2025

AWARDS
for
EXCELLENCE

★ IN GOVERNMENT FINANCE ★

The **2025 GFOA Awards for Excellence in Government Finance** honor seven exceptional programs that embody innovative solutions and the best practices in government finance. These winners exemplify financial leadership, resilience, risk management, and long-term planning, highlighting their commitment to excellence and outstanding financial management in serving their communities.

BY MIKE MUCHA

City of Jackson, Michigan
100 Homes Program

The City of Jackson, Michigan, provides a full range of municipal services—including police and fire protection; construction and maintenance of streets and other infrastructure; sanitary sewage treatment and disposal; water treatment and distribution; economic development; recreational activities; and cultural events to approximately 30,000 residents. Located in south-central Michigan, the community is oriented toward industry and commerce, with a strong historical connection to the auto industry. More than 20 brands of cars were once made in Jackson. Over the past few decades, however, as manufacturing jobs have been lost, the city has also lost approximately 45 percent of its population. The current economy is similar to that of many other Rust Belt cities in the Midwest. The average annual salary in Jackson is approximately $49,000, and about 20 percent of residents live below the poverty line.

The housing crisis across the United States is real. The City of Jackson's leaders decided that now is the time to tackle this issue through a comprehensive approach that features public-private partnerships, grants management, process improvement, creativity, innovation, and a focus on solving problems that have historically prevented residents from achieving home ownership. In 2019, the city found itself with access to funding from the American Rescue Plan Act (ARPA) and a few other federal and state sources. It decided to allocate $3.5 million of its ARPA funds to the Affordable Housing Board, with the goal of making housing more affordable.

The Community Development Department used this funding to begin work on what would become the 100 Homes Program, an ambitious effort to construct 100 new houses in the city in three years. The program ushers income-qualified home buyers through a process that includes homebuyer education, banking connection, lot selection, construction, down payment assistance, and closing assistance. Subsidies for the builder and buyer create affordable new construction homes to help reverse the city's population loss, strengthen neighborhoods, make housing affordable, and create incentives for other infill development and for investment in the city.

Economic challenges and the affordability crisis

Across the Midwest, rents are becoming increasingly unaffordable, and the dream of owning a home is out of reach for many—and the situation is only getting worse. Even though Jackson's population had declined, the city still didn't have enough quality housing to support its needs. A recent housing

31,031
number of city residents

$49,179K
average annual salary

45% rent
55% own

$34.4M
annual general fund budget

study estimated the city would need 1,500 new housing units over the next ten years. Unfortunately, growth had stagnated, and the city had actually demolished more than 800 blighted structures.

Attracting home builders was increasingly difficult—in fact, the city issued only five residential building permits in 10 years. As Cory Mays, the city's grant administrator, said, "those are incredibly sad numbers for a community our size, and even worse when you realize that two of the five permits were from my parents and my in-laws, who both moved to Jackson to be closer to their new grandsons."

The COVID-19 pandemic presented additional challenges, but it also provided unique opportunities. While the situation was tragic for so many families in Jackson and across the United States, it brought in grant funding that allowed the city to start clawing its way out of the recession and led to a once-in-a-generation chance to initiate transformational change.

Targeting the root cause of the problem

The city allocated $3.5 million of its ARPA funds to the Affordable Housing Board. Officials decided that using the funding for a down payment program would be the best way to address the city's housing crisis. Some people were skeptical of the program at first, but Shayne LaPorte, the city's community development director, had a vision of building 100 homes in the city. Once the target was set, staff got to work creating the plan to make it happen.

The first step was to better define the problem. Why was home ownership so difficult? The city analyzed data, asked questions, and tried to identify the main issues. What they discovered was that the problem had many causes. Yes, housing costs were part of it, but so was distrust of lenders, difficulty navigating the complex application process for assistance, lack of education about and experience with the home-buying process, rising construction costs, and the inability of many families to save for a down payment. With this better understanding, the city began to identify the parameters that would shape the program.

Designing the program

Targeting lower-income individuals, the city established eligibility criteria and limited the program to those earning less than 120 percent of the median income for the region. Also, capping housing costs at 30 percent of a buyer's gross monthly income allowed staff to create an initial budget. It also exposed a pretty large affordability gap.

Staff started to bring stakeholders together to identify solutions. Staff hosted meetings with all mortgage lenders in Jackson to learn more about options and how the city could help in streamlining the application process. Ultimately, the city decided to collect all information that would be required for the mortgage application as part of a pre-application, so applicants would only need to submit the required documents once. Staff also worked with state agencies to identify any additional incentive options that may be available. The City of Jackson decided to provide $25,000 in down-payment

assistance per home. Applicants are also encouraged to apply for an additional $10,000 of down payment assistance through the Michigan State Housing Development Authority (MSHDA).

To select builders, the city issued a request for proposals (RFP) and asked builders to submit home designs that met basic requirements for design and square footage. Unfortunately, the initial response still came in at about $65,000 more than the target budget. In an effort to reduce costs, the city listened to the builders to learn what was driving costs on the project and learned that the city's own policies and processes contributed to construction delays and additional costs. Working with builders, the city was able to identify important cost drivers such as slow permitting and inspection process, utility connection fees, uncertainty about the quality of lots, and the cost of land. "We really listened to builders and what they said was frustrating about working in Jackson," Mays said.

The community development department was able to reduce the amount of time, effort, and hassle involved in obtaining permits and scheduling inspections from weeks to just days. "Other cities have fully automated their permitting systems, but we decided to go in the other direction," Mays said. "For our builders, they viewed those systems as an additional layer that got in the way of connecting directly with our staff. We focused on customer service and gave builders direct access to inspectors. They can now ask questions, schedule appointments, and get things done quickly."

The 100 Homes Program included both 1-story and 2-story plans, all with concrete driveways, full basements, and central heat and air conditioning.

"We hoped that the 100 Homes Program would show builders why Jackson is a great place to be, and that they would decide to build here once the program was complete. Instead, we now have seven builders operating in the city, constructing single-family, multi-family, and multi-story/multi-unit buildings ... the interest has been huge and unexpected, and we are excited to keep the momentum going."

—**CORY MAYS**, GRANT ADMINISTRATOR

The city also identified state grant funds aimed at reducing lead service lines that qualified for use with utility connections, and it decided to use its inventory of vacant property to provide land and guarantee it was ready to build on, for a minimal cost of $300 per parcel. In the end, the city closed the gaps and could offer home buyers a stress-free process with a fixed price of $175,000. Buyers could select pre-designed houses from one of two builders and select a lot from any in the city's inventory.

Other communities have offered down-payment assistance programs, and some offer affordable housing options for income-qualified buyers based on income standards. Still other communities offer help securing a mortgage, introduce buyers to interested builders, and/or sell city-owned lots at a discount. The City of Jackson's program is innovative because it provides a comprehensive solution for buyers and creates incentives for builders.

Construction in progress

With planning complete, the city needed applicants for its target of 100 homes. Mays remembers that Scott LaPorte chose that number "because it sounded better than 99." "We launched this giant program and had no clue it was going to work," Mays added. But after 20 months, the results are in, and the program works.

Currently, 31 houses have been constructed and are occupied; 19 are under construction, and three are ready to start. At this rate, the city is optimistic it will use all ARPA funds by the December 2026 deadline. Based on the early success of the 100 Homes Program, the city decided to extend certain elements of the program to create incentives for additional infill construction for a wider audience and, ideally, get closer to the estimated need of 1,500 additional housing units.

Builders that want to build larger or more expensive homes, or multi-unit buildings, are not eligible for the 100 Homes Program, but they can now take advantage of reduced permit costs, city land guarantees, grant funding for utility

Clockwise from top left: Program managers Cory Mays (left) and Chris Herrmann (right); Currently, 31 houses have been constructed and are occupied, 19 are under construction, and three are ready to start.

connections, and other program perks. "We issued 45 residential permits last year and we're on track to issue more than 100 this year," Mays said. "We hoped that the 100 Homes Program would show builders why Jackson is a great place to be, and that they would decide to build here once the program was complete. Instead, we now have seven builders operating in the city, constructing single-family, multi-family, and multi-story/multi-unit buildings—with many more to come." Mays added, "The interest has been huge and unexpected, and we are excited to keep the momentum going for years to come."

Building more than homes

The largest benefit of the 100 Homes Program goes beyond home construction. "The program helped build trust with communities that historically saw the city as the problem," Mays said, adding: "As we go out in the community

to market the program, we get a ton of questions that aren't related to the 100 Homes Program, and we are able to build a positive relationship, answer questions, and get people the help they need." In addition, creating incentives for home construction has led to additional investment. The program has been transformative for entire neighborhoods.

"The Health District is an area immediately west of our hospital system, and a year ago the city owned 32 parcels there. About 70 percent of the neighborhood was vacant. Now, as soon as I finish writing up the last deal, we will own none," Mays said. Twelve houses have been built, and a developer has purchased the remaining lots with plans to finish all construction over the next year. "It's crazy to see the progress," Mays added. "Neighborhoods have come out of the rubble and new houses have sprout up. It's exciting to drive to work and see a concrete truck, a lumber truck,

and a moving van. It's exciting to see buzz in the city."

The city was also able to improve streetlights, sidewalks, and entrance ways. Mays pointed out the little details that make a big difference. "By tearing down and offering vacant properties, we can reverse the negative trend. Now we see people adding a new flowerpot on the porch. Others may paint their fence, add a new driveway, replace their front door, or repair broken windows. There's a new pride that wasn't there before."

To help accelerate this positive trend, the city started a curb appeal program that offers financial assistance for eligible home improvements to the front of the home. The city recognizes that attractive front facades contribute to stronger neighborhoods and can increase property values for participating homeowners and their neighbors. Approved projects can receive support for 80 percent of eligible costs, up to a maximum of $2,500.

53%
households of color

47%
are couples

43
children impacted

80%
current residents

56% female head of household

44% male head of household

As properties are developed and improved, the city and the nine other taxing jurisdictions that cover the city also can realize additional revenue to better fund government services. The county, school district, library district, mental health district, and township all benefit.

The neighborhood programs have also led to a shift in how the city provides services. For example, the Code enforcement Division shifted from focusing on fines to working with residents to solve problems and provide assistance. "We have been able to rethink community development," Mays added. "Instead of levying fines and making residents mad, we try to initiate conversations."

The city still enforces its policies, but it does so in a much friendlier way. Initially, residents may get a warning, a knock on the door, or a phone call. The city established the Administrative Hearings Bureau to discuss issues that have escalated and try to find out what

caused the problem. In many cases, fines are reduced or eliminated. "The city receives a commitment to resolve the issue and the resident gets treated with respect," Mays added.

Secrets to success and lessons learned

Offering down payment assistance is not new, but this program is built around the city's ability to critically analyze a problem and identify solutions, after listening to residents and stakeholders. The program identified major frustrations and barriers within the home-buying process, and it deployed city resources and staff to solve the problem.

While the specific one-stop shop for the home buying and building process may be unique to Jackson, the process that staff used can be replicated to solve a wide variety of problems. The biggest success story is the city's ability to build relationships, improve processes, create community dialogue, and commit

to changing the status quo in their communities. "We had to be the change agents and take ownership of the things that don't work." Mays added, "We started asking questions and listened to what our community told us."

When asked what advice Mays would have for other governments looking to spark change, he said: "Don't be afraid to make a mistake. When we originally went to the city council for funding, we were honest and told them that we weren't 100 percent confident that we had it all right. We told them we may come back and ask to revise the program based on our experience." The city recognized this was a huge program to build, and something the city hadn't done before. By acknowledging it may not be perfect, the city also provided the opportunity to continue to listen and learn.

Similarly, Mays cautioned other cities to avoid the trap of waiting around for a program that solves all problems for all residents. "It's impossible to be everything to everyone, and it's true that the perfect is the enemy of the good. The city initially received criticism that eligibility standards in the 100 Homes Program excluded some residents from participating. We made a promise to our community that if you support this program, and it helps our target audience, then we promise that you will see improvements to our community now and in the future. We will have other services that will help you."

Contact

- **Cory Mays**, grant administrator

Property taxes
X = **$4,600** per year

100 new homes
X = **$460,000** increased annual revenue

36% (City portion) = **$165,600** increased annual City revenue

City of Norfolk, Virginia
Risk Management Day

The City of Norfolk serves approximately 240,000 residents by delivering a broad range of essential services, including public safety, public health, social services, planning and zoning, neighborhood preservation, code enforcement, stormwater management, parks and recreation, construction and maintenance of public buildings and infrastructure, coastal resilience, library services, refuse and recycling collection, water and wastewater utilities, and arts and entertainment. Operating under a council-manager form of government, the city employs approximately 5,000 individuals and manages an annual operating budget of $1.6 billion.

Within the Finance Department, the Risk Management Division safeguards the city and its taxpayers by overseeing small claims, coordinating loss prevention and control efforts, managing subrogation, conducting risk transfer analysis, and administering both city-owned commercial insurance and self-insurance programs. The Division also plays a proactive role in identifying opportunities to strengthen risk management practices and employs innovative strategies to support city leadership and advance a wide array of municipal initiatives.

The Risk Management Division launched its inaugural Risk Management Day nearly three years ago and has since continued to host the event annually, both virtually and in person. The event features a series of educational sessions and interactive discussions designed to gradually cultivate a citywide culture of risk awareness. The initiative aims to enhance knowledge about risk exposures, such as health, safety, and security management; reinforce existing policies and procedures; and empower employees to recognize the importance of their roles in workplace risk management—whether they are observing, experiencing, or reporting incidents.

Each session in the program addresses three core objectives: (1) exploring how the city can manage costly, yet often preventable, casualty and liability risk exposures, (2) identifying both internal trends and national trends with a Norfolk-specific impact, and (3) facilitating dialogue between employees

Left: Information shared with all City employees via email to promote and raise awareness about Risk Management Day 2025. Right: The opening session video for Risk Management Day 2025, held on April 24.

> "I wanted to put effort into seeing if we could raise awareness, provide training, open lines of communication, and, most importantly, prevent claims and save the city money."
>
> —**CATHIE CHANCELLOR**, RISK MANAGER FOR THE CITY OF NORFOLK

and city leadership to promote shared accountability. Risk Management Day is a simple, cost-effective solution that raises awareness of behaviors that affect the city and its residents to varying degrees and leverages risk management methodologies, including, for example, the elemental key steps to identify, analyze, control, finance, and administer liability, property, and casualty risks.

Confronting risks the city faces

The city has historically experienced several persistent pain points associated with managing risk. One of the most significant issues is the recurrence of preventable incidents and claims, which leads to cumulative financial losses over time. These losses could be substantially reduced through more targeted and proactive risk mitigation strategies. Additionally, a considerable amount of time is consumed addressing the same types of behaviors and incidents repeatedly. This not only

strains staff capacity but also diverts attention and resources from more strategic, high-impact initiatives. Another major concern is the strain on financial assets. Covering liability claims reduces the availability of resources that could otherwise be invested in essential community programs and services, ultimately affecting the city's ability to deliver on its broader mission.

Like many municipal governments, the City of Norfolk faces several challenges in implementing a formal enterprise risk management program. These challenges include limited time, resources, and budgets, the complexity and diversity of risks, siloed departmental practices, cultural resistance to change and risk awareness, staffing constraints, and a lack of broad program buy-in. In addition, as Shenette Felton, assistant director of finance for the city, explains, "people may not want to talk to risk management or be forthcoming with information. To get started, we needed to build relationships and be approachable."

Like many other functions within finance, the risk finance role can be misunderstood within the larger government organization. The city's risk manager, Cathie Chancellor, had the idea of implementing Risk Management Day not only to provide education, but also to build a more collaborative working relationship with departments. Chancellor explained, "when I started with the city, I felt that no one really knew what I did. Many people think it's only insurance, but it's much more than that."

"We didn't have the time to develop a theoretical or academic approach; however, we could still do something that yielded results," Chancellor added. "I wanted to put a spotlight on what we were seeing, the trends, the risks that were costing the city money, and the repeated violations of policy. I wanted to put effort into seeing if we could raise awareness, provide training, open lines of communication, and, most importantly, prevent claims and save the city money."

EXHIBIT 1 | Agenda for 2025 Risk Management Day

8:30 am | Opening Session: Everyone is a Risk Manager

Explore how enterprise risk management strengthens the city's resilience and why everyone plays a vital role in risk management.

9:00 am | Understanding Business Continuity: Plans, Risks, and Recovery

Learn the fundamentals of continuity of operations plans and business continuity plans to ensure service continuity during disruptions.

10:00 am | Don't Slip Up: The Importance and Relevance of Documentation

Understand how small documentation errors can lead to significant risks and liabilities, and how to manage records responsibly.

11:00 am | Panel Discussion: Trending General/Auto Liability Claims

Gain insights into the latest claims activity and learn how to avoid common risks related to property damage.

12:00 pm | Agile Risk Management

Discover how the city is using Agile methodology to enhance collaboration, efficiency, and risk management.

1:00 pm | OSHA & VOSH: Updates that Affect You

Stay updated on safety trends, violations, and essential workplace inspections to prevent injuries and ensure compliance.

2:00 pm | Claims Panel Q&A with HR-TAM (Human Resources Total Absence Management Team)

Engage in an interactive discussion about Workers' Compensation trends and safety strategies.

3:00 pm | How to Be Really Intelligent About Artificial Intelligence

Learn about the safe and responsible use of AI tools like Co-Pilot and ChatGPT in the workplace.

4:30 pm | Insurance: How It Helps!

Understand how insurance helps manage risk and get an overview of self-insurance and proof of insurance.

Planning a day for risk management

Designed as a streamlined alternative to conventional enterprise risk management frameworks, Risk Management Day offers a practical, cost-conscious approach that aligns with the operational realities of organizations like the city—entities that face a wide array of risk exposures. The first Risk Management Day took place as the city was coming out of the COVID-19 pandemic. The initial format featured the city's risk manager as the moderator for conference-like sessions. Subject matter experts or risk stakeholders from the city were asked to make presentations, and the city focused on city protocols, procedures, proactive training, or issues where the city noticed negative trends.

Through Risk Management Day, employees and key risk stakeholders—including members of the senior executive leadership team—benefit from a direct approach that addresses the very challenges that are costing the city money. More importantly, Risk Management Day fosters a shared understanding of critical processes and better connects risk management staff to the full organization. "I have a passion for risk management and believe that it has huge benefits for organizations, but I also know that no one size fits all," Chancellor said. "All public entities have their own personality, mission, and way of doing things. For us, Risk Management Day provided a practical, efficient way of reinforcing key concepts, reminding staff of policies, providing resources, and overall putting focus on potential risks for the city."

Setting the agenda

After considering multiple formats, including a much longer "risk management week," the city decided on a full-day program, split into multiple one-hour sessions (see Exhibit 1). Each session featured a moderator and speakers discussing a specific topic. All levels of city staff, from front-line workers to senior executives, could attend the sessions they found most relevant or interesting. Sessions were made available both in-person and virtually. The format of each session was designed to share information, provide additional resources, and open up the conversation, making risk management staff approachable. "We are able to familiarize one another with risk management and why it's important," Felton said. "Sessions are very approachable, easy, and digestible," Chancellor added. "We hope that the main takeaway is that each person at the city has a role in managing risk."

In developing the sessions, the risk management team has an opportunity to work with others from across the city. City leaders from emergency management, general services, communications and marketing, human resources, and legal services have led sessions, which help open a dialogue to finance and risk management. "The relationship with other departments that have worked with Cathie to plan sessions is much improved," Felton said. "If you'd have asked me a few years ago if I would have thought that we would have multiple departments working collaboratively with finance to present Risk Management Day, I would have been skeptical—but this year we even had multiple attorneys staff sessions. It's been great to see."

After the full agenda is set, the city's marketing team promotes it to staff and attracts participants. The most recent Risk Management Day attracted 25 to 50 people online, and more in-person attendees and supporters than in prior years. While sessions were open to everyone, most targeted a specific group of employees, and full divisions tuned in to watch some of them. For other sessions, one person was identified to attend and take information back to peers in the department. All sessions were recorded and made available on demand for anyone who wanted to participate but missed the event.

> "The relationships that our risk team has been able to develop have changed our work the other 364 days of the year. We are able to open lines of communication, reach across silos, and better work together."
>
> —**SHENETTE FELTON**, ASSISTANT DIRECTOR OF FINANCE

Planning for next year's risk management day is an ongoing process. City and risk management staff will collect topics throughout the year and engage subject matter experts and speakers. For next year, the city has identified potential sessions related to the Federal Emergency Management Agency, risks from lithium-ion batteries, climate change, financial controls, and more.

Risk management results

Risk Management Day has delivered measurable and meaningful benefits to the City of Norfolk. One of the most significant outcomes has been increased risk awareness, more training, and collaborative support across departments, fostering a stronger, citywide commitment to risk mitigation. Since its launch in 2023, Risk Management Day has contributed to a noticeable decline in the number of reported incidents. For example, by August 2024, the city reported a total of 405 incidents requiring involvement from the Risk Management Division. By comparison, as of August 2025, there were only 289 such incidents—demonstrating a clear downward trend. Additionally, Risk Management Day has expanded the city's risk management capacity by reinforcing training and promoting focused discussions around actual loss trends. These dialogues have helped departments better understand the behaviors and exposures that lead to costly claims, resulting in more informed and proactive responses.

But the biggest benefit may be the results that have been developed and the collaborative culture that Risk Management Day has cultivated. "This day helps us create true partners for the Department of Finance," Felton commented. "The relationships that our risk team has been able to develop have changed our work the other 364 days of the year. We are able to open lines of communication, reach across silos, and better work together." Chancellor added, "the most beautiful thing about it is the executive support that we've received and the genuine interest in the event from our senior leaders. It's amazing to see everyone coming together to improve the city."

Creating a risk management day for your government

Any organization could create its own risk management day. The event is highly efficient at focusing attention on critical topics, and it's mostly cost-free when internal resources are used. One of the program's key strengths lies in its ability to improve communication and collaboration across departments and stakeholder groups, breaking down silos and bringing together risk owners, leaders, and contributors. While the city dedicates a day to risk management, there is no reason why similar concepts wouldn't work for other areas of finance. For finance professionals and risk managers who want to recreate the City of Norfolk's success, Felton and Chancellor provided the following recommendations:

- **Customize your program.** Tailor the program to reflect the specific risks, priorities, and operational context of the adopting city. This requires a thorough understanding of the local risk landscape and organizational structure. It needs to be relevant to the audience.

- **Engage stakeholders.** Actively involve key stakeholders, including senior leaders, department staff, and, if applicable, community representatives, to build support, encourage participation, and ensure alignment with broader strategic goals.

- **Focus on sessions.** Develop and deliver training sessions and educational materials to ensure that participants clearly understand the goals, processes, and value of the initiative.

- **Monitor progress.** Establish clear metrics and feedback mechanisms to assess the program's effectiveness. Use this data to make informed adjustments and continuously improve outcomes.

By following these steps, other governments can successfully implement a practical approach to raising awareness for finance, procurement, internal controls, ethics, human resources, or other areas.

Contacts

- *Shenette Felton, assistant director of finance*
- *Cathie Chancellor, risk manager*

City of Lethbridge, Alberta
Reserve Policies

The City of Lethbridge is the third-largest municipality in the province of Alberta. Home to more than 100,000 people, Lethbridge is a growing and thriving community, close to the Rocky Mountains and the U.S. border. It has a vibrant cultural, social, and leisure scene, with an extensive network of community events, beautiful parkways, outstanding arts and culture, and impressive sporting and recreational facilities and activities. The City also takes pride in its sound financial management, including budget principles that value long-term planning.

The City implements multi-year budgeting. This means that every four years, the City Council discusses and approves a new four-year operating budget along with a 10-year capital plan. The annual operating budget allocates about $500 million to fund police, fire, and emergency services, the Lethbridge Public Library, the Galt Museum and Archives, community services, parks and cemeteries, transportation

In 2020, the City of Lethbridge first approved its financial reserve policy. The policy supports the ongoing financial management of reserves and creates long-term financial stability and flexibility. Separate reserve funds were created, each with a specific purpose and defined funding source. The policy helps the city respond to economic conditions and changes that could impact its financial position. It also ensures ongoing services to the community.

In 2025, the city's financial reserve policy was amended to account for the management of reserves, processing reserve transactions, and reporting of reserves. One of the most significant amendments sets optimal balance targets for some of the city's major reserves. The city's planning and budget team completed a financial analysis for each of the city's existing reserves. This included a risk-based analysis, reserve comparisons to other municipalities, and a review of GFOA's best practices for reserves.

With new guidance to clearly set reserve purpose, targets, uses, and funding sources, the city now publishes clear policy guidance for each of its strategic reserves. It sets clear expectations for use and how this tool helps mitigate shocks from unforeseen events to the city's multi-year operating budget.

Motivation to update policies

Even though the financial reserve policy was adopted in 2020, city leaders knew they could do more to improve it. In 2023, city staff came across an article in the August *GFR* called "Should We Rethink Reserves? A Multimillion-Dollar Question", which highlighted ways in which local governments could implement

EXHIBIT 1 | Reserve Levels as of December 31, 2024

STATEMENT OF RESERVES
AS AT DECEMBER 31, 2024

	December 31 2024	December 31 2023
Acquire Off Street Parking	$ 781,352	$ 792,621
Airport	4,314,586	4,742,027
Cemeteries	2,737,920	2,428,437
Central Business District Land Acquisition	270,374	688,226
Community Lighting	3,471,308	3,225,545
Electric	12,984,387	7,693,439
Fleet Services	15,333,199	17,554,927
Insurance	5,805,967	5,040,402
Major Capital Projects	19,615,247	16,144,370
Mayor Magrath Drive Beautification	121,852	120,057
Municipal Reserve Fund	403,767	389,490
Municipal Revenue Stabilization	38,482,257	48,567,330
Real Estate Holdings	5,955,131	5,883,330
Transit Bus	1,043,159	1,043,159
Urban Parks	3,645,466	3,332,946
Wastewater	2,661,610	826,000
Water	6,063,320	1,174,000
Total Reserves	**$ 123,690,902**	**$ 119,646,306**
Total Committed Funds	$ 41,873,607	$ 52,046,215
Current Internal Funding Requirements:		
Affordable Housing (CIP 2022-31 D-32)	3,874,137	5,000,000
Offsite Levy Account Shortfall LOC (Council March 26, 2024)	1,038,431	-
Clean Energy Improvement Program (Council Nov 29, 2022)	589,318	845,818
	5,501,886	5,845,818
Total Committed Funds and Internal Funding Requirements	$ 47,375,493	$ 57,892,033

reserve strategies. It also mentioned that the GFOA "strongly recommends that local governments adopt a formal policy describing how much they will strive to maintain in their reserve fund."

The City uses multiple reserve funds to achieve different objectives (see Exhibit 1). Some reserves help accumulate funding for one-time uses, like capital projects. Others provide a buffer to guard against specific risks like inflation, cost overruns, or taxation relief. For example, the electric reserve provides capital financing for electric utility projects or to stabilize the effects of operating surplus or deficits. The insurance reserve exists to stabilize the effects of unpredictable insurance premiums; the major capital projects reserve helps buffer the effects of short-term fluctuations in capital expenditures; and the municipal revenue stabilization reserve stabilizes the effects of fluctuating interest revenue and general operation surpluses and deficits on annual taxation requirements.

Because the City uses a four-year operating budget, reserves are a critical safeguard for stabilizing budget shocks and allowing departments to maintain service levels. Shauna Conard, the city's capital and operating budget supervisor, explains.

"The financial reserve policy helps with creating a realistic and achievable capital budget and operating budget," says Conard. "The reserve policy is another tool in the toolbox to assist with long-term planning to help manage fluctuations that can stabilize the operating budget."

In 2024, the city's financial planning and budget team completed a financial analysis of each of the City's existing reserve funds. Understanding the potential financial risks the City could encounter in the future made developing an optimal target for reserve balances crucial.

"Reserve policies provide a guiding document for us to ensure that our reserves are in a healthy position in the long term," says Jennifer Jerred, the city's controller, corporate services. Creating a recommended balance (minimum, maximum, or range) for a specific reserve ensures that it will be available to serve its intended purpose. Optimal balance

targets are a tool to help maintain the City's financial health, sustainability, and long-term financial planning.

Long-term stability with flexibility

In 2025, city staff presented its Audit Standing Policy Committee with recommended changes to existing financial reserve policies. Changes were based on identifying actual risks facing the city.

"It's important to forecast reserve levels to ensure sustainability," adds Loreen Russell, the city's long-term planner.

To forecast both the accumulation of reserves and the chances that the city would need to draw from reserves, staff used a combination of past performance, a simple risk-based analysis to determine an overall risk score, and decision makers' current tolerance for risk. They made the following recommendations:

- Implement an optimal balance for the fleet reserve of 8 to 15 percent of the current replacement value of the corporate fleet portfolio.
- Implement a minimum balance for the major capital projects reserve to equal pay-as-you-go program debt payments required for one year.
- Implement a minimum balance for the municipal revenue stabilization reserve of five percent of the tax-supported portion of the operating budget (after commitments).
- Update the financial reserve policy to include new reserves for water, wastewater, and waste utility.

Communicating policy decisions

The city also developed a very simple, clear, and concise way of communicating reserve strategies and target levels (see Exhibit 2). For each reserve, the city reports basic information in a standardized format to provide transparency for finance staff, department staff, elected officials, and the public. Information reported includes the account numbers, year established, purpose, source of funding, type of expenditures, duration, and decision-making authority for each reserve. The city also developed measures to assist with tracking and reporting performance regarding the health of the financial reserve.

Importance of alignment with elected officials

Reserve policies provide guidelines for decision making, but decision makers must also understand the strategy for using reserves. Making decisions for reserve targets or the use of reserves requires alignment among all levels of government.

"Our CFO is very good at making sure that the city council understands the purpose of each reserve and where use of reserves is appropriate," says Jerred.

A key part of this alignment is making sure not to fund ongoing issues with one-time funding, which would create additional strain on the budget.

EXHIBIT 2 | Example Communication of Reserves

COUNCIL POLICY

FINANCIAL RESERVES

CITY OF Lethbridge

FINANCIAL RESERVE – FLEET SERVICES	
Account Number:	1.3970.102
Year Established:	1976
Purpose:	To provide for a self-sufficient pool of funds to allow for the ongoing replacement of fleet assets.
Source of Funding and Type of Expenditures:	Contributions to/from the fleet Reserve include the initial purchase/upsizing contribution from approved budget and corresponding purchase of equipment, replacement component within the annual charge, any surplus/deficit from fleet operations, net proceeds from equipment disposals and internal loan advances and repayments (interest accrues to the MRSR).
Optimal Balance:	Balance should be between 8%-15% of the current replacement value of the corporate fleet portfolio.
Other	The Fleet Reserve encompasses all City vehicles and equipment except: • Electric Utility – owns all their fleet and is responsible for funding purchases and replacements. (Fleet Services provides maintenance, tendering/procurement). • Transit Buses – use of grants for purchases.
Duration:	Ongoing
Interest Bearing:	No
Significant changes made to the reserve and approved by Council:	02.23.1976 – THAT letter from the Engineering Director dated February 18, submitting the final report of the Equipment Pool Study with recommendations for implementation in conjunction with the 1976 Operating Budget and which is contingent upon the creation of a reserve account in lieu of non-retained depreciation allowances which is established at $648,000.00, be filed and FURTHER THAT this matter be referred to the Budget Committee for further consideration and recommendation. 09.07.1976 (Establish a Reserve to replace obsolete equipment Bylaw #3359) – Equipment rental rates provide for operating costs and a reserve for replacement of the equipment. Each year's

"Our city manager and CFO see the importance of long-term financial planning and making sure we make decisions to protect long-term sustainability," Jerred adds. "We see a lot of other municipalities using their reserves in ways that do not align with policies or best practices."

The City of Lethbridge requires that the city council approve all uses of reserves. This requires full alignment and a clear purpose for funds, and that the use of reserve funds will be transparent and determined in public meetings. When used, reserve funds are added to the budget.

Having informed elected officials also means that the city can adjust policy within the overall strategic framework. "I view our reserve policy as a work in progress; we can adjust it as necessary to address new risks," says Conard. "For example, we added the water reserve, wastewater reserve, and the waste reserve to deal with current realities of our aging infrastructure and need to potentially replace these valuable assets and maintain critical service levels."

Lessons learned for other governments

There are no specific requirements from the Province of Alberta, GFOA, or any other standard-setting organization that provide comprehensive recommendations for strategy in using reserves, but the city's experience provides several lessons learned for other governments.

"Keep it simple," Conard explains. "Start with what you know and then build off of that. Policies can be overwhelming. To guard against overcomplication, the city's financial reserve policy is clearly documented and provides understandable procedures for why each reserve exists and how and when it is to be used."

Contacts

- *Jennifer Jerred, controller, corporate finance*
- *Shauna Conard, capital and operating budget supervisor*
- *Loreen Russell, long-term financial planner*

"The reserves become another tool in the toolbox for achieving a long-term focus and smoothing unexpected bumps."

—**SHAUNA CONARD**, CAPITAL AND OPERATING BUDGET SUPERVISOR FOR THE CITY OF LETHBRIDGE

AWARDS FOR EXCELLENCE IN GOVERNMENT FINANCE

City of Grand Rapids, Michigan
Customer Payment Modernization

The City of Grand Rapids provides a full range of municipal services to approximately 200,000 residents. It operates under a commission-manager form of government that also features an elected comptroller and a city treasurer who is appointed by the city commission and tasked with advising the commission on financial matters, administering the city's investment transactions, collecting city, county, and school district taxes, and collecting fees for city services. In addition to core municipal services, the City of Grand Rapids provides water and wastewater services to approximately 82,000 customers living in several suburban communities, operates the Coldbrook substation, which provides power to the city, and manages approximately 10,000 off-street and on-street parking spaces.

The City of Grand Rapids connected residents and other customers with a modern application it called "GR PayIt" that is used to pay bills, receive notifications, opt out of paper billing, expand payment options, and conduct business with the city. City staff began updating in-house lockbox operations, interactive voice response (telephone) payments, and online payment options starting in 2017 to provide a streamlined, consistent, and accessible payment tool for use across the city. Using a comprehensive marketing campaign, the city communicated with the public and made the case for how GR PayIt could provide superior service for citizens while also improving back-end operations for the city's treasury function. Results from the program included better resident access, cost control, lower administrative fees, and enhancements to customer service. Since it started to launch its modernization efforts, the city has increased internet/mobile payments by 440 percent, and 85 percent of all payments for water, refuse, property taxes, and parking tickets are now collected electronically.

Challenges of disparate software

Because the city provides different services to its residents, it employs several software systems to manage operations, issue invoices, and collect payments. Different software means that customers need to remember multiple IDs and passwords, the user experience differs for each system, and the city needs to maintain several interfaces to import and post payments. In addition, the city may have multiple payment processors, multiple reconciliation processes, additional fees, and difficulty integrating data, provide

The City of Grand Rapids utilized a comprehensive marketing strategy to promote the new payment application, including press releases, direct marketing, and bus advertising.

"Our goal was to meet residents where they are, on the device they prefer, when they want, and in the way that's most convenient for them."

—**JOHN GLOBENSKY**, GRAND RAPIDS CITY TREASURER

city-wide reporting, or simply administering many different systems. Not only was this inefficient and redundant, but it was also confusing.

One analysis of city web traffic found that 86 percent of customers who accessed city websites did so with the goal of obtaining information about a bill, inquiring about payment options, or to make a payment. In many cases, the lack of customer-friendly options led customers back to paying through more traditional methods—by physical check or even coming down to the city hall. Because of the city's size and business process design, transaction volumes are significant. "We have about 53,000 customers within our trash system," Robert Swain, public works operations manager, said. "Every single day, we have the need to collect payments. Each customer maintains an account with a balance that we are then able to deduct payments from as trash is collected."

Customer friendly design

Motivation for this project started with a new updated design for the city's website. City leaders wanted to improve the online presence and create a digital front door for all city services. "Around the same time, we noticed that it was common for people to stand in line at the treasurer's office, waiting and looking at their phone," John Globensky, city treasurer, said. "We thought, 'why can't residents just complete the transaction on their phone?' Our goal was to meet residents where they are, on the device they prefer, when they want, and in the way that's most convenient for them." In preparing a business case, the city found that more than half of web traffic now goes through smartphones, with that trend only expected to grow. The need was clearly there. "The focus then became how the city can break the mindset of 'that is how we've always done it,'" Globensky said. "We had to

change our customer service thought process."

The city chose to begin work with the four largest departments to accept payments in the following areas: property taxes, water, refuse, and parking. Each had its own software, and collectively these departments accounted for 90 percent of all customer payments. In 2016, the city collected only 53 percent of payments electronically. Today, the city is on track to reach 85 percent of payments electronically. The reconciliation process and administrative procedures were a primary pain point for the city due to complex and redundant payment processors. The city was able to find a vendor to serve as a centralized payment portal that would consolidate all invoices from the four departments and provide one consistent tool for customer accounts, payment processing, payment reconciliation, audit, and fees. Data collected in the

system can be exchanged with the department's systems, payment processors, and banks, using file exports and application programming interfaces. The customer experience was enhanced for all residents by adding online and mobile payment options, interactive voice response phone payments, paperless billing, and bilingual (Spanish) accessibility features.

The project also added other customer service options. Samarhia Giffel, administrative services officer for utilities, noted that the city still uses manually read meters and invoices quarterly, but now can also offer a monthly billing option because of the improved payment process.

"Grand Rapids residents can now see all of their services in one account," Globensky noted. "They are able to link accounts together under one login ID and password. For example, I have my refuse, property taxes, and water bill all connected. I can go into the system, get notified of outstanding invoices, and take action." Angela Dore, 311 manager for the city, added: "This feature is especially helpful for landlords in the city who own multiple properties. They can connect them all together under one profile." Once the project started, the technical conversion and implementation were completed in four and a half months. The city also decided to absorb the processing costs to take the pain point away from the customer and encourage the use of electronic payments.

Going to market

If the project was going to be successful, it not only needed to change the behavior and operating process of the four city departments, but it also needed to change the behavior of the paying customers. The city had offered online payment portals in the past, but they weren't user-friendly. The city identified the need to get the word out and initiate a comprehensive marketing strategy, so it engaged local media, sent out press releases, used direct marketing, and paid for signage to promote www.grpayit.us, the consolidated payment portal.

The city marketed the service in many ways, including QR codes on bills, QR codes on return envelopes, and bus advertising. "Our vendor led the marketing strategy, and we were creative with messaging and worked to raise awareness," Globensky said. "I think we spent almost $30,000 to purchase ads on buses, and that generated 30 million views." He added, "City staff became marketers by learning what works and refreshing our images. One thing we didn't do, and you don't want to do, is put a QR code on the outside of a moving bus. Think about it. We don't want drivers pulling out their phones to take pictures, but the message of type www.grpayit.us in the search bar worked."

Supporting the initial go-live

The morning of the initial launch, customers went in and processed payments almost immediately. By 8:00 am, there were already 25 payments in the system, but there were also questions and some complaints. One component of the user interface was a chatbot feature that helped look up invoice information. "Some people didn't like the chatbot and thought its conversation style was demeaning," Globensky said. "We made a few small changes, but mostly, the users quickly accepted the new format. With each customer interaction, it helped us think through and create a consistent response based on the customer's concern."

Getting results

In rolling out the program, the city developed a partnership with its payment vendor, PayIt, with which it splits ongoing administrative tasks. As the city moves forward, the program continues to evolve and improve—but the results were clear from the beginning. The program worked.

Depending on the specific service, customers are given the option to create an account, enroll in auto-pay, establish an auto reload to deposit funds into accounts, set up a payment plan, or make one-off payments. Based on current data, walk-in customers are down by 65 percent. Not only does this cut down on the number of people needing to travel to the city hall, but the city is able to provide better customer service to those who do, since it now has shorter lines and faster service.

"We've researched savings to the customer and calculate that we are also saving residents more than $500K per year just in the cost of checks, postage stamps, and envelopes," Globensky noted. The city also calculated that this effort contributes to city-wide sustainability goals in the City's Strategic Plan by reducing the impact on the environment by 39.9 tons of wood/paper, along with other significant reductions in energy and carbon emissions.

Collection rates have increased as well, and the city has been able to test out new strategies to create incentives. "QR codes on the parking ticket allow drivers to pay immediately, and we give them a

BY THE NUMBERS | The Results of GR PayIt to Date

440%	65%	90%	$500K+
increase in internet and mobile payments	reduction in walk-in customers at the city hall	collection rate with new parking ticket QR codes	annual savings due to reduction in paper mail

discount if they pay within 24 hours. So far, this has pushed collection rates to 90 percent," Globensky noted. "Because so many people are paying through the QR code, we are researching eliminating the return envelope with parking tickets. We could save 20,000 envelopes per year," Craig Hubert, parking enforcement manager, said. For utilities, on-time payment rates improved to 84 percent, and almost 60 percent of customers are enrolled in e-billing.

Overall, surveys indicate a 90 percent resident approval rate, with very high levels of awareness throughout the community.

Looking forward

The city continues to refine and expand its services, exploring options such as emergency notifications, additional autopay and auto-reload features, and further integration of data across municipal platforms.

"We're not stopping here," Globensky said. "This project set the foundation for a unified, data-driven, resident-centered payment experience. We're committed to continued innovation and transparency." The city expects that in the future, payment options may need to expand as residents demand additional options. Globensky expects that in the future, other payment tools like Venmo and how customers can use crypto/stable coins

will develop. One consolidated payment portal, however, would be much easier to implement and manage risks.

Globensky also envisions additional integrations. "If we were able to integrate GR PayIt into the court system and could improve collection rates, we could reduce show cause hearings. Right now, some people struggle to pay fines, but if we were able to reduce processing fees and administrative costs, it would provide a win-win situation. In some cases, what is now a $20 fine includes almost $6 in processing fees. That's crazy. The courts have worked very hard to decrease recidivism. Let's find a way for this work to morph into helping in other ways."

## Lessons learned for other governments

The city designed its payment portal to focus on both internal efficiencies and customer service enhancements, and it has realized benefits in both areas. As with any large change, though, the city has needed to make gentle tweaks to its implementation strategy, based on feedback or data that was collected. In some cases, unexpected results showed an unexpected benefit. For example, Globensky noted, "Because we improved our on-time payment rates for utility bills, we actually collect about $200,000 less in late fees." We only want to collect what is owed to the city by receiving on-time payments.

When asked to provide recommendations for other governments that are thinking about implementing a similar project, Globensky stressed the importance of community engagement, "If I did it again, I would have prepared more community engagement and outreach. We had more than 1,600 people who were part of a tester group, but focusing more on how people interact with the tools might have allowed us to catch questions earlier."

Overall, the city's project included a unique combination of policy change, process improvement, technology upgrade, community engagement, and creative advertising—some of which fall outside the typical experience for the treasury office. But by approaching the project systematically and keeping the customer experience as the motivation, the City of Grand Rapids—and many other cities of varying sizes and complexities—can be successful in providing modern payment solutions for the public.

Contacts

- **John Globensky**, *city treasurer*
- **Angela Dore**, *311 customer service manager*
- **Bob Swain**, *public works, operations manager*
- **Craig Hubert**, *parking enforcement*
- **Samarhia Giffel**, *administrative services officer, utilities*
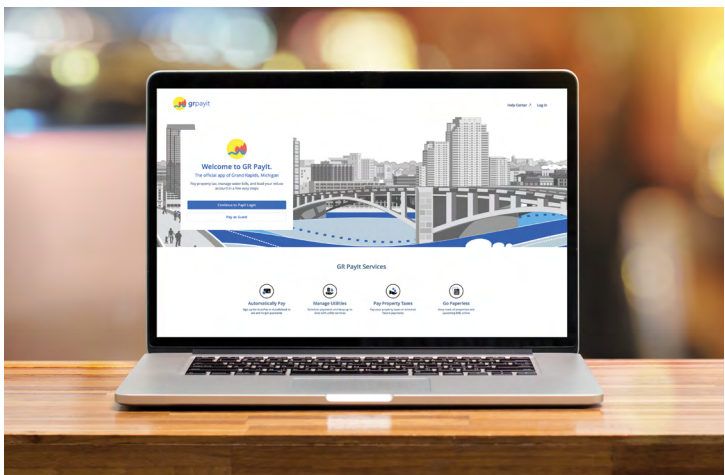
Left: The GR PayIt web page allows Grand Rapids residents to see all of their services in one account. Right: John Globensky, City Treasurer, educates the community about the new payment application.
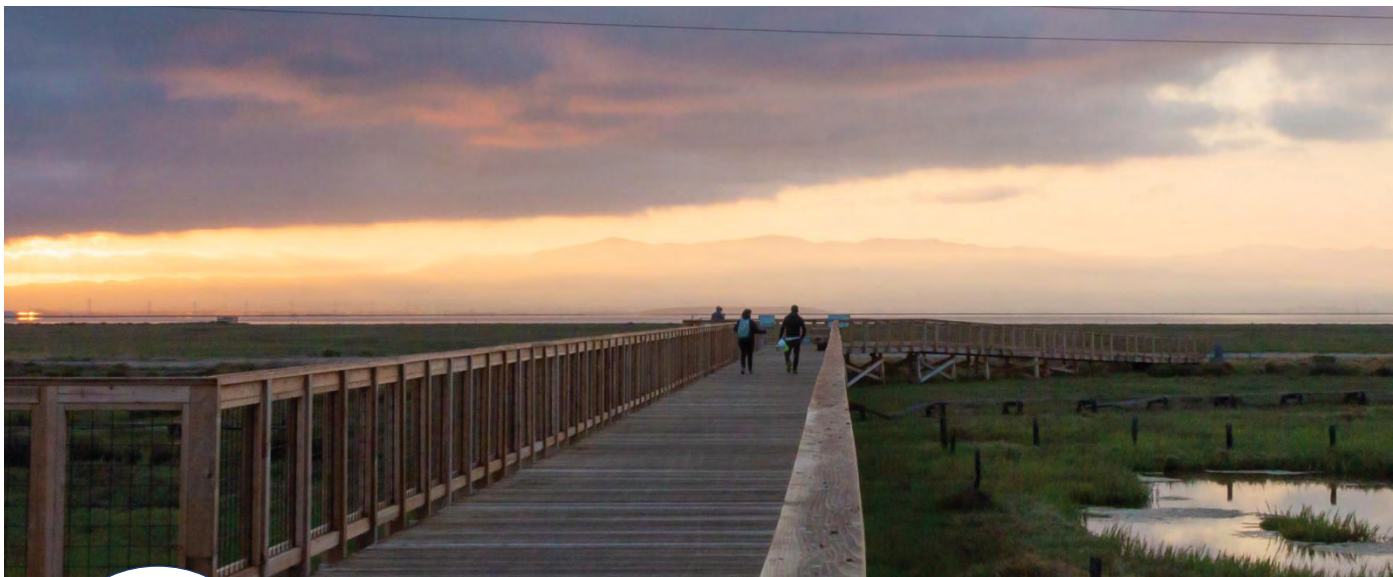
Midpeninsula Regional Open Space District, California
Procurement as a Strategic Partner

Created in 1972, the **Midpeninsula Regional Open Space District** (Midpen) is an independent special district that helps plants, animals, and people thrive throughout the greater Santa Cruz Mountains. It spans San Mateo County, Santa Cruz County, and Santa Clara County in California, and is home to more than 750,000 people. The organization's mission is to preserve a connected greenbelt of more than 70,000 acres of public open space that includes bay wetlands, redwood forests, and coastal grasslands.

Midpen is governed by a seven-member publicly elected board of directors representing wards throughout the district and has a staff of more than 180 employees from 13 departments, including budget and finance, engineering and construction, general manager's office, general counsel's office, human resources, information systems and technology, land stewardship and trails, facilities services and fleet, natural resources, planning, public affairs, real property, and visitor services. The procurement program for Midpen reports to the chief financial officer and the director of administrative services.

Over the past several years, the procurement function at Midpen has transformed from a transactional support function into a strategic partner with a recognized "seat at the table." This evolution was driven by addressing long-standing challenges that limited transparency, compliance, and efficiency.

Procurement tackled excessive sole-source purchasing by strengthening competitive practices and establishing clear expectations and standards. Contract contingency usage, which had not been separately tracked before 2019, is now monitored with dedicated purchase orders that ensure accountability and budget control. Procurement also implemented digital signatures to streamline internal approvals, reduce delays, and improve records management. Midpen's enterprise resource planning (ERP) processes were also modernized and strengthened to promote accountability and improved control. A SharePoint site was launched as well, creating a centralized hub for resources, policies, and guidance. Together, these improvements have built a culture of transparency, compliance, and collaboration, and have positioned the procurement staff as a trusted advisor and central resource for the organization.

Understanding the problem before defining the solution

Midpen was formed in 1972 as a very small organization. Over the last 50+ years, as the organization grew and became more complex, it still maintained a small feel. "Many of our staff are biologists working out in the

Left: Members of the MidPen procurement team, from left to right: Cristeen Shima-Kunze (Senior Procurement Technician), Sarah Araya (Procurement Program Manager), and Kimberly Whelan (Senior Procurement Technician). Right: Completed in 2022, the 40,000-square-foot MidPen administrative offices were sustainably renovated and designed by Noll & Tam Architects.

"We actually had an official procurement policy; now we work to make sure that everyone understands it."

—**SARAH ARAYA**, MIDPEN PROCUREMENT PROGRAM MANAGER

field, but they were also responsible for a lot of the administrative work," Kimberly Whelan, CPPB, senior procurement technician for Midpen, noted. Leaders began to recognize that the procurement function faced several systemic challenges that limited its effectiveness and visibility, but they didn't want to create a giant compliance function, either.

When Sarah Araya came aboard as procurement program manager, she sought out improvements she'd learned from other organizations, but also avoided implementing generic models. "This was my first job in the public sector," Araya said. "When I started, I wanted to learn as much as I could about the organization. I was able to identify a few practices we did at the time that didn't make sense. For example, procurement reviewed contracts after the vendor had already signed them." She added, "We seemed to

know this was a problem; we just didn't know how to approach the solution."

Midpen applied some quick fixes while continuing to learn about larger issues. For example, in assessing the procurement function, staff uncovered excessive reliance on sole-source purchases, which reduced competition and weakened cost accountability. Contract contingency funds weren't being tracked, and internal processes for signatures and approvals were inefficient, relying on manual routing rather than digital tools.

Being new to Midpen, Araya prioritized setting up meetings with each department, both general managers, and other leaders in the organization. "I wanted to learn the issues the departments faced and how they managed their business lines," she said. "I also wanted to seek out feedback on what it had been like to work with procurement."

She learned that the organization was very decentralized, and for the most part preferred that approach. But some aspects were problematic. Procurement lacked a formal role in procurement workflows, which limited its ability to provide consistency, enforce policy, and safeguard public funds. Midpen's ERP system allowed department staff to issue stand-alone purchase orders that eliminated oversight and reduced transparency. In general, information was siloed, standards were lacking, and departments were given considerable flexibility—but they also struggled to navigate compliance requirements, leading to confusion, errors, and inefficiencies.

The common problem is that procurement was viewed as purely transactional, rather than strategic. Departments across the organization also commented that they wanted more communication

from procurement. "When we did make changes in the past, departments felt they weren't told or weren't given notice," Araya commented. Without proper systems and authority in place, Midpen struggled to ensure compliance, maintain transparency, and provide staff with the tools and guidance needed. The organization was able to tackle those issues head-on, though, creating a centralized, transparent, and collaborative procurement function that safeguards public funds while supporting organizational goals. "We promised to communicate and to help," Araya added.

Evolving into a strategic partner

Becoming a strategic partner doesn't happen overnight or through a policy dictated by executive leadership. Midpen's approach used a step-by-step modernization initiative led at multiple levels in the organization. This systematic approach used some key steps that were specifically identified to better understand current challenges and problems, identify solutions, and follow leading change management principles that would both hold all staff accountable and ensure that all stakeholders could be involved in the transition. The steps included:

Define the problem. Midpen began with a candid review of pain points, which identified reliance on sole-sourcing, lack of oversight in contract management, outdated approval workflows, or insufficient visibility for procurement in the ERP system. Each one of these efforts created confusion or led to poor perception throughout the organization.

Set policy and create expectations. Clear policies were developed and communicated, setting clear roles for departments and procurement. Policies also clearly established Procurement as a coordinator of procurement processes to set expectations for oversight and standardization. "We actually had an official procurement policy; now we work to make sure that everyone understands it," Araya said. In communicating the policy, Midpen realized that in some cases, even though there was a written policy, it was confusing and generated questions.

Find tools to improve efficiency. Adopting digital tools provided Midpen with improved efficiency, reduced turnaround times, and improved quality of information. This positioned the procurement function as a problem solver and partner that could provide value.

Work collaboratively to address issues. Midpen identified excessive sole-source purchases as threats to transparency and accessibility; however, departments also used this strategy to reduce procurement timelines. Procurement, realizing it would need to work with departments to identify better options and explain why the current practice was problematic, held office hours, facilitated workshops, and identified training. "We had the opportunity to get to know our project managers," Whelan said. "We heard their concerns and could start introducing improvements."

Reinforce Procurement's role as a strategic partner. Ongoing communications emphasized Procurement's role as a partner in achieving organizational goals. Staff promoted the use of data, became more proactive, provided better customer service, and established their "seat at the table."

Continuing to evolve and improve

After implementing initial changes, the procurement team continues to communicate policies and expectations. When new employees start, Procurement sets up a meeting to provide training. "Even if new staff don't plan on purchasing right away, we still provide the training so information is available," Araya said. "I also want us to introduce ourselves and start that relationship. They know we are here to answer questions in the future."

The focus on internal communications is also carrying over to external communications. Midpen is more intentional about supplier communications and intends to begin developing a supplier survey to begin collecting feedback from external stakeholders. The organization has also been active in the Bay Area Procurement Alliance to share experiences with other governments in the region.

With the additional focus on procurement and added tasks, Midpen has also been successful in increasing the size of the procurement team. "Since Sarah has been here, she's been very instrumental in advocating for more procurement staff," Whelan said. "At the time, I was
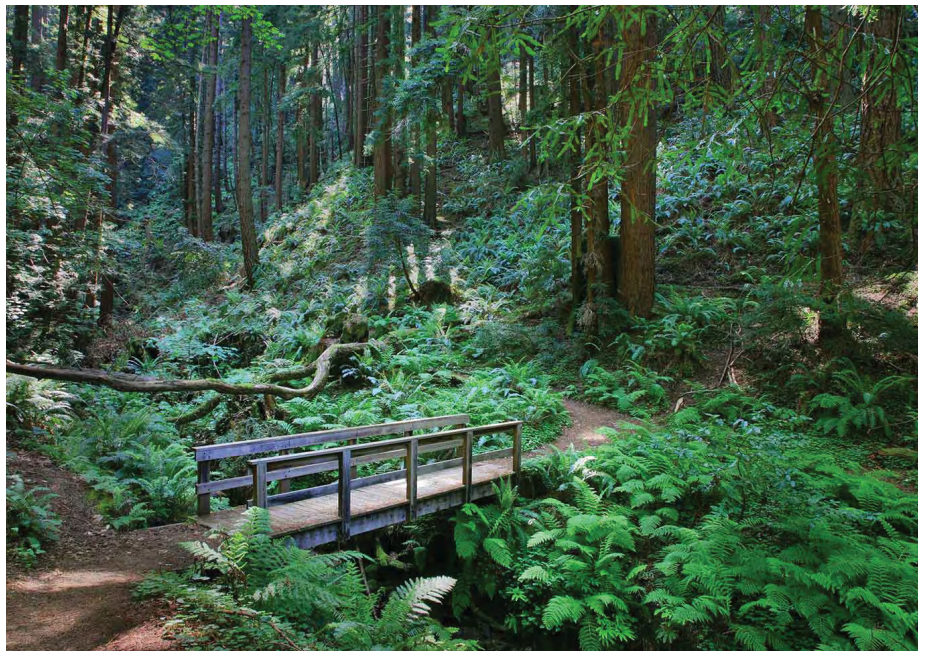
allocated part-time to procurement and part-time to other administrative tasks. Another resource was split between procurement and grants management. Now we have dedicated procurement staff, which sends the message to the organization that the role is more important."

Cristeen Shima-Kunze, the senior procurement technician recently transitioned to procurement from an accounting role, said: "I admired that Procurement was very proactive and focused on building relationships. That's one of the reasons why I wanted to join their team."

Importance of executive leadership

Many procurement professionals talk about the need to have a "seat at the table" to communicate the need for procurement to be involved in key decisions. The procurement team recognizes that this requires other senior leaders to understand the value that procurement is capable of. "I have a manager who really advocates for us and makes sure that we are in the room," Araya said. "I also appreciate that he involves us in discussions. We may not be the decision maker, but I like knowing he values what we think." She added that "sometimes it helps to talk through issues and get perspective from different viewpoints."

Success in other governments will require a comprehensive strategy

Organizations may be tempted to respond to procurement challenges with piecemeal fixes, additional layers of approvals, or more punitive compliance actions. While well-intentioned, those approaches often increase bureaucracy without solving the underlying issues of visibility, accountability, and collaboration. Midpen's approach was more holistic and intentional in how changes were developed and implemented. The organization also made sure to focus on several areas to define strategic procurement and modernized systems, processes, and the overall culture.

And finally, Midpen was careful to ensure its solution didn't just enforce compliance—it created a culture where Procurement is seen as a partner rather than a gatekeeper. "I want departments to understand that we care about their projects," Araya added. "We can work together."

Contacts

- **Sarah Araya**, *procurement program manager*
- **Kimberly Whelan** *CPPB, senior procurement technician*
- **Cristeen Shima-Kunze**, *senior procurement technician*

"I admired that Procurement was very proactive and focused on building relationships. That's one of the reasons why I wanted to join their team."

—**CRISTEEN SHIMA-KUNZE**, MIDPEN SENIOR PROCUREMENT TECHNICIAN

Midpen employs a staff of more than 180 employees in 13 departments.

Salt Lake City Public Library, Utah
Financial Planning and Community Engagement

The Salt Lake City Public Library operates as a discretely presented component unit of the Salt Lake City Corporation and is governed by a nine-member board recommended by the mayor and approved by city council. The library system operates nine branch locations, employs approximately 250 full-time equivalent staff, and has an annual budget of approximately $43 million. Collectively, the system attracts 1.2 million visitors a year. The system brings the people of Salt Lake City together to discuss local issues, celebrate the community's accomplishments, and provide residents with the information resources they need to lead productive lives. The Salt Lake City Public Library is primarily funded by Salt Lake City property taxes, and the library's budget is passed annually by the Salt Lake City Council.

The Salt Lake City Public Library has put together a multifaceted strategy that includes multi-year financial forecasting, capital planning, and community engagement with financial strategies to provide sustainable funding to support increasing demand and an expansion of library services.

As it continues to grow after the global COVID-19 pandemic, long-term planning and a clear connection between the cost of services and capital investments, and the value they bring to the community, were critical in helping staff gain approval for the library's largest property tax ever and plan for an upcoming general obligation bond and capital campaign.

Challenges

In 2018, the Salt Lake City Public Library commissioned a comprehensive condition and needs assessment of its facilities, including the 240,000 square-foot main library, and Chapman—a Carnegie library built in 1918. The study confirmed challenges related to deferred maintenance and aging buildings. In addition, recent capital projects had run over budget, depleting the fund balance reserves that had been the library's main source of capital funding.

The library also faced challenges in operating costs. Cost factors like employee health benefits were increasing much faster than the general rate of inflation, and more modern digital materials were much more expensive than traditional books. The library also has a proud history of innovative programming and supporting the community in areas beyond the role of a traditional library—including programs to provide support for homelessness and food insecurity, and open space, creating additional funding needs. In addition, demand for all library services was increasing, exemplified by the rate of increase for new library cards outpacing the rate of population growth for the region.

The Salt Lake City Public Library System branches: 1. Anderson-Foothill Branch; 2. Ballpark Library Lab Branch; 3. Chapman Branch; 4. Corinne & Jack Sweet Branch; 5. Day-Riverside Branch; 6. Glendale Branch; 7. Marmalade Branch; 8. Sprague Branch

Long-term planning and decision making

In late 2023/early 2024, the library hired Noah Baskett as chief executive officer and Tyler Bahr as chief financial officer. As the new leaders began, they quickly needed to assess operations, prepare multi-year financial forecasts, and prioritize capital spending. The library's long-term financial forecasting and capital planning were instrumental in helping decision makers see the library's operational needs relative to capital and bonding aspirations, obtaining approval of the library's $5.3 million (or 20 percent) property tax increase in FY 2025, and building support for the upcoming proposed bond and capital campaign.

Turnaround in implementing long-term financial forecasting and capital planning was quick, despite a lack of modern systems or access to detailed asset data. The library had conducted a detailed asset condition assessment eight years before, which provided a starting point. Similarly, the library didn't have an enterprise resource planning (ERP) system to centralize financial data, but it was able to use spreadsheets and other ad-hoc tools to provide analysis and launch the effort. Building long-term projections that took into account needs and inflation-adjusted costs allowed staff to identify and calculate budget needs over a 10-year period. Financial forecasts identified a gap, and officials were able to clearly understand the situation. The library was able to demonstrate the anticipated shortfall if funding did not increase.

Prioritizing improvements

A critical part of identifying long-term budget needs was prioritizing capital investments, which forced the library to balance many needs and preferences. The growing library system faced tradeoffs between building new facilities and investing in maintenance for existing structures—including Chapman, the 100+ year old original Carnegie library. "When you walk into Chapman, you notice right away just what a wonderful piece of historic artwork you are in. It's amazing, but it also comes with maintenance needs that are pricey," Bahr said.

> "We knew that our library staff were going to get questions about why taxes were going up, and we wanted to make sure they were empowered and ready to answer."
>
> —**TYLER BAHR**, SALT LAKE CITY PUBLIC LIBRARY CHIEF FINANCIAL OFFICER

When asked who makes prioritization decisions for future capital spending, Bahr answered: "The easy answer is, 'not Finance.' To prioritize projects, finance staff rely on coordination and communication at all levels of the organization, but primarily, it's the board of directors and facilities team. The board of directors has a facilities committee that meets quarterly and is tasked with evaluating needs. They work with our internal facilities team. Judy Moore is the chief operating officer, and she oversees a team that refreshes the library's inventory of needs and formally re-prioritizes projects twice per year." Bahr added, "What isn't a priority today might become one six months from now, based on events or changing conditions."

Supporting a tax increase

In the State of Utah, property tax increases require truth in taxation hearings, which require a process of public disclosure. Taxing entities are required to follow a series of steps that include notification, parcel-specific notices, and public hearings before adopting property tax rates of more than a certain rate.

To help prepare, the library developed a communication strategy that included traditional marketing, but it also focused on being able to communicate financial information through the staff working at each branch library. The chief financial officer and chief executive officer made an effort to visit each library branch to communicate financial plans. "It was important for all of our staff to be able to answer budget questions and to explain how we planned to use the tax increase," Bahr said, "We knew that our library staff were going to get questions about why taxes were going up, and we wanted to make sure they were empowered and ready to answer."

The library was also able to communicate how future tax revenues would be used. To support the most recent tax increase, staff was able to point to the increased cost of digital materials and the emphasis on improving service levels related to patron safety. As a result of this proactive communication effort, the library tax increase only drew one comment at the public truth in taxation hearing, and it was someone voicing support for the tax increase.

The library is proposing a general obligation bond to address some of its capital facility needs. Community engagement to help shape the bond is well underway with broad support from the Salt Lake City mayor, city council, and community groups that are excited to see additional library resources in their neighborhoods. "When placing the bond issuance or property tax increase, it's important to work collaboratively with other governments in the area," Bahr noted. "While our budget and bond goes through the city council, other governments, like the county, may also be increasing tax rates. And all of those rate increases have a combined impact on the taxpayer."

Future stability for the community

Salt Lakers love their libraries, but the continued stability and success of library programs rely on having funding available. The library is almost entirely dependent on property tax revenue, so it has taken steps to diversify revenue, be creative and flexible, and consider new opportunities for funding. Jessica Sweeney was hired as the library's first chief development officer to better position the organization

Noah Baskett, Salt Lake City Public Library Chief Executive Officer

Tyler Bahr, Salt Lake City Public Library Chief Financial Officer

Jessica Sweeney, Salt Lake City Public Library Chief Development Officer; Salt Lake City Library Foundation Executive Director

to receive philanthropic and grant funding to support major projects.

The Salt Lake City Library Foundation was launched this year, with Sweeney as its executive director. The foundation extends library programs in literacy, youth engagement, workforce development, digital access, cultural enrichment, and more. The library has also pursued external grant opportunities to support upcoming capital projects, including a recent application to the Federal Emergency Management Agency for safety and security improvements at the Main Library. If awarded, this funding would help offset project costs and reduce the strain on local property tax revenues.

Lessons learned for other governments

While other governments may not face the same time pressure to implement financial forecasting and capital planning practices, all could benefit from a similar strategic focus on long-term planning. In addition to the technical steps in completing the financial forecasts and capital plans, library staff emphasized the importance of having data on current assets and capital needs, and communicating the information with stakeholders throughout the community.

"The capital assessment done in 2018 was completed long before I started, but we are grateful that staff had the forethought to collect that information," Bahr said. "It made it possible for us to get started quickly." Once the initial gathering of asset information and forecasting is in place, keeping the data fresh is a must. The Salt Lake City Public Library's forecast is updated at least annually following the audit, and also when significant changes to assumptions occur. Capital needs are also reviewed at least twice a year to prioritize the most critical projects that need to be included in the next budget and obtain reliable costing data ahead of budget preparation.

Similarly, to foster ongoing confidence from taxpayers and decision makers, the library communicates plans, discusses scenarios, and brings stakeholders together to identify potential creative options that help tax dollars go further. This was made possible through the Salt Lake City Library Foundation, which is dedicated to cultivating philanthropic support.

Overall, the library system is a critical part of the Salt Lake community and a source of pride. In 2034, Salt Lake City will again host the Winter Olympics, and as Salt Lakers get ready to show off their city, the Library will take a prominent role. Capital planning and long-term financial forecasting ensure that the library is ready and has the resources to serve visitors from the city and beyond, now and into the future.

Contacts

- *Tyler Bahr*, chief financial officer
- *Jessica Sweeney*, chief development officer

"When placing the bond issuance or property tax increase, it's important to work collaboratively with other governments in the area."

—**TYLER BAHR**, SALT LAKE CITY PUBLIC LIBRARY CHIEF FINANCIAL OFFICER

Charleston County School District, South Carolina
Strategic Budgeting for Student Achievement

Charleston County School District (CCSD) is a nationally accredited school district that is committed to providing equitable and quality educational opportunities for all of its students. CCSD is the second-largest school system in South Carolina, representing a unique blend of urban, suburban, and rural schools throughout Charleston, North Charleston, Mount Pleasant, and more than 10 other communities. CCSD serves approximately 50,000 students at 90 schools and provides specialized programs, including neighborhood, magnet, Montessori, and charter school options. Over the past 15 years, the county has experienced a population growth of more than 23 percent. For the current fiscal year, the district has a budget of $1.76 billion and employs approximately 6,400 people, including 3,600 teachers and 670 teacher's assistants.

CCSD has been able to completely transform its budget process in the course of a year, establishing better relationships with departments, developing long-range financial forecasts, making strategic cuts, automating antiquated processes, and investing in programs that drive student achievement. As part of the financial management strategy, CCSD was able to right-size its fund balance, create a leaner and more accurate budget, implement a strategic risk pool to greatly reduce budget buffering by departments, and elevate the finance staff as problem solvers.

Budget reforms not only allowed the organization to close a budget gap, but also to focus on student initiatives. As a result, the district is the highest-paying public K-12 system in the Southeast, has zero teacher vacancies for the first time in history, and has experienced the single highest year of growth in student achievement, substantially outpacing the state.

Challenges

When Daniel Prentice, CCSD's chief financial officer, was hired in March 2024, he joined a district in transition. A new superintendent, Anita Huggins, was eager for a new financial strategy; the federal Elementary and Secondary School Emergency Relief (ESSER) program was ending, and the organization was in the midst of a difficult budget season. The district faced a huge budget challenge: how to fund $70 million in recurring expenditures from ESSER while also attempting to raise teacher compensation, address operational deficits, and build trust and overall collaboration between the finance and budget team and the rest of the organization.

When finance staff started to analyze the situation, they realized the CCSD budget was not aligned. Not only were significant cuts necessary in some areas, but the district would also need

"We were expecting significant concern in the community, so we really leaned in to being transparent. We prepared long-range models and tried to present as much data as we could."

—**DANIEL PRENTICE**, CHARLESTON COUNTY SCHOOL DISTRICT CHIEF FINANCIAL OFFICER

additional revenue. Additionally, past experiences with budgeting have not been positive. The year before, the budget had been adopted late because of concerns over property tax revenue projections and a lack of consensus by the Board of Trustees.

Adding to the challenge was the perception of the Finance Division as bureaucratic and not strategic. Trust was lacking, and lasting memories of budget shortfalls and bond rating downgrades from ten years ago created a hesitation to make changes. But with new leadership also came an opportunity to reset relationships. Other opportunities also existed. Even with a difficult budget process the prior year, the district ended up closing the year with a $47 million positive variance, comparing revenue to expenditures, and the overall fund balance was approximately quadruple the state's recommended level.

Aligning budget priorities

About a month before officially starting his new position, Prentice began meeting with the board and superintendent to discuss priorities, exchange ideas, and build a relationship. The most pressing challenge facing the district was trying to fund a budget gap that had been created by the desire to increase teacher compensation and fund critical programs that had been supported with ESSER funding. Initially, the budget team turned its attention to revenue forecasts and found that a substantial amount of unbudgeted revenue was collected each year in property taxes.

"Having accurate forecasts, so we know what situation we're dealing with, is critical," Prentice said. "We needed to be accurate and confident in both revenue and expenditure projections." But even with more accurate forecasts and additional expected revenue, there

still was a sizable gap. Staff then looked at current positions and identified 52 central office positions that could be cut. For many, the positions were not aligned to current priorities, were redundant, or represented an outdated approach to departmental leadership.

At the same time, Prentice read a February 2024 *GFR* article about risk pooling and began to analyze options for CCSD, identifying budget accounts that had been historically underspent and could be burying risk buffers in the budget allocation. "We started to look at what we could consolidate, and everyone initially rebuffed the idea that I wanted to cut operating budgets," Prentice said. "They relied on those little contingency amounts buried in the budget to add flexibility to the budget." Jessica Carraher, deputy chief financial officer, led efforts to go through historical data and identify accounts that could be cut.

"We ended up cutting a total of $8 million from the budget and replaced it with a $2 million central contingency account that we call the risk pool," Carraher said. The chief financial officer and superintendent then developed policies for using the contingency, making sure everyone was aligned on strategic reasons for using it.

The district then turned its attention to long-term forecasting to better understand the overall sustainability of budget changes and created a five-year model for operating expenditures to share with the board. Using this model, staff recommended an additional property tax increase of 3.9 mills that would prevent future increases over a few years, and combined it with the strategy to draw down the existing fund balance. With the additional revenue and strategic cuts, staff were able to propose a budget that included an $8,000 increase in base teacher compensation, to $56,000, and an additional $32 million in funding for a recurring weighted student funding program. That money would be allocated to schools based on their need to support outcomes among students who met eligibility criteria for additional services, namely pupils in poverty, multi-lingual learners, and students with disabilities. "The new program was the first time anything like this had been done in South Carolina," Prentice added. "We were able to sustain some important programs we started under ESSER, but we also funded new strategic options for some of our more vulnerable student populations, including the requirement to tie strategies to return on investment." When the strategies were presented to the board as part of the FY 2025 budget, all were unanimously approved.

Transparency and understanding

Asking for a tax increase is never easy, and CCSD had just raised taxes in previous years. "We were expecting significant concern in the community, so we really leaned in to being transparent," Prentice said. "We prepared long-range models and tried to present as much data as we could."

District leadership hosted workshops to explain the budget and the steps CCSD was taking to be strategic and accountable. "I think it helped that we were cutting positions at the same time we were asking for more tax revenue," Prentice added. "It was part of a cohesive plan to be more strategic."

Budget variances and use of the risk pool

Once the budget was passed, the finance team communicated changes to the organization and worked collaboratively with departments. It was important to build confidence that the contingency funds would be available if needed. Prentice said, "I wanted to make sure they understood and believed me that this wasn't a scheme to cut their budget and then throw them under the bus. CCSD uses contractors for transportation, custodial, and other services that other districts provide with in-house staff, so there was a tendency to budget additional funds to protect against contractual risks."

BY THE NUMBERS | Charleston County School District: Key Improvements Since 2024

0	$65K	22
Number of vacancies, due to higher teacher pay and increased recruitment and retention	Newly increased base salary, making CCSD the highest-paying K-12 system in the Southeast	Schools increased their overall report card rating to good or excellent

The district created policies for using contingency funds and appropriate uses for transferring funds. The chief financial officer had the ability to approve transfers up to $100,000. For anything more, the request went to the superintendent. While there was some pushback initially, leaders became aligned, and the contingency was used effectively. "The risk pool was not meant to be a funding source for mid-year program building," Prentice said. "We wanted to focus on bridging gaps for existing planned expenditures to get us through the year." At the end of the first year, CCSD had $133,000 left in the risk pool. "We didn't have any major variances that caused alarm, but it shifted us away from a structure that protected budget silos and scenarios where some accounts were over budget, and others had plenty of cushion left," Carraher added.

More precise budgeting also increased confidence and trust with the board. "Our forecasts lined up really nicely with actuals," Carraher said. For FY 2025, the district only expended a small portion of the fund balance set aside for post-ESSER sustainability and had a positive variance in property tax revenue; however, this was only a fraction of what it had been in previous years. With more resources allocated to programs, CCSD was able to align spending and maximize the use of resources to achieve results.

Aligning funding with results

While many of the benefits will be experienced over the long term, CCSD has been able to celebrate several noteworthy achievements after just the first year. With increased teacher pay and a focus on attracting and retaining top educators, CCSD was able to start the school year with zero vacancies. In addition, long-term modeling provided stakeholders with the confidence that CCSD could increase pay again, and for FY 2026, base salaries were increased to $65,000. CCSD is now the highest-paying K-12 system in the Southeast, and it has built a salary schedule that accounts for inflation and career progression.

From an academic perspective, the district has posted consistent gains from students with disabilities, multi-lingual learners, and students living in poverty who hadn't been seen in the past. "Our funding priorities were directly tied to academic outcomes for those pupil groups," Prentice said. "We also had 22 schools increase their overall report card rating to good or excellent. Some of these increases are historic for CCSD and outpaced state growth rates."

> "By strengthening our systems, investing in proven supports, and ensuring schools have what they need, we've created conditions where achievement can grow and be sustained. That is disciplined, student-first budgeting, and it's what every child in Charleston County deserves."
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> —**ANITA HUGGINS**, CHARLESTON COUNTY SCHOOL DISTRICT SUPERINTENDENT

From left: Candice White, Budget Director; Jessica Carraher, Deputy Chief Financial Officer; Daniel Prentice, Chief Financial Officer; Anita Huggins, Superintendent of Schools; Jennifer Carter, Executive Director of Financial Operations

"Don't be afraid to do something new. Moving away from the way things have always been done can be hard, but it's also necessary."

–**JESSICA CARRAHER**, CHARLESTON COUNTY SCHOOL DISTRICT DEPUTY CHIEF FINANCIAL OFFICER

"Our students are making meaningful academic gains because our financial strategy is aligned with what happens in classrooms every day," said Superintendent Anita Huggins. "By strengthening our systems, investing in proven supports, and ensuring schools have what they need, we've created conditions where achievement can grow and be sustained. That is disciplined, student-first budgeting, and it's what every child in Charleston County deserves."

"There is now a really strong linkage between fiscal stewardship and the work and mission that we support," Carraher added. "It's been nothing short of amazing to see the work done in harmony across the organization."

Integrating finance into strategic conversations

In addition to organization-wide results, the new financial strategies have created a different culture in the finance and budget department. "Finance is now seen as a strategic business unit within

the organization," Prentice said. "I feel like I get called to a lot more meetings. We have a seat at the table at just about every level in terms of decision-making." The Finance Division includes about 70 employees, morale is stronger, and work is more directly aligned with what's going on in the schools.

The Finance Division has also led other initiatives. The budget calendar has been moved up so CCSD can adopt it sooner. This helps the organization prepare for any new programs in the next fiscal year by providing an extra month between budget adoption and the beginning of implementation. Staff are also building financial literacy across the organization. "There is a strong demand for transparency, and we are working to meet this with better reporting and new automations," Carraher noted.

Lessons learned for other governments

Not every government will be in a position to take on or achieve rapid change at CCSD's scale, but lessons learned from this experience can apply

to others. "Finance professionals need to be bold in taking ownership when telling their story to their administration and governing body," Prentice commented. Carraher added, "Don't be afraid to do something new. Moving away from the way things have always been done can be hard, but it's also necessary."

When asked about the most important components of CCSD's story, clear recommendations emerged. First, finance and budget staff need the trust and confidence of elected officials and executive leadership—working to build relationships is crucial. Second, staff need to make sure to build long-term plans and provide the big picture—this helps in communicating results and why changes are necessary. And third, don't be afraid to be direct and advocate for necessary change. ▣

Contacts

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