals concerning the property. These are set forth in Exhibit 4, attached hereto and incorporated by reference.

(4) **Co-lead Agencies.** The parties agree to act as co-lead agencies for the purposes of environmental review of the proposals that are the subjects of this Agreement as per WAC 197-11-944.

(5) **Additional Environmental Review.** As co-lead agencies, the parties will determine whether the existing environmental review documents as defined in WAC 197-11-600 adequately identify the probable significant adverse environmental impacts of the development proposal and will agree whether any additional environmental review is required.

(6) **Environmental Mitigation Requirements.** The parties recognize that as co-lead agencies, each agency has the right to determine appropriate SEPA mitigation. The parties will work together to agree about the appropriate mitigation for the development.

(7) **Nominal Lead Agency for SEPA Appeals.** The parties agree that because the City of Des Moines is the final permitting/adopting authority for several actions including all permits related to building construction contained in this and future agreements, the City of Des Moines shall act as nominal lead agency for all SEPA actions, and that all SEPA appeals will be subject to DMMC 18.56.

#### **VII. Relationship Between the Parties.**

(1) **Meetings and Representation.** The parties shall each appoint a representative to facilitate the completion of the activities that are subject to this agreement. The representative shall communicate with their principals, develop documents, review consultant work and attend meetings with agencies and interested persons. Those representatives are: Des Moines City Manager and Managing Director, Sea-Tac International Airport.

(2) **Costs and Fees.** The parties shall share the cost in the creation of this agreement. The Port shall be solely responsible for costs associated with the creation of the conceptual master plan and developer RFP process. Except for the selection of the SEPA consultant, who the parties shall select together, the Port has control and approval over the selection of any consultants, their work and schedules, but agrees to consider and work cooperatively with the City about any City comments concerning the consultant's work. The Port shall select the consultants, but the City will be provided notice and invited to join the interview process. In reference to the SEPA consultant, the City and Port shall select the consultant together and shall jointly review and agree upon any work, schedules or other issues associated with the consultant's work.

The parties agree that regarding selection of the consultant for the SEPA planned action environmental review, the Port shall be solely responsible for all costs associated with this document including, but not limited to, all public processes associated with development and processing of the environmental review documents.

(3) **Good Faith.** The parties agree to act in good faith to carry out the terms of this agreement.

(4) **Cooperation Between the Parties.** The parties recognize that the Port may enter into contractual agreements with other parties related to the implementation of this agreement which result may affect the ability of the parties to implement the terms of this agreement. In the events that such delays occur, the parties agree to cooperate to resolve these delays.

(5) **Conflict Resolution.** The representatives of each party shall endeavor to resolve any issues that may arise concerning the implementation of this agreement. If the representatives are unable to resolve an issue, they shall refer the matter to the Managing Director of Aviation for the Port and the City Manager for resolution. If the Managing Director and the City Manager cannot resolve the issue, then the matter shall be resolved by two members of the Port Commission and two members of the City Council. Any further unresolved controversy or claim arising from or relating to this Agreement or breach thereof shall be settled through arbitration which shall be conducted under the American Arbitration Association's Arbitration Rules. The arbitrator may be selected by agreement of the parties or through the American Arbitration Association. All fees and expenses for mediation or arbitration shall be borne by the parties equally. However, each party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of evidence. By agreeing to these conflict resolution procedures, the parties do not waive any legal remedies allowed by any court of competent jurisdiction.

#### **VIII. Miscellaneous Agreements.**

(1) **Entire Understanding.** This Development Agreement and the exhibits attached to it and incorporated by reference comprise the entire agreement of the parties and supersede any and all prior written or oral agreements.

(2) **Real Property.** The parties do not intend to acquire, hold or dispose of any jointly owned real or personal property in connection with the performance of this Agreement.

(3) **Effect of this Agreement.** The provisions of RCW 36.70B.180 concerning the effectiveness of this Agreement govern its terms.

(4) **Agreement Modification.** This Development Agreement may be amended or modified only by written agreement of the parties, as limited by the requirements of RCW 36.70B.180.

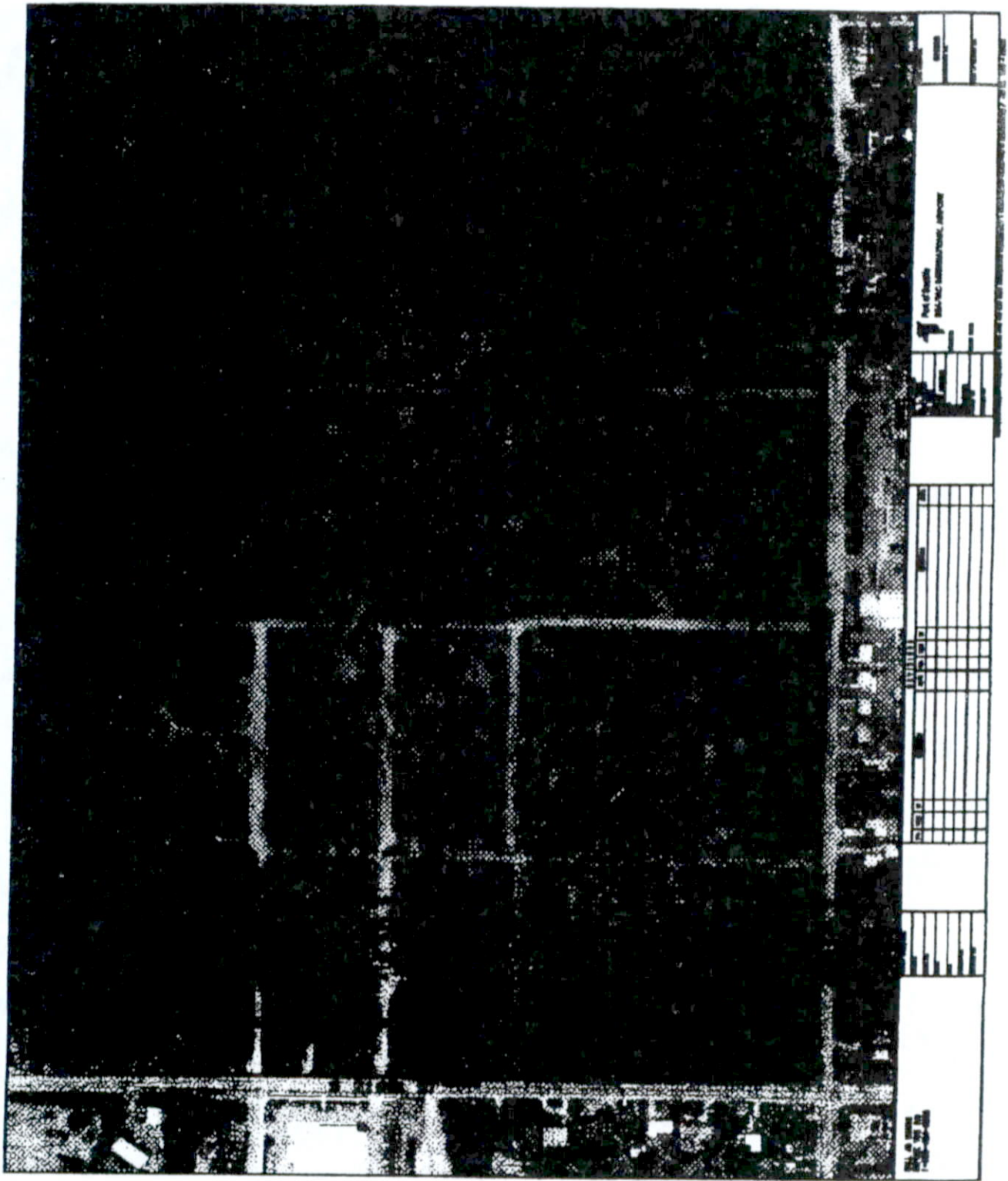
(5) **Duration and Termination.** This agreement shall remain in effect until the actions required herein are complete, unless otherwise terminated by a party. Other than as may be prohibited by law, and specifically subject to the limitations of RCW 36.70B.180, the parties may terminate this agreement by seven days written notice. Termination of this agreement shall not result in termination of any other legally binding agreement or action based upon this

First Development Agreement  
City of Des Moines and Port of Seattle  
Development of the Des Moines Creek Business Park Property  
Page 12 of 13

development agreement unless such additional termination is required under the terms of such other agreement or action. Notice of termination shall be sent to the following addresses: City of Des Moines, 21630 11<sup>th</sup> Avenue South, Suite A, Des Moines Washington 98198, and Port of Seattle, Post Office Box 68727 Seattle Washington 98168.

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Exhibit 1 - Map and Legal Description



## EXHIBIT 2

### DES MOINES CREEK BUSINESS PARK USES

Only those uses listed below, in uses similar in nature as determined by the Community Development Director or city designee may be permitted in the Des Moines Creek Business Park

(1) Services, limited to the following:

- (a) Business services (73);
- (b) Engineering, accounting, research, management, and related services (87);
- (c) Legal services (81);
- (d) Medical and dental clinics and laboratories (801-804 and 809);
- (e) Repair services (76), excluding repair of automobile and other large or motorized vehicles;
- (f) Personal services (72);
- (g) Recreation services, such as health clubs, athletic clubs, swimming pools, and tennis courts (791, 7991 and 7997), but not including theaters, bowling alleys, amusement arcades, and the like;
- (h) Museums and art galleries (841);
- (i) Social services (83), including nursery schools and day care centers;
- (j) Educational institutions (82);
- (k) Business associations, professional associations, fraternal lodges, and similar uses (861-865 and 869);
- (m) Conference and meeting facilities (no SIC code);

(2) Finance, insurance and real estate institutions and services (60-67);

(3) Light manufacturing, fabrication, and assembly of the following and closely related products:

- (a) Food products (20), excluding meat packing and airline food
- (b) Apparel, fabric, and textile products (22 and 23);
- (c) Lumber and wood products (24);
- (d) Furniture and fixtures (25);
- (e) Paper products (26), but excluding paper and pulp manufacturing;
- (f) Chemical related products (28), but excluding manufacture of flammable, dangerous, or explosive materials;
- (g) Plastic and rubber products (30);
- (h) Computer and office and equipment (357);
- (i) Small electrical equipment and components, such as appliances, lighting, electronics, and communications equipment (36);
- (j) All uses allowed under SIC (34) "Fabricated metal products, except machinery and transportation equipment";
- (k) Measuring, analyzing, and controlling instruments; photographic, medical, and optical goods; watches and clocks (38) and avionics (no SIC);
- (l) Printing and publishing and allied products manufacturing (27);
- (m) Stone, clay, glass, ceramics, pottery, china, and similar products (32);
- (n) Toys, jewelry, musical instruments, signs, and other miscellaneous items (39);

- (4) Wholesale trade of general merchandise, products, supplies, materials, and equipment, including sales offices for these goods (50 and 51); motor freight transportation and warehousing (42), transportation by air (45), and packing and crating (4783) excluding air transportation (451) and airports, flying fields and airport terminal services (458) are allowed as permitted uses when appropriately mitigated for excessive truck traffic and large unsightly buildings;
- (5) Building and special trade contractors (15 and 17);
- (6) Retail trade, limited to the following:
  - (a) Restaurants (5812);
  - (b) Nurseries and greenhouses for the growing and sale of plants (5261);
  - (c) Retail uses selling products and providing services which are of a type and are located and designed to serve other business park tenants without attracting a significant number of patrons from outside the business park;
  - (d) Airline ticket sales and reservations (4729)
  - (e) Sales offices including, but not limited to, those sales offices related to light manufacturing in #3 and wholesale trade in #4(no SIC)
  - (f) Specialty retail when consistent with the Comprehensive Plan and approved by the Community Development Director or their designee
    - (a) Department Stores (531)
    - (b) Variety Stores (533)
    - (c) Miscellaneous General Merchandise Stores (539)
    - (d) Home Furniture, Furnishing and Equipment Stores (Major Group 57)
- (7) Public facilities, including the following:
  - (a) Public parks (no SIC code);
  - (b) Government offices and facilities (91-97);
  - (c) Public utilities (48 and 49), excluding the production or storage, other than for use by the utility, of petroleum products;
- (8) Operation of foreign trade zones limited to the uses listed above

**EXHIBIT 3  
PROPOSED DES MOINES CREEK DEVELOPMENT TIMELINE  
May 2005**

May 16, 2005	Staff finalize first development agreement
May 16, 2005	Advertise city public hearing on development agreement
May 26, 2005	Public Hearing on development agreement
June 9, 2005	City Development Agreement decision (if a 2 <sup>nd</sup> meeting is necessary)
June 14, 2005	Port Commission 1 <sup>st</sup> reading of agreement resolution
June 28, 2005	Port Commission 2 <sup>nd</sup> reading of agreement resolution:
June 30, 2005	Start plat and street vacation survey and application processes
July 5, 2005	Issue Conceptual Master Plan RFP
July 27, 2005	Proposals for conceptual master plan due
August 5, 2005	Conceptual Master plan consultant interviews
August 1, 2005	Start street vacation appraisal process
August 8, 2005	Invite SEPA consultants
August 8, 2005	Conceptual Master Plan Consultant contract signed
August 18, 2005	Interviews and selection for SEPA consultant
September 1, 2005	SEPA consultant contract signed
September 15, 2005	Port informs City of street appraisal results
September 20, 2005	City starts street appraisal review process
October 7, 2005	Start street vacation negotiation process

November 4, 2005	Conceptual Master plan complete
November 7, 2005	Issue SEPA scoping document
November 15, 2005	Street vacation negotiations complete
November 18, 2005	FAA begins street vacation review
November 21, 2005	Community Open House on Conceptual Master Plan and SEPA Scoping meeting
December 5, 2005	Issue DS
December 6, 2005	FAA street vacation review complete
January 21, 2006	Issue DEIS
February 21, 2006	Issue FEIS
February 25, 2006	Appeal period complete
March, 2006	Public Hearing on 2 <sup>nd</sup> Development Agreement recommending approval of: <ul style="list-style-type: none"> <li>• Street vacation application</li> <li>• Plat Vacation</li> <li>• SEPA mitigation agreement</li> <li>• EIS planned action</li> <li>• Conceptual master plan</li> </ul>
March 2006	City of Des Moines and Port of Seattle decisions on 2 <sup>nd</sup> Development Agreement

**EXHIBIT 4**  
**AVAILABLE ENVIRONMENTAL DOCUMENTS**

- Draft Environmental Impact Statement for the Proposed Master Plan Update Development Actions at Seattle-Tacoma International Airport, April, 1995.
- Final Environmental Impact Statement for the Proposed Master Plan Update Development Actions at Seattle-Tacoma International Airport, February, 1996
- Final Supplemental Environmental Impact Statement for the Proposed Master Plan Update Development Actions at Seattle-Tacoma International Airport, May 1997.
- Water Quality Certification Order #1996-4-02325 (Amended-2)
- Department of the Army Permit #1996-4-02325, issued under the Section 404 of the Clean Water Act, 12/13/02.
- Final Environmental Impact Statement, Des Moines Creek Technology Campus, May 1995
- Draft Environmental Impact Statement, Greater Des Moines Comprehensive Plan, 1995
- Final Environmental Impact Statement, Greater Des Moines Comprehensive Plan, 1995
- Revised Draft Environmental Impact Statement SR-509/I-5 Freight and Congestion Relief Project, 2002
- Final Environmental Impact Statement SR-509/I-5 Freight and Congestion Relief Project, 2003

# EXHIBIT 1 MAP AND LEGAL DESCRIPTION

LEGAL DESCRIPTION  
BORROW AREA ONE BOUNDARY WITHIN THE CITY OF DES MOINES CITY  
LIMITS

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 22  
NORTH, RANGE 4 EAST, W.M. CITY OF DES MOINES, KING COUNTY,  
WASHINGTON DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SECTION 9, THENCE  
NORTH 89°52'02" WEST, ALONG THE NORTH SECTION LINE OF SAID SECTION  
9, A DISTANCE OF 27.06 FEET TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 00°38'05" EAST, ALONG THE WEST MARGIN OF 24<sup>TH</sup> AVENUE  
SOUTH, A DISTANCE OF 30.06 FEET;  
THENCE CONTINUING ALONG SAID MARGIN, SOUTH 00°19'34" EAST, A  
DISTANCE OF 2,577.25 FEET TO THE NORTH MARGIN OF SOUTH 216<sup>TH</sup> STREET;  
THENCE NORTH 89°44'06" WEST ALONG SAID NORTH MARGIN, A DISTANCE OF  
1,594.65 FEET;

THENCE NORTH 03°10'47" EAST, A DISTANCE OF 360.56 FEET;  
THENCE NORTH 11°18'36" WEST, A DISTANCE OF 509.90 FEET;  
THENCE NORTH 02°32'41" WEST, A DISTANCE OF 450.44 FEET;  
THENCE NORTH 90°00'00" EAST, A DISTANCE OF 400.00 FEET;  
THENCE NORTH 00°00'00" EAST, A DISTANCE OF 650.00 FEET;  
THENCE NORTH 90°00'00" WEST, A DISTANCE OF 150.00 FEET;  
THENCE NORTH 00°00'00" EAST, A DISTANCE OF 620.00 FEET;  
THENCE NORTH 90°00'00" EAST, A DISTANCE OF 200.00 FEET;  
THENCE NORTH 00°00'00" EAST, A DISTANCE OF 22.74 FEET;  
THENCE SOUTH 89°52'02" EAST, ALONG THE NORTH SECTION LINE OF SAID  
SECTION 9, A DISTANCE OF 1,229.64 FEET TO THE TRUE POINT OF  
BEGINNING.

CONTAINING 3,891,091 SQUARE FEET OR 89.33 ACRES, MORE OR LESS.

EXCEPT

KING COUNTY ASSESSOR  
PARCEL NUMBER 0922049263

June 7, 2005.

(6) **Effective date.** This agreement shall become effective upon the approval of and signature by the City Council and the Port Commission.

**PORT OF SEATTLE**, a Washington municipal corporation

By:



M.R. Dinsmore  
Chief Executive Officer, Port of Seattle

Dated:

7/11/05

Approved as to form:



Port of Seattle Attorney

**CITY OF DES MOINES**, a Washington municipal corporation

By:

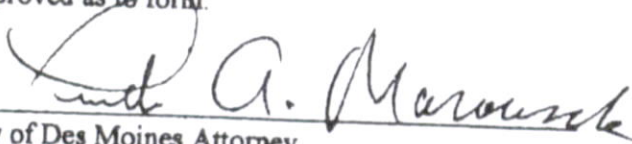
  
Anthony A. Piasecki  
City Manager

Dated:

7/8/05

By Direction of the Des Moines City Council in  
Open Public Meeting of 6/9/05

Approved as to form:



City of Des Moines Attorney