2023 AWARDS *for* EXCELLENCE

★ IN GOVERNMENT FINANCE ★

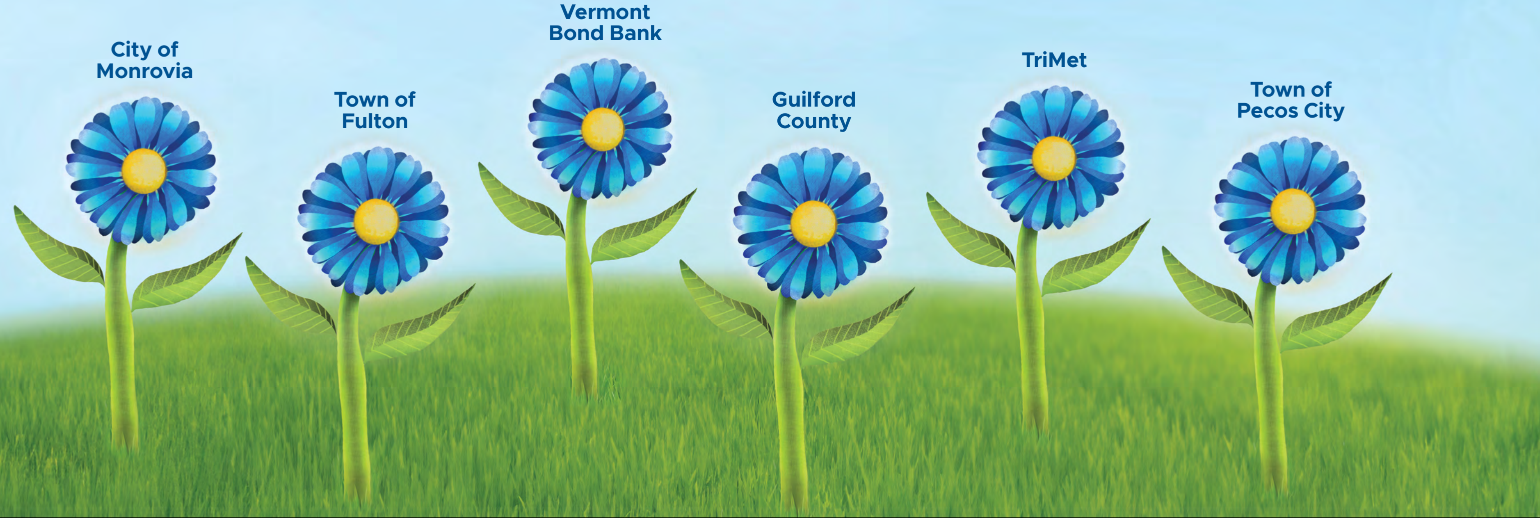
BY JARA KERN

"The secret of change is to focus all of your energy not on fighting the old, but on building the new."

From the vantage point of two millennia ago, the Greek philosopher Socrates could not have imagined our world today. He certainly, however, had the right idea about change—that in embracing it, we can find new and improved ways of working and serving our communities.

The six winners of the 2023 GFOA Awards for Excellence in Government Finance are examples, above all, of what comes from embracing change. These include stories of resilience, financial stewardship, and community consensus that help one town recover after a natural disaster, while another makes a generational investment in the future. In others are lessons in how embracing emerging technologies unlock fiscal transparency and staff productivity. Finally, awardees also share how taking innovative approaches to some of the most pressing issues we face today—climate change and equity—can move us all forward.

These six winners were selected from entries across a diverse set of governments and agencies in the United States and Canada. Their stories provide real-world examples of GFOA best practices at work, as well as inspiration on how other governments can use creative solutions to solve common challenges. Read on to learn more.



CREATIVE SOLUTION TO A COMMON CHALLENGE:
Water Conservation with Municipal Policy

City of Monrovia, California

Monrovia Conserves: A Finance Team's Approach to Water Conservation

About the City of Monrovia

Located in Los Angeles County, the City of Monrovia is in the foothills of the San Gabriel Mountains. Situated just east of Los Angeles, it is the fourth-oldest incorporated city in the county, with over 2,500 historic homes and a historic Old Town, which has hosted a weekly street fair for more than 30 years. Monrovia has been used as a setting for filming TV shows, movies, and commercials. As of the 2020 census, the city's population was 37,931.

With the state facing a historic drought in July 2021, California's Governor Gavin Newsom declared a drought state of emergency for 50 counties and urged all Californians to reduce their water usage by 15% compared to 2020 levels. Municipalities across the state brought mandatory conservation measures to residents in a variety of ways, including restrictions and citations. The City of Monrovia, though, took an unconventional approach by developing a water penalty program incorporated into its utility billing process. In the two years since its introduction, the program has helped the city conserve nearly 700 million gallons of water and achieve a 17% reduction in citywide water usage. Here is how other governments facing similar constraints can utilize a similar approach to think creatively about solutions.

DRASTIC MEASURES FOR A DEVASTATING DROUGHT

Drought conditions during the summer of 2021 caused unprecedented water shortages throughout California. Municipalities across the state responded by implementing new water restrictions, such as limiting landscape irrigation to specific days of the week and times of the day and issuing citations for violations. By October, the historically high temperatures and record dry conditions had not let up. In response, Governor Newsom issued a proclamation banning wasteful water practices and expanded the drought emergency to include all 58 counties—including Los Angeles County.

Located just east of Los Angeles, Monrovia relies heavily on an underground aquifer known as the Main San Gabriel Basin, which was nearing historic lows. Neighboring communities and prior agreements offered no relief. As City Manager Dylan Feik explained,


The City of Monrovia relies heavily on the San Gabriel Reservoir, which was nearing historic lows during the summer of 2021.

XINHUA / ALAMY

"Historically, as Monrovia's water usage crept higher, we've had to purchase some of our water from neighboring water agencies. This was no longer possible."

To make matters worse, the public was not complying with the governor's request. "We were seeing months when our water usage was actually going up," lamented Feik. That was when city staff knew they needed to do something drastically different to curb usage. Between October and December 2021, the City drafted language for its own mandatory emergency ordinance and developed an innovative water conservation program.

CREATING A WATER CONSERVATION PLAN

Following adoption of a mandatory emergency ordinance in December of 2021, staff spent the following 60 days educating the community about the new and nonconventional water conservation strategy tied directly into its water utility billing process. The plan required a mandatory 10% reduction in water consumption by all water customers, including residences, commercial businesses, churches, and schools.

"The initial strategy was built on the idea that we're all in this together," explained Feik. The penalty for failing to meet the required 10% reduction was a bill of two times the cost of each water-billing unit. The standard cost per unit (748 gallons of water) is $2.44. Consequently, the penalty was set at $4.88 per unit in excess. Penalties for excess water usage took effect on the March 2022 utility bills.

The biggest challenge was addressing concerns of fairness. If one resident used five units of water and their neighbor used 50, assigning a 10% reduction of water usage across the board seemed unfair. "Some residents had spent their own money removing grass lawns and installing low-flow fixtures to bring their water consumption down. Asking them to reduce more was really hard," Feik recalled. The city made the decision, however, that everyone would be subject to the target, including the city itself. Thus, the program became a united citywide conservation effort. To address unique fairness concerns on an individual bases, the city established an appeals process for customers who sought to contest their penalties. This approach would cover special circumstances, like sprinkler or pipe breakage, or cases in which residents already used so little water that penalties for simply maintaining these levels would be unreasonable.

LEANING ON TEAMWORK

Creating and implementing a brand-new water conservation plan was a team effort in a state of emergency. Conventional water restrictions are all the same—don't water on certain days of the week—and this was not going to be the best solution for Monrovia. "We like to say 'let's do what's best for Monrovia'," Feik explained. "Creating a completely different approach, as stressful as it was, allowed each team member to combine their individual strengths with one another to form a plan and build a solution."

Just as residents were required to step up their water conservation efforts, city employees also rose to the challenge of implementing the new conservation plan. Accounting Assistants April Olson and Logan Del Grosso fielded complaints from residents and respectfully explained—over the phone and at the public payment counter—the drought crisis and the purpose of the water conservation plan. Payroll Technician Milka Munoz and Principal Accountant Michie Hernandez coordinated the utility billing; they calculated the penalty fees and credits and incorporated account-specific details into over 11,000 monthly utility bills. The staff's detailed work helped ensure residents could monitor their conservation efforts through their monthly utility bill. "The idea was to give everybody a graph they can look at to understand their usage, their target, and how they're doing in relation to that target on their bill," Feik explained.

Senior Information Systems Analyst Lou Valdez designed a custom software application that helped bring together data from three different enterprise systems to better track the appeal applications. As a designated Water Appeals Team, staff reviewed the excess usage penalty appeals in addition to regular day-to-day work. "We have a team of very capable staff to review these items and come up with some standard approaches to how we address these issues of fairness and equity. And we were able to start making some little tweaks and adjustments," explained Feik. Lastly, leadership regularly shared insights, reports, and presentations with the City Council as the city demonstrated progress toward the conservation mandate.

TRACKING THE RESULTS

By spring 2023, citywide water consumption was down 20%—exceeding the state's 15% water reduction goal. "We've collected about $1.3 million in penalty revenue," Feik reported. And 100% of the fees are going towards further conservation efforts, including reimbursing residents for grass lawn removal, installing low-flow water fixtures and appliances, and planting native and drought-resistant landscaping. "We're using it for one-time costs that will reduce our dependence on water," Feik explained. Every time a resident removed their grass lawn, they received a rebate from the City for $4 per square foot of lawn removed. "Our rebate is the highest in the area. And every time we do a turf rebate, we see almost 60% water reduction."

Moving forward, Monrovia is looking to invest money to reduce water consumption from heavy water users such as parks, schools, the local cemetery, and historic homes. The city is also now providing a water audit program for residents so they can better understand their individual water usage and determine how they can conserve even more. In addition, its website also provides resources to educate residents on water-saving strategies.

Monrovia's innovative water conservation plan brought citywide water consumption down 20%, exceeding the state's 15% water reduction goal, and brought in about $1.3 million in excess usage penalty revenue.

> "In our approach, we adopt a standard, educate people, and then let them govern themselves. Changing behavior takes generations. I'm a big believer that governments can help solve a lot of problems."
>
> DYLAN FEIK, MONROVIA CITY MANAGER

The true innovation was in the approach to focus on results. The City assumed residents could water however and whenever they needed so long as they also understood the goal of reducing water usage and how that was being measured. The city found that residents better and more easily governed themselves than under an alternative approach in which inspectors monitored compliance with irrigation schedules, for example.

The community has embraced this program. "I remember talking to an 84-year-old resident," Feik recalled. "He called while he was on his hands and knees removing sod in his front yard. He said, 'Hey, I just wanted you to know I'm removing my sod today. Have a good day.' And I thought, that's it! People did buy into this."

LESSONS FOR OTHER COMMUNITIES

Amid rising temperatures, extreme drought conditions and population growth, communities across the western United States are struggling with unprecedented water shortages. Cities facing water scarcity can learn from Monrovia's innovative approach to conservation, which Feik explained they call "the Monrovia Way."

"In our approach, we adopt a standard, educate people, and then let them govern themselves," said Feik. Other organizations can easily study Monrovia's non-conventional approach by referencing all of the city's materials, documents and even copies of utility bills online.

Change, of course, takes time. "Changing behavior takes generations," Feik emphasized, even while explaining Monrovia's success. "I'm a big believer that governments can help solve a lot of problems," he added, reflecting on the change staff has seen in the community.

EXPLORE MONROVIA CONSERVES

See updates, resources, and details on Monrovia's water conservation measures online at cityofmonrovia.org/your-government/public-works/water/water-conservation.

EXCEPTIONALLY WELL-IMPLEMENTED GFOA BEST PRACTICE:
Fiscal Resilience and Disaster Preparedness

Town of Fulton, Texas

Navigating Challenges to Build a More Resilient and Prepared Community

About the Town of Fulton, Texas

Located on the Gulf Coast and overlooking Aransas Bay, the Town of Fulton is home to just over 1,550 people. The town's primary industries include tourism and fishing, especially for shrimp and oysters. Fulton was founded by George Ware Fulton in 1867.

WESTEND61 GMBH / ALAMY; DAVE G. HOUSER / ALAMY

Since 2017, the Town of Fulton, Texas, has confronted a one-two punch. First, Hurricane Harvey roared ashore in August 2017, causing widespread flooding and damage as it ravaged the South Texas coast. And just two years later, the COVID-19 pandemic further strained this small town with limited resources. What could have been disastrous, though, instead galvanized the government, spurring staff to develop newfound resilience through fiscal conservatism and strict budget adherence. This is the story of how a town of 1,550 residents with a team of ten employees built outsized financial stability, increased transparency, and engaged the community.

FACING CHALLENGING CIRCUMSTANCES

When Hurricane Harvey made landfall on the Gulf Coast of Texas on August 25, 2017, it was the first major storm to strike the area since Hurricane Celia in 1970. The Town of Fulton took a direct hit. With nearly 140 mph winds, Harvey destroyed Fulton's town center and business district, the convention center, multiple hotels, and the town's famous 1,200-foot fishing pier.

The town faced the makings of a financial crisis, since hotel occupancy and sales tax represented Fulton's leading sources of revenue. "We learned that they could just disappear," said Steven Robertson, CPA, comptroller for the Town of Fulton. Robertson, then-Mayor Jimmy Kendrick, and the city secretary came together as the initial long-term recovery team, working together on behalf of Fulton with Aransas County and the City of Rockport. Initially the county and cities intended to apply for public assistance grants together, but the joint effort would introduce delays that were projected to stretch two years or more.

Fulton's town center and business district were destroyed and many residents lost their homes when Hurricane Harvey struck the Gulf Coast of Texas on August 25, 2017.

As a result, Fulton's leadership began procurement for assistance on its own. During this period, Robertson oversaw Fulton's financial operations and advised the mayor, council members, and town staff.

Many Fulton residents had lost their homes in the hurricane. In the wake of the storm, elected officials made two key decisions intended to reduce financial strain. In early 2017, the Fulton Town Council had passed an ordinance reducing utility rates. The council opted not to raise these rates; they would remain at 2017 levels until October 2021. In addition, in September, council members voted to reduce property tax rates, which would ultimately cost Fulton $100,000 in foregone revenue through 2021.

Fulton's rigorous fiscal responsibility was the backbone of its recovery. As Robertson recounted, staff and elected officials first focused on capturing savings from deferred hiring and reduced expenditures such as street maintenance and vehicle and equipment replacement. The savings were used to help build up strategic reserves. Fulton staff also practiced careful financial management with conservative budgeting for sales tax, mixed beverage tax, and franchise tax.

By 2018 and 2019, recovery was underway. Ultimately, a combination of grants and private funding would help Fulton rebuild. This included $5.33 million in FEMA grants, $4.75 million in Community Development Block Grants (CDBG), and private funding from YETI, the Texas Parks and Wildlife Foundation, and the Sid W. Richardson Foundation. Additionally, Texas Senate Bill 7, passed in 2019, allocated funds from the state to help with the local cost-share, which ultimately resulted in savings of an anticipated $300,000 for the FEMA projects. "It was a team effort to come up with the funds for the local cost-share," said Robertson.

FACING NEW PRESSURES

Recovery still takes time, and though Fulton staff had worked toward financial stability, the onset of the COVID-19 pandemic introduced a new set of unknowns. In addition, Fulton had a leadership change in Mayor Kelli Cole, who took office in May 2020. She faced an emergent crisis while needing to also provide strong leadership on fiscal policy and administration. "We were still struggling to overcome challenges related to grant compliance and procurement," she noted, "especially because our team is small and had limited experience with large grant projects."

Unsure of what the pandemic might bring, Fulton's team budgeted revenues conservatively and expenditures liberally. "We wondered if the economy would crash and if people would cease traveling altogether," Robertson recalled. In fact, the opposite happened: remote work created an opportunity for people to travel and even relocate, and Fulton suddenly became a prime destination for those who had always wanted to live on the coast.

"The boom was so big," recounted Mayor Cole. "It seemed like everyone came to visit." Fulton was still recovering from the damage caused by Hurricane Harvey. "The influx of visitors initially put a strain on our resources," said Robertson.

STRONGER THAN BEFORE

During the rebuild and the pandemic, Fulton continued to provide essential services while also successfully managing significant disaster recovery efforts and rebuilding key community landmarks. Over this period, elected officials and finance staff prioritized transparency and community engagement. Open meetings and workshops during the recovery helped citizens understand what the town was facing and what to expect—and on what timeline. This transparency has become an established practice in the years since, with comprehensive workshops during the budget process. In addition, Cole leads efforts to actively engage residents, addressing their questions and concerns and amplifying transparency

PATRICK RAY DUNN / ALAMY

Left: The Fulton Fishing Pier, one of Fulton's popular attractions, was rebuilt after being destroyed by Hurricane Harvey in 2017. **Right:** Boats dock at Fulton Harbor. The coastal town has experienced a surge in popularity since the COVID-19 pandemic.

"We worked really, really hard to get to this point. We're all very proud of what we were able to do for our community. And we're a lot stronger now because of what we've been through."

STEVEN ROBERTSON, COMPTROLLER

when it comes to Fulton's finances. "Fulton welcomes a lot of visitors, but we're a tight-knit community, and it's important to build trust between elected officials and citizens whose best interests we have at heart," Cole said.

The finance team also continued building reserves to ensure that Fulton has a financial safety net. In 2017, Fulton staff implemented a fund balance policy with a reserves target of 90 percent of budgeted expenditures for the general fund. "This is a target we have achieved," Robertson noted. With its final rebuilding projects on track for completion by April 2024, Fulton's finance staff and elected leaders are currently reevaluating this established policy to include enterprise funds.

"You have to have reserves," said Kimberly McLain, bookkeeper for the Town of Fulton. "We've stayed in line with our budgeting since 2018," she added. "If you have been through something like Harvey, you know that you need to be prepared."

Fulton's preparedness has become a vital part of the staff's approach to fiscal planning and budgeting. "Every penny matters," Robertson said, "and needs to be in line with what you're planning for."

Other organizations, particularly those in small towns with limited resources, could replicate Fulton's successful practices by focusing on fiscal conservatism, strict budget adherence, and community engagement in financial decisions.

GFOA BEST PRACTICES

During its path to recovery after the disaster, Fulton staff made use of many tools, assistance, and guidelines when implementing best practices. The town's staff and leaders leveraged FEMA assistance for disaster recovery efforts, adhered to GFOA guidelines for budgeting and citizen engagement, and followed GAAP. This allowed the staff to consistently receive unmodified audit opinions, a testament to the team's financial management proficiency. Fulton's staff also performed extensive research on best practices in disaster recovery and financial management, using resources from GFOA and other reputable sources to inform their strategies.

The team implemented GFOA best practices, specifically *Fund Balance Guidelines for the General Fund*, which states that "governments should establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes." In addition to systematically accumulating reserves, they strengthened internal controls and upheld strict budget adherence.

While Fulton staff did not specifically use this best practice, their strategy for recovery covers many of the principles of GFOA's *Disaster Preparedness*, which states that "local jurisdictions should incorporate resiliency in the capital planning process to produce a sustainable community and mitigate the effects of disasters."

Fulton's remarkable recovery and success were all made possible by the community's small but dedicated staff, who quickly adapted to changes, kept meticulous accounting records, and focused on strong financial management. As a result, the town has emerged from Hurricane Harvey and the COVID-19 pandemic more resilient and financially stable than ever.

"We worked really, really hard to get to this point," Robertson shared. "We're all very proud of what we were able to do for our community. And we're a lot stronger now because of what we've been through."

IMAGE COURTESY OF FACEBOOK.COM/ROCKPORTFULTON; GABBRO / ALAMY

CREATIVE SOLUTION TO A COMMON CHALLENGE:
Enhancing Transparency for Borrowers and the Community

Vermont Bond Bank

Creating the Vermont State Revolving Fund Loan Database

About the Vermont Bond Bank

More than 50 years ago, the Vermont General Assembly established the Vermont Bond Bank to provide loans for local infrastructure projects, following a period of facilities construction across the state when the ability to secure long-term debt financing was at risk. Today the Bond Bank's loan programs affect the daily lives of Vermonters across the state by financing the classrooms, roads, and water that make daily life possible. The bank holds 504 active loans worth a total of $576 million in its Pooled Loan Program and more than $240 million in the State Revolving Loan Program.

Like other organizations, the Vermont Bond Bank is navigating the digital transformation imperative. The need to provide borrowers with transparent and timely data access in the face of big changes pushed Bond Bank staff to build a database for its State Revolving Loan Program. Bringing this vision to life challenged the bank's small staff of three, but they succeeded in creating a cost-effective solution that did not require investment in in-house IT staff or major software subscription fees. Here is what the Bond Bank staff learned, and how other organizations can benefit from their success.

TRANSFORMING DEBT SERVICE DATA ACCESSIBILITY

Municipalities, school districts, and other public agencies often face challenges in obtaining funding at favorable rates for capital projects and maintenance. These can include limited borrowing capacity, credit rates that vary with financial stability, and fluctuating borrowing costs, among others.

Pooled loan providers are a critical source of financing for local governments and agencies like school districts. They lend funds for facilities renovation and construction projects (like the Town of Middlebury, Vermont, Town Offices project, pictured above), road and highway improvements, equipment purchases, general infrastructure, and more. Many of these providers can trace their origins to the Vermont Bond Bank. When it was created by the Vermont General Assembly in 1970, the Bond Bank was the first institution of its type in the country. Today, similar organizations now exist in 11 other states, along with many similar financing agencies. These organizations provide local governments and state agencies with affordable, innovative, and appropriate capital.

One of the Bond Bank's key loan programs is the Clean Water and Drinking

Water State Revolving Funds Program (SRF), established in the 1990s. SRF loans are made through state and Environmental Protection Agency (EPA) funding. These are below-market-rate loans for related infrastructure and natural resource conservation projects across Vermont. The Bond Bank jointly administers the SRF program with the Vermont Department of Environmental Conservation (DEC).

Trailblazing history aside, the Bond Bank was lagging in providing increased financial visibility to SRF borrowers and the public. Data was locked in PDFs and therefore not readily accessible. Ultimately, the impetus to take a transformational leap forward in visibility came from the pandemic.

In spring 2020, Vermont created a host of programs to help residents and communities cope with the COVID-19 pandemic. Working with DEC, the Bond Bank helped create the COVID Relief Program for SRF borrowers that was announced in April 2020. The program suspended principal payments and waived interest and administration fees between June 1, 2020, and May 1, 2021.

Each amortization schedule had to be signed by the State of Vermont Department of Environmental Conservation and Vermont Bond Bank, with a copy sent to the borrower and trustee. The program also introduced greater complexity: borrowers could decide to defer the full payment, pay the principal, or pay the full amount, including the waived interest and administrative fees. Each payment had to be reviewed and posted, and the loan had to be re-amortized based on the deferral or payment elected.

Given this change and the associated administrative work, staff could see the need for a readily accessible and timely method to communicate debt service schedules to borrowers and interested parties. In fact, it would be transformative. "In our rural state, there are only two governmental units that have public credit ratings, so the majority of the facilities and infrastructure financing is made through the Bond Bank," said Executive Director Michael Gaughan. "By putting our loan information on our website, we could provide an accurate picture for borrowers and the public of the lending in their communities."

ON A MISSION TO BUILD A DATABASE

This situation was an opportunity to create change—and greater visibility. The organization's vision was to create a usable tool for all amortization schedules in this program, with the ability to aggregate loans, see overall debt service requirements, and export relevant information to Excel.

Controller Elizabeth King joined the staff in December 2020, and as she described it, "The database was a 'day one' project for me. I had to learn the SRF program and build a working database."

Building the tool, though, would be no small undertaking. The database would ultimately include more than 400 loans for approximately 170 borrowers, with a significant volume of data that needed to be consolidated and summarized. The Bond Bank had previously built a database for its pooled loan program with its local web developer, and the team used this prior project as a springboard for building the new database.

As project lead, King embarked on the months-long project by using the data collected through the Coronavirus Relief Program to populate an Excel database. Together, finance staff and web developers focused on closing knowledge gaps. For example, the finance team explained the purpose of toggling between a fiscal versus a calendar year to the web developers.

King emphasized that the database is built on readily available tools. "The tool is built in Excel, without reliance on complicated formulas. It uses the 'ad across' function and some other simple formulas." She noted that the Bond Bank team engaged their web vendor to integrate the database into their website.

Gaughan added, "Part of the beauty of this project is that it was not overly complicated—there was not an extensive RFP process involving large vendors. With the right expertise on our team and with our local web vendor, we were able to develop this tool for an investment of approximately $10,000 in development and ongoing hosting and maintenance fees."

When completed, the Clean Water and Drinking Water SRF amortization database allowed both public and government borrowers to transparently view their SRF loans individually and in aggregate—for the first time. The database could also handle the added complexity in repayment options introduced by the relief program.

Now that the loan data is in Excel and updated quarterly, it opens new possibilities for visibility and analysis. Unlike static financial reports, the database provides a real-time look at debt within Vermont communities. The format also enables drilling down on loans that can be used to compare loans in similar communities or review the debt of an individual community.

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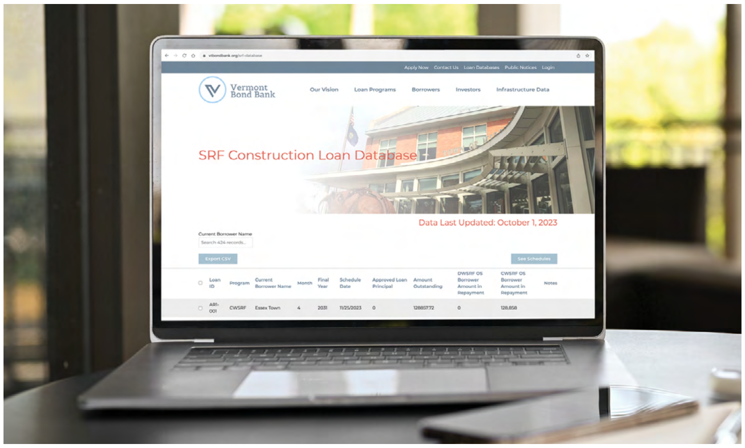
MICHAEL GAUGHAN, EXECUTIVE DIRECTOR



Left: The Clean Water and Drinking Water State Revolving Funds (SRF) Program is one of Vermont Bond Bank's key loan programs, which offers below-market-rate loans for natural resource conservation and related infrastructure projects, like the one pictured here. **Right:** The Vermont Bond Bank's database includes more than 400 loans for approximately 170 borrowers, allowing both public and government borrowers to transparently view their SRF loans individually and in aggregate for the first time.

IMAGE COURTESY OF CONNECTICUT RIVER CONSERVANCY

A MODEL FOR POOLED LOAN PROVIDERS

When compared with debt management tools that can require annual subscription fees of more than $50,000—with limited or no public access—it is easy to see success in this cost-effective in-house development.

Internal and external benefits underscore the tool's success. The database has created greater transparency for borrowers and community members, which is important because the SRF program requires an annual appropriation from the State of Vermont to meet EPA match requirements. More clarity on the role SRF debt plays in a community can help to garner more support for such funding programs, including from policymakers viewing the impact in their home communities. In addition, the model's easy-to-use data outputs can help borrowers improve long-range financial planning, which can ultimately strengthen their credit profiles.

"Creating public transparency on what a community's debt looks like is a big deal," Gaughan noted. "The borrowers within the SRF program range from systems that serve 40 residences up to cities with populations of more than 40,000 people. With this database, we now have transparency that didn't previously exist because of inconsistencies between system size and professionalization. Public transparency on government financing is always important—and now more is possible for Vermont."

Internally, this database has improved efficiency. The database has also streamlined loan administration, cutting down on the need for verification of loan balances with finance officers, auditors, and the general public. A cash flow forecasting tool enables more efficient program management by optimizing the timing of cashflow needs while cutting down on time required to reconcile loan balances with partners.

Finally, greater transparency helps borrowers improve financial management. "We built the database so that you could export service schedules right next to each other, so anyone can see all information related to debt in one place. Users can also compare what the debt profile of a particular system looks like over the life of the loan," Gaughan pointed out. "This kind of visibility helps leaders make better decisions on borrowing and for their communities."

SOLVING COMMON CHALLENGES

The database project involved multiple related challenges that many governments face, including:

- Lack of data access.
- Lack of understanding of government debt profiles.
- Communication barriers between government instrumentalities providing services and the diverse needs of end users—in this case, borrowers, and the public.

In the case of the SRF database, the amortization schedules were stored in individual PDFs that kept Bond Bank staff, borrowers, and others from gaining an aggregate understanding of local government debt at individual, community, and statewide levels. Creating the database unlocked the data and enabled it to be exported and analyzed, with far-reaching benefits.

Together the Bond Bank's two databases provide a comprehensive look at nearly any Vermont community's current debt profile. "This work provides a model for how the public can quickly view and understand government debt without reliance on traditional financial reports," Gaughan said.

Ultimately, the Bond Bank team members saw the broader value of the data to communities, the state, and borrowers—and brought their functional and technical experience together to create the tool. "It is sometimes difficult to see the opportunity provided by large projects," King said. "Other organizations can and should look at projects to see if there are opportunities to achieve long-term goals or better communication to the public through data."

VIEW THE DATABASE

Explore the database on the Vermont Bond Bank's website at vtbondbank.org/srf-database. Users can view data related to all current loans and export select or full data via .csv files, and the date of the last data update is shown to all users in the tool's right-hand corner.

CREATIVE SOLUTION TO A COMMON CHALLENGE:
Capital Planning and Financial Modeling

Guilford County, North Carolina

Using Collaboration and Forward-Thinking to Support 21st Century Learning

IMAGE COURTESY OF GUILFORD COUNTY SCHOOLS

About Guilford County

Founded in 1771 and located in North Carolina's Piedmont region, Guilford County is home to 546,101 residents. With more than 10 municipalities, including Greensboro and High Point, Guilford County is the state's third most-populous county.

Five years ago, Guilford County leaders identified a significant need for K-12 school capital construction. Their approach to sound financial planning was underpinned by a collaboration between the County Board of Commissioners and the Board of Education. These two boards have forged a partnership that aligns both elected bodies, the community, financial experts, and financial regulators. The effort has resulted in a sustainable funding model that supports $2 billion in voter-approved general obligation bond borrowing authority since 2020. Here is the story of how collaboration and innovation in financial planning can help other communities address large capital investment needs.

IDENTIFYING A MASSIVE NEED

North Carolina operates under a unique school finance system that demands partnership between elected boards. The state's system specifies that it is the state's responsibility to fund instructional expenses and provide a sound basic education to every student. County governments have statutory responsibility for funding capital expenses such as buildings and equipment and funding the maintenance of those assets. Those assets, though, are held and maintained by the school systems, which are governed by local and independent elected boards of education. Created nearly a century ago, this school finance system shaped today's structure, in which county governments hold the debt and raise the capital, but school

"We agreed on one of our core values—that our people matter. This means our residents and kids matter, and their learning environments matter. The vision of creating good learning environments for our kids united us and helped us build a collaborative bipartisan process to bring that vision to life."

MICHAEL HALFORD, COUNTY MANAGER

systems use the funds as determined by their boards. In Guilford County, the state's school finance system—and the county's urgent need for facilities modernization—brought together the Guilford County Board of Commissioners and the Guilford County Board of Education.

Guilford County Schools serve more than 73,000 students from pre-K to grade 12. The district includes over 340 separate schools and other administrative buildings that together comprise over 12 million square feet of space. Many were outdated facilities in need of updating, so work began in 2016 with site visits to all schools—and the earliest of what would ultimately be more than 90 community meetings and presentations.

In 2018, the Board of Commissioners and Board of Education established a Joint School Capital Facilities Committee—with representatives from both boards—to review facility conditions and prepare a recommendation for future construction and renovation needs. The Joint Board of Education and Board of Commissioners Facility Study (2018/2019) identified approximately $1.5 billion in needs. The study ranked school and district buildings based on facility condition, technology infrastructure, and size and state of instructional and support areas, among other measures. Facilities for maintenance, transportation, and administration were also included in the assessments.

In a statement announcing the findings, then-Superintendent Sharon L. Contreras said, "21st-century learning requires new ways of designing and building schools and classrooms." The findings estimated that the total cost of building new schools, completing repairs, eliminating deferred maintenance, and providing adequate funding for ongoing maintenance would cost more than $6.9 billion over the next 30 years.

Ultimately, the study became the basis for the Board of Education's $2 billion School Facilities Master Plan (2019), which included items such as technology, safety, and security updates that fell outside the scope of the initial joint facility study.

FORGING A STRONG PARTNERSHIP

"Guilford County had not had a funding program at a substantial level for decades," said Michael Halford, County Manager. "Now this study had identified a massive need. One of the biggest issues initially was helping people understand that the number was so large because the county is large, with many schools and students."

Strong partnership between the two boards was essential to communicating the vision to the community. "We agreed on one of our core values—that our people matter. This means our residents and kids matter, and their learning environments matter," Halford recalled. "The vision of creating good learning environments for our kids united us and helped us build a collaborative bipartisan process to bring that vision to life."

Central to the work was addressing both the current and future capital needs and deferred maintenance of Guilford County. This came down to good enterprise risk management. As Halford noted, "There was no way we could take on a $2 billion debt load and keep our ambulances running, for example. We wanted to design a stable funding model that fit existing revenue sources as much as possible, reduced the long-term overall cost of new infrastructure for residents, and protected other core county services."

This vision and collaboration became a set of five core guidelines for this work, which Halford shared:

- Address current and future capital needs and deferred major maintenance in a timely manner to provide adequate public facilities and services.
- Protect the county's ability to provide and enhance other services for residents.
- Design a stable funding model that fits existing revenue sources as much as possible.
- Reduce overall cost of infrastructure for residents by incorporating a more fiscally conservative "pay-as-you-go" model for construction, renovation, and maintenance.
- Limit change in property tax rate to provide predictability and stability for residents and businesses.

EARNING VOTERS' APPROVAL… TWICE

With a clear goal identified, the next step for the joint committee was to determine the priority order for projects. This process formed the basis for the master capital plan, which the Board of Education then used for the initial bond request made to county commissioners. With the financial pathway in development, the boards turned to communicating the plan to taxpayers. Halford emphasized that a shared vision and consistent communication from both boards helped them educate the community. "We focused on telling a common story in Guilford County. Hearing a consistent message helped to build trust," he said.

The boards and their representatives used traditional methods like public meetings and existing communications channels, but they also leaned into partnerships and new ideas. These included school visits and virtual walkthroughs to show citizens the current state of county schools—and drive home the opportunity to transform them.

In November 2020, Guilford County voters approved $300 million of school bonds to fund several of the highest priority projects from the $2 billion master plan. In April 2021, the Board of Commissioners approved the list of recommended school projects and established $300 million of capital project ordinances. The county has since issued $120 million in general obligation bonds and expects to issue $180 million in FY2024. Following the November 2020 approval, the boards continued to use traditional and digital outreach tools to communicate the state of county schools to the broader community. In May 2022, Guilford County voters approved $1.7 billion of school bonds to fund the remainder of the $2 billion master plan. The County asked voters to approve a .25% sales and use tax for this purpose, but that referendum failed to pass. The bonds are funded through increased property tax revenues generated from the county's 2022 reassessment of property values.

Kiser Middle School

Kiser Middle School will be rebuilt on the Grimsley/Kiser campus.

Estimated budget: $55,478,632

Before

Expected Completion: **June 2024**

Peck K-8 Expeditionary Learning

The Peck K-8 Expeditionary Learning school will be the first of its kind in Guilford County.

Estimated budget: $41,323,632

Before

Expected Completion: **September 2024**

Foust Gaming & Robotics School

The Foust Robotics and Gaming Magnet School is the first of its kind in Guilford County, and one of the first gaming and robotics elementary schools in the country.

Estimated budget: $41,323,632

Before

Expected Completion: **August 2024**

Kiser Middle School, Peck Elementary School and Foust Elementary School in Greensboro, NC, are among the facilities that are currently under construction as part of Guilford County Board of Education's $2 billion School Facilities Master Plan.

IMAGES COURTESY OF GUILFORD COUNTY SCHOOLS

In FY23, Guilford County passed a new budget that continued the prior budget year's dedicated pledge of property tax revenues and an initial set-aside of $50 million to offset the necessary increased investment in school capital. Since then, the county has renewed its commitment in FY24 by maintaining the tax rate and setting aside another $51 million for school capital. Over time, the county will use this funding to smooth out the peaks of three tranches of debt issuance totaling $565 million each over the course of seven years. As debt repayment falls in the model's out years, cash will be used to reduce reliance on debt for future school capital needs.

MAKING A 'GENERATIONAL INVESTMENT' IN EDUCATION

At $2 billion, the scope of the program was massive. In comparison, the FY24 Guilford County General Fund budget is $840 million and the FY24 Guilford County Schools operating budget is approximately $1 billion. "The financing program represents a generational investment in K-12 educational facilities in our community," Halford said.

Several years into the initiative and two years into the dedicated property tax, the county has authorized $523 million in project ordinances and collaboratively planned for the remaining $1.48 billion spending authorization, in addition to issuing the General Obligation bonds noted above.

Guilford County established and is maintaining a sound capital plan and financing model. This includes a stable and consistent funding source for school capital projects, eliminating the uncertainty and budget challenges that come with ad hoc funding. The sustainable funding model also helps with better allocation of resources and improved infrastructure management. With several new or replacement schools scheduled to open in 2024, students will soon begin learning in upgraded, modern facilities that have enhanced the educational environment. Meanwhile, students across the county are already benefiting from improvements to safety and technology enhancements enabled by the bond funds.

A BLUEPRINT FOR OTHER COMMUNITIES

School infrastructure demands consistent investment and maintenance. Yet communities across the country face pervasive challenges in effectively financing and executing capital construction projects that truly meet evolving needs. It's why a comprehensive funding model and ongoing collaboration is so important. To be successful, a plan in the Guilford model must align stakeholders, balance financial considerations, and manage and monitor the costs of construction and ongoing maintenance. It's also essential to consider future demand: in Guilford, the plan and the deployment of the $2 billion investment are designed to stagger future school repair and replacement needs.

As early as 2020, the project had gained recognition statewide for its substantial scale and unique financial planning approach. In addition, as of 2022, Guilford County has earned a AAA rating from all three bond rating agencies. The Moody's rating specified that the rating "reflects the county's strong financial position, supported by proactive management and comprehensive fiscal planning, and manageable pension liabilities."

Organizations emulating Guilford's model should seek to invite collaboration—as in the joint committee model—and prioritize transparency and flexibility. Honesty also matters: the County Board had to acknowledge the underfunding in prior decades of school facilities—never an easy thing to do as elected officials, but essential in this situation. Guilford has shown that collaboration can transcend traditional governance boundaries and bring entities together in pursuit of a common goal that benefits an entire community.

GFOA BEST PRACTICES

Guilford County staff followed GFOA best practices on capital planning and infrastructure in building their sustainable funding model. This includes two best practices. *Capital Asset Management* recommends that local, state, and provincial governments establish a system for assessing capital assets and appropriately plan and budget for maintenance and replacement needs. *Strategies for Establishing Capital Asset Renewal and Replacement Reserve Policies* guides governments on adopting a written policy on capital reserves for renewal and replacement and emphasizes the benefits of flexibility that come with such reserves.

Guilford County's approach went beyond building classrooms and modernizing structures to find consensus between elected boards, and between community entities. Looking to the future, Halford noted that changing conditions like high inflation and economic headwinds can introduce new challenges. "We made a promise to residents, and we're committed to continuing to deliver on it. This takes constant monitoring of our plan and working with our school system partners on everything from cash flow to priority needs—today and tomorrow."

Visual and Performing Arts Elementary

Construction is underway on this magnet school in east Greensboro, which will be the first of its kind for Guilford County Schools.

Estimated budget: $33,505,256

IMAGE COURTESY OF GUILFORD COUNTY SCHOOLS

CREATIVE SOLUTION TO A COMMON CHALLENGE:
Equity in Procurement and Contracting

Tri-County Metropolitan Transportation District of Oregon (TriMet)

Increasing Small Business Participation on Contracts

BOB POOL / SHUTTERSTOCK

About TriMet

TriMet provides bus, light rail, and commuter rail service in the Portland, Oregon, region. The agency was created in 1969 when the Portland City Council passed a resolution to create it under authority granted by the Oregon State Legislature. The system averages over 300,000 rides per weekday and is overseen by a seven-person board of directors appointed by the state's governor. As of 2022, TriMet has about 3,500 employees.

Since 2020, a heightened focus on embracing diversity, equity, and inclusion has been reshaping how organizations do business. Diversity, equity, and inclusion are core values for the Tri-County Metropolitan Transportation District of Oregon (TriMet). Implementing principles of equity in procurement and contracting, though, requires intentionality—and a transformational change in practice. And change is never easy. This is the story of how TriMet took a new approach to its contracting policies and processes to remove barriers to participation, increase healthy competition, and boost participation from small businesses.

CHANGING GOALS, CHANGING PRACTICES

Equity goals are common throughout all levels of government. For example, shortly after taking office in 2021, President Biden set a goal of increasing the share of contracts with small business participation from 10 to 15% by 2025. Many other state and local governments also recognize that contracting with small businesses in the local economy can have a positive ripple effect. Not only does this generate more competition and better results, but it can also reduce the gap in business ownership between privileged and disadvantaged groups in the community.

As a large buyer of goods and services in the Portland region, TriMet is in a position to increase the level of participation of small businesses and companies owned and operated by underrepresented people. But TriMet needed to think differently to encourage more participation by community-based organizations

YOORAN PARK / ALAMY

(CBOs) and Disadvantaged Business Enterprises (DBEs) in its procurement processes. This year, the time was ripe.

Recently, public and private development work has increased in the Portland metro region. Despite this increase, TriMet found that its solicitations were receiving less interest than in the past. Healthy competition for contracts is critical to obtain the best value and outcomes for goods and services. Bringing more small businesses into the contract bidding process would be a win for everyone—positively influencing the local economy and generating better results for TriMet.

GOING TO THE CONTRACTORS

TriMet's traditional practice for soliciting bids or request for proposals was to post opportunities on its procurement portal and wait for contractors to respond. "When you post an RFP on the website, you hope people will look at it and apply," explained TriMet Chief Financial Officer Nancy Young-Oliver. "Even in a single project, there can be multiple opportunities—like paint and electrical—for small businesses."

> "As civil servants, we are here to serve the community. And when you can help break down barriers and provide more information or demystify a government contract to a small business and then see their participation and success—that's something you want to replicate."
>
> LESTER SPITLER, DIRECTOR OF PROCUREMENT AND SUPPLY CHAIN

Historically, TriMet has been successful in attracting small business participation on large capital construction projects. However, despite an increase in opportunities—including those for subcontractor participation—TriMet witnessed decreases in the number of DBEs that were responding to RFPs or bids and competition for projects was dwindling. TriMet could no longer simply post solicitations and hope small businesses would participate.

It was time to change up the "let the contractor come to TriMet" approach. Prior to making any changes, staff worked to understand some of the barriers that smaller businesses faced in submitting proposals. First, they reached out to select small business owners from past contracts or their network to learn more about what stood in the way. The team learned that TriMet policies could make it difficult to participate and cited specific examples including requirements to use specific equipment, past experience, or capacity. In other cases, TriMet administrative practices like billing timelines made the work less desirable. The TriMet Board of Directions also approved an exemption, allowed under the Oregon Public Contracting Code, to create a "sheltered market" for a specific solicitation. This provided incentives for State of Oregon-certified small businesses.

Understanding more about what stood in the way helped TriMet staff create a new event, the Small Business Summit on June 21, 2023, to address challenges and increase participation. TriMet marketed the summit through various communication channels and held it at a central location that could accommodate a large group. During the summit, TriMet project managers and two general contractors presented opportunities to attendees.

"It was about meeting them where they are," said Young-Oliver. "And it worked. We reached 70 different contractors with dozens of opportunities in a two-hour window." The results were immediate: after the summit, a single RFP received eight applications, compared to the average of one or two. As Young-Oliver noted, "Now we had a real pool of talent to select from."

One company in attendance at the summit has just been awarded a $10 million contract. "It's a Native American-owned and staffed company," said Lester Spitler, Director of Procurement and Supply Chain at TriMet. "It's this company's largest-ever prime contract award. And it all came from the summit."

In addition to educating contractors, the summit also proved to be a great learning opportunity for TriMet. Staff learned that numerous DBEs were not able to bid on recent TriMet solicitations due to various requirements in the bid documents. For example, at the summit Young-Oliver spoke with a painter who had not applied because he did not own a painting booth. This was a barrier to entry that TriMet could lower by providing a paint booth for use on this and future projects. "Here, TriMet can provide the infrastructure that's preventing entry," said Young-Oliver. "We're learning how to shift to open up possibilities for greater equity and participation."

EARNING RECOGNITION AS AN 'AGENCY OF CHOICE'

TriMet's goal is to build upon its historical reputation as a "public agency of choice" for small businesses. "As civil servants, we are here to serve the community. And when you can help break down barriers and provide more information or demystify a government contract to a small business and then see their participation and success—that's something you want to replicate," said Spitler.

While TriMet has not yet conducted a disparity study, the entire TriMet team is proud of the agency's efforts to become more inclusive. Spitler noted that project managers have been energized by seeing the impact on small businesses.

In addition to their efforts to increase small business participation, TriMet is also a leader in supporting Disadvantaged Business Enterprises (DBEs). Raimore Construction was awarded the largest contract for a DBE in Oregon for Trimet's Division Transit Project (pictured above), which was completed in summer 2022.

IMAGE COURTESY OF TRIMET

LOOKING FORWARD

Going forward, TriMet is planning a 2024 summit and working to create a utilization dashboard that will help staff track incremental participation improvements over time. The staff is also introducing a new initiative, which they are calling "Net 15," to address cashflow concerns that extended payment terms can introduce for small business owners. "We're planning to work with a few select DBE vendors and allow them to bill us twice a month so we can pay them more quickly," Young-Oliver explained. The project is yet another opportunity to break down a barrier that might keep smaller firms from applying.

TriMet is also planning to broaden the exemption process it used on its replacement bus shelters solicitation to create an exemption for contracts of a certain size. Ultimately, this approach can increase opportunities for small businesses and support pathways to their greater self-sufficiency. By creating space for new voices at the table and advocating internally and externally for their advancement, TriMet aspires to continue to be a national leader in exemplary contracting and partnership.

While TriMet has made great strides in lowering barriers to entry and increasing participation, the team acknowledges the work is not done. Also, change is rarely easy. "Initially, there were questions about why we're doing this—do we have to?" Spitler shared. "We answered, 'because we can, and it's going to get better results.' We really focused on internal communication to help everyone understand the goal, benefits, and how we could work together. And now we have the results to back up our efforts."

Overall, these efforts by TriMet show how diversity, equity, and inclusion efforts permeate areas of finance. In this case, TriMet was able to change procurement and contracting policies to help not only achieve goals of greater small business participation but also support the community that it serves.

CREATIVE SOLUTION TO A COMMON CHALLENGE:
Implementing Automation in Local Government

Town of Pecos City, Texas

Putting AI to Work in Financial Reporting

About the Town of Pecos City, Texas

The Town of Pecos City, situated in the river valley on the west bank of the Pecos River at the eastern edge of the Chihuahuan Desert in West Texas, is known as the home of the world's first rodeo and for its delectable cantaloupe. With a recorded population of 12,916 in the 2020 census, Pecos serves as a vital regional hub for ranching, oil and gas production, and agriculture.

Technology offers tremendous promise to transform processes, increase precision, and improve productivity. This is what drew the Town of Pecos City, Texas, to the idea of implementing AI-driven automation in specific financial processes. The result has been a significant step forward for Pecos, revolutionizing its financial management, eliminating monthslong delays, and empowering leaders to make more informed decisions with real-time, data-driven intelligence. Here is how other governments can unlock similar success.

CONFRONTING A CONSTELLATION OF CHALLENGES

The Town of Pecos City faced a constellation of challenges that exerted pressure on the Finance Department. The most significant was a staff shortage. Vacancies and hiring difficulties meant the department struggled to effectively manage operations and complete essential functions. In addition, some of these functions—like manual processing of cash receipts and reconciliations—were time-consuming and error-prone. As the volume of financial data grew, the department could not keep up. At one point, bank reconciliation lagged by as long as nine months, which contributed to problems like delays in financial reporting, late filing fees, and penalties.

HARNESSING THE POWER OF AUTOMATION

It was clear that a change was needed—and that's when opportunity knocked. A consultant who worked on financial reporting with the city approached staff about piloting the use of robotic process automation (RPA), an AI technology. The goal was to transform operations and solve some of these persistent problems. "We're a small city, but I was definitely enthusiastic about implementing any efficiencies that I could into our finance department," said Charles Lino, city manager for Pecos City.

RPA relies on automation to carry out tasks and processes like extracting data, populating forms, and more. Software robots, commonly called 'bots,' autonomously complete activities and transactions across unrelated software systems or applications. The bots can be deployed for accounting processes like recording revenue or completing bank reconciliation. Ultimately, implementing AI-driven automation tools like RPA helps organizations realize key benefits including enhanced accuracy, expedited reporting, and higher efficiency. These in turn help companies—and governments—become more efficient and make better, more-informed decisions.

Implementing AI can make people nervous, though, largely because of the popular concerns about AI technology replacing people. And any change can make people feel threatened. This is why Lino ensured that even a pilot venture would be introduced with careful communication to create staff buy-in. "It can be a bit scary when you first introduce the topic of AI. There are so many misconceptions and genuine concerns about it," he explained.

To create buy-in, Lino first met with finance staff to explain the goal and process, assuring them that the purpose of this transformation was, as he put it, "to build efficiencies and make their lives easier." This communication approach created staff support and they moved forward as a team to customize the RPA processes to fit the finance department's specific needs.

Next, the team identified eight processes that contained redundancies, had caused shortfalls, or contributed to ongoing difficulties. These became the target areas for implementing RPA. Evaluating for potential return on investment (ROI) focused on time savings over financial metrics. "This is about saving countless staff hours that can be repurposed," Lino explained.

The evaluation had identified automation of the accounts payable process as the biggest potential project, but the prospect was daunting. Instead, staff initially focused on what Lino called "quick wins." Automating sales tax and daily cash reconciliation processes would create immediate improvements, unlike starting with the AP process.

With these two targets identified, the team moved into detailed process mapping. This stage took time, as staff precisely scripted their normal routines for completing these tasks and shared—often via screen share—with the AI coders, who programmed the bots to replicate these manual processes step by step to train them. With process mapping complete, the coder could focus on testing in a controlled environment before implementing the new bots to carry out the real processes.

SEEING THE RESULTS

The results surpassed expectations. The bot for sales tax reporting, for example, was able to run the entire process: compile data, reconcile it, log onto the state comptroller's website, verify it, and pay the required tax—all automatically, and on time, every time. This success was especially important for consistency and efficiency, and it removed the barriers to completion caused by staff shortages or absences, planned or unplanned. Automation also eliminated the penalties and late filing fees the city had historically incurred.

Even better, with the elimination of keying errors, accuracy was guaranteed. And ROI on staff time savings really added up: Process automation saved

> "We're a small city, but I was definitely enthusiastic about implementing any efficiencies that I could into our finance department."
>
> CHARLES LINO, CITY MANAGER

Deposits—Apply to Accounts	Check ACH from Bank—Validate (vendor name) —Apply to Tyler Tech, ACH, and NSF Logs
AP Automation	Capturing Invoices—DE of Invoice Itself
AP Automation—Invoice Payment	Part of a Tiered Process
Utility Billing—Billing	Water, Sewer, and Landfill (3 Different Billing Cycles)
Utility Billing—Account Management	Account Management (New, Chg, Cut-off) Entry to ERP
Utility Billing—Data Input	Manual and Automated Meter Reading
Records Management	Digitize Paper Records and Create Codification System
IT Ticket System Improvements	Use Types to Run Analytics on the Ticketing System Currently in Place

The Town of Pecos City finance staff identified eight processes that contained redundancies, had caused shortfalls, or contributed to ongoing difficulties, which then became the target areas for implementing RPA.

the city's accounting manager six to eight hours a month on the sales tax process. Previously, for daily cash reconciliations, two part-time staff had recorded the transactions every two weeks and entered them into a spreadsheet for the accounting manager to reconcile at the end of the month. Now the bot was able to reconcile the transactions daily, which collectively saved staff up to 32 hours a month while eliminating the errors that inevitably crop up among tens of thousands of monthly transactions. Moreover, the bot eliminated the nine-month reconciliation lag that had plagued the finance department. Now, all reconciliation is up to date.

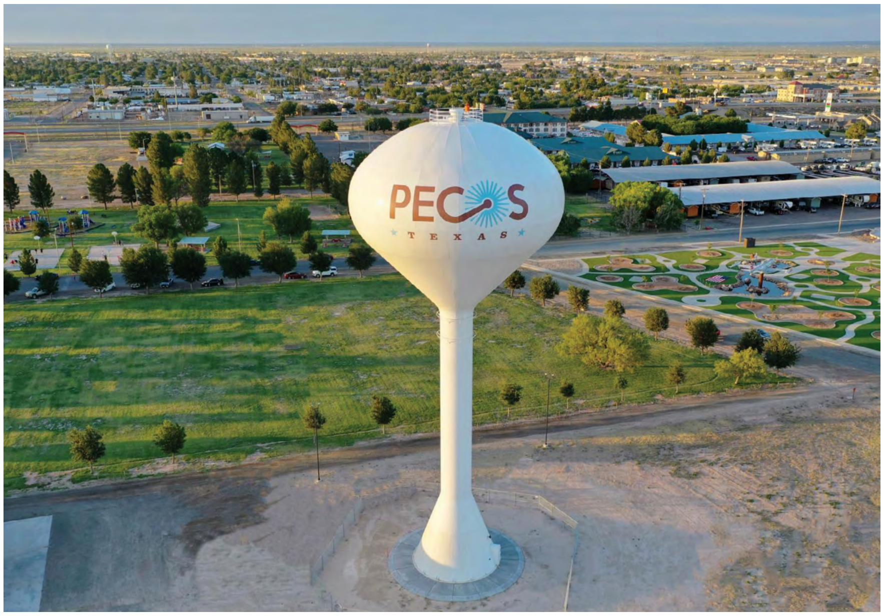
"It turned out even better than I had anticipated, and our staff is really excited," Lino said. "They no longer have to do redundant tasks, and some of the more frustrating aspects of their jobs have been made significantly easier."

LESSONS ON IMPLEMENTING AI TOOLS

AI holds tremendous promise when it comes to efficiency and accuracy. As governments continue to grapple with difficulties in hiring and retaining staff, organizations can use Pecos City's experience as a blueprint for transformation through technology. When exploring the possibilities for AI and automation, Lino suggests these steps:

- Evaluate the specific challenges your organization faces.
- Seek expertise on potential tools and implementation.
- Customize solutions and processes to your organization's needs.
- Test your solutions in a controlled environment.
- Make sure everyone knows how the system works. Staff training helps you make the most of your investment.
- Gather feedback, and monitor, refine, and adjust as needed to optimize performance.

In addition, those championing technology as a solution should emphasize the why and the how of AI automation and communicate this clearly to staff—the potential and possibilities of these tools can improve staff experience and performance, not detract from it.



> "We've been on this great adventure. Our experience automating processes using AI technology has been extremely successful, and it has put us ahead of other cities our size as well as some larger cities in Texas."
>
> CHARLES LINO, CITY MANAGER

SOLVING COMMON CHALLENGES WITH AUTOMATION

While this project focused on solving a common challenge, Lino and his team adhered to GFOA best practices including *Revenue Control Policy* and *Receivables and Handling Receipts in the Treasury Office*. The Revenue Control Policy recommends that governments establish a revenue control and management policy and review it on an annual basis. The policy should be customized for the size and resources of the government. *Receivables and Handling Receipts in the Treasury Office* recommends that governments should have written policies and procedures for invoicing and collection of revenues.

Moving forward, Lino is already looking for opportunities to use AI in other departments, particularly with IT and permitting processes. In the Finance Department, the next big step is tackling accounts payable automation—the major challenge his team identified in the planning phase. Lino's objective is to eliminate paperwork and replace it with electronic signatures and approvals for a totally paperless AP process.

"We've been on this great adventure," Lino shared. "Our experience automating processes using AI technology has been extremely successful, and it has put us ahead of other cities our size as well as some larger cities in Texas. I'm so proud of what our team has accomplished together, and we all feel proud of these incredible results."

***Jara Kern** is a marketing strategist at Right Angle Studio.*