PRIORITY-BASED BUDGETING

Guidance and Considerations for Scoring Capital Projects

One of the most critical steps in implementing the Prioritization Process is the Scoring of Programs. In this step, each department is responsible for reviewing all of their capital requests and then scoring each request relative to the stated results.

Similar to scoring community and governance programs, there are two main concepts to understand. The first concept in scoring capital projects is gaining an understanding of how each of the programs offered impacts the individual Results that the City desires to achieve. As each department evaluates their individual programs, they must first determine if there is any connection between each single program and its ability to achieve any or all of the City's identified Results. Once the first concept is understood and a connection between the program and one or more of the City's stated Results has been made, then the degree of impact an individual capital item may have on each result is analyzed.

What is a program?

When discussing capital requests, a program is each capital item a department is requests. Some examples of capital requests for the 2020 budget include:

- Advanced Metering Infrastucture Sytem
- Adio-Visual Support
- Bucket Truck
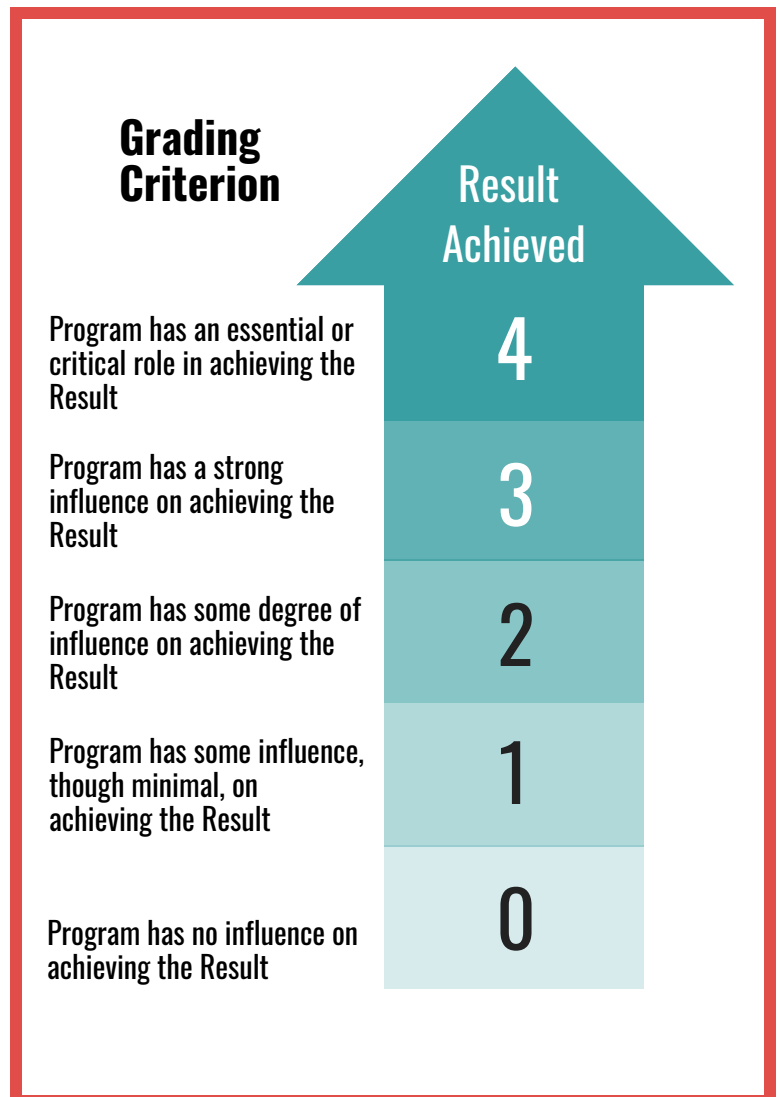- City Hall Boiler Unit

Questions to ask when scoring:

1. Does the capital item affect the result?

2. To what degree does the capital item contribute to the city achieving the result?

Rating System

Departments will receive a program scorecard that lists 2020's capital budget items for their department. The department is then responsible for scoring each program using a "0-4" rating system against the City's 9 stated Community Results and also against the 4 Basic Program Attributes that have been defined to also assist the City in differentiating one program against another. The department then applies the two scoring concepts through the rating system. For every capital item requested, the scoring process helps clarify the relative influence the capital items have on the Results that the City exists to achieve and will help to more clearly understand programs that are highly influential to Results, as well as items that have a lesser degree of influence. Once departmental scoring is complete, the Peer Review Committee repeats the process to validate department scores.

The kinds of questions that a department should ask as they consider scoring their programs include:

- **What impact does the program have on residents, relative to the Result under consideration?**
- **If the program were no longer provided, would the impact on the City's ability to achieve the Result under consideration be highly significant or less significant?**
- **Does the program influence any of the "sub-results" relative to the Result under consideration, one of the sub-results or many or all of the sub-results?**

Grading Criterion

Result Achieved

Program has an essential or critical role in achieving the Result — **4**

Program has a strong influence on achieving the Result — **3**

Program has some degree of influence on achieving the Result — **2**

Program has some influence, though minimal, on achieving the Result — **1**

Program has no influence on achieving the Result — **0**

Basic Program Attributes

Programs are also evaluated relative to Basic Program Attributes (BPA), which are additional characteristics of programs that could increase their overall relevance. Those attributes selected by the City of Branson to assist in the Program Prioritization Scoring process are:

Mandated to Provide the Project

Programs that are mandated by another level of government will receive a higher score for this attribute compared to programs that are mandated solely by the City or have no mandate whatsoever. The grading criterion established to score programs, on a 0 to 4 scale is as follows:

4 = Program is required in writing by Federal, State or County legislation;

3 = Program is required by Charter or other incorporation documents OR is required in order to comply with regulatory agency standards;

2 = Program is required by a Code, ordinance, resolution or policy OR is required to fulfill an executed franchise or contractual agreement;

1 = Program is recommended by a national professional organization to meet published standards or as a best practice;

0 = No requirement or mandate exists.

Portion of Community Served by Program

Programs that benefit or serve a larger segment of the City's residents, business and/or visitors will receive a higher score for this attribute compared to programs that benefit or serve only a small segment of these populations. The grading criterion established to score programs, on a 0 to 4 scale is as follows:

4 = Program benefits/serves the ENTIRE community (100%);

3 = Program benefits/serves a SUBSTANTIAL portion of the community (at least 75%);

2 = Program benefits/serves a SIGNIFICANT portion of the community (at least 50%)

1 = Program benefits/serves SOME portion of the community (at least 10%);

0 = Program benefits/serves only a SMALL portion of the community (less than 10%).

Cost Recovery of Program

Programs that demonstrate the ability to "pay for themselves" through user fees, intergovernmental grants or other specifically dedicated revenues will receive a higher score for this attribute than programs that generate limited or no funding to cover their cost. The grading criterion established to score programs, on a 0 to 4 scale is as follows:

4 = Fees generated cover 75% to 100% of the cost to provide the program;

3 = Fees generated cover 50% to 74% of the cost to provide the program;

2 = Fees generated cover 25% to 49% of the cost to provide the program;

1 = Fees generated cover 1% to 24% of the cost to provide the program;

0 = No fees are generated that cover the cost to provide the program.

Change in Demand for Program

Programs demonstrating an increase in demand or utilization will receive a higher score for this attribute compared to programs that show no growth in demand or utilization for the program or service. Programs demonstrating a decrease in demand or utilization will actually receive a negative score for this attribute. The grading criterion established to score programs, on a -4 to 4 scale is as follows:

4 = Program experiencing a SUBSTANTIAL increase in demand of 25% or more

3 = Program experiencing a SIGNIFICANT increase in demand of 15% to 24%

2 = Program experiencing a MODEST increase in demand of 5% to 14%

1 = Program experiencing a MINIMAL increase in demand of 1% to 4%

0 = Program experiencing NO CHANGE in demand

-1 = Program experiencing a MINIMAL decrease in demand of 1% to 4%

-2 = Program experiencing MODEST decrease in demand of 5% to 14%

-3 = Program experiencing a SIGNIFICANT decrease in demand of 15% to 24%

-4 = Program experiencing a SUBSTANTIAL decrease in demand of 25% or more

Reliance on the City to Provide the Program

Programs for which residents, businesses and visitors can look onl to the City to obtain the service for which the capital item supports will receive a higher score for this attribute compared to programs that may be similarly obtained from another intergovernmental agency or a private business. The grading criterion established to score programs, on a 0 to 4 scale as follow:

4 = City is the sole provider of the program and there are no other public or private entities that provide this type of service.

3 = City is currently the sole provider of the program but there are other public or private entities that could be contracted to provide a similar service.

2 = Program is only offered by another governmental, non-profit or civic agency.

1 = Program is offered by other private businesses but non are located within the city limits.

0 = Program is offered by other private businesses located within the city limits.

Outcome

Once department and peer review scores are compiled, the city is left with a ranking system for capital projects. Quartile 1 projects align with the city's priorities the most and Quartile 4 align the least.

The process offers an alternate view for decision-makers to evaluate which programs should be funded, if funded at all. Additionally the city can also address requests utilizing the Policy Questions below:

- Are we over providing to high mandate programs with low relevance?
- Are we over providing to our self-imposed mandates?
- Are there service sharing options with other political organizations?
- Are there public-private partnership opportunities?
- Are there programs best provided by the private sector?

Individual Priority Contribution

Priorities

Program aligns most with city priorities/desired results — Q1

Program aligns more with city priorities/desired results — Q2

Program aligns less with city priorities/desired results — Q3

Program aligns least with city priorities/desired results — Q4