

# Sharpening the Budgeting Strategy

How two Florida cities transformed their budgeting process



## CITY OF FORT LAUDERDALE, FLORIDA

### Making better budget decisions

BY JARA KERN

**T**he career path of many government finance and budget staff members is sequential, with steady promotions to positions of increased responsibility. This progression introduces a balancing act: as analysts, they must be “in the weeds,” but with executives, they also have the opportunity to guide high-level decisions. The challenge is to summarize and present data that creates the context for meaningful, strategic decision making. Establishing this context, though, requires a different approach to the budget process.

Like many other governments, the City of Fort Lauderdale, Florida, took a “clean slate” approach to its annual budget process. This meant that staff built each year’s budget from the ground up, without discussion of trends and performance of newly funded initiatives and existing programs. This approach embroiled staff in discussions about line-item requests instead of higher-level conversations focused on performance, trends over time, and the success of initiatives and programs.



When Laura Reece became the city's budget manager in 2019, she attended GFOA's Managing the Budget Process training. This course emphasized GFOA best practices and included practical examples of ways in which others had successfully managed the budget process by creating context. For Reece, this approach brought to life the role a budget officer could play in being a decision architect for financial, community, and government priorities.

### Creating context

Guided by this training, Reece led a change in the city's budgeting process. With her colleagues and the assistant city manager, she began to restructure meetings and reset expectations. It took a couple of budget cycles to fully refine the approach. Today, as part of the budget development process, the Office of Management and Budget (OMB) coordinates and hosts meetings with each department and the city manager. Nearly half of all meeting time is dedicated to presenting information and setting context for staff, with the goal of creating appropriate discussions for decision making on the budget.

Before each meeting, OMB staff compile pertinent data into a presentation, which is provided in advance and also referred to during the meeting. The meeting itself focuses discussion on the big picture.

A sample agenda for these meetings may include discussions and questions on:

- Staffing level, including growth.
- Recent budget trends and growth.
- Enhanced service levels or above-base requests.
- Key programs and initiatives that have been funded, with outcomes.
- Program-based budget review, including revenues, expenses, and key metrics.
- Specific programs, events, or requests for in-depth discussion.

This approach has transformed the tone of budget meetings. The focus has shifted from line items to strategic discussion and continuous improvement. Attendees come prepared for a high-level discussion. As Reece noted, "The city management team feels more confident in their knowledge of budgets. Everyone is on the same page as to where we have been."

## Taking this approach to long-term planning has helped OMB and city department staff build a stronger budget process.

### Taking the long view

As part of budget development, government finance officers must plan for future service delivery levels—and ensure appropriate funding. Certain funds are easier to budget for than others. Making the right assumptions and taking the long view can help budget officers succeed.

For certain key funds, the OMB looks at the upcoming year as well as ten years into the future for funds like water, sewer, sanitation, and the general fund. Anticipating changes in revenue and expenses helps staff prepare a revenue sufficiency analysis, which informs the necessary rates or fees to guarantee current or future service levels to the community. These analyses are then discussed with staff and the Budget Advisory Board before they're presented to the mayor and city commission at public meetings.


To lead the long-term financial planning process, the OMB starts with the baseline budget and then projects inflationary increases over the ten-year time horizon. Known or planned increases are then factored in, along with key replacement plans like those for fleets, PCs and internet technology, boats, and even service animals like horses and dogs. Staff also incorporate actuary plans and contributions, including pension annual required contributions.

Once these projections have been prepared and incorporated, OMB staff meet with city departments to share the baseline information and discuss the current service levels and projected changes. This provides an opportunity for department staff to identify key changes that could occur, based on their knowledge. The final step is to determine the approaches for ensuring the appropriate funding levels. OMB staff confer with consultants who help

guide long-term rate setting or navigate the transition to a special assessment.

Taking this approach to long-term planning has helped OMB and city department staff build a stronger budget process. As OMB director, Reece noted, "We fund needs before wants with a budget process that ties into known replacement plans and other long-term documents like CIP and actuary plans." This helps the city more accurately predict and budget for expenses—and avoid shocks.

Long-term financial planning also helps the OMB and government leaders earn community support for important changes. For example, stormwater was a user fee that generated \$5 million annually, while stormwater drainage needs that exceeded \$200 million were identified over the next five years. To ensure funding for several large drainage projects, the city had to demonstrate needs for the project, including them in a long-term plan, and start to design a revenue source that could support the increased expense. The ten-year timeframe approach helped OMB staff prepare for the ask, and in the end, the city was also able to make use of federal funds to support these important projects.

Long-term financial planning can help government finance officers time their capital investments, too. Reece shared the example of the city's sanitation fund. The city outsources residential collections, which has recently resulted in high inflationary costs for the fund when the collections contract was re-bid. As market conditions changed, the ten-year plan helped city staff strategize when to invest in capital needs like vehicle equipment. "If you have all the different pieces, and you're aware of them as a manager of the service, you can strategize," Reece said. 

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Review the City of Fort Lauderdale's annual budgets, strategic plan and more:

 [fortlauderdale.gov/government](https://fortlauderdale.gov/government)

Visit the city's interactive OpenGov Financial Transparency Portal to access the current fiscal year budget as well as historical financial information from previous fiscal years:

 [fortlauderdalefl.opengov.com](https://fortlauderdalefl.opengov.com)



## CITY OF PORT ST. LUCIE, FLORIDA

### Setting the stage for a strategy-informed budgeting approach

BY KEL WANG

**A**pproving the budget is one of the most important decisions any council gets to make. Making budget decisions effectively helps address the critical needs of the community, maintains the fiscal health of the administration, and positions the community and the administration for long-term sustainability. But perhaps, more importantly, the budget is a delicate balancing act that must address the community's needs without funding one area at significant cost to another. There are many challenges, and the decision making includes:

- **Diverse community needs.** Local communities are diverse, with varying demographics, socioeconomic

conditions, and priorities. Crafting a budget that addresses the distinct needs of different populations while promoting equity and inclusivity is a significant challenge.

- **Unpredictable revenue streams.** Local governments heavily depend on revenue sources like property taxes, grants, and fees. Economic fluctuations and changes in property values can lead to unpredictable revenue streams, affecting the fiscal health of the organization.
- **Infrastructure maintenance and development.** Balancing the need for maintaining existing infrastructure with investing in new projects poses a challenge. Aging infrastructure may require significant resources for

maintenance, while neglecting investments in new infrastructure can hinder the community's growth and vibrancy.

On top of everything else, each member of the council has their unique background, lived experience, philosophy, belief, interests, and expectations, all of which add to their discussions and decisions about the budget. So, how could we set the stage for more informed, smarter budget decision making that focuses on maximizing the benefits of good budgeting practice and not letting the challenges and differences hijack the conversation? The City of Port St. Lucie, Florida, has a strategy-informed budgeting approach that may shed light on the ideal method.





### Paying attention to community needs

A strategy-informed budgeting approach is based on the principle that budget decisions are informed by the needs of the community. The steps involved are learning community needs, analyzing, and internalizing these needs (within the organization), and finally, making budget decisions based on the information and discussions from what is learned in the first two steps. An example of this approach is Port St. Lucie's strategic planning and budgeting process.

The city, which has a council-manager form of local government, is led by a five-member elected council whose members make policy decisions and set long-term directions. The council is managed by a professional city manager who oversees the administration and is responsible for the implementation of policies and day-to-day operations. Bloomberg Philanthropies recently recognized the City of Port St. Lucie for its exceptional use of data with a What Works Cities certification.

"Our city has been transformed by significant growth in a short amount of time, which has placed a premium on utilizing data to ensure we are providing the right services to meet our community's needs," said City of Port St. Lucie Mayor Shannon Martin. "Data is

guiding planning decisions, improving efficiencies, and driving innovations that benefit our residents today while preparing a foundation for our future." So, what is unique about the city's approach?

The city's budget is approved in September, before the start of the fiscal year (which begins on October 1), and the cycle runs annually. Working behind the scenes is the city's four-step strategy planning system (see Exhibit 1).

### The system's rhythm and structure

"We use a four-step process, a rhythm for the year, that really helped us make progress," said Kate Parmelee, deputy city manager for strategic initiatives and innovation and chief innovation officer, who is leading this work. "When we began this process, we realized the content of the strategic plan wasn't tangible enough—there wasn't a shared understanding between the council and staff on what the deliverable looked like. So, part of our early work was just getting our structure right. We restructured our strategic plan so it has a goal, a strategic initiative, and projects. And every project has a project manager, a project team, and a project charter with key performance metrics associated. So, there's real, tangible, deliverable items built into the strategic planning system."

Built on "rhythm" and "structure," the system begins by analyzing citizen feedback from a community survey that is sent to randomly, scientifically sampled residents, plus an open participation survey. Then the city further analyzes the feedback through its annual Citizen Summit. The most recent three-hour event, held in early February in 2024, attracted 900 people and provided more in-depth citizen feedback. After the summit, the next step is the winter workshop, where the city council and staff come together to learn and discuss emerging issues, using a wide range of sources: economic outlook, health indicators, capacity projects, and budget and debt outlook—all of which help create a long-term, strategic, and forward-looking view of the community. Next, the council sets its priorities at a strategic planning workshop in April, finalizing the corresponding strategic plan goals, strategic initiatives, and priority projects.

These steps set a stage for smarter and more strategic budget decision making at the city council, a process that formally begins in July at the summer workshop, led by the city's office of management and budget. This step takes the direction of the strategic plan into account, working collaboratively with staff. The council makes decisions during this review to fund those priority projects and to increase or decrease fees or costs in various programs, if needed. Council members also set the date for the two budget hearings, which are held in September of each year, before the final budget is adopted, by September 30. Throughout the year, the city provides quarterly updates on the progress of the strategic plan, and the city council provides continued feedback and evaluation on implementing the plan. All these efforts are aligned with the community's vision, the organization's mission, the financial realities facing the city, and operational priorities.

To build up the momentum of this work and further improve the system, the city introduced quarterly stats meetings in 2024. The city manager, the executive team, and all the project managers attend these meetings and share metrics related to priority projects.




They also troubleshoot if needed. When reflecting on this journey, Parmelee offered a few tips for others who may be interested in pursuing a similar approach:

1. Develop a strategic plan (structure) that collects resident feedback and delivers tangible results.
2. Develop a strong rhythm using multiple check-in points throughout the year and build a system that people buy into.
3. Work with the mayor and members of the council closely and secure (and maintain) their buy in.
4. Develop stronger relationships between the strategy lead and budget lead and collaborate throughout the process.

One thing that really stands out here is the level of engagement and commitment from the city council. “The mayor and the city council had been highly committed to strategic planning for several years, and truly strengthened their commitment beginning in 2016. They placed an emphasis on their strategic plan. They placed an emphasis on convening,” Parmelee said. “The council really valued [this approach], spending the time to deeply understand the issues and building in meaningful opportunities to engage with residents and obtain their feedback, thinking about how they want to move the city forward. They are very committed to keeping their promises to residents, and stress that to the staff as they build the strategic plan each year.”

### Conclusion

By default, for a strategy-informed budgeting approach to be a success, an organization must have a solid strategy that is approved and owned by the council. If your community happens to have both, perhaps a strategy-informed approach is worth your consideration. 

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## RETHINKING BUDGETING

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The public finance profession has an opportunity to update local government budgeting practices to take advantage of new ways of thinking, new technologies, and to better meet the changing needs of communities. Rethinking Budgeting will raise new ideas and will produce guidance for state and local policy makers on how local government budget systems can be adapted to today's needs. Learn more: [gfoa.org/rethinking-budgeting](https://gfoa.org/rethinking-budgeting)