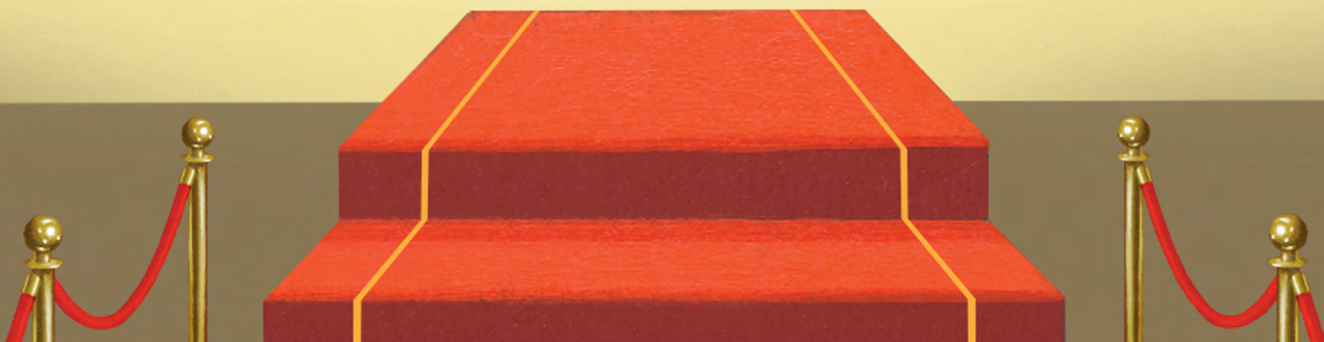


2024 AWARDS *for* EXCELLENCE

★ IN GOVERNMENT FINANCE ★



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**CITY OF LONG BEACH,
CALIFORNIA**

**MECKLENBURG COUNTY,
NORTH CAROLINA**

**MT. LEBANON MUNICIPALITY
AND BOROUGH OF DORMONT,
PENNSYLVANIA**

**NORTH CAROLINA LEAGUE
OF MUNICIPALITIES**

**SAN FRANCISCO PUBLIC
UTILITIES COMMISSION,
CALIFORNIA**

**CITY OF SUNNYVALE,
CALIFORNIA**

**VERNAL CITY,
UTAH**

Acts to Follow

GFOA's Awards for Excellence in Government Finance recognize innovative programs that offer creative solutions to common challenges and showcase GFOA best practices at work.

We celebrate these seven winners for their innovation, commitment to excellence in government finance and outstanding financial management.

BY MIKE MUCHA



CITY OF LONG BEACH, CALIFORNIA

Extreme Procurement Makeover

ABOUT THE CITY OF LONG BEACH



The City of Long Beach, California, provides a full range of municipal services—including

police and fire, public health and environmental services, engineering and public works, sanitation, and library, parks, recreation, and related social services—to approximately 450,000 residents. The city also operates a harbor, convention center, several beaches, and marinas. Overall, Long Beach has 23 departments, approximately 5,300 employees, and an annual operating budget of more than \$3.5 billion.

Summary

As part of its Extreme Procurement Makeover, the City of Long Beach identified a need to improve communications, planning, and overall coordination of procurement. By focusing on building relationships between procurement and the departments it serves, the city has greatly improved competitive outcomes, expanded contracting opportunities to new businesses, and introduced a new, human-focused, and fun approach to procurement.

Past challenges—both real and perceived

Procurement had long been a perceived pain point for the city. Staff, vendors, and other stakeholders thought it was difficult to navigate the city's structure, hindering their ability to complete tasks, get questions answered, make purchases,

or facilitate competitive solicitations. Michelle Wilson, the city's purchasing agent, identified the primary problem: "The perception from departments was procurement staff sitting behind their computer doing little more than rejecting purchase orders." And it didn't help that limited training resources meant that many city employees were often confused about rules, leading them to provide incorrect information to vendors—which led to mistrust among the vendor community. "Some vendors didn't feel it was worth the effort to try and work with the city," Wilson said. The process was overwhelming. As a former department manager, Wilson knew that she and other departments often did what they could to avoid procurement. In fact, that was one of the many reasons she was hired. Tara Mortensen, the previous purchasing agent and current bureau manager, saw the need for a



The city's procurement team has been focusing on outreach, organizing community events to talk to businesses and provide training on finding and responding to city solicitations.

culture shift and wanted someone from the department side to fill her position. It was that kind of outside the box thinking that really got the ball rolling.

Internally, the city knew there was an opportunity to improve internal communications. City departments knew about projects, upcoming grant funds, and contract expirations—years in advance, sometimes—but they didn't have an open line of communication with the centralized Procurement Services Division until the formal process started. Without proper communication or insight into the upcoming projects or their timelines, the procurement process often became rushed, and shortcuts were taken to meet demanding deadlines. This led to flawed procurements. Requests for proposals (RFPs) were put together quickly and left out important details. There was no time to do market research, resulting in small vendor pools and reduced competition.

And vendors had little time to address solicitations, hindering responses.

Creating a better way

Transforming the city's approach to procurement was going to take time, but Long Beach started working on improving communications and planning right away. The city's procurement team initiated an effort to prepare annual procurement forecasts to strategically and accurately plan upcoming procurements with city departments. These meetings engaged the procurement teams with the departments they served to make sure the departments knew who their procurement representatives were. Initially, departments were skeptical about the meetings and viewed them as punishment; however, the meetings quickly turned into discussions on what

the departments buy, what they needed, and how Procurement could better assist. Opening lines of communication changed the entire perception—in both directions. Procurement was able to provide suggestions to make the process easier, and departments were able to explain pain points and feel like they were heard. As part of discussions on future purchases, staff were able to identify more opportunities for city-wide solicitations that multiple departments could collaborate with. The city was also able to better coordinate procurement resources to serve departments better.

Over time, these meetings led to ideas for hosting more formal training sessions. To help get over negative stereotypes with the request for proposal (RFP) process, or the hesitation to go through an RFP process, the city led an "RFP-a-thon" that provided an opportunity for instruction on developing



The procurement team's improved coordination and communications resulted in a significant increase in RFPs in 2024.

an RFP for department staff who may only participate in one or two RFPs per year, including hands-on opportunities to work on writing an RFP together. The city was also able to document processes and policies throughout this process, and it is now working on converting that information to what will be the city's first comprehensive procurement policy manual.

Tommy Ryan, an administrative analyst III for the city, commented, "These trainings and the policy manual will help us be more proactive and provide help on what's causing confusion before it really becomes a problem or a bad habit." For organizations concerned about staffing levels in procurement and the time it takes to schedule and conduct similar training sessions, he said, "training like this becomes a great investment. It can save you time because you don't have to answer the same question over and over."

In working to create a better approach to procurement the city focused on building relationships. Wilson said that she tried to emphasize to employees that they had a valuable role to play, but departments

needed to see it. "Our customers in the city's departments were trying to deliver goods and services to the community and they believed that Procurement was making their lives more difficult. In reality, we were trying to make sure the purchase was fair, equitable, competitive, and all the other great things that procurement can do." The city realized that to create a better way in the future, they needed to work on creating a better perception. To this end, procurement staff always have their camera on now in virtual meetings. They hold office hours to answer questions and dedicate time to providing training—and not just training, but fun training, with music and laughter. When the city first started with this strategy, there was likely some culture shock on both sides, but it helped defeat the narrative that Procurement wasn't approachable. "The first step was just making us human," Wilson said.

This shift forced procurement staff out of their comfort zones at times, but it also pushed them to use different skillsets. "We were able to figure out what people were passionate about and put that energy to good use," Wilson

said. Some staff members were stronger at working with data, while others thrived in public speaking roles or facilitating groups. Wilson told a story about one staff member who hated public speaking but was excellent at explaining concepts in a mentoring role one-on-one. She was made responsible for coordinating office hours for city staff to drop in, ask questions, or work through problems.

More competition

Improved coordination and communications allowed the city's procurement team to better serve customers both internally and externally and increase the use of competitive solicitations. Competitive solicitations using a best-value approach to awarding contracts is a best practice that can lead to more than just better pricing. RFPs add value by ensuring that the city is receiving quality services, taking advantage of innovative approaches, and better serving the community. In 2024, the city saw a 30 percent increase in RFPs, with total RFP going to 36.2 percent, from 5.9 percent, of total procurement spend. The city was also able to use administrative resources more efficiently by combining similar types of procurements. In 2024 alone, four new citywide contracts were identified after it was discovered that different departments were contracting for similar services. Rather than perpetuating the administrative burden of each department managing their own contracts for the same thing, the procurement team was able to centralize and manage a single contract, reducing staff time and resources. Similarly, Procurement was able to identify 19 opportunities where multiple departments came together to purchase in 2024, compared to only one the year before.

Community impact

Better internal relationships made it possible for the city to identify ways to better serve external customers. Government procurement has an opportunity to have an impact on the local economy and to improve relationships with local communities—but only if it can be accessible to those who need it. Some of the most vulnerable organizations in



“Some solutions don’t require expensive resources. In this case we were able to open doors, increase transparency, and provide a better experience just by working to improve our relationship.”

TOMMY RYAN, ADMINISTRATIVE ANALYST III

a community can do valuable work in reaching underserved populations. Better planning, better coordination, and more proactive approaches to engaging the community can catch the attention of new firms that have been left out of city procurement.

The annual forecasts have transformed the ways in which underrepresented vendors do business with the city. Forecasting and planning lead to an appropriate amount of time for thoughtful solicitations and targeted outreach plans, which are easier for smaller vendors to respond to and win the business. This focus on equity has allowed the city to increase contract opportunities for local and minority-owned businesses and nonprofits, and community-based organizations. Response rates for American Rescue Plan Act (ARPA) procurements doubled, with 92 percent being competitive. Similarly, 64 percent of vendors who were awarded Long Beach Recovery Act contracts were first-time vendors for the city. When surveyed, 100 percent of the proposers viewed the forecasted procurements as transparent.

Because of the city’s success in transforming the perception of procurement internally and its initial success in expanding contracting opportunities in the community, the mayor supported funding for an additional position in procurement to focus on outreach. This new position is able to get out into the community, talk to businesses, provide training on finding and responding to city solicitations, and explain what to expect in the process. The city is looking at options for combining knowledge of procurement needs with businesses in the community in hopes of matching demand with supply. “We really want to go out in the community and bring businesses into the city rather than just always pushing information out to vendors,” Wilson explained.

Lessons learned for other governments

Other governments can establish annual procurement forecasts with departments quickly and without a substantial cost; however, the city’s approach is relevant

for opportunities beyond procurement. For the city, procurement is one part of a larger financial management function. The city’s budget department, also part of this group, has looked into developing training sessions that are accessible across the whole city.

“Departments can see the culture shift that occurred and realize that work can be enjoyable,” Wilson said.

“Long Beach has always been a fairly progressive organization, in the way we think outside the box, but some solutions don’t require expensive resources. In this case we were able to open doors, increase transparency, and provide a better experience just by working to improve our relationship,” Ryan said. “For me personally, I can say I’m a more well-rounded employee and more confident leading in different scenarios. I’m proud of that.”

Contacts

- **Tommy Ryan**, administrative analyst III
- **Michelle Wilson**, purchasing agent



**MECKLENBURG COUNTY,
NORTH CAROLINA**

Buying Results with the Community Service Grant

ABOUT MECKLENBURG COUNTY



Mecklenburg County serves a population

of more than 1.1 million people in the Charlotte, North Carolina metropolitan area, providing services including education and literacy, health and human services, facility management, parks and environmental services, justice and public safety, and other administrative services. The county has an annual operating budget of approximately \$2.5 billion and more than 6,800 employees who support 34 departments.

Summary

The Mecklenburg County Community Service Grant (CSG) program began as a way of evaluating nonprofits seeking county funding, providing a fair process to assess programs and community needs, and ensuring alignment with the county's strategic plans. At the time, many local nonprofit leaders were contacting county leadership to request funding directly, which created concerns about fairness and accountability for vendors. The CSG program eliminates bias or potential for conflicts of interest by providing a standard, objective review and selection process. The CSG program also provides accountability by requiring that grantees demonstrate success each quarter to earn funding.

Challenges

Most local government entities face the difficult challenge of deciding which nonprofits in their community will receive funding each year, and they don't always have a plan or process in place for making these decisions. The money often goes to well-established and well-known organizations with a history in the community—which can result in the same organizations receiving funding year after year, limiting opportunities for other groups with different, perhaps innovative, solutions for solving common community problems.

Once funding has been awarded, governments face additional challenges in holding recipients accountable for results. Follow-up is limited, compliance is difficult, and staff (and recipients) can be easily overwhelmed with administrative requirements.



The CSG program holds information sessions to inform potential applicants about the application process and eligibility requirements.

Mecklenburg County faced these issues, and its board of commissioners asked staff to develop a better process.

Equal opportunity, innovation, and accountability

The CSG program provides an opportunity for Mecklenburg County to partner with local nonprofit organizations to help meet critical needs in the community and improve the process for awarding grants. The county sponsors one-year grants to provide funding for nonprofit organizations that deliver services to residents aligned to the government's departmental strategies, meet program eligibility requirements, and adhere to contracting requirements that align performance measures with grant payment. Lauren Tayara, senior management and budget analyst, said, "CSG began as a way to partner with nonprofits in the community beyond the organizations that we had traditionally given money to. We were concerned that we weren't really reaching the organizations with new or creative ideas."

To qualify for the CSG program, recipients must be a registered 501(c)(3) nonprofit organization, provide independently audited financials, provide documents supporting a diversified workforce, have professional membership that supports sustainability, and

"Throughout the process, we emphasize that we buy results. It's a partnership with built-in accountability."

LYDEN WILLIAMS, DEPUTY BUDGET DIRECTOR

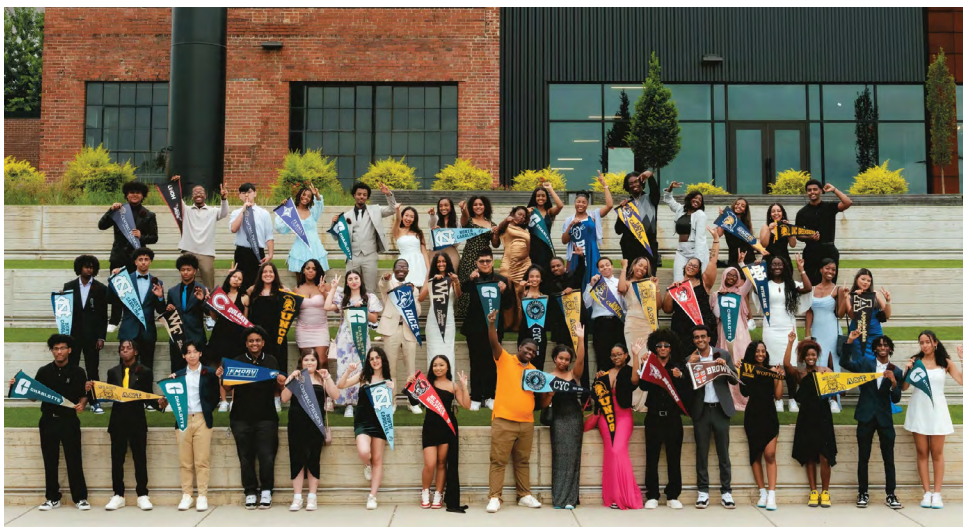
clearly contribute to one of four goal areas: connected community, economic opportunities, healthy community, and safe community. Ideal candidates include established organizations with a proven history of meeting service targets; however, organizations can only receive funding from the program for three consecutive years.

Interested agencies submit applications through online software before the beginning of the county's budget process. The CSG team, made up of representatives from the Office of Management and Budget and the Office of Strategy and Innovation, assigns applications to a review panel matching one of the program's four focus areas. After applications are scored, the CSG team leads review sessions with the applicant to discuss proposed services and results, and to negotiate terms of the grant agreements. The CSG team then meets with the county manager and executive team during the budget process to present recommendations

for grant awards. Last year, the program received 98 applications and the FY2025 budget included more than \$2 million in grants for 17 organizations.

A key part of the program is its requirement to demonstrate that program goals are met to earn grant funding. Awardees must submit quarterly invoices, expense reports, and performance data to receive reimbursement for services provided. Lyden Williams, deputy budget director, explained, "The program requires that nonprofits demonstrate, through data, what community problem they plan to address. They need to articulate their strategy for addressing the problem and report the results they achieve. Payments are then based on and tied to outcomes."

The application and review processes are what make the CSG program unique. The CSG application questions consist of carefully considered categories such as a problem statement, a description of the target population and service geography, service delivery strategy, proposed



The CSG Program offers grants to nonprofit organizations that are aligned to one of four focus areas, including: Health Community, Connected Community, Safe Community, and Economic Opportunities. FY2025 recipients included The Carolina Youth Coalition (left), an organization that nurtures and propels high-achieving, under-resourced students to and through college, and the REAL School Gardens Program (right), which builds outdoor learning spaces in underserved Title I Mecklenburg County schools.

service results, performance measures, and a budget proposal. This allows county reviewers to score programs and prioritize those likely to get results and favor results that the county would not be able to achieve on its own.

Buying results

Once successful applications are identified, the nonprofit organizations are processed as vendors and required to sign contracts that hold them accountable for results. "Throughout the process, we emphasize that we buy results," Williams said. "It's a partnership with built-in accountability." Tayara added, "It's important to note that we fund programs, not organizations." Programs are tied to performance goals and must achieve 85 percent of the target to earn funding. Requirements are clearly communicated in contracts established by the Procurement Department.

Community impact

The CSG program has been successful from its inception. Not only does it work to get results, but the process has also addressed the common pain points faced in the past. The CSG team commits to communicating clear expectations for

applicants and aligns the county with potential nonprofits around:

- **Purpose.** The CSG program helps leadership make purposeful decisions to ensure alignment with strategic goals and board priorities. Additionally, applicants must prove the community's need for the service with data.
- **Equity.** The CSG program's standardized application and review process gives nonprofits an equal chance to apply, so long as they meet the eligibility criteria. Organizations are judged based on the quality of their applications, the services they provide, and proven success.
- **Accountability.** The CSG team's quarterly monitoring post-award also ensures accountability to the goals listed in their applications. Recipients cannot receive reimbursement each quarter unless they have demonstrated performance.

Recommendations for other governments

Programs like the County's CSG program have been successful in other organizations, but county staff stressed the importance of clearly setting expectations and understanding that this method of buying results may not

work well in all cases. "I like our process and how it uses data. We can audit, track, and contract around it. However, other organizations would need staff and an infrastructure for managing it," Williams noted. He added that some nonprofits aren't set up to deal with the program's data-tracking requirements. To provide opportunities for those organizations, the county has a separate grant program with the United Way to build up capacity in newer, more grassroots nonprofits.

Overall, the CSG program provides a structured, fair, transparent, and competitive process to funding, with a built-in accountability component. Many organizations hope to manage by results, focus on outcomes, and allocate spending by priority, but the county's CSG program literally buys results and aligns nonprofit funding with community outcomes.

Contacts

- **Lyden Williams**, deputy budget director
- **Lauren Tayara**, senior management and budget analyst
- **Adrian Cox**, budget director

More information

budget.mecknc.gov/services/community-service-grants



**MT. LEBANON
MUNICIPALITY AND THE
BOROUGH OF DORMONT**

Finance Cooperatives

ABOUT THE MUNICIPALITY AND BOROUGH



The Mt. Lebanon Municipality provides municipal services including public safety, recreation, public works, community development, library, parking, and administrative services for approximately 34,000 people in Allegheny County, Pennsylvania. The municipality has a combined budget of \$69 million, an operating budget of \$41 million, and 163 full-time employees. The Borough of Dormont is also in Allegheny County, just northeast of Mt. Lebanon. The Borough provides public safety, park and recreation, planning, solid waste, sewer, street sweeping, and other services to an area encompassing three quarters of a square mile and a population of approximately 8,500. The Borough has a combined budget of approximately \$17 million.

Summary

In March 2023, Mt. Lebanon Municipality and the Borough of Dormont initiated a financial services cooperative. Through this cooperative, the Borough of Dormont makes use of Mt. Lebanon's staffing and operations to run aspects of the Borough of Dormont's financial operations. The first year and a half of this set-up has been successful, and the two organizations collaborate to provide accounts payable, bank reconciliations, electronic cash receipting, payroll processing, and utility tracking. This initial success has led to other boroughs joining in a similar capacity. Mt. Lebanon is the hub, assigning members of its own staff to support these three other municipalities. The cooperative is mutually beneficial and allows Mt. Lebanon to grow its own staff while reducing costs and giving the



Mt. Lebanon (or “Lebo,” as it is nicknamed) is a suburb of Pittsburgh with a population of approximately 34,000 and a combined budget of \$69 million.

small governments access to resources they wouldn't have been able to afford on their own.

Crisis creates opportunity

In 2022, the Borough of Dormont discovered that it had been the victim of fraud and needed to replace its bookkeeper. A situation like this is always possible for small organizations with limited staffing, but it can be mitigated with proper internal controls, financial policies, and dependable staff. Unfortunately, in Dormont's case, things broke down and the borough was facing the need to hire a new bookkeeper, implement new policies, and restore trust. Given the current labor shortage, Dormont knew that finding someone was going to be difficult, and creating a smooth transition for what was a one-person department would be even harder.

Andrew McCreery, Mt. Lebanon's finance director, heard about the difficulty Dormont was facing and quickly thought that Mt. Lebanon, with its larger

finance staff, might be able to help. He made a comment to that effect to Mt. Lebanon's assistant manager—who received a call a few days later from Ben Estell, Dormont's manager, to ask about that very possibility. It marked the beginning of a successful relationship.

Developing a relationship

Staff from the two organizations soon got together to explore possibilities for collaboration. Both governments had to rely on lean operations and had even worked together to provide efficiencies in the past—meaning there was an initial level of trust from the beginning that allowed discussions to proceed quickly. Dormont was able to present the option of not replacing its finance staff and instead contracting with Mt. Lebanon for these services. The council was receptive, and staff began working out details about how the arrangement would work.

Before moving too far, the governments agreed to a few simple but

important boundaries. For example, Mt. Lebanon would not move money for Dormont or touch its cash. All payments would still be approved by Dormont. The organizations also explored ways in which various systems would work, ultimately deciding that Dormont would keep its ERP system and allow Mt. Lebanon staff to use it to manage Dormont's financials. At the same time, Mt. Lebanon was able to configure its own accounts payable automation system to accommodate Dormont's processes. McCreery explained, “We wanted to set up systems that did not make Dormont dependent on Mt. Lebanon. With this current arrangement, if Dormont wanted to take things back, they could.” Mt. Lebanon also allowed Dormont to access its SharePoint site, and they began keeping a record of everything. This was important to the relationship between the two organizations, allowing for transparency and collaboration, and it became valuable during the audit, as auditors were able to get access to the same SharePoint site.



A residential suburb of Pittsburgh, the Borough of Dormont has a population of approximately 8,500 residents and a combined budget of approximately \$17 million.

“We wanted to set up systems that did not make Dormont dependent on Mt. Lebanon. With this current arrangement, if Dormont wanted to take things back, they could.”

ANDREW MCCREERY, MT. LEBANON MUNICIPALITY FINANCE DIRECTOR

Finding the right mix of services

The organizations signed an official agreement in January 2023 and began working together in March 2023. As part of the agreement, Dormont pays Mt. Lebanon an administrative fee that is calculated in advance. Dormont then pays the hourly salaries and benefits of Mt. Lebanon staff members who work on the project. Mt. Lebanon's finance department is now made up of one part-time accountant, Lisa Gundel, who was hired for this project to take on the effort now required by Dormont. At the time, her position was also able to satisfy additional work that Mt. Lebanon needed in addition to the work for Dormont. Gundel is scheduled to work approximately 25 hours per week between the two organizations. At the beginning, she spent about 20 hours a

week on Dormont. “Lisa's been fantastic and a huge part of why this has been so successful,” McCreery said. “We hired the right person, and she really deserves a lot of the credit for how smoothly things have gone.” Things have gone so smoothly, and the team has become so efficient, that the hours worked and the costs for Dormont have been reduced.

Mt. Lebanon and Dormont prioritized areas where Dormont needed the most help, and the first area taken on was accounts payable. This was followed by bank reconciliations. In other cases, Mt. Lebanon staff was able to adopt the same practices Dormont used. Up next was transferring responsibilities for processing credit card payments. This required a little more effort, but Mt. Lebanon was able to tap into McCreery's experience as finance director to help

throughout the process. The arrangement also has Mt. Lebanon completing after payroll processing for Dormont.

Flexibility and expansion

When the initial agreement was signed, both organizations agreed to a 90-day out clause in case things weren't working. They also agreed to re-evaluate services after two years to determine if anything could be improved.

The partnership has already provided additional benefits for both organizations. Shortly after signing the agreement, both Krystal Watt, the assistant manager for Dormont, and Ben Estell, its manager, left the organization. Financials were never in question during this change, which allowed Melinda Szabo to transition into her role as assistant borough manager

successfully. “When I came in, I didn’t have a big finance background, and having Andrew to bounce ideas off of was valuable,” Szabo said.

“It makes it much easier for everyone in Dormont to do their job and move forward with full confidence that we have the team at Mt. Lebanon’s support,” Estell said. And in many ways, Dormont also benefits from more experienced and connected staff. For a very small organization, Dormont was primarily hiring staff at a bookkeeper level. Mt. Lebanon provides access to a more experienced and knowledgeable finance director.

In fact, based on word-of-mouth marketing, Mt. Lebanon was also approached by two other small communities, Etna Borough and Churchill Borough, about a similar relationship. Before agreeing to take them on, staff in Mt. Lebanon reflected on the Dormont experience and decided to make a few changes. Most importantly, it was decided that both Etna and Churchill would use Mt. Lebanon’s ERP system to achieve better standardization for staff. The organizations were also able to take advantage of a few state grants focused on municipal cooperation, which reduced the cost of the initial software setup. Mt. Lebanon also hired a new staff member to take on the additional workload, and to help reduce some of the stress related to its own financials, and to build in important redundancies and cross training.

Mutually beneficial partnership

This solution has allowed the municipality to create both a part-time and full-time position to establish greater resiliency throughout the finance department and the cooperatives it serves. For the client municipalities, the impact is much greater. Of the three clients Mt. Lebanon currently serves, one of them has been able to access much-needed controls after experiencing internal fraud. Another municipality was able to repurpose its lone staff member from a position of finance data entry to finance review and analysis.

“This probably could have been scary, but we had a strong relationship both at an organizational and elected levels to begin with.”

BEN ESTELL, BOROUGH OF DORMONT’S MANAGER

The last borough was able to create significant efficiencies by modernizing its practices, with the assistance of the cooperative—a task it had been attempting to achieve for years, without success.

Lessons learned for other governments

Local government cooperatives aren’t new, but the approach Mt. Lebanon and Dormont used could help more local governments explore opportunities. McCreery pointed out that this type of idea really wasn’t new for their region. Mt. Lebanon participated in an animal control cooperative that used six staff positions to serve 13 municipalities. In the past, there was a regional dispatch center. There have also been other such opportunities with public safety, recycling centers, code enforcement inspections, and a few others through the regional council of governments.

Looking back on the finance cooperative, McCreery and Estell both stressed the importance of the relationship being a two-way street, which comes from mutual trust and good communications. This allows specific tasks to be adjusted based on ongoing lessons learned. Estell commented that “this probably could have been scary, but we had a strong relationship both at an organizational and elected levels to begin with.”

McCreery emphasized the importance of Dormont trusting Mt. Lebanon. Dormont was able to provide almost full access to its ERP system and visibility into financial transactions because

it trusted that Mt. Lebanon wouldn’t use that access to be what’s referred to in authentic Pittsburgh-ese as being “nebbly.” (That’s “overly inquisitive,” for those outside the area.) Mt. Lebanon also has plenty of incentive to make the relationship work. Revenue from the cooperative helps pay for additional staff on the Mt. Lebanon team, which brings added internal controls, cross training, and subject matter expertise.

Both parties also agreed that for this concept to succeed on a larger scale, there would need to be more standardization in systems and policies to provide economies of scale. McCreery noted that while he doesn’t feel that using two different systems is that difficult, it would be easier to only use one. Also, while most of the current responsibilities that are shared involve transactional tasks, there is huge potential for coordination of budget analysis, policy development, or taking on new initiatives.

Contacts

- **Andrew McCreery**, finance director, Mt. Lebanon Municipality
- **Melinda Szabo**, assistant borough manager, Borough of Dormont
- **Benjamin Estell**, former borough manager, Borough of Dormont
- **Krista Watt**, former assistant borough manager, Borough of Dormont



NORTH CAROLINA LEAGUE OF MUNICIPALITIES

Municipal Accounting Services Program

ABOUT THE NORTH CAROLINA LEAGUE OF MUNICIPALITIES



The North
Carolina League

of Municipalities (NCLM) is a member-driven organization representing the interests of cities and towns statewide. NCLM provides advocacy, consulting, legal assistance, insurance, training, and other information to advance its mission. Overall, the organization has 540 member municipalities that are, through their collective efforts, better able to work together for a better North Carolina.

Summary

The Municipal Accounting Services (MAS) program that NCLM provides was developed to improve the financial accountability of smaller, often rural cities and towns in the State of North Carolina. By working directly with staff from these organizations, MAS provides small governments participating in the program with a standardized chart of accounts, a set of best practices related to budgeting and accounting responsibilities, and a common financial software system that is provided to the city or town at no cost through a grant for the first three years. Understanding that financial knowledge is a critical key to keeping a town fiscally healthy over the long-term, NCLM also developed training for the governing boards and

management of these towns to provide the elected officials with an increased appreciation for their fiscal responsibilities under the state's general statutes.

Challenges of small governments

Like other governments across the United States, small, rural communities in North Carolina have struggled to meet state and national accounting requirements. Limited resources combined with complex requirements are difficult to overcome in the best of times. For example, local governments in North Carolina are required to have a full GAAP audit performed annually, but in the current environment, staff turnover presents issues. In rural areas, especially, it can be difficult to attract and retain qualified finance



Jonesville, North Carolina was one of the first towns to implement the MAS Software Program in 2023.

“Many cities were running accounting systems that were not even equipped to meet governmental accounting standards. All of this makes it difficult if not impossible for management and governing boards to have current financial information that they need to properly manage the organization.”

CHRIS NIDA, DIRECTOR OF TECHNICAL ASSISTANCE FOR MUNICIPAL ACCOUNTING SERVICES

and accounting staff—a problem made more difficult because many small governments have a finance team of one. In addition, limited IT budgets may not cover the investments necessary for accounting systems to stay current. This can result in a failure to keep accounting records current, which leads to year-end delays in audits and preparing financial statements. Chris Nida, NCLM’s director of technical assistance for cities, said, “We found that many cities were running accounting systems that were not even equipped to meet governmental accounting standards. All of this makes it difficult if not impossible for management and governing boards to have current financial information that they need to properly manage the organization.”

The state treasurer’s most recent unit assistance list included 138 local governments, mostly smaller, rural municipalities that were “on watch.”

This means that of the 551 municipalities in the state, one out of every four was formally identified by the monitoring state agency as having some sort of fiscal concern. “The problem is even more prevalent with the small governments, and that is why this program has so much potential,” Nida said. “Many simply can’t afford resources to take on the challenge by themselves.”

Ongoing debate on how to help

NCLM and other organizations in the state had studied the financial needs of smaller governments for some time and, while training and other assistance efforts had helped, basic bookkeeping problems and continued difficulties with attracting accounting expertise in the rural areas still called for a broader solution. The MAS program, funded by a State of North Carolina grant made possible by the American Rescue Plan

Act (ARPA), made a broader solution possible.

NCLM was able to provide a common accounting system for all participants and to develop supporting resources around this shared experience. Initially, a survey was sent out to cities and towns with populations of less than 2,500 to determine whether there was interest in the proposed program. Perry James, senior consultant for MAS, said, “When we sent out the survey, we immediately received replies from approximately 100 towns, with over half expressing a high interest in what was being proposed. That gave us the information we needed to move forward.” NCLM issued an RFP for financial accounting software, with key characteristics desired including a government-specific character, intuitive design, and high level of customer service. The League’s RFP committee chose Black Mountain Software, as its

initial software partner, and following the selection, the League focused its efforts on recruiting and hiring experienced accounting assistance staff to help the member towns implement it.

Requirements for participation

NCLM began collecting background information on interested local governments to ensure that they understood the program requirements and were committed to making it work. “We really wanted to welcome anyone who wanted in to join the program,” Diane Seaford, deputy director for MAS, said. To participate, MAS determined that cities and towns needed to agree to the following program standards: use a standard chart of accounts, dedicate staff time to the transition, and have the local government’s board take action to approve a contract with Black Mountain Software for the software subscription license. The program is grant-funded and ARPA State Fiscal Recovery Funds pays for conversion and the first three years of software support, which averages a total of \$100,000 per organization. Each city and town signs its own contract and is responsible for costs beyond year three. The scope that the software provides includes common enterprise resource planning (ERP) functions such as finance, human resources, payroll, capital assets, permitting and licensing, and other functions that Black Mountain Software supports. While local governments were free to make the scope as broad as they wanted, NCLM prioritized the more traditional core finance modules. “In selecting software, we really tried to find a product that covered necessities but wasn’t complex. We wanted towns to catch on quickly,” Seaford said.

Learning and adjusting on the fly

Implementing the software is a combined effort between the local government, NCLM, and the software vendor. A goal of converting 50 towns in four years made it impractical for each organization to take a year or more—which can be common with normal ERP implementations. For



Small, rural cities and towns are particularly vulnerable to the effects of natural disasters, including the loss of financial data for governments that are not on cloud-based software.

“We had towns that had QuickBooks running on a single desktop computer. If the computer was destroyed, so was all of their accounting data.”

DIANE SEAFORD, DEPUTY DIRECTOR FOR MUNICIPAL ACCOUNTING SERVICES

this project, the software vendor focuses on software training and NCLM provides support for data conversion and best practices. “We have a team of about ten accounting specialists and supervisors who are each assigned towns,” Seaford said. “They take the town’s chart of accounts and map it to the new one. We do as much of the heavy lifting for the conversion as we can and then sit with the town through training to ensure they’re understanding how to use the software.”

Reflecting on what the team has learned, Seaford said, “The biggest thing we learned was the importance of implementing best practices on the front end. This is more than just a software conversion. If towns are successful in what they’re doing, it’s so much easier to implement the software.” She noted,

“Our goal now is to have them in a good financial place prior to the conversion.” James added, “Change is hard, and sometimes you don’t realize how hard change is until you start.”

Early returns

One of the earliest benefits to the program was realized this fall. Moving to cloud software mitigated risks that data would be lost during a disaster. Like most states in the United States, North Carolina is prone to natural disasters. “We had towns that had QuickBooks running on a single desktop computer,” Seaford said. “If the computer was destroyed, so was all of their accounting data.” With Hurricane Helene this fall, one town’s offices were destroyed, but the software provider was

"If anyone else is looking to build a similar program, the team is really the key. Hire people with a servant's heart. People matter."

DIANE SEAFORD, DEPUTY DIRECTOR FOR MUNICIPAL ACCOUNTING SERVICES

able to connect them to run payroll as soon as they could get an internet connection.

Other benefits simply were the result of shining a light on current practices and moving toward a best practice approach. Receiving the NCLM resources for implementation allowed many towns to discuss using and ultimately adopting better financial policies and practices. "We work hard to get towns to consolidate bank accounts," James said. "The fewer bank accounts, the easier it is to reconcile, and the better the chance they don't fall behind." Seaford said, "As part of the implementation, we've been using our resources to help towns catch up, so they are current." In another example of improved practices, a town implemented positive pay, which led to one town catching a potential fraud opportunity involving a counterfeit check.

Jonesville and Pikeville were two of the first towns to implement the MAS Software Program in 2023, with Kingstown following closely behind. At one time, both Pikeville and Kingstown had their financial records impounded by the Local Government Commission (LGC), which is staffed by the N.C. Department of State Treasurer. Impoundment is a sign of extreme financial distress that the state does only on a limited basis. Kingstown's finances were under the control of the LGC at the time software conversion began. The financial records of both Pikeville and Kingstown have now been reverted to the community, and both are on a much more stable financial trajectory. Sharon Edmondson, the director of municipal finance programs said, "When towns are fully converted, our

League consultants try to go to the town hall and celebrate success. Sometimes finance can be a back-office function for these small towns. But these are big accomplishments and it's nice to let the board know."

Looking to the future

At this time, 20 towns have been implemented, with 21 towns expected to be completed by December 31, 2024. The list of contracted towns scheduled for implementation before the grant deadline of December 31, 2026, ensures that MAS will meet its goal of 50.

Currently, towns are provided with the software for the first three years but assume the maintenance costs for year four. NCLM hopes to secure additional funding beyond this initial term. The League is also working to expand capacity since MAS has a waiting list for towns to get started and doesn't have the capacity to get to everyone.

Further into the future, MAS expects standardization, shared best practices, and common experiences using one software platform will lead to additional opportunities for collaboration. "As more municipalities are sharing a system and sharing a chart of accounts, I'd love to envision that there may be other opportunities to share staff," Nida said. "One finance officer could work in multiple towns." NCLM is also focused on sustainability, and real success would mean that cities and towns in the MAS program won't require ongoing NCLM assistance. Seaford added, "After conversion, we meet with towns monthly to see how things are working. We are proactively checking in and hoping to get towns that are sustainable and don't need us."

NCLM has also put in place necessary governance to support the participating governments beyond the software solution. NCLM created a chart of accounts committee that is able to consider changes to the chart of accounts and make necessary edits as practices evolve.

Replicating the project in other areas

The issues facing North Carolina's small, rural communities are not unique to the state. The same issues are unfortunately all too common across the country in states with strong rural-urban divides. Indeed, as NCLM staff have been developing and implementing the MAS program, they have held numerous conversations with other state leagues or similar organizations that were interested in assisting their local governments in a similar way.

NCLM staff has developed a number of resources that could be useful to other organizations, including the uniform chart of accounts, best practice guides, a framework for board governance, and other resources based on the program's lessons learned. NCLM is confident that as the MAS program continues to grow and develop, other statewide and out-of-state entities will be able to use these tools to assist small rural governments. In reflecting on the program, Nida said, "I feel very fortunate and proud of the team we've been able to build at the League. We have some experienced professionals who bring an accounting, customer service mentality. We exist to serve members, and we try to meet towns where they are." Seaford added, "If anyone else is looking to build a similar program, the team is really the key. Hire people with a servant's heart. People matter. We are where we are because of our field team. That is the key to making it all work."

Contacts

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- **Perry James**, senior consultant for municipal accounting services
- **Diane Seaford**, deputy director for municipal accounting services
- **Sharon Edmondson**, director of municipal finance programs



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Capital Planning Improvements

ABOUT THE COMMISSION



The San Francisco Public Utilities Commission (SFPUC) is an enterprise department of the City and County of San Francisco, California, responsible for operation, maintenance, and development of three utility enterprises. It provides drinking water and wastewater services to the City of San Francisco, wholesale water to portions of Alameda, Santa Clara, and San Mateo counties, and hydroelectric and solar power to municipal and retail customers within the City and County of San Francisco. The commission serves approximately 2.7 million people, and it has more than 2,300 employees and an annual operating budget of \$2.1 billion. The organization's ten-year capital plan includes projects totaling almost \$12 billion.

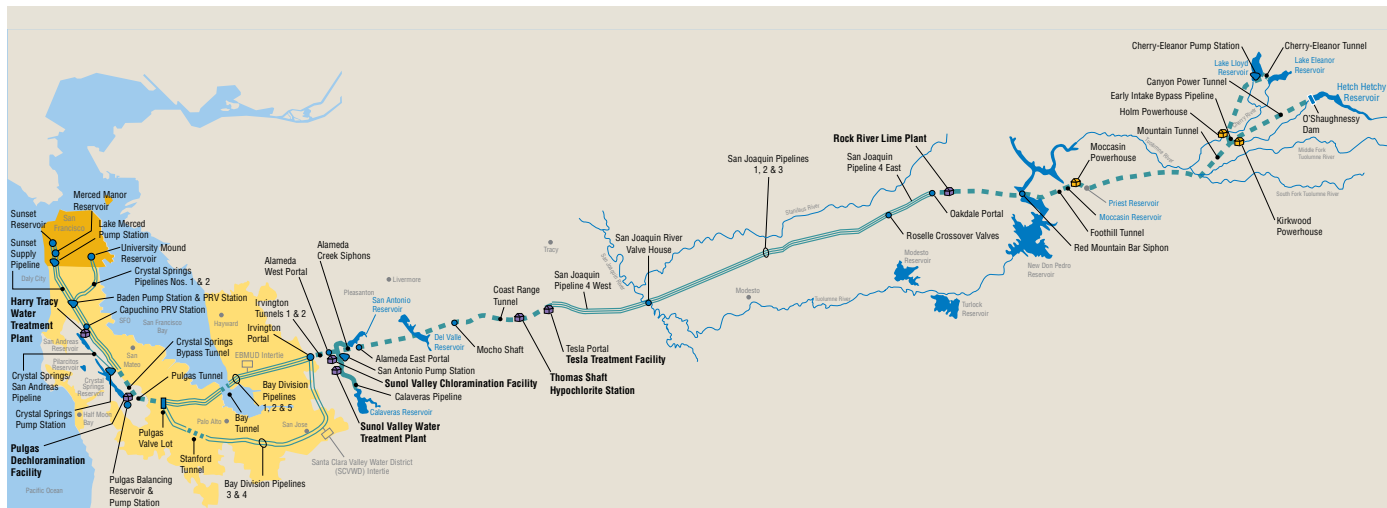
Summary

The SFPUC launched its Capital Planning Improvement Initiative to improve its approach to capital project planning, prioritization, and execution. This comprehensive program addresses the complex challenges of managing a growing capital improvement plan (CIP) while ensuring financial sustainability and improving the commission's ability to deliver projects. The SFPUC's emphasis on cross-enterprise collaboration was key to the improvement, along with adaptive governance and change management. This approach also focused on assessing project deliverability inclusive of staff resource planning and contract capacity, to enable more realistic planning and scheduling, in an attempt to reduce the risk of project delays and cost overruns. The integration of asset management principles into capital planning has also promoted a more strategic, long-term approach to

infrastructure investment. Overall, the SFPUC is working to provide a transformative model for public-sector infrastructure management.

Complex challenges in managing infrastructure

The SFPUC faces many challenges in managing its expanding capital improvement program while also working to ensure financial sustainability, project deliverability, and keeping utility rates as affordable as possible. Misalignment between plans and execution capacity could often lead to project delays and cost overruns, putting upward pressure on rates. For example, inconsistent governance and decision-making processes existed across the organization's three utility enterprises—water, wastewater and power—along with varying standards for project prioritization and budget management. There was an opportunity to improve capital planning by unifying governance and standards across the



SFPUC owns and operates the Hetch Hetchy Regional Water System, which serves 2.7 million residents and thousands of businesses. The system provides water directly to residents and businesses in San Francisco and wholesale through 27 cities and public water agencies in Alameda, Santa Clara, and San Mateo counties.

organization. Laura Busch, deputy chief financial officer, commented, “We needed to align our capital plans with a realistic capability to deliver and needed to make sure we were responsible stewards of not only our systems but also our customers’ resources.” Furthermore, the concurrent supply chain constraints and staffing shortages particularly following the pandemic affected SFPUC’s ability to deliver on project timelines. It was critical to reassess past assumptions for projecting deliverability across the full SFPUC capital investment portfolio.

In addition to improving the tactical elements of capital planning, the SFPUC also concluded that it needed to increase its overall capacity to execute projects matching its growing CIP. Over the past 12 years, the size of the capital plan has more than doubled. In many ways, the organization was already doing the work to meet the expanding need and had implemented best practices, but not throughout the organization. The potential was there, but proactive facilitation was needed to bring these innovative practices across the agency. Luke Fuller, manager for strategy, innovation, and change, commented, “We were fragmented and working in silos. We realized that the project needed to serve as a clearinghouse to vet ideas and bring

people together.” This realization led to the development of a comprehensive, multi-year initiative to reform the capital planning and delivery practices.

Creating a realistic and transformative plan

From the beginning of the project, SFPUC had goals of creating a unified approach for the capital program, improving its ability to assess deliverability for project planning, and increasing its capacity to put projects into action. From a more practical standpoint, this meant that the organization would develop a FY23-24 capital budget and ten-year capital plan that would align execution with capacity; clearly define roles, responsibilities, and expectations; and promote transparency in decision making. SFPUC also streamlined tools and templates for data collection to increase the efficiency of the process and improve user-friendliness.

Unlike many technical solutions the organization had tried in the past, which had focused on isolated aspects of capital planning, the SFPUC’s initiative takes a holistic, enterprise-wide approach. It aims to address systemic and interconnected issues across 12 workstreams, ranging from governance

and financial sustainability to resource planning and environmental compliance. “We have over 170 people involved in capital planning, and our team was able to identify leads for separate but connected workstreams, and coordinate dependencies,” Tricia Yang, director of strategy, innovation, and change, said. The comprehensive scope allows for systemic improvements that are more likely to yield lasting, transformative results. “There was an opportunity to see what each division was doing well and learn from each other,” Yang explained. “We wanted to have a unified approach.”

Building capacity

This enterprise-wide approach focused on building capacity within the organization. The initiative worked to promote cross-training and skill development across different disciplines for capital planning to enable more consistent use of tools and criteria across the three SFPUC enterprises. The project also helped educate staff about the impact of our capital plan on rate payer affordability. Staff were educated to work with an awareness of customer and community impacts, in addition to system resilience, climate change, regulatory requirements and overall demand for service while developing

“There was an opportunity for us here to see what each division was doing well and learn from each other. We wanted to have a unified approach.”

TRICIA YANG, DIRECTOR OF STRATEGY, INNOVATION, AND CHANGE

their capital plans. The initiative also defined opportunities to enhance data analytics capabilities, to enable more data-driven decision making in capital planning long term. This has resulted in a separate multi-year project to investigate the organization's program management systems.

While this project heavily involved the Finance Department, it was led by the organization's Strategy, Innovation and Change Team, which partnered with Finance on the project. Busch, said, “It was actually really important that this effort was not led by Finance because it encompasses so much more than finance.” By taking a broader approach focused on balancing capital investment needs with financial sustainability, the team was able to help break down silos and work on connecting people. “In 2022, about two years after the pandemic started, people had gotten used to working remotely,” Fuller said. “We had a meeting where we invited everyone to one room. I think there were 30 to 40 people in there, most of whom hadn't seen each other in years, and some who had never met in person.”

Community impact

The initiative's emphasis on financial sustainability and keeping rates as low as possible directly benefits ratepayers, but benefits go beyond financial considerations. The improvements in capital planning and delivery contribute to San Francisco's infrastructure resilience. Enhanced environmental compliance processes help ensure that SFPUC projects align with the city's sustainability goals, and improved infrastructure reliability supports San Francisco's

economy by providing dependable utility services to businesses and residents.

As a major regional utility provider, the SFPUC's efforts towards improved capital planning and delivery capabilities have broader impacts. More reliable water and power systems benefit communities throughout the Bay Area that rely on SFPUC services. Improved wastewater management contributes to better environmental outcomes for the entire San Francisco Bay ecosystem. The initiative's focus on financial sustainability helps ensure that the SFPUC can continue to meet its regional service commitments without imposing undue financial burdens on partner wholesale communities.

Lessons learned for other governments

With any large change project, the most difficult part of the change is often not technical but is instead based on people and organizational culture. Based on SFPUC's experience, dedicating a program management team and steering committee that encourage collaboration is critical. Organizations need to focus on interactions among teams, especially where there may not be existing relationships or formal structures to develop improvements organically.

From there, clear roles and responsibilities among business owners, subject matter experts, and other stakeholders establish proper expectations for everyone. “Establishing clear roles was key,” Yang said. “We found that the areas that were the most challenging to improve were those that lacked ownership.” Many enterprise applications are used at SFPUC and there are

many processes that govern capital planning and delivery. However, this project revealed that technology and process improvements are only one part – it is just as important to define and fill staff and capability gaps to own and lead substantive areas of work that others struggle to focus on year-round.

Lastly, SFPUC took an agile approach and considered the effort a work in progress throughout its implementation. There should always be room to improve and build on prior success. Yang emphasized, “It's really a journey. When we started, we set expectations that this was going to take five years and deliberately broke down the project to sort out smaller improvements that can be implemented right away from efforts that would need a longer runway. It has been great to see that our teams have been committed to staying the course with us and working together.” Nancy Hom, SFPUC's assistant general manager of business services and chief financial officer states, “The most recent 10-Year Capital Planning process was by far one of the most transparent and collaborative. I look forward to the continued improvements to our internal processes in the coming years.”

Contacts

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- **Tricia Yang**, director, strategy, innovation and change
- **Luke Fuller**, manager, strategy, innovation and change
- **Laura Busch**, deputy chief financial officer



Communicating the Value of City Services

ABOUT SUNNYVALE



The City of Sunnyvale, California, is the seventh largest city in the Bay area, with a population of 158,000. City government provides public safety, public works, community development, library and recreation, environmental services, and administrative services. It has over 950 employees, a general fund budget of \$268 million, and an overall budget of \$731 million. The city has been nationally recognized by multiple organizations for achievements in public safety, procurement, innovation, and overall leadership.

Summary

The City of Sunnyvale's Spring 2023 *Horizon* newsletter took a different approach to budget and finance communications. This special edition about city finances didn't lead with fund balance, net position, GAAP basis financial statements, or inflation assumptions. It sought to communicate the role of city services in everyday life—proving that city services are an exceptional value for residents' money.

The *Horizon* newsletter is part of Sunnyvale's ongoing public education program. It is a printed, eight-page newsletter mailed to every Sunnyvale residence three times a year. To create this special edition, the chief public information officer and finance officer teamed up to present a unique look at telling the city's financial story.

Challenge

Like many other cities, the City of Sunnyvale faces rising costs, unfunded projects, and growing demands for services. With many public works infrastructure projects planned or underway, the city also needs to make significant investments in the community. For example, there was a bond measure for a new library on the November 2024 ballot. To complete these initiatives and address the many other requests for services, the city needs the public's confidence; however, getting people to engage with and understand city finances is difficult. Budgets are dense, complex, and irrelevant to most people. Understanding financial reports often requires an advanced understanding of governmental accounting, and it can be difficult to make boring budget information approachable and interesting.

enough to help gain the necessary public support. In general, finance staff have trouble telling their story and relating to different audiences. But by partnering with the city's public information office, new opportunities for communication and engagement have emerged.

Communicating beyond the budget document

Relying on budget documents, budget websites, or even budget-in-brief reports—which are usually just condensed versions of the longer budget document—can leave a giant gap in budget communications. While intended for an audience outside of government, these documents often contain a lot of information but no context, or they lack a resident's perspective. They're accurate, but they miss the opportunity to tell a compelling story.

The City of Sunnyvale took on that challenge by issuing a special edition of its citywide newsletter, *Horizon*. Taking a different approach to budget communications, the newsletter approached the topic from the perspective of explaining the value of city services. It then supported the message that city services provide great value, using simple, straightforward text, charts, and examples explaining how people pay for services and how much they get in return. The newsletter connected these concepts and filtered information to answer the hypothetical question from a resident: "What's in it for me?"

Developing the story

When the city's chief public information officer, Jennifer Garnett, started with Sunnyvale in 2012, her first assignment from the city manager was to help residents understand their city services are a great value. At the time, the City was concerned with complaints from residents about paying too much in taxes or not getting enough services. "I was charged with telling that story of services, helping people understand how they pay for them, and then allowing them to draw their own conclusions on the value of city services," she said. Unique to this approach was that the city



"We developed characters that could tell the story of how individuals interacted with the city and what the city meant to them,"

JENNIFER GARNETT, SUNNYVALE'S CHIEF PUBLIC INFORMATION OFFICER

manager put this task to Garnett, who was not in the finance office and didn't, at the time, have a detailed understanding of the city's finances. "At the time we were transparent with our finances, but the messaging needed to be different than our typical finance approach," Garnett added.

She worked with staff from finance to help collect information and develop relatable ways to explain the city's revenues and expenditures. It was important for the team to have both a finance and communication perspective, but instead of simply reporting data, the team used more of a creative writing approach. One of the ways they did this was by creating a storyboard for a "day in the life" concept that was used throughout the publication. "We developed characters that showed all the ways people interact with the city often

without even realizing it," Garnett said. The newsletter was a resounding success in 2013, when it was first published. "I confess I was nervous because we put ourselves out there with this unique approach," Garnett added. "But when people showed up to the next City Council meeting with it to say how much they liked it, that was very cool to see."

Public finance explained again

Coming up on the 10-year anniversary of the first public finance-themed *Horizon*, the city decided it was time to tell the story again. "The timing was right," Garnett said. "We have a few large infrastructure projects, we're rebuilding our wastewater treatment plant and fire stations, and there was a library bond issue on ballot." This time around, the city worked to make the newsletter more

“People really care about what affects them and what they are getting. I also think that people saw themselves in our day-in-the-life feature and were able to see how much local government affected their day-to-day.”

JENNIFER GARNETT, SUNNYVALE'S CHIEF PUBLIC INFORMATION OFFICER

concise. They tweaked the graphics, polished the writing, and refreshed the information that was included.

The 2023 version of *Horizon* focusing on finance can be viewed online at gfoa.org/gfr-sunnyvale-horizon. The document has an engaging narrative, powerful graphics and images, and a clear, no-nonsense writing style. For example, the city used a dollar bill and penny as pie charts to show the city's portion of sales and property taxes relative to other governments in the area. It also labeled each funding source with a symbol that allowed the reader to trace it throughout the narrative. To personalize the publication, the newsletter included photos and names of city staff members when illustrating services. And the city intentionally didn't refer to departments. Garnett explained, “We know that the community doesn't care about departments. When something breaks, they don't think of it as a public works problem, they see it as a city problem.”

Other key elements to the communication strategy included:

Day in the life. The newsletter's cover introduced a fictitious family—including their dog, Concha, purposefully capitalizing on people's affinity for cute pets—and followed the multi-generational family throughout a typical day. This segment also ran along the bottom of every interior page, which helped draw readers through the entire newsletter. More importantly, the device showed the many ways a family interacts with city services and facilities, often without realizing it.

Big bang for your buck. The newsletter included two sidebars comparing the

average property tax payment to other monthly household costs like cell phones, car insurance, and broadband internet. This was arguably one of the most important ways the city conveyed value in the publication.

User fees, taxes, and grants.

City funding comes from many sources. This can be complex and nuanced, especially when it comes to linking funding with what the money pays for. The publication linked funding sources to services, helping to clear up misconceptions about where our tax money goes.

Community impact

The finance edition of the *Horizon* started out with an introduction by the city manager, who posed the question of value and asserted that the Sunnyvale public is getting a good deal. He also committed to being straightforward with city data and invited readers to let the city know what they think. Residents and staff responded more than usual. Examples included:

- “I wish to compliment you on the recent *Horizon* [Spring 2023]. It was one of the best, if not the best, issue ever put out by the City of Sunnyvale. The information, facts, figures, and diagrams were exceptionally helpful in understanding where the city's money comes from and how it is spent.”
- “My compliments to you on this excellent, thorough, fact-based discussion of what the city does and how it is paid for.”

- “Thank you for sharing this,” a staff member commented. “I remember I used to get calls, and residents would always say ‘all the city cares about is making revenue off my taxes.’ I hope residents will read this more so they can get a better understanding of how we really value their contribution.”

When asked what resonated with this edition, Garnett said, “I think we were able to clearly tell an engaging story. People really care about what affects them and what they are getting. I also think that people saw themselves in our day-in-the-life feature and were able to see how much local government affects their day-to-day. Even though Sunnyvale had a positive message, we didn't try to appear overly self-promotional.”

Lessons learned for other governments

Obviously, all governments can improve communications and better tell their story, so why do so many find this task so difficult? “I don't think we can underestimate the value of pairing good communicators with people with good technical skills,” Garnett said. “It's not that finance staff are bad communicators. They just don't always have the time or skillset to write in a way that appeals to an audience that doesn't have detailed financial knowledge, which is critical.”

Sunnyvale's special-edition *Horizon* about the value of city services is an excellent example for other local governments to replicate when explaining their finances. Modifying examples to fit each agency's unique revenues and services is easy. The layout provides a template to communicate complex issues clearly and concisely. But the key message, needs, and purpose behind the publication will need to be unique to each community. Authenticity and honesty are required to build trust. Garnett added, “I would love to see other agencies take these concepts and run with ideas of their own.”

Contacts

- **Dennis Jaw**, assistant director of finance
- **Jennifer Garnett**, chief public information officer



**VERNAL CITY,
UTAH**

Downtown Revitalization Plan

ABOUT VERNAL



Vernal is the largest city in Uintah County (Utah) and home to a population of approximately 10,000.

The city has a general fund budget of \$14 million and an overall annual budget of \$32 million. It provides municipal services including public safety, planning and development, streets, water/sewer, justice court, an airport, and other administrative services. The city also serves as a gateway to the nearby Dinosaur National Monument, Flaming Gorge, and the Uintah Mountain Range.

Summary

Like many small cities, Vernal noticed that its downtown area was dying. Property values had declined steadily for several years in a row. So, city staff created a master plan that included many sub-projects to make the downtown area more inviting to businesses, residents, and shoppers. Among those sub-projects was the Vernal City Facade Grant. By setting up a community redevelopment area and taking out an initial \$2.1 million loan, the city was able to partner with business owners and kick-start mutually beneficial projects. So far, the city has funded 65 projects to beautify and refurbish buildings, and to improve the downtown area. Property values have since increased, stores and restaurants are busier, and new events have made Vernal a destination in the region. This project shows how having a vision, focusing on public engagement, and targeting financial investments can come together to generate meaningful results.

The decline of downtown

Downtown Vernal, home to many small local businesses, was in decline. The area—nine square blocks centered around Main Street and Vernal Avenue—was suffering from underutilized space, vacant storefronts, lack of walkable areas, and a decline in property values. Being close to several recreational attractions and along a major route for truck traffic supporting nearby oil and gas extraction meant that more than 25,000 vehicles a day passed through the area. “It just wasn’t a very friendly area,” Quinn Bennion, city manager for Vernal said. “Who wants to hang out in an area full of parking lots surrounded by razor wire?” This wasn’t good for business owners, and it wasn’t good for governments either, as property tax revenues continued to decline. Taking advantage of one-time COVID funding from the federal and state government, along with the city’s American Rescue Plan Act (ARPA) money, the city launched its Vernal Downtown Plan.

The city was also able to purchase some of the vacant land and work with partners to add mixed-use redevelopment, parking, and other community spaces.

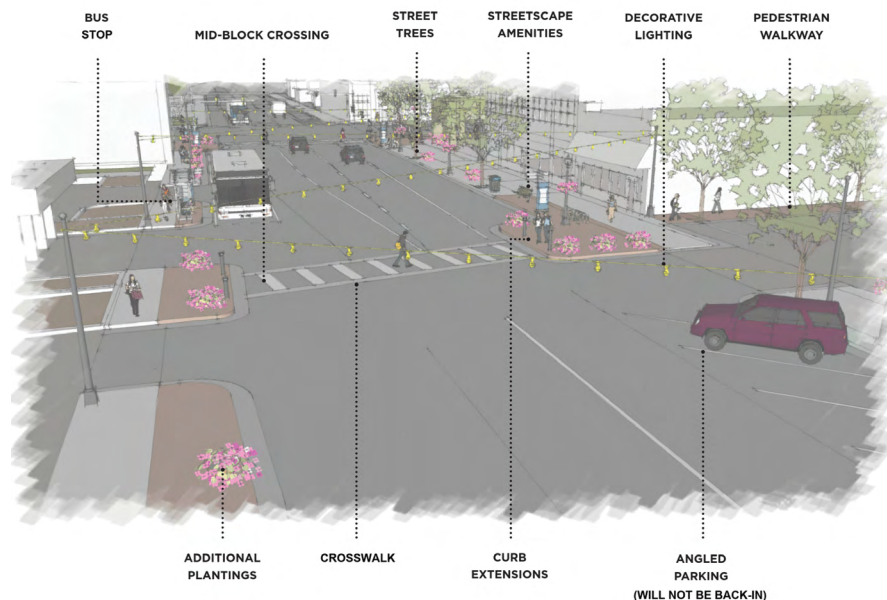
Asking the public for help

The five-lane Main Street, which is State Highway 40, has heavy car and truck traffic. The city's idea was to invest in the spaces behind buildings to create pedestrian-friendly spaces that could host events. Before starting, the city sought feedback from the community on what they wanted to see downtown. Using online engagement surveys, community meetings, and social media, the city was able to understand what mattered most to residents and businesses and focus on that. Bennion, said, "In vacant store shops we placed blank stickers under a sign that read, 'What would you like to see here?'" In this way citizens were engaged and could suggest what they wanted downtown. "It became apparent that as part of any revitalization, we needed to make our downtown attractive," Bennion added. "We had really good response rates and got the community behind the plan."

Focusing on the community

The city also worked with Uintah County and the five other governments in the area to plan a community redevelopment area (CRA). CRAs are political subdivisions created to stimulate redevelopment. They create a project area and use property tax increment financing to help pay for development projects. In Utah, CRAs are typically created for 20 years, and 75 percent of the additional tax revenue generated by development is redirected to the CRA. In Vernal's case, the city and the other impacted local governments agreed to divert 90 percent of the additional revenue to the CRA in the first five years, 75 percent in years five to 15, and 50 percent in years 15 to 20. This allowed a greater percentage of new revenue to be reinvested in the community.

With the CRA funds, the city developed a façade grant program that reimbursed



"It took a little time for people to trust it. But when people bought in, we really had a successful program that everyone can be proud of."

CARL MORTON, CITY OF VERNAL FINANCE DIRECTOR

businesses to promote enhancement, restoration, improved aesthetics, and renovation of the exterior of commercial structures in the downtown area. The city decided to commit all the CRA funds to private businesses already in the downtown area. Carl Morton, finance director for Vernal, said, "This is one of my favorite parts of the CRA. It's different than what most other governments do. We are not investing in one new developer coming to the area or building infrastructure to entice those from the outside; we are putting it into the project to help those already in the community." Bennion added, "When you talk about property taxes here, you get people coming out with their pitchforks. But when we explained that they are actually getting their property tax money back, that helped us win support. Property owners began saying, 'Hey, I want to be part of this.'"

To get started, the city took out a \$2.1 million loan and developed program rules designed for ease of administration. Project funds are available on a first come, first served basis. The project uses a committee that includes the local "Innovation Hub" and the Chamber of Commerce. Awards are given by the city council. The program is straightforward and reimburses up to 40 percent of eligible costs, with a maximum per project of \$100,000.

Getting Results

So far, the city has awarded approximately half of the original loan amount, split among 65 projects. "There was a domino effect happening downtown," Morton said. "You would see what your neighbors were able to do, and want in." Bennion noted that in one case, a property owner's mother admonished the property owner to apply because she



Before and after photos of downtown Vernal showcase some of the projects made possible by the Facade Grant.

saw the results other buildings were getting. Before and after photos show the change, and the taxable value of properties in the downtown area has rebounded and is up 26 percent since the CRA was approved. In 2023, the six taxing districts received more than \$100,000 in additional tax revenue from their ten percent of the increment. A state law diverts ten percent of CRA proceeds over a set amount for affordable housing, so this effort will soon begin funding a different type of project.

The most important thing, though, is the transformation of downtown. It has become a gathering space, incubator of small business, and host to many new events including the Outlaw Trail ATV Jamboree, the Dinah SOAR Days Balloon Festival, PhenomeCon, the John Wesley Powell River Fest, the Hotel Vernal Haunt, the Mayor's Walk, and more. This drives sales for businesses and increases in sales tax revenue. Some of the older iconic buildings in Vernal have new life. The city had a downtown theatre from the 1940s that has been converted into a space for community plays, and the owner was able to use the grant program to add a new sign, really changing the look of the block.

But, as Bennion noted, awareness of the program also led to more and more need. "People would come in and say, 'Hey, I love your façade grant program,

but I need help inside the building.'" Many of the larger structures were historically and culturally significant, but they were greatly underusing their space. The city wanted to see if it could help. "We were looking for the projects with rizz," Morton added. As a result, the city is developing new criteria to score applications on a variety of factors that rate historical significance, future usefulness, and ability to contribute to the community.

Lessons learned for other governments

Downtown revitalization is not new, but the facade grant is a way for the city to help businesses, particularly small businesses, make improvements they might not have been able to do before. Successful implementation relied much less on savvy financial skills and more on public engagement, regional cooperation, and creative communications. Other cities should assess the need for this type of project, and whether it's a smart financial move, but Vernal believes its project has been successful because of how it went about implementation.

First, the city created a vision and a goal based on what the community wanted in its downtown area. It also prioritized getting citizens and businesses to buy into and capture the city's vision.

At the same time, the city had to get buy-in from other local governments. What brought everything together was the compromise and alignment of all values. Other local entities were willing to give up a larger share of the increment in the first few years to provide more funding for projects. Businesses were happy that funds would be made available for downtown without increasing rates—and additional tax revenue was distributed transparently.

Second, the city also stressed the ease of administration. In creating the grant application, it created rules to align the program with the most beneficial areas for the community—but it also created a series of simple and straightforward rules. The goal was to get the money out into the community quickly. "It took a little time for people to trust it," Morton noted. "But when people bought in, we really had a successful program that everyone can be proud of." ■

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