

Policy Making and Strategic Planning

I get up every morning determined to both change the world and have one hell of a good time. Sometimes this makes planning the day difficult.

— E. B. White

So now you have been elected as a City Councilor and have become a local policy maker, committed to making good policy decisions as a member of the local leadership team.

What exactly does that mean? What is policy?

You ran for elected office with ideas about what’s important for our community—the issues that matter most, changes you’d like to see, your vision for the community. As part of your transition from citizen to elected official to team member to policy maker, you’ll begin to mesh your personal ideas with those of others to define desirable directions for our community.

A Vision and a Sense of Mission

As an elected City Council member, you are responsible in concert with other councilors for making important decisions about the scope of services that our local government will provide and about how to pay for those services. Together, you and the other City Council members are also responsible for establishing policies that affect every dimension of our community—local economic growth, cultural change, the environment, new residents, regional collaboration, long-term financial management, and more. These decisions are generally best when guided by a clearly defined mission.

A mission is the reason that our local government exists, and it is usually defined in terms of the community’s vision of its future. Your responsibility as an elected official now serving as a member of the local leadership team, is to help put in place policies, programs, and facilities that will carry out the mission to make the community’s vision come true.

Some local governments create both a broad vision statement for the community and a specific mission for the government. Some also develop core value statements that define how the government serves and guides the community. Others use slogans to convey what the community is or expects to be. The specific form our “sense of mission” takes is secondary to ensuring that you and your fellow councilors operate from a shared foundation that defines an overall direction and your leadership team’s commitment to the community.

Understanding Policy

Policy is a plan of action agreed to by a group of people with the power to carry it out and enforce it. Policy can be as specific as adopting an ordinance—a local law—requiring dogs to be

kept on leashes in public areas, or requiring all residents to recycle specific materials, or requiring developers to build sidewalks in residential neighborhoods. Or it can be a declaration of a broad government commitment, such as providing affordable housing or attracting new businesses to broaden the tax base and create new jobs. Generally, policy making means deciding what we are going to do in our community, not how we are going to do it.

Our annual budget, capital improvement plan, master plan, and economic development strategy are all policy statements that define a course for our community.

Good public policy is:

- **Beneficial** to the community
- **Necessary** to move the community forward or to respond to a specific emerging need
- **Consistent** with the government's overall mission
- **Easily understood** by the community in general and those who will be most affected by it
- **Well-informed and rigorous** based on an analysis of policy alternatives and their implementation costs and consequences
- **Open to change or improvement** as circumstances change or evaluation suggests a new direction
- **Responsive** to urgent needs, emerging challenges, or needed changes of direction
- **Able to be enacted** on the basis of clear input from the chief administrative officer.¹

Policy making can be passive as well as active. Deciding not to act (or not deciding), deciding to do something the way we did it last year, or making a special exception to a rule are policy decisions.

Adopted policies are usually summarized—or codified—in a local government's code. To understand our government's mission, it is important to become familiar with adopted policies. You should plan to begin your service as a policy maker by reviewing the most recent annual budget; the capital improvement plan, the master plan; and the Dover Code.

Strategic Planning: Setting Goals and Priorities

While all policy that supports our mission is important, it's the big issues that merit most of your time. Action demands, such as fixing potholes in certain neighborhoods, replacing trees in public areas, or adding stop signs, are important but should not be allowed to consume all your time as a City Council member.

Today's local governments generally use strategic plans to set clear policy goals and priorities for action.

A strategic planning or goal-setting process

- Moves the organization and the community toward a desired future

¹ Adapted from Department of Education and Children Services, Government of South Australia, January 2008.

- Provides a framework for action to guide the leadership team
- Gets everyone pulling in the same direction by helping the leadership team share different ideas and then agree on which goals will get attention
- Helps you manage your time more effectively by deciding what the City Council will focus on
- Establishes clear guidelines for the City Manager and professional staff
- Provides guidelines and priorities for budgeting, particularly when facing financial constraints
- Strengthens the leadership team by giving it experience working together to make tough choices.

A strategic plan defines broad policy goals that span several years. Priorities, objectives, and strategies narrow the timeframe and describe how the organization will achieve the long-term goals. The strategic plan serves as a framework for setting annual priorities, defining action strategies, and allocating resources to carry out the actions needed to reach the goals.

Some plans begin with broad strategic priorities or themes that carry over from year to year with annual targets under each priority. The language may vary but the purpose is the same: to agree on broad directions for the community that will guide governance action during a specified period of time.

Many local governing bodies use retreats to develop strategic plans and review and update policy goals.

Strategic Planning Steps

A strategic planning or goal-setting process follows these general steps.

Step 1: Identify issues and needs. Challenges to be pursued, needs to be met, or problems to be solved are identified by the City Council and City Manager, and often emerge from citizen surveys or from a broad citizen involvement process.

Step 2: Define goals. Goals define the desired outcome in response to a challenge, need, or problem. Goals often identify a point or outcome to work toward beyond what the City Council can accomplish in one year or even one term of office.

Step 3: Establish action strategies/objectives. Strategies, objectives, targets, or milestones define steps we intend to take within a specified timeframe to move toward our goals. Strategies are usually tied to the annual budget and define measurable achievements so that the team can assess progress.

Step 4: Choose priorities. Priorities define what will be done first based on both need and available resources. Money is often the key factor in determining priorities. But to ensure that you pay attention to the most important challenges, needs, or problems—not just to the affordable ones—you may want to leave the money issue off the table in initial discussions of priorities.

Step 5: Provide resources for action. Translating goals and strategies into programs is generally a staff role, but the City Council monitors progress on the priorities it has set. The annual budget is the operating framework for accomplishing the work that the leadership team has agreed to. The next section in this document will focus on linking policy goals and money.

Step 6: Evaluate progress. Unsolicited feedback gives the City Council one way to assess progress toward its goals; it is also an important indicator of how well government priorities are connecting with citizen's needs and interests. Regular and rigorous measures of performance are important as well. Performance measures can include surveys to assess how residents view services and overall government performance.

Linking Policies and Money: The Annual Budget

The municipal budget is our most important annual policy statement. It defines how the local government team will implement its priorities for the next fiscal year, and where the money will come from to carry out that work plan. The late Henry Maier, former mayor of Milwaukee, once called budgeting “the world series of municipal government,” because it is the government's most important annual action.

The annual budget is much more than a one-year spending plan. It is:

- A statement of priorities for the community
- A management blueprint for providing services
- The document that translates policies into action
- A tool for protecting the government's long-term financial health
- A communication document for the public.

The process of developing and monitoring our annual budget requires the cooperation of citizens, the City Council, the City Manager, and department heads.

Developing the municipal budget is challenging for many reasons:

- The population of our community has diverse needs and preferences, and not everyone has the same ability to pay for services.
- State and federal regulations mandate some activities and affect others.
- Many local government services are difficult to plan and evaluate.
- Budget decisions are made in a political environment with pressure to address short-term problems and respond to special needs—sometimes at the expense of long-term planning.
- Engaging citizens in the budget process is important and highly recommended, but it is also enormously challenging.
- Local elected officials have different ideas about priorities for spending and raising money.
- Citizens' desire for public services generally exceeds their willingness to pay taxes or fees.
- There's never enough money.

Adding to the challenge of municipal budgeting are antitax pledges, state actions that limit local revenue-raising authority, national economic challenges that affect local revenue, and reductions in federal and state financial support.

To succeed, it's important to be **well-prepared, well-informed, and willing to work as a team** for the good of our community.

The following sections provide a snapshot of the local budget process. They focus on what you, as an elected official, need to know to make good decisions about our community's annual financial plan. Our City Manager is the best resource for providing details on our community's approach to budgeting. Reviewing the current year operating budget is required homework if you're new to elected office.

The Operating Budget

The operating budget lays out our government's financial plan for the upcoming fiscal year. Generally, the City Manager will prepare a budget for the City Council to review, revise, and adopt. Budget preparation and review are based on guidelines and priorities established by the leadership team.

Typical components of a local budget include

- A message from the City Manager highlighting major program and service priorities, changes from previous years, and key challenges for the current year, and summarizing revenue and expenditures
- A summary of program priorities, and a breakdown of how money is allocated to carry out those priorities and produce specific outcomes
- Details on revenue—where the money will come from, how sources of revenue have changed, and issues for further study
- Details on expenditures organized by program and department, including operating expenses for the specific fiscal year and capital expenses that can be spread over multiple years for public improvements and acquisitions
- Quantitative performance measures that show results that will be achieved by spending the money as proposed
- Comparative data showing how spending has changed over several years, including, in some cases, projections for the following year.

The Capital Budget

The capital budget is the other major part of our local government budget. Capital items include the construction, acquisition, or improvement of public facilities such as schools, libraries, sewers, bridges, and roads. Capital projects usually span multiple years and are expensive. As a result, most local governments develop separate budgets and plans for capital needs, and then include the one year annual costs for the capital budget in the operating budget.

Key components of the capital budget are

- A comprehensive capital improvement plan that lists all the capital project activities that the government is undertaking within the coming fiscal year

- Proposed funding for capital projects, including any state or federal funding and whether the project will be funded by local revenues—usually called pay as-you-go—or will require borrowing that will produce long-term debt
- Annual operating costs for capital projects such as staffing, utilities, and equipment. Because most capital projects create ongoing increases in operating expenses, the two budgets must be connected.

Analyzing and Interpreting the Budget: Questions to Ask

The City Council can assess the proposed budget by asking the following questions:

- Does the budget reflect local priorities? Review the budget against our leadership team’s policy goals and priorities to make sure that it allocates money appropriately. If something is missing, ask why.
- Is the budget balanced, and was it balanced in prior years? Under state law, local governments must adopt “balanced” budgets. Your job is to make sure the financial assumptions for revenues and expenditures that produce the balanced budget proposal are sound.
- How is our revenue structure changing? Examine revenue trends to assess how reliable the revenue projections are, and what any changes in our revenue structure will mean for this budget and the community’s longer-term financial health.
- How is the program expenditure plan changing? In looking at expenditure requests, which are usually organized by departments and cost centers, focus on areas where significant changes are proposed and ask why.
- How do proposed capital projects support local priorities, and how does long-term spending affect long-term financial health? Make sure that proposed capital spending projects are consistent with agreed-upon priorities, and take some time to review and discuss funding for capital projects. Funding may come from multiple sources, such as bond issues, grants, impact fees, and private contributions.
- Does the budget include reserves for emergencies? Is the budget just balanced or does it include money for emergencies? If a local government is not appropriating money to a reserve account, they may be living on the edge. Reserve funds help municipal governments meet future fiscal challenges. In addition, bond underwriters look at reserves as an indicator of fiscal responsibility, so a healthy reserve can increase credit ratings and decrease costs of local debt.

Participatory Budgeting

The residents of our community are the primary customers for the services you will fund in our annual budget. Engaging citizens in shaping the budget increases their trust and strengthens their connection with government. You will connect citizens to our budget development process in various ways:

- Hold public hearings on the proposed budget. The City Council generally convenes hearings after they’ve analyzed and discussed the City Manager’s proposed budget, but well before

you adopt it. You want to ensure that the budget the public is commenting on reflects the governing body's input, but you also want to allow time for further revisions.

- Engage boards and commissions. These groups are generally familiar with certain operations and are great resources for soliciting input on specifics in the spending plan. These groups help analyze the proposed budget in detail, focusing on areas of interest or expertise.
- Regularly encourage and support publication of information about our budgeting process and schedule. Our City web site will keep residents up-to-date on the budget process, and public forums, e-mail and other communication tools will also raise its visibility. Media coverage of the budget will also be productive, so it is in our best interests to keep the media informed about the budget process.

Evaluating the Effectiveness of Policies

Three valuable tools for evaluating policy effectiveness are

- Regular data collection from citizens
- Data analysis and comparison with established performance indicators
- Public reporting.

Data Collection

The first and last measure of good government is citizen satisfaction. Regular citizen surveys will help assess policy effectiveness. Local governments use regular surveys to get data for assessing policy effectiveness, measuring results on agreed-upon priorities, and setting new program and spending priorities.

The National Citizen Survey™, developed by ICMA and the National Research Center, Inc., is a statistically reliable and efficient tool being used in our community for surveying citizens to obtain their opinions on program planning, budgeting, goal setting, and performance measurement. While a formal survey such as this may be conducted periodically as part of our policy development and budgeting cycles, ongoing feedback tools, such as complaint tracking systems, focus groups on new programs, and community meetings, are also helpful.

Data Analysis and Benchmarking

The City Manager and professional staff routinely analyze data collected in surveys and other performance feedback systems. Benchmarking—comparing trends over time, or comparing locally collected data with indicators from similar cities— will help the leadership team identify emerging problems and find ways to solve them.

Public Feedback

Lastly, it is important to keep citizens in the loop on policy and program effectiveness. Regular reports on local government activities, state-of-the-city reports, and access to performance data keep citizens informed about government effectiveness in carrying out priorities and encourage ongoing feedback to both the leadership team and professional staff.