



# BACK TO THE BASE

CITIZEN INVOLVEMENT AND THE BUDGET PROCESS

BY WILLIAM SAINTAMOUR AND TOM HUGGLER

In tough times, the best way to strengthen the value of local government services to citizens is to engage them. Getting a sense of how satisfied they are is good, but finding out what is important and what drives behaviors such as remaining in the community and recommending it to others is powerful information for making tough budget decisions and doing community planning.

Communities that have the foresight to do a citizen survey often do well in such studies, according to the Southeast Michigan Council of Governments (SEMCOG). However, both managers and elected officials can be reluctant to take that step because they worry about getting a bad report card and not having the resources to do anything about it. Faced with three consecutive years of declining revenues (and some analysts' projections of another decade before the next dramatic increase occurs), this is the situation many municipal planners find themselves in. SEMCOG recommends applying business practices to local government. Rule One: Find out what customers think of the product (public services and programs), what reductions they will accept, and what they are willing to pay for. The key to retaining or rebuilding trust (and to avoid emergency funding management for municipalities in crisis) is to involve those with skin in the game: citizens.

### WARREN: CAPTURING CITIZEN PRIORITIES

Warren, Michigan's third-largest city (with about 140,000 people), is home to both a major DaimlerChrysler factory and the General Motors Technical Center. Over the past decade, the city has experienced significant growth. Like most communities, Warren residents want good schools and better city services, along with lower taxes. The work force is high quality, and the city provides relatively generous employee compensation. Today, in spite of nearly 20 percent unemployment, Warren still has a healthy general fund balance; however, several years ago, managers projected that balance would disappear by 2012 unless spending was curbed. Faced with this threat, the city council initiated CityStat in December 2008. The goal of the Stat

program was to "right-size" the city government, but cutting government services and programs is never simple. Cutting too much in the wrong places lowers customer satisfaction and makes people want to leave.

The mayor of Warren believed that residents would not support the city if they were not given a voice in decision making, including the budget process. In summer 2009, Warren contracted with Cobalt Community Research — a non-profit research coalition that helps local governments, schools, and membership organizations measure, benchmark, and manage their efforts through shared data, surveys, focus groups, and meetings — which leads a coalition program called the Citizen Engagement and Priority Assessment. This program uses the science behind the University of Michigan's American Customer Satisfaction index to assess residents' expectations and how well

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government performs those services they consider important (see Exhibit 1). Participating communities can use the information to focus time and budget where the return is strongest and uncover effective improvement opportunities. Financial managers can also use Cobalt's annual regional and national benchmarks to compare local perceptions, performance, and quality of life with those of other communi-

ties. Assessment results, which are sometimes surprising, can help governments craft a budget that delivers the most value for the least cost.

Based on voter registration records, 1,500 citizens were surveyed, with a 35 percent rate of return. Areas surveyed included community image, local public schools, transportation infrastructure, fire services, police and sheriff services, utility services, taxes, parks and recreation, library services, Internet services, quality of life, health services, community events, economic health, behavior intentions (whether residents planned to stay in the community, if they would recommend it to others, if they are willing to be a community volunteer, and if they support the current administration), and city-specific services and programs.

The survey showed the city where it stood. Warren performed well, especially when compared to large-city

## Exhibit I: Linking Citizen Experiences with Behaviors

The Cobalt Community Research program uses the American Customer Satisfaction index model developed for the public sector. It ties performance and impact of individual components

of community (based on citizen experience) with the value citizens place on the community (citizen satisfaction), which in turn affects their behaviors and perceptions.

### Citizen Experiences

- Schools
- Transportation
- Fire/Emergency
- Utility
- Police
- Health Care
- Taxes
- Shopping
- Local Government
- Events
- Economy
- Parks & Recreation
- Library

### Citizen Satisfaction = Value



- Overall Satisfaction
- Compared to Expectations
- Compared to Ideal

### Outcome Behaviors

- Remain
- Recommend
- Volunteer
- Encourage Businesses
- Support Administration
- Community Image

Where to Improve ?  
Where to Invest Next ?

national and Michigan benchmarks. For example, on a scale of zero to 100 (with 100 being highly satisfied), the score for Warren’s police department was 75.3. That compares to benchmark scores of 70.9 nationally and 73.2 in Michigan. The fire department scored 81.9, compared with benchmark scores of 72.3 nationally and 77.7 for the state. However, the assess-

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ment also discovered that areas of high importance to citizens did not always coincide with high levels of satisfaction. New business development, blight control, and crime control are three examples of important areas that received low satisfaction scores. Now that it knows where it stands, Warren’s CityStat program went to work last fall, using this infor-

mation to make changes that are important to its citizens. This included the fiscal 2011 budget that went into effect July 1, 2010.

**Economic Development.** For many years, Warren had a planning director and separate departments for community, downtown, and economic development, each with its own director. Eliminating the planning director and consolidating the three departments into the Office of Community, Economic, and Downtown Development cut staff and streamlined grant funding and other operations. A surge in economic development resulted, with a total of 370 new businesses opening in 2009 and 81 more in the first half of 2010.

**Blight Control.** For years, the city was reactive, investigating citizen complaints about abandoned buildings and neglected property, but not initiating its own investigations. Since the survey, the city has empowered specialist teams of cross-trained code enforcers, police officers, and staff from the department of public works to do blight sweeps from April to October each year. Separate directors for property maintenance and building inspection have merged into one department, leading to an increase in warning notices and ticket issuance. This has led to better compliance and more revenue. During the April to September blight sweeps in 2008, the cross-trained code enforcers inspected 13,776 buildings and issued 6,500 warning notices and 111 tickets. In 2009, they inspected 19,499 buildings and issued 8,900 warning notices and 189 tickets.

For the first half of 2010, receipts for Blight Buster Cleanups and registrations of foreclosures, apartments, and rentals have all surpassed budget projections. When homes go into foreclosure, the city looks carefully at who buys them and rents them. The city has streamlined its license rental program, which has brought in more revenue. For example, in 2009, the city budgeted for \$200,000 under this program and actually brought in \$320,000. This is an example of how the city is being more proactive while increasing revenue.

**Crime Control.** Innovations in management have allowed the city to rework its police department to put more officers on the street. The city decided to change the way the police department works, including having fewer uniformed officers at the top than at the bottom — in other words, they wanted more police on the street and fewer



police in the office. Eliminating 14 desk positions with no attrition made this possible and saved 12,298 hours of overtime (\$948,000). The department was also able to stave off layoffs of another 23 officers.

The city plans to do another survey in 2011. The cost of the original survey was fairly low, and the CityStat coordinator felt that Warren had gotten a lot out of the information. The city has also improved communications with the public by inserting a community newsletter in its monthly water bill.

## THE SITUATION IN FERNDALE

In nearby Ferndale, Michigan, the four-square-mile city of 21,000 has lost about 5 percent of its population since 2000. The city manager describes Ferndale residents as urban sophisticates, with a younger and more highly educated demographic than the average for Oakland County. But the budget problems facing Ferndale are similar to those of other municipalities, small and large: declining property values; voter-mandated maximum millage rates; wage-and-benefit costs that comprise at least half of the budget; and increased pension obligations, due in part to the 2008 market collapse. Over the past calendar year, the city's general fund budget

went from \$20 million to \$17 million. By March/April 2010, the city faced a \$3.1 million deficit, and it is working through that shortfall in the current fiscal year that began July 1, 2010. These realities have triggered a workforce reduction of 20 percent.

A random third-party assessment of resident voters was conducted in fall 2009, resulting in 344 respondents.

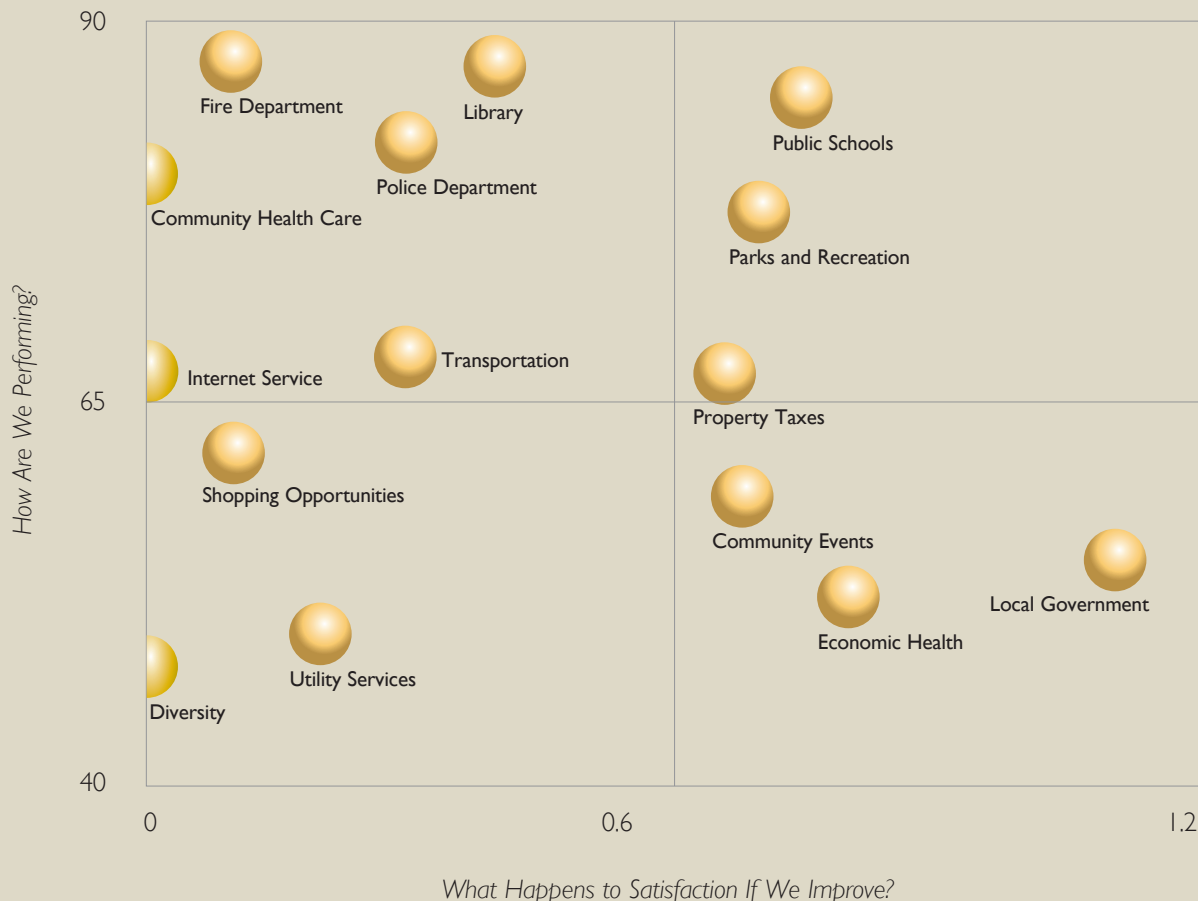
The city invited individuals from the cultural, business, education, and religious communities and from neighborhood associations to take a survey identifying threats and opportunities.

Overall, the city ranked high and was well above the state benchmarks for fire, police and utility services, each of which scored 85 or higher. The city manager said the high scores were not surprising. For example, the mid-70s score for local government management compared with a 55 for both Michigan and the nation. This showed that past efforts to improve transparency were paying off. The

### Exhibit 2: Plotting Citizen Satisfaction

This analysis plots components of community. The vertical axis represents the current performance score residents gave (with 100 being the most positive). The horizontal axis represents the impact each component has on overall satisfaction, engagement, and behaviors such as remaining in the community, recommend-

ing it to others, volunteering, encouraging businesses to start up in the community, and supporting the current administration. Components on the right side of the graph have the greatest impact.



city began its public meetings in March 2010, a month earlier than normal. More than ever before, special city council meetings were made open to the public, and the city offered many more public meetings about its programs and services. More information was posted on the city Web site, as well. What was surprising was that the core services Ferndale focused on — and that the community expressed satisfaction with — were not the areas citizens ranked as being most important to them.

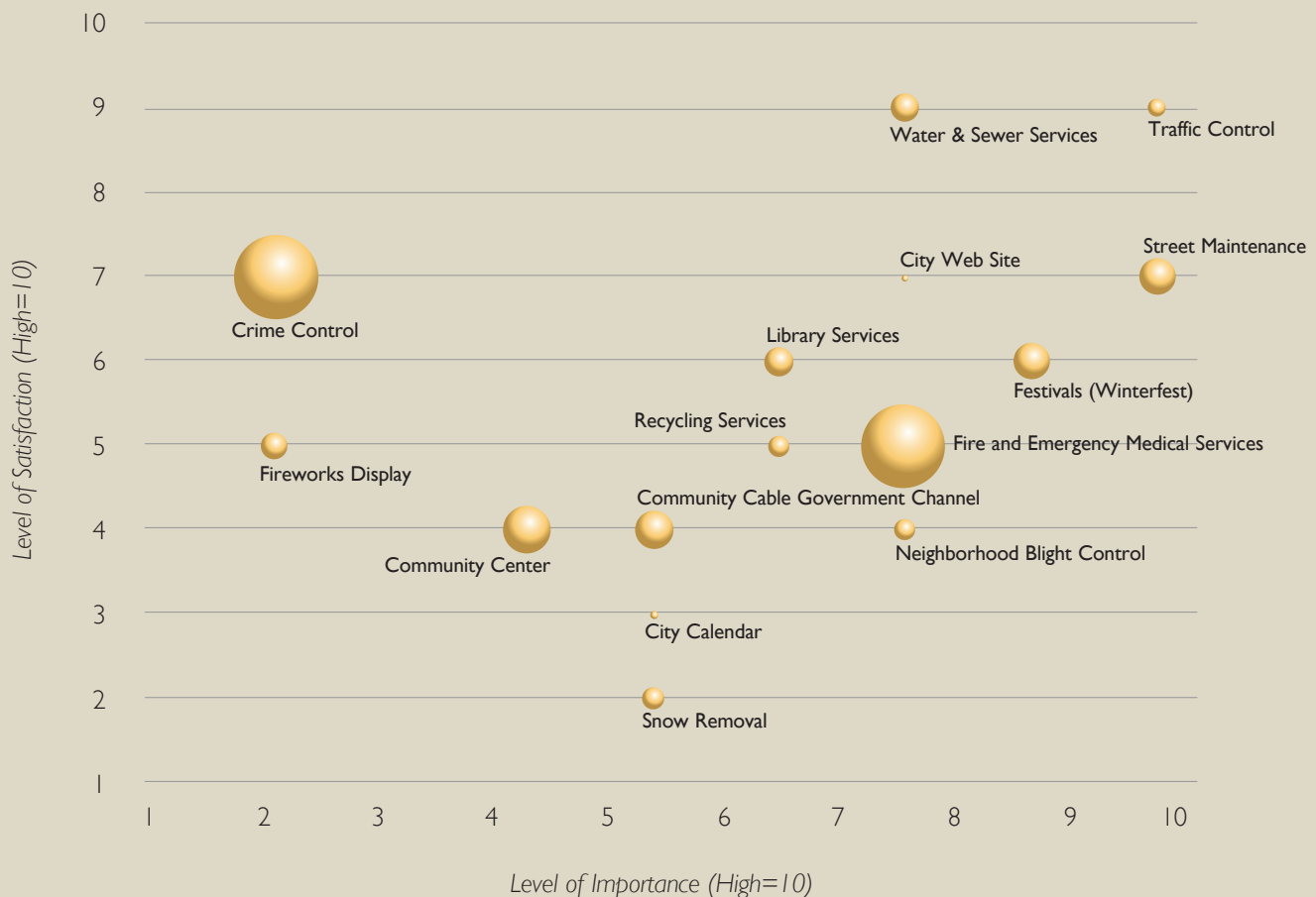
Fire, police, and utility services that scored high on satisfaction did not have a large impact on satisfaction (relative to

the other areas), suggesting over-investment of resources and/or opportunities to improve communication and integration with other areas of city operation (see Exhibit 2). However, high-impact areas that also have a high level of satisfaction, such as community events, should be continued. Conversely, low-level areas of satisfaction that also have low impact might be trimmed or eliminated, provided they are not mandated by law. But if low-level areas of satisfaction have high impact (economic health and diversity, for example), then perhaps an investment priority is in order (see Exhibit 3).

### Exhibit 3: Measuring Satisfaction and Importance

Services identified by individual communities are scored based on satisfaction (shown on the vertical axis) and the importance of funding each service (shown on the horizontal axis). Bubble

size corresponds with how much the community is spending on each service.



If it had not done the assessment, Ferndale might have canceled the Dream Cruise, an annual community event in which antique car owners drive along the city's main thoroughfare. The city manager felt that the city council might have thought this event was nice to have but not essential and thus eliminated it. The assessment, however, showed that decision that would have been contrary to citizens' priorities, and thanks to sponsorships and revenues, the Dream Cruise doesn't cost much, and it has a big impact on community satisfaction.

As the city manager prepared the fiscal 2011 budget, he referred extensively to the Citizen Engagement and Priority Assessment. To involve residents further, the council began holding public meetings a month early, opened its special meetings more than ever to citizens, and made many more presentations about its programs and services. The city will also overhaul its 10-year-old Web site.

### WINNING BIG IN LAS VEGAS

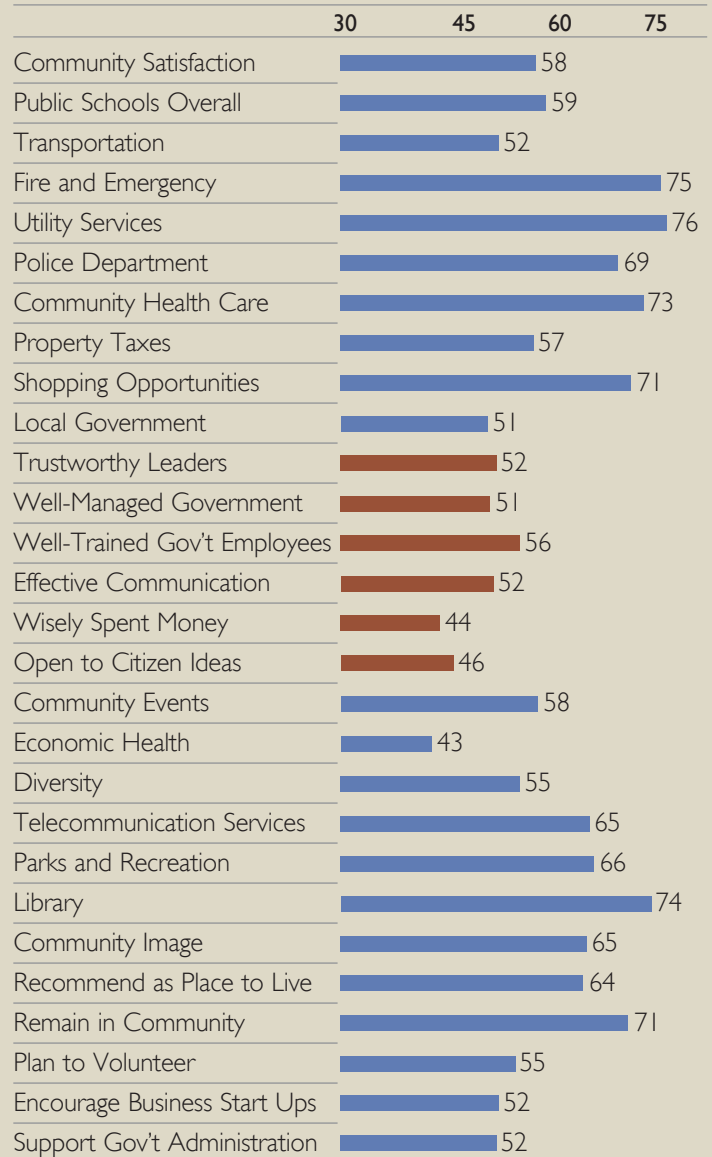
The City of Las Vegas stepped up citizen involvement in September 2009 when it became clear the current recession would run long and deep. The State of Nevada controls 87 percent of all city revenues, including property taxes, leaving the city to collect service fees, fines, and forfeits. Years of budget growth, which peaked at a 10 percent increase in 2007, ended when revenues slipped 5 percent in 2009 and an additional 7 percent in 2010. That shortfall prompted financial managers to cut \$4.6 million, leaving the general fund budget with \$528 million for fiscal 2010. For fiscal 2011, the \$485 million budget includes cumulative cuts of \$80 million. Another cut of \$47 million is projected for fiscal 2012.

To accomplish these goals, the city asked all departments to submit plans to reduce costs by 12 percent. Each department has given up something for the current fiscal year. The fire department, for example, cut \$9 million in wages and benefits on a \$117 million budget. Building and Safety — which is an enterprise fund and cannot, by law, spend more than it takes in — laid off seven employees in fiscal 2011, for a total of 80 employees since fiscal 2009. Parks and recreation trimmed \$5 million through a 10 percent staff reduction and closed all nine of its community schools. The city asked its four unions for 8 percent wage

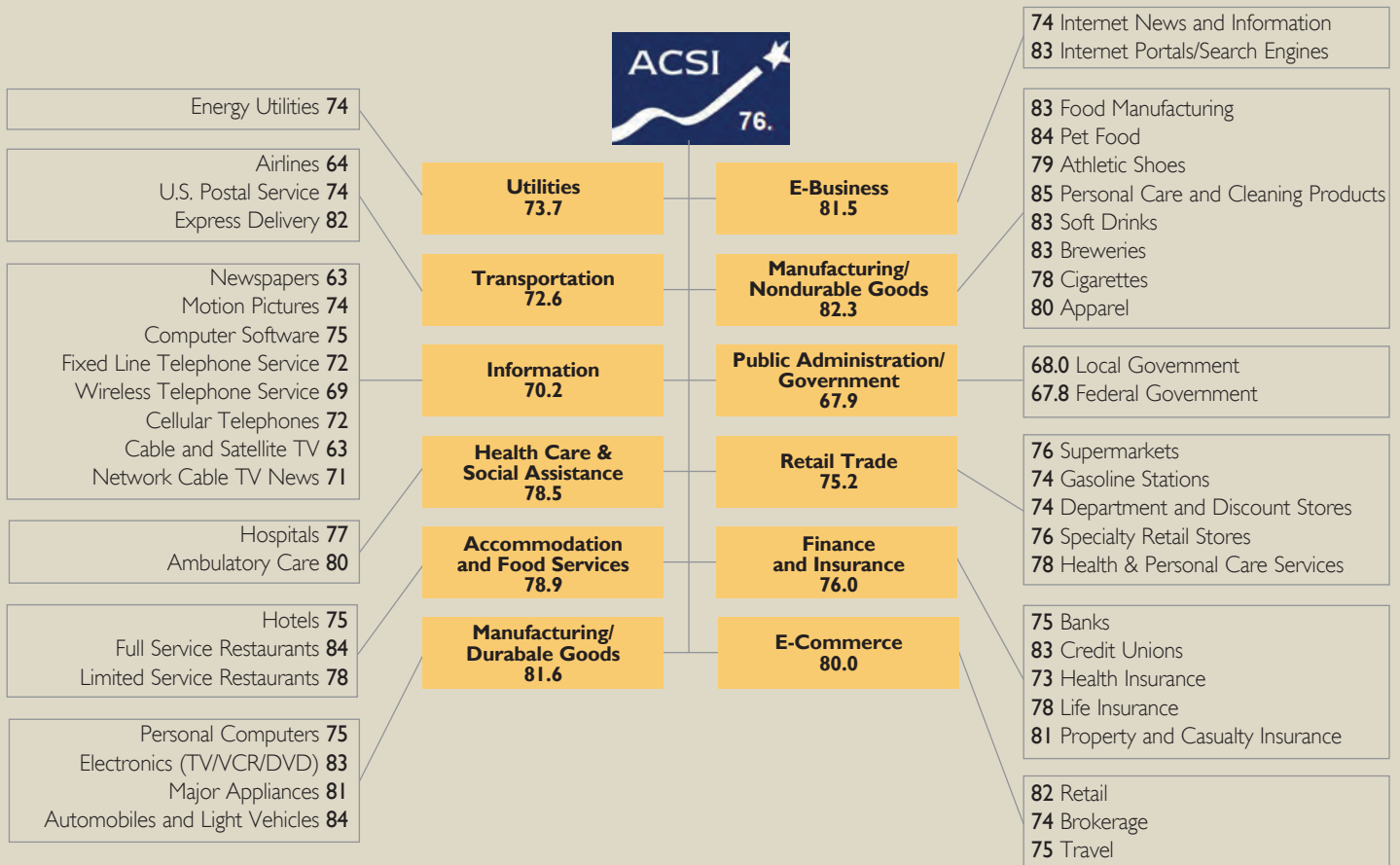
## 2010 Citizen Satisfaction Index Results

Each year, Cobalt Community Research and the CFI Group conduct a national study to assess citizen satisfaction with a range of community services and experiences. In 2010, more than 2,700 citizens responded, providing a series of standardized baseline benchmarks against which local governments can measure themselves. Below is a summary of these results. The red bars represent sub-questions under local government management.

### 2010 National Cobalt Citizen Satisfaction Index



The index uses the science behind the University of Michigan's American Customer Satisfaction index (ACSI), so national and individual community scores can be compared to many industries and organizations across both the public and private sector. Summary scores from the CFI Group are listed below for comparison:



A summary of the 2010 Cobalt Citizen Satisfaction index is available at [www.CobaltCommunityResearch.org](http://www.CobaltCommunityResearch.org).



concessions in fiscal 2011 and again in 2012 but has been unsuccessful. Therefore, managers are looking hard at privatizing some services such as street and parks lighting, graffiti removal, and maintenance of fleet and facilities. After eliminating 586 positions, the workforce now stands at about 2,600 full-time employees.

These changes, along with other cost-cutting measures, were prompted by a telephone survey of 972 residents in September 2009. Callers from the University of Nevada Las Vegas asked residents a variety of questions about city services and programs in the “Your City, Your Way” survey. Based on the results, the university then put together five focus groups to learn more. Although the population of 600,000 is declining a bit, many years of rapid growth have dampened Las Vegas residents’ sense of community. Focus group participants said they appreciated the city for seeking their opinion but found it difficult to focus on which services were more or less important. The most valuable feedback was the perception that the city was not very efficient or customer-focused. Respondents said permitting and licensing were time-consuming and spread over too many departments, and in response, the city has hired a consultant to review its processes and streamline operations.

Is the city doing enough? Can it do more? Managers hope the answers can be found in an upcoming customized survey asking 2,000 residents about 32 key services. Like the Michigan surveys, the Las Vegas sampling will measure how satisfied citizens are with the services and their affect on respondents’ level of satisfaction. Las Vegas is also eager to see how its performance stacks up regionally and nationally against that of other large cities.

## LAKELAND NOT LACKING IN CITIZEN INPUT

Bursting at the seams in recent years, the City of Lakeland, Florida, added staff in 2005 and 2006 to meet the growing demand for services. Although growth has slowed since the recession began, the current population of 95,000 resi-

dents is up about 18 percent since 2000. But their demand for more services has to be balanced against decreased revenues, due largely to a dramatic reduction in property values. Budget managers have had to cut spending by 15 percent in fiscal 2011 after trimming 11 percent the year before. The city has reduced its number of core services to 135 from 500 through consolidation and refinement, and by cutting back its workforce.

Since 2003, the city commission has gone on an annual winter retreat to lay out goals and objectives for long-term strategic planning, a crucial aspect of which involves input from residents. In 2009, the city adopted a priority-based budgeting model. Citizen involvement — through focus-group analysis, citizen and customer surveys, public meetings, and direct contact — has been instrumental in helping the city gain acceptance for the cuts it has made.

Every four years, the city conducts a citizen survey by randomly sampling residents who have filed for a homestead exemption (a property tax exemption on a citizen’s permanent residence). The survey included overall ratings for quality of life, city management, and attractiveness, along with specific city services, crime rates, and impressions of city employees and of city growth with respect

to population, businesses, and jobs. Overall, citizens gave their city relatively high marks.

Lakeland then identified 70 community stakeholder groups and invited each to send representatives for focus group discussions. Fifty responded, and in October 2009, a local college professor facilitated nine focus groups of six to 12 people each. The results helped city leaders better understand how their community felt about services that might be kept, changed, or eliminated, and what affects would be associated with any cuts they might make. The city evaluated core services with respect to the city’s long-term strategic goals: quality of life, growth management, economic opportunity, fiscal management, communication, and citywide governance. A scale of zero to four points helped participants understand the influences the core services have on

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achieving outcomes. Based on citizen feedback, commissioners divide 100 points among strategic goals. The average allocation of points is used to determine which quadrants the goals fall into — along with the core services and programs that advance them. The final step was to categorize the services in quadrants to determine how much they would be scaled back:

- Quadrant 1 services were cut 1.75 percent.
- Quadrant 2 services were cut 2 percent.
- Quadrant 3 services were cut 2.25 percent.
- Quadrant 4 services were cut 2.50 percent.

In early 2010, the city invited individuals from the cultural, business, education, and religious communities and from neighborhood associations to take a short electronic survey identifying the threats to Lakeland, and the opportunities available to it in the next 10 years. City staff then organized and grouped these lists. At the retreat, many

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of these individuals then discussed and ranked the top opportunities and threats by identifying the three with the strongest effect and that were the most feasible to address. This was done electronically using Cobalt’s wireless audience response system — a live, interactive technology — to guide city priorities (see Exhibit 4).

The city is a member of the Florida Benchmark Consortium and uses that group’s performance management information to compare the efficiency and cost of Lakeland’s services with those of other Florida communities. City managers have also scheduled a new survey for this fall, will not only measure the importance and impact of services, but also provide valuable benchmarks for comparing citizen feedback on service satisfaction, as well.

## CONCLUSIONS

Knowing how citizens feel about their local government gives elected officials and budget directors a basis for mak-

### Exhibit 4: Using a Wireless Audience Response System to Gather Feedback

The City of Lakeland, Florida, used a wireless audience response system to gather live feedback from stakeholder groups. The information is used to guide planning and budget priorities. This image is one of the interactive slides residents used in the process to guide discussion — audience members were asked to choose three of the nine opportunities listed, and results were shown in real time.



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ing informed decisions. Local governments that engage residents have a more sophisticated understanding of citizen needs, priorities, and expectations. Asking citizens for feedback on services, asking them to rate the importance of funding these services, and using sophisticated analysis to identify drivers of satisfaction, engagement, and future behavior creates goodwill, understanding, political cover, and a map to help navigate difficult decisions — or discover unexpected opportunities. ■

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