Local Leader’s Institute

Speaker Biographies and Presentation Materials

February 23, 2013 and February 24, 2014

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Speaker Biographies

Chester Newland, Ph.D.

Chester Newland, Ph.D., has taught at USC since 1966. His public administration research, practice, and teaching have focused on public executives, federal and local government management, the American presidency, public law, business and government, human resources, and labor management relations. He served as editor-in-chief of the Public Administration Review (1984-1990). He was national president of the American Society for Public Administration, (ASPA; 1980-1981), and he has been a member of the National Academy of Public Administration (NAPA) since 1973. He has authored many publications and is co-editor of the Handbook of Public Law and Administration, (1997). Professor Newland was the initial director of the Lyndon Baines Johnson Presidential Library, and he served twice as the director of the Federal Executive Institute. He is an honorary member of the International City/County Management Association. The National Association of Schools of Public Affairs and Administration presented him the Elmer Staats Award for Public Service Teaching Excellence. In 2002, he was the recipient of the Van Riper Award for Lifetime Achievement from the National ASPA and the Harry Seoville Award for Academic Excellence from the Los Angeles ASPA. He has worked internationally, including places such as Bahrain, the Czech and Slovak Republics, Greece, Hungary, Kazakhstan, Kuwait, Moldova, and Poland.

Michael Harper, FAICP

Mike Harper, FAICP, is retired from a 32+ year local government planning career, primarily as a department director and program manager with Washoe County, NV. During his professional career, he managed both current planning and long range planning efforts for the county. His professional organization leadership positions have been with American Planning Association; American Institute of Certified Planners; American Society for Public Administration; National Association of County Planners; and Western Planning Resources, Inc. For over 30 years he was involved with Lake Tahoe as chair of the Tahoe Regional Planning Agency's advisory planning commission, chair of the Tahoe Transportation District and Commission, Chair of the State of Nevada commission on the purchase of land in the Lake Tahoe Basin; and as Washoe County's permanent alternate on the Tahoe Regional Planning Agency's Governing Board. As a trainer/teacher he has presented at the Rocky Mountain Land Use Institute's annual conference, Nevada Chapter of the American Planning Association's annual conference, the American Planning Association's national conference, Western Planning Resource's annual conference, at U.S. Forest Service forums on the national forest service's planning policy; and as faculty of the National Business Institute and the University of Nevada, Reno. Mike presently serves on Washoe County's design review committee and as the treasurer of 3 planning organizations. He has a Bachelor of Arts in history and the first Master of Public Administration from the University of Nevada, Reno.
Speaker Biographies

**Madelyn Shipman, J.D.**

Madelyn Shipman has practiced law in northern Nevada since she moved here from Minnesota in 1982. Currently employed part-time at Laxalt & Nomura, Ltd., she retired from full-time public law practice in January 2005. Prior to her retirement, she was Assistant District Attorney and chief civil counsel to the Washoe County Commission. She has appeared before the 2nd Judicial District Court, the Nevada Supreme Court, the various Nevada federal courts and the 9th Circuit Court of Appeals in her various roles as counsel to the Nevada Department of Transportation, the City of Reno and Washoe County. She received her B.A. degree from The American University, Washington, D.C., and her J.D. degree from Hamline University College of Law in St. Paul, Minnesota. She is a Settlement Judge and Foreclosure Mediator for the Nevada Supreme Court, certified as an arbitrator by the First, Second and Ninth Judicial District Courts and is legal counsel currently for the Sun Valley General Improvement District.

**Frederick Steinmann, DPPD**

Frederick Steinmann is currently an Extension Educator, Assistant Professor with the University of Nevada Cooperative Extension, University of Nevada, Reno. He began his professional economic development career with the Reno Redevelopment Agency in the City of Reno, Nevada. Since then, he has worked for the Nevada Small Business Development Center, Bureau of Business and Economic Research, and for the Carson Economic Development Services Department in the City of Carson, California. Frederick has also worked as a Senior Associate for David Paul Rosen & Associates, one of the elite economic development and public policy consulting firms in California. Frederick earned his Doctorate in Policy, Planning, and Development, with areas of study including economic development, public policy, public finance, and real estate development, from the University of Southern California with the successful defense of his dissertation titled, “The Twilight of the Local Redevelopment Era: The Past, Present, and Future of Urban Revitalization and Urban Economic Development in Nevada and California.” He also earned a Bachelor’s of Science and Masters of Science in Economics from the University of Nevada, Reno.
Welcome!

Local Leader’s Institute
University of Nevada Cooperative Extension
Saturday, February 23, 2013

Leadership and You

- Celebrating the important work we've already done:
  - P.O.W.E.R (NAICO and UNR Extended Studies)
  - Chamber Leadership Programs
  - Elected/Appointed New Orientation
  - UNCE Engaged Leadership/Office of Civic Engagement

- Certificate of Completion

- Guests

Objectives

The Local Leader’s Institute:

- Main Objective: To create a pool of qualified officials as the difficulty of challenges in Nevada grow; officials who understand the ins-and-outs of government Management and Administration.

- Secondary Objective: To reduce conflict between staff and elected/appointed officials over procedural matters pertaining to government Management and Administration.
Objectives

The Pilot Workshops:

– To test curriculum and elicit feedback from participants of the pilot workshop.

– To raise awareness with potential partners/funding sources. Expand to include municipalities, counties, and even state agencies in Nevada.

– To generate interest among potential attendees/participants for a larger institute.

Our First Exercise

On the inside of your table name tent:

1. Write down something that no else knows about you.

2. Pass your table name tent to someone else: Person 2: make up (pure fiction) something that no-one else knows about Person 1.

3. When called upon, Person 2 will introduce you reading both the true and false thing about you. Class guesses which fact is true about you.

Our Second Exercise

What is Leadership?

• As an **individual**, write down an answer to this question on the index card provided on your table. Think about qualities, responsibilities, activities, etc.

• As a **group**, and using your individual answers, write a single sentence on the flipcharts provided for your group.

• As a **class**, we will discuss and share our answers.
The Agenda
An exploration of thoughts and skills associated with leadership in local government:

1. An Introduction to Local Government.
2. Local Government and the Law.
3. An Introduction and Overview of Public Finance and Budgeting.

But first, Dr. Chester Newland, University of Southern California…
Forms of Local Government

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What is it?

- Scientific Management.
- The Progressive Era.
- The role of Industrialization and Urbanization in the United States.
- It’s Legacy.

The Bureaucratic Hierarchy
Structures of Local Government

Five Typologies from the International City-County Manager’s Association (ICMA):

1. Council-Manager Organizational Structure
2. Mayor-Council Organizational Structure
3. Commission
4. Town Meeting
5. Representative Town Meeting

Common Elements

- Role of Voters
- Legislative and Executive (Administrative) Functions
- A Politics-Administration Dichotomy – separating the “lock” from the “key” of policy making and policy implementation.

Our Third Exercise

Pros and Cons

As an group, write down the pros and cons of a bureaucratic hierarchy based on your experiences on the flip chart provided.

As a class, we will review your answers.
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Special Forms of Government

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Units of Government (William Turk)

- Six “Units” (1997 to 2002):
  - National (1) and State Units (50 – D.C.? Puerto Rico?)
  - Counties (3,035)
  - Towns and Townships (16,504)
  - Municipalities (19,429)
  - School Districts (13,506)
  - Special Districts and Public Authorities (35,052 – since 2002, has this gotten bigger or smaller?)

- A Grand Total of 87,576.
The Network

- Growth in Complexity – Don Kettl (Is the Worst Yet to Come?) and “Wicked Problems”
- New Public Management – it’s rise in the 1980’s; current decline?
- New Ways of Thinking: Quantum Mechanics, Chaos Theory, Systems Dynamics, Biology, etc.

Structures of Local Government

Different Types and Applications:
1. Regional “Council of Governments” (Sacramento Area Council of Governments)
2. Service Provider Networks (Homeless services)
4. Transportation Authorities (Regional Transportation Commission)
5. Regional Planning Authorities (Truckee Meadows Regional Planning Authority)
6. Others…

Common Elements

- Role of Voters? Role of Government Agencies? Role of Administrators?
- Importance of Trust and Reciprocity – telling our stories.
- Build conflict into the network.
- Certain fluidity and flexibility; but it is NOT a lack of structure.
Our Third Exercise

*Pros and Cons*

- As an **group**, write down the pros and cons of a network based on your experiences on the flip chart provided.

- As a **class**, we will review your answers.
NEVADA OPEN MEETING LAW

NRS Chapter 241

Definitions (NRS 241.015)

• “Action”
• “Meeting”
• “Public Body”
• “Quorum”

Meetings (NRS 241.020)

• Open

• Noticed
  – Accommodation
  – Notice to include:
    • Time, place and location of meeting
    • List of locations where notice was posted
    • An agenda
Meetings (continued)

• Agenda must include:
  – Clear and complete statement of matters to be considered
  – “for possible action”
  – Public Comment periods
  – Notifications that (items may be taken out of order, may be combined, may be removed or may be delayed)
  – Any restrictions on public comment

Meetings (continued)

• Minimum Notice
  – Posting at principal office or where meeting is to be held
  – Three additional prominent places
  – Copies to persons requesting notice
  – Email notice okay if agreed to by requestor

Meetings (continued)

• Website, if maintained, must include notice of meetings
• Free copies to requesting public
• Provided to public at same time provided to public body
• May provide by email
• “Emergency”
### Exceptions (NRS 241.030)
- Personnel Matters
- Prepare, administer or grade examinations
- Appeals of examinations

### EXCEPTIONS (continued)
- Subject may waive
- Agenda must state statute authorizing closed session and nature of business to be considered
- Exception may not be used to:
  - Prevent removal of disruptive persons
  - Prevent removal of witnesses
  - Discuss appointments
  - Discuss member (NRS 241.031)

### Closed Meetings (NRS 241.033)
- Written notice to subject – proof of service
  - In person – 5 working days
  - By certified mail – 21 working days
- Must include topic to be discussed and right of person to attend and be represented
- Chair or public body decides attendees
- Copy of record available to subject
- Casual or tangential mention...
Administrative Action/Eminent Domain (NRS 241.034)

- Notice same as in NRS 241.033
- Proof of service
- Must be on agenda
- Not required separate from notice per NRS 241.033
- If eminent domain, real property described

Record of Meeting (NRS 241.035)

- Minutes
  - “substance” of matters considered
- Available within 30 days – retained for 5 years
- May be recorded by public
- Must tape or transcribe meeting – 1 year – available to public or AG
- Same for closed meetings

Statements Privileged (NRS 241.0353)

Voting (NRS 241.0355)

- Privilege applies to both member and public
- Action by Majority Vote of Entire Body
- Abstention not an affirmative vote
  - Legal counsel opinion
Action in Violation Void (NRS 241.036)
Action by AG or Person (NRS 241.037)
• AG may seek injunctive relief – no damage or harm required
• Person may sue to:
  – Void an action
  – Require compliance with law
  – Seek determination of applicability of law to action
• Suit to require compliance – 120 days
• Suit to void action – 60 days

Role of AG (NRS 241.039)
AG Finding (NRS 241.0395)
• AG to investigate and prosecute violations
• AG may issue subpoenas
• If violation found, AG opinion must be included on following agenda
• Inclusion on agenda is not admission
• Re-do/ratification of questioned action

Penalties (NRS 241.040)
• Violation, with knowledge, is misdemeanor
• Wrongful exclusion – misdemeanor
• Civil penalty - $500
  – Must be sought by AG
Proposed Legislation

• AB 65
  – Exempting fact-finding/no deliberation
  – Specifying exceptions by statutory reference
  – Prohibiting designation of substitute person unless expressly authorized by law – if so, in writing
  – Correction in 30 days – AG may forgo prosecution – must be on agenda as correction – no admission
  – Electronic attendance
  – Adds definition of “deliberate”
  – Supporting material on website
• One BDR applying OML to Legislature
Ethics

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What are “Ethics”?

What does it mean to “Act Ethically”?

What is a “Code of Ethics”?

What Ethics Is

“...ethics may be understood as the study of moral conduct and moral status. Ethics and morality are often used interchangeably, but here I will distinguish them.

Morality assumes some accepted modes of behavior that are given by a religious tradition, a culture (including an organizational culture), a social class, a community, or a family. It involves expected courses of conduct that are rooted in both formal rules and informal norms.

Ethics, then, is one step removed from action. It involves the examination and analysis of the logic, values, beliefs, and principles that are used to justify morality in its various forms.”
What Ethics Is

“Ethics considers what is meant by principles such as justice, veracity, or the public interest; their implications for conduct in particular situations; and how one might argue for one principle over another as determinative in a particular decision.

Ethics takes what is given or prescribed and asks what is meant and why.

Ethics also deals with the moral status of entities such as families, organizations, communities, and societies.”

What Ethics Is

Dealing with Ethics Descriptively or Normatively:

– Descriptively, ethics attempts to reveal underlying assumptions and how they are connected to conduct. (What we believe as individuals, as a society, as an organization).

– Normatively, ethics attempts to construct viable and defensible arguments for particular courses of conduct as being better than others in specific situations. (Infers a conflict between choices).

What Ethics Is

A Deontological and Teleological Orientation:

– Deontological approaches to ethics focus on one’s duty to certain ethical principles, such as justice, freedom, or veracity, without regard to the consequences of one’s actions.

– Teleological ethics involves a concern for the ends or consequences of one’s conduct. This is the position most notably associated with utilitarianism and its calculus of the greatest good for the greatest number.
Deontological Ethics

Teleological Ethics

“What needs of the many outweigh the needs of the few…or the one.”

What Ethics Isn’t
What Ethics Is

An analytical tool to help us determine what course of action to take when we are confronted with two or more equally good or two or more equally bad choices when we are forced to choose.

Building an Ethical Decision Making Model

Levels of Ethical Reflection:
– The Expressive Level: “You should know better!”
– The Moral Rules Level: “Always be a good team player.”
– The Ethical Analysis Level: “Always tell the truth unless innocent third parties are harmed.”
– The Postethical Level: “Why should I be moral?”

The Prescribed Ethical Decision-Making Model
Professional Associations and Societies

- American Planning Association (APA)/American Institute of Certified Planners (AICP): [http://www.planning.org/ethics/ethicscode.htm](http://www.planning.org/ethics/ethicscode.htm)

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As a Group…

• Summarize the main issues in your scenarios.

• Identify what you feel are the ethical concerns in your scenario.

• Answer the question at the end of each scenario.

• Plan to report the issues, ethical concerns, and answers to your question to the larger group in 40 Minutes.

Scenario No. 1

It’s Christmas time, and you are trying to get some plans approved in the inspection office so that your spouse can finish the new kitchen that they have been working on. As a homeowner in the community, you feel that this approval process protects your safety, and you appreciate this requirement and the service you receive.

You are hoping that your spouse will complete the kitchen before your annual neighborhood party. You have taken an hour off from work to rush over to the county government building. As you enter, you see a huge line, mostly construction workers and a few people in business suits carrying huge bundles of construction plans. The office is decorated for Christmas; pretty lights, a small tree, and three of four gift baskets.

While you are milling around waiting for your turn, you see that the gift baskets are from the Arnold Construction Company, Burton Roofing, and Jon and Associates Electrical. What are you now thinking?
Scenario No. 2

You have just started to work for the city. You are really excited about this opportunity because it is your first chance to supervise a team of other community planners. You are anxious to learn all about the neighborhoods in the city, and you ask your staff members to gather statistics about crime, housing stock, and the number of code enforcement violations.

The most senior team member reports back to you that she has looked and talked to other city staff members and found that there are no statistics on the condition of the housing stock.

At the time, you think that this is a little unusual, but you have faith in your staff. About a month later, you are reading through a file left in your office and you discover the statistics you are looking for in a memo. The memo had a large distribution list, including the staff person you originally asked.

What are you now thinking?

Scenario No. 3

You have just graduated from the police academy. You have landed the job that you always wanted, working in the county sheriff’s office.

You are working hard to establish your reputation when one morning, the county sheriff comes up to you smiling but a little nervous. She is running for reelection and wants to know whether you can make a contribution to her campaign. Naturally, she does not want to pressure you to contribute money. However, she reminds you that when new sheriffs are elected, there are always a lot of staff changes.

What are you now thinking?

Scenario No. 4

You work in the personnel department in the government of a large county. You and your co-worker Emily are responsible for processing all of the benefit forms. Employees are constantly on the move; between new hires, resignations, and retirements, you and Emily are pretty busy.

Emily is also a busy woman outside of work; she has kids and goes to night school a few times a week. Near the end of each school semester, you notice that Emily takes about fifteen extra minutes for lunch each day and sometimes leaves about ten minutes early each evening. You know that she is studying during this time, but that does not reduce the number of forms that keep piling up.

What are you thinking?
Scenario No. 5

You have been working at the wastewater treatment plant for about fifteen years as an engineer and thought that you had seen and heard everything until yesterday.

Eric, your supervisor and division chief, has two daughters in college about two hundred miles south of the county. He asked Jimmy, another engineer at the plant, to pick them both up from college during work hours. Jimmy told you that the whole trip will take more than eight hours and that he will take Friday off. He indicated that he doesn’t mind the trip because it will be a nice break. Not only will he charge the job code, but he will also earn some overtime. In the meantime, you will have to perform all the water tests and monitoring functions by yourself for the next two days.

How do you feel?

Scenario No. 6

You have been the police chief’s secretary for ten years now, and you have built a close and trusting work relationship. The chief is planning to surprise his wife for their twenty-fifth wedding anniversary by taking her to Hawaii.

But the chief has never planned a vacation around the corner, let alone to Hawaii. First, he asks you to get all the information from a travel agent: prices, airline schedules, and tours. Then, after he chooses his trip, he asks you to go to the travel agent during the workday to pick up the tickets.

How do you feel?
Planning and Zoning

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A Quick History

• By the late 1800’s, past political, economic, and social paradigms were beginning to change.

• Federal and State governments were (slowly) shifting their attention from the largely rural areas to the urban environment.

• New/shifting paradigms supported a more ACTIVIST role for both the federal and state governments.

Shifting Trends

• First, the American residential population was growing rapidly.
  – Revolution to 1790, 4 million per year.
  – 1790 to 1820, growth of 6 million people.
  – 1820, 10 million residents.
  – 1840, 17 million residents.

• Second, decline in eastern agriculture.
  – 1790: 1 in 30 persons lived in a city (8,000 or more).
  – 1820: 1 in 20 persons lived in a city.
  – 1840: 1 in 12 persons lived in a city.

• Third, growth in new urban centers (Buffalo, Detroit, Milwaukee, Cleveland, Chicago) with the move westward led to new industries and new opportunities.
The Downside of Urbanization

  - Garbage and Refuse Disposal
  - Unsafe Drinking Water
  - Inadequate Sewage
  - Undersupply of Housing
  - Dangerous Population Overcrowding

- Two Problems (Cullingworth and Caves, 2003):
  - Economic
  - Social

The Response – Planning, Zoning, and Professional Management

- Planning – David C Ranney (1961): "Planning as a function of local government began in the early 20th century, stimulated by the wretched conditions of cities. The kinds of dirt, noise, and congestion of the city proposed by our first city planners consisted of physical alternations in the urban structure."

- Planning as a precursor for the political and bureaucratic reform movement known as the PROGRESSIVE ERA (1890’s – 1920’s).

The Response – Planning, Zoning, and Professional Management

- **Standard State Zoning Enabling Act** (SSZEA) of 1926. Cullingworth and Caves (2003): "The SSZEA gave state legislatures a procedure, based upon an accepted concept of property rights and careful legal precedent, for each community to follow."

- **Euclid v. Ambler Realty Co.** (1926): "The biggest of them all" – US Supreme Court upheld the Euclid town comprehensive plan that outlawed the development of industrial uses and multi-family housing.
Planning and Zoning
- Nevada Revised Statutes (NRS) Chapter 278 enables planning and zoning.
- Planning typically represented through a master plan document and master plan map(s).
- Zoning typically represented through a zoning ordinance and zoning map(s).

Planning and Zoning
- In Nevada Master Plan required for all counties over 40,000 population; all cities over 25,000 population.
  - Occurs because these jurisdictions required to have a planning commission and requirement of planning commission is to create a master plan
- Planning commission must adopt the master plan; elected body can only amend after consulting with planning commission.
- Except for counties over 100,000 population (and the municipalities within these counties), jurisdictions free to choose what elements in 278.160 they wish to include.

Planning and Zoning
- Generally NRS provides for master plan map as basis for land use control.
  - NRS states "...zoning regulations must be adopted in accordance with the master plan for land use".
- Zoning considered most common method of implementing a master plan.
  - NRS does not require zoning map or regulations; only authorizes adoption of same.
  - NRS does state, though, if zoning adopted – must be in conformance with adopted master plan.
  - Over past legislative sessions, zoning authorization has been broadened.
  - Density bonuses; inclusionary zoning; minimum densities.
Planning and Zoning

- NRS 278 identifies 14 issues that zoning is designed to address, e.g.
  - Conservation of air and water
  - Views and access
  - Character & physical limitation of land
  - Adequate supply of housing

- No requirement in NRS to adopt zoning as a tool to implement a master plan.
  - NRS clearly permits zoning as a tool, but does not mandate it.

Planning and Zoning

- NRS 278.260:
  
  "The governing body shall provide for the manner in which zoning regulations and restrictions and the boundaries of zoning districts are determined, established, enforced and amended."

- Types of Zoning:
  - Euclidian
  - Planned Unit Development
  - New Urbanism
  - Form Based
Euclidian Zoning
- Derived from 1926 Supreme Court case in Euclid, Ohio.
- Most common, especially in West.
- Most city zoning codes based on Euclidean model.
- Generally text-based.
- Based on:
  - Zoning districts
  - Allowable uses
  - Dimensional standards
- Specify category of uses:
  - Single-family residential
  - Multi-family residential
  - Commercial
  - Industrial, etc.

Euclidian Zoning
- Indicate the range of:
  - Residential
  - Non-residential
  - Public, or
  - Other uses
- Certain uses can be "permitted," "accessory," or "conditional" within a zone.
- Zoning districts applied geographically on community’s zoning map.
- Euclidean zoning is prescriptive, however:
  - Other development standards have been added, including density and floor-area ratios.
  - Attempts to better control impacts of development.
  - Effective during time of industrializing America, but has caused sprawl and auto dependence.

Euclidian Zoning
- Includes criteria outlining parameters for creation of lots and for the building envelope.
- Easiest design to comply is grid.
  - Grid typically does not respect topography of property
  - Typically results in extensive grading
    - Significant cuts and fills
    - Substantial import or export of fill
    - Elimination of large areas of natural vegetation resulting in mechanical stabilization, or planting of non-native species
  - Grid design can result in long extensions of services: water, sewer, cable
    - Costly construction, costly maintenance
**Euclidian Zoning**

Typical grid design resulting from Euclidian zoning

**Planned Unit Development (PUD)**

- With zoning that permits mixed use, commercial/industrial uses, allows for varying lot sizes.
  - Open space is common, not required, attribute.
  - Uses still usually separated.
  - Many communities require special use permit.

- Better design with topography.
  - Reduced grading.
  - Reduced extension of services and subsequent maintenance costs.

**Planned Unit Development (PUD)**

Typical PUD design resulting from PUD zoning
New Urbanism

Though recent in introduction to the public, reflects a development pattern of small communities that was prevalent prior to 1920’s:

- Town center focal point.
- Mixed use in and immediately near town centers.
- Mixed residential lots, often tending to lots less than ¼ acre in size.
- Less emphasis on garages in front of residences; one solution has been re-introduction of alleys.
- Narrow and curvilinear streets.
- Emphasis on walking/biking to local services, e.g. schools, post office, groceries, etc.

New Urbanism

- New urbanism applicable more to new development, and infill (where sufficient land exists).
- More of a design concept.
  - Difficult to implement with a Euclidian zoning ordinances.
  - Trend is to marry form based codes with new urbanism.

New Urbanism

Concept design resulting from New Urbanism zoning

<table>
<thead>
<tr>
<th>Transect Zoning Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>T1 Rural Preserve</td>
</tr>
<tr>
<td>T2 Rural Reserve</td>
</tr>
<tr>
<td>T3 Sub-Urban</td>
</tr>
<tr>
<td>T4 General Urban</td>
</tr>
<tr>
<td>T5 Urban Center</td>
</tr>
<tr>
<td>T6 Urban Core</td>
</tr>
</tbody>
</table>
Form Based Zoning

- "A regulatory approach designed to shape the physical form of development while setting only broad parameters for use".
- Often referred to as design-oriented or "New Urbanist".
- Prescriptive and uses graphics extensively.
- Clear and objective design standards.
  - Can be administered by staff w/few or no public hearings
- Regulates zoning by:
  - building type
  - street type
  - location
  - transect
  - ecozone or combination

Form Based Zoning

- Goal to produce type of "place" rather than "use".
- Characteristics:
  - Focuses on "form" before "function"
  - Mixed-use development
  - Development of town centers
  - Commercial structures to the sidewalk and oriented toward the street
  - Provision of open space
  - Transit and pedestrian orientation
  - Absence of uses and dimensional standards
- Best codes are hybrids.
- Used most extensively for new communities and rapidly urbanizing areas.

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Home Rule vs. Dillon’s Rule

• **Home Rule**: States that give local governments wide latitude to decide which policies are appropriate for their communities.

• **Dillon’s Rule**: States that give limited powers to local government to decide which policies are appropriate.

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**Home Rule vs. Dillon’s Rule**

- *Merriam v. Moody’s Examiners* (25 Iowa 163 (Iowa 1868))
- Judge John F. Dillon of the Iowa Supreme Court established the common-law rule known as “Dillon’s Rule”.
- A local government is authorized to exercise only those powers that are:
  - Expressly granted.
  - Necessity or fairly implied in or incident to the powers expressly granted.
  - Essential to the accomplishment of the declared purposes of the local government.
In Nevada

- **Sadler v. Board of County Commissioners** (15 Nevada 39, 42 (1880)): County Commissioners in Nevada are authorized to exercise only those powers which are expressly granted and powers that are necessarily implied to carry out express powers.

- **Tucker v. Mayor of Virginia City** (4 Nevada 20, 26 (1868)): A Nevada city government is authorized to exercise only those powers expressly granted by the charter or laws creating the city, and the necessary means of employing those powers.

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Nevada SB2 (2013 Legislative Session):

This bill authorizes a board of county commissioners and a city government, with limited exceptions, to exercise all powers needed for the effective operation of county government, even if the power to perform these acts is neither express nor implied, so long as the power is not expressly prohibited or limited by constitutional or statutory provisions or granted to another entity.

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**Home Rule vs. Dillon’s Rule**

* A Continuum

- Total Home Rule
  - Nevada?
  - Nevada?
  - Total Dillon’s Rule
  - Nevada?
  - Nevada?
### Home Rule vs. Dillon’s Rule

#### Factors along the Continuum:
- Impact of one town or city’s decisions on surrounding communities.
- Citizens that travel through one community or reside temporarily for work, recreation, or other activities, but due to lack of residency have no voice in that government.
- Involvement and awareness of a community’s citizens in governments.
- Fairness between wealthier and poorer communities.
- State-wide goals for various programs.

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#### Home Rule vs. Dillon’s Rule

#### Issues Most likely to be “Home Rule”:
- The rate of property taxation and structure of fees paid exclusively by local residents and businesses.
- Level of government services provided to local citizens and businesses.
- Design and management of local service roads and streets.
- Creation of local laws and policies, as long as local laws and policies are made clear to visitors using signs or other documentation.

---

#### Home Rule vs. Dillon’s Rule

#### Issues Most likely to be “Dillon’s Rule”:
- A state bill of rights must exist to ensure that local governments both treat their citizens fairly, and most importantly visitors to the community fairly.
- Local laws need to be consistent enough so that visitors know what to reasonably expect when they visit a community and what those communities require.
- Inter-community highways need to be regulated by the state to promote the quick and convenient movement of goods and people.
Eminent Domain

Local Leader’s Institute
University of Nevada Cooperative Extension
Saturday, February 23, 2013

Eminent Domain

Legal Structure

Process and Uses

Touching the Third Rail

History of Eminent Domain in the United States

"Follow me, boys... another town needs saving!"
Legal Structure

Webster’s Dictionary: “The right of a government or its agent to expropriate private property for public use, with payment of compensation.”

Legal Structure

In Nevada: NRS Chapter 37

The power of eminent domain rests in the 5th Amendment to the US Constitution:

“…nor shall private property be taken for public use without just compensation.”

NRS Chapter 37 – Eminent Domain

https://www.leg.state.nv.us/NRS/NRS-037.html#NRS037Sec009

NRS 37.010: Public uses for which eminent domain may be exercised.

– (o) Redevelopment. The acquisition of property pursuant NRS 279.382 to 279.685 inclusive.

– NRS 278.368: Definition of "blight".
NRS Chapter 37 – Eminent Domain
https://www.leg.state.nv.us/NRS/NRS-037.html#NRS037Sec009

NRS 37.038: Private property subject to condemnation.
- (1) All real property belonging to any person, company or corporation.
- (2) Lands belonging to the State, or to any county, or incorporated city or town, not appropriated for public use.
- (3) Property appropriated to public use; but such property shall not be taken unless for a more necessary public use than that to which it has been already appropriated.

NRS Chapter 37 – Eminent Domain
https://www.leg.state.nv.us/NRS/NRS-037.html#NRS037Sec009

NRS 37.038: Private property subject to condemnation.
- (4) Franchises for toll roads, toll bridges, ferries, and all other franchises shall not be taken unless for highways, railroads or other more necessary public use.
- (5) All rights-of-way for any and all purposes mentioned in NRS 37.010, and any and all structures and improvements thereon, and the lands held or used in connection therewith, shall be subject to be connected with, crossed, or intersected by any other right-of-way or improvement or structure thereon.
- (6) All classes of private property not enumerated may be taken for public use when such taking is authorized by law.

Legal Structure
- The 5th Amendment:
  - “Public Use” Clause
  - “Just Compensation” Clause
- Up through to the 1950’s, State and Federal Courts emphasized the “Public Use” Clause – roads, schools, parks, etc.
**It's Application and Use**

**Police Power and US Supreme Court:**

- Hadacheck v. Sebastian (1915): “zoning” and “land use restrictions” ruled an appropriate use of a government’s policy power.

- Lincoln Trust Company v. Williams Building Corporation (1920): municipalities had the right to use police power to restrict and refuse certain land uses.

**It’s Application and Use**

**US Supreme Court:**

- Berman v. Parker (1954): “public use” expanded to include *slum clearance and acquisition of real property*.

- Poletown Neighborhood Council v. Detroit (1981): “public use” expanded to include “new job creation” (465 acres of privately owned land transferred to GM).

- Hawaii Housing Authority v. Midkiff (1984): “public use” expanded to include the development of affordable, public housing.

**It’s Application and Use**

**Poletown Neighborhood Council v. Detroit:**

“...the power of eminent domain is to be used in this instance primarily to accomplish the essential public purpose of alleviating unemployment and revitalizing the economic base of the community. It would benefit a small portion of the public. The benefit to a private interest is merely incidental”.

- Majority Opinion of the Court Ruling
It’s Application and Use

Fulton and Shigley (2005), It’s expansion to the world of economic development:

- To overcome “hold-outs”.
- To “write-down” land costs and assemble land.

In Economic Development

"Write-Downs” and Land Acquisition: (example)

- Private Developer - $100 million project. Needs to acquire 10 acres costing $30 million. Has only $20 million budgeted for land assembly.
- $30 million in Agency-City “eminent domain” costs.
- Agency-City sells the property to Developer for “below market cost”: i.e. $20 million, $1 million, $1, etc.
After Kelo v. City of London (2005)

The Run-Up to Kelo

Emerson and Wise (1997):

– Public Opinion had begun to "sour" against both regulatory and physical "takings".

– 43 states by 1997 had adopted or were considering one of four different "anti-takings" legislative reforms:
  - Preliminary Measures
  - Procedural Changes
  - Assessment Provisions
  - Compensation Measures

The Run-Up to Kelo
Emerson and Wise (1997):

– Preliminary Measures: 7 States
– Procedural Modifications: 13 States
– Assessment Laws: 17 States
– Compensation Status Revision: 6 States

And then there was Kelo...

2. Court reaffirmed current interpretation of US Federalism.
3. Court reaffirmed Local Government’s RIGHT to pursue Economic Development.

...and a New World was Born.
Goodin (2007), Three Immediate Impacts:

1. Narrowing of the Definition of Public Use by State Governments.
2. Increased State-level Statutory Compensation “Minimums”.
3. States created more “extensive procedures” regarding takings of private property.
No More Eminent Domain!

Goodin (2007), Three “Future” Impacts:

1. Legislation that prohibits Eminent Domain for Economic Development Purposes.

2. Create “Judicial Confusion” – broad definition of “blight”.

3. Effective Restriction of Eminent Domain – narrow definition of “blight”.

People “HATE” Eminent Domain

Somin (2007):

<table>
<thead>
<tr>
<th>Household Income</th>
<th>% Agree with Kelo Decision</th>
<th>% Disagree with Kelo Decision</th>
<th>% Strongly Disagree with Kelo Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $10,000</td>
<td>25%</td>
<td>70%</td>
<td>55%</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>20%</td>
<td>80%</td>
<td>61%</td>
</tr>
<tr>
<td>$25,000 - $34,999</td>
<td>18%</td>
<td>82%</td>
<td>62%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>13%</td>
<td>89%</td>
<td>68%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>15%</td>
<td>85%</td>
<td>67%</td>
</tr>
<tr>
<td>$75,000 - $150,000</td>
<td>25%</td>
<td>75%</td>
<td>57%</td>
</tr>
<tr>
<td>Over $150,000</td>
<td>32%</td>
<td>68%</td>
<td>48%</td>
</tr>
<tr>
<td>All Groups Total</td>
<td>18%</td>
<td>81%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Source: Reproduced from Somin (2005), November 2005 Saint Index
What is the “Future”?

- We don’t yet…we are still dealing with Kelo.
Eminent Domain Exercise

Local Leader’s Institute
University of Nevada Cooperative Extension
Saturday, February 23, 2013

As a Group…

- Summarize the main issues in your statement.
- Do you disagree or agree with your statement?
- Provide reasons as to why your group agrees or disagrees with your statement.
- Is there an example in your own community that either supports or refutes your statement? Provide specifics.
- Plan to report the issues and answers to your questions to the larger group in 30 Minutes.

Statement No. 1

The Founding Fathers made a mistake when they granted government the right of eminent domain.
Statement No. 2
Government should never intervene on behalf of private interests.

Statement No. 3
There are people who think that property has more rights than human beings.

Statement No. 4
If eminent domain can be used for any public purpose, then all property is at risk, especially owned by poor people without political influence.
Fiscal Authority and Stability

Tax Revenue = Tax Rate x Tax Base

where...

Tax Base is a function of the Economic Base

“Something is seriously out of sync in California. *Many of its cities’ revenue sources aren’t well aligned with their communities’ changing service demands.* Diminishing local control over their finances and the unprecedented dominance of the state in local affairs has left city officials frustrated as they work to respond to the growing needs of their communities.

When legislators do seek to reform the current system of state-local finance, they encounter hundreds of distrustful local officials and technical complexities in a situation *where almost any change helps some communities and harms others.*

- Coleman and Colantuono (2003)
**Fiscal Authority and Stability**

As a group, take 10 minutes to quickly answer these questions:

- How sustainable are Nevada local government (municipalities, counties, etc.) revenues?
  - Prior to 2008?
  - Financial Collapse/Recession of 2008?
  - Changing demographics of Nevada’s population and implications on service demand?
  - Urban (Sales Tax, Property Tax, etc.) vs. Rural (Net Proceeds)?

- How much authority do local governments in Nevada have to redesign their finances to meet changing needs?

---

**Three Characteristics to Consider**

- The degree of local control and discretion, including:
  - Control of the **tax base** (who pays).
  - Control of the **tax rate** (how much they pay).

- The degree of economic risk, including:
  - **Sustainability** (the capacity of the revenue to grow comparably to growth in service demand).
  - **Volatility** (the level of year-to-year fluctuation).

- The degree of political risk (the vulnerability of revenues to appropriation or reallocation by the state or federal government including the courts).

---

**Local Control and Discretion**

- Rate, Base, and Use – Discretion and Control?

- Degree of Flexibility:
  - Setting the rate(s) level.
  - Determining who pays and on what basis (the base of the revenue measure).
  - Using the revenues.
Local Control and Discretion

Figure 1 – How Sustainable Are Major City Revenues?

<table>
<thead>
<tr>
<th>City Revenue Source</th>
<th>Strongly Sensitive To</th>
<th>Not Sensitive To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Charges and User Fees</td>
<td>Service Demand</td>
<td>Inflation (unless built into rate structure)</td>
</tr>
<tr>
<td>Sales &amp; Use Tax</td>
<td>Taxable sales, inflation, commercial activity</td>
<td>Resident population</td>
</tr>
<tr>
<td>Property Tax</td>
<td>Real property values, sales</td>
<td>-</td>
</tr>
<tr>
<td>Vehicle License Fee</td>
<td>Resident Population</td>
<td>Commercial activity</td>
</tr>
<tr>
<td>Utility User’s Tax</td>
<td>Sales of utility services, population, commercial activity, utility rates, inflation</td>
<td>-</td>
</tr>
<tr>
<td>Business License Tax</td>
<td>Commercial activity, inflation</td>
<td>Resident population</td>
</tr>
<tr>
<td>Transient Occupancy Tax</td>
<td>Hotel activity and rates, inflation</td>
<td>Resident population</td>
</tr>
<tr>
<td>Gas Tax</td>
<td>Resident population</td>
<td>Commercial activity</td>
</tr>
<tr>
<td>Local Assessments</td>
<td>Number of rate payers</td>
<td>Inflations (unless built into rate structure)</td>
</tr>
<tr>
<td>Real Property Transfer Tax</td>
<td>Real estate sales, property values</td>
<td>-</td>
</tr>
</tbody>
</table>

Economic Risk

Two Aspects of Long-Term Stability:

1. Sustainability: “A tax is best suited to fund programs where the demand for service changes in proportion to the proceeds of the tax…provides sufficient revenue to cover service costs even as service demands change over time.”
   - Services to People
   - Services to Property
   - Services to Businesses

2. Volatility: “…a measure of the degree of annual fluctuation from the average annual growth of a revenue source.” Generally unacceptable, except for when:
   - The source provides strong return in relation to service demand over time. **Example?**
   - Sufficient reserves and use of one-time programming can be used to cushion the impacts of fluctuation. **Example?**
   - The revenue budget contains a mix of other sources with different performance characteristics that mitigate volatility. **Example?**
Political Risk

“Local revenue stability is also affected by the potential for the state or federal governments (or courts) to reduce the revenue, which we label ‘political risk’.

To the extent that this delegation of authority is accomplished by the state Constitution, the risk of state actions impacting local finances and powers is reduced.”

Nevada?  End of the 2011 Session?  Net Proceeds in the 2013 Session?

Political Risk

• Impacts on Fiscal Planning:
  “…certain bells cannot be unrung. Once a serious proposal is made to transfer a revenue stream on which local government has relied, the dependability of that revenue stream for long-range fiscal planning is significantly damaged for as long as the political memory of the debate remains.”

• Impacts on the Cost of Financing Government:
  “Political risk means uncertainty, and in finance – whether public or private – uncertainty means at the very least higher costs and may mean complete frustration of important fiscal goals for a community.”

Looking Ahead – Who has a Crystal Ball?

“In recent decades, local home rule in California (Nevada?) has been substantially eroded, particularly in municipal fiscal affairs…Meanwhile, the state’s economy and society are evolving, and finance officers are becoming increasingly concerned about the stability of city revenues.”
Three Questions
As a group, take 10 minutes to quickly answer these questions:

• How will our mix of revenues weather economic ups and downs?
• Will these revenues grow in concert with increasing service demands?
• If our control of local revenues is more strictly limited (is it?), how can we influence our revenues to meet changing service demands?
Elements of a Comprehensive Local Government Debt Policy

Local Leader’s Institute
University of Nevada Cooperative Extension
Sunday, February 24, 2013

Elements of a Comprehensive Debt Policy

"A debt policy improves the quality of decisions, provides justification for the structure of debt issuance, identifies policy goals, and demonstrates a commitment to long-term financial planning. For these reasons, a debt policy is viewed favorably by credit rating agencies."

- Miranda, Picur, and Straley (1997)

Elements of a Comprehensive Debt Policy

  - Not much has changed in 2013.

- Does your jurisdiction have one? Why or why not?
  - At your table, pick one jurisdiction that has a comprehensive local government debt policy and discuss its elements. 10 Minutes

- Do you think it’s important to have a Comprehensive Local Government Debt Policy? Why or why not?
  - At your table, discuss the pros/cons of having a comprehensive local government debt policy. 10 Minutes.
Elements of a Comprehensive Debt Policy

Elements of a Debt Policy
GFDA Recommended Practice “Development of a Debt Policy”, 1995 (pg. 9)

- Purposes for which debt may be issued.
- Legal debt limitations, or limitations established by policy.
- Use of moral obligation pledges.
- Types of debt permitted to be issued and criteria for issuance.
- Structural features that may be considered.
- Credit objectives.
- Method of sale.
- Selection of external financial professionals.
- Refunding of debt.
- Disclosure (primary and secondary market).
- Compliance with federal tax law provisions, including arbitrage requirements.
- Integration of capital planning and debt financing activities.
- Investment of bond proceeds where otherwise not covered by explicitly written law or written investment policy.

Elements of a Comprehensive Debt Policy


- Identified Seven (7) Major Categories with 36 Subcategories:
  - Conditions for Debt Issuance
  - Restrictions/Limitations on Debt Issuance
  - Debt Service Limitations
  - Limitations on Outstanding Debt
  - Characteristics/Terms/Provisions of Debt Issuance
  - Debt Issuance Processes
  - Other Forms of Debt

Conditions for Debt Issuance

- Policies identified which generally specified the conditions or purposes for which debt could be issued.

- Five (5) Subcategories:
  - Purposes and Uses of Debt
  - Capital Expenditures
  - Project Life
  - Types of Debt (The almighty “GO” Bond – as a last resort? Why? Implications? Special Districts?)
  - Refunding Bonds Policies
### Restrictions on Debt Issuance

- Shares a common theme of restrictions and/or limitations on use of debt including specific prohibitions against debt issuance.

- Five (5) Subcategories:
  - When Not to Issue Debt
  - Size of Issuance
  - Statutory Limitations
  - Analysis Requirements
  - Reserve Capacity

### Debt Service Limitations

- Limit debt service expenditures to some definition of resources available to government.

- Four (4) Subcategories:
  - Operating Budget
  - Operating Revenue
  - General Fund Revenue
  - Expenditure Limitations

### Limitations on Outstanding Debt

- These policies limit the total amount of outstanding debt to a measure of the tax base (i.e. property values or population).

- Restrictions represented by this category of policies are substantially different must be place in the **local context**.

- Four (4) Subcategories:
  - Market Value Limitations
  - Assessed Value
  - Per Capita Limitations
  - Miscellaneous Limitations
Characteristics of Debt Issuance

- Relate to characteristics of the debt being issued that are generally legal in nature and incorporated into various official documents including the bond ordinance.

- Five (5) Subcategories:
  - Repayment Provisions
  - Maturity Guidelines
  - Debt Service Funds
  - Insurance/Letters of Credit/Other Enhancements
  - Capitalized Interest Guidelines

Debt Issuance Process

- These policies relate to various process activities associated with issuing the debt.

- Six (6) Subcategories:
  - Sale Process
  - Professional Services
  - Bond Rating Goals (Impacts of cities on counties within that county?)
  - Disclosure Requirements
  - Rating Agency Relations (Reno and Goldman Sachs?)
  - Intergovernmental Coordination

Other Forms of Debt

- The kitchen sink…or creative ways to fund local government activities that may/may not get you into trouble.

- Seven (7) Subcategories:
  - Inter-Fund Borrowing (careful…)
  - Variable Rate Debt (careful…)
  - Short-Term Debt (Bond Anticipation Notes, Revenue Anticipation Bonds, Tax Anticipation Notes…property tax revenues?)
  - Revenue and Tax Increment Financing (TIF) Bonds
  - Lease Debt
  - Limited Tax GO Bond
  - Derivative Restrictions
Elements of a Comprehensive Debt Policy

“A debt policy improves the quality of decisions, provides justification for the structure of debt issuance, identifies policy goals, and demonstrates a commitment to long-term financial planning. For these reasons, a debt policy is viewed favorably by credit rating agencies.”

- Miranda, Picur, and Straley (1997)
Types of Budgets

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Types of Budgets

- The Budget Deliberation Process
- The Revenue Constraint
- Four Types of Budgets

A Struggle

A Paradox

Public Accountability and Organizational Responsibility and Transparency

Organizational Efficiency, Effectiveness, and Economy

How do we balance these forces?
Is one force more important than the other?
The Budget Deliberation Process

“Budget deliberations tend to focus on total spending or spending in specific expenditure categories, such as travel, printing or contracts. Important policy decisions may emerge as consequences of spending decisions, but budget deliberations are focused on fiscal policy rather than substantive policy.

- Gianakis and McCue (1999)

The Budget Deliberation Process

The Budget Process asks Program Managers for Information in Three Broad Areas:

– Provide an indication of what the program will accomplish.
– Consider how the mission will be accomplished and what resources will be required.
– COST: What will the program cost?

Functions of Budgets

• Three Functions (Allen Schick, “The Road to PPB”, 1966):
  – Control Mechanisms: hold public managers accountable for using public funds for approved ends.
  – Guides to Operations: tell managers what is expected of them in terms of output; help managers plan their work.
  – Enunciate Public Policy: allow policy makers to plan how public funds will be used to achieve desired societal outcomes.

• Fourth Function (Gianakis and McCue):
  – Influence Organizational Culture: centrality as an organizational symbol and annual ritual; reflection of the basic values of the organization.
Functions of Budgets

- As a group, think about your organization's annual budget and identify examples of the following:
  - Control Mechanisms?
  - How does your annual budget guide organizational operations?
  - What public policies are enumerated in the budget?
  - How does your organization's annual budget influence your organization's culture?
- Discuss as a class in 10 minutes.

The Revenue Constraint

US Dollars

Year

The Revenue Constraint

“Regardless of the format employed, budgetary decision making must usually be conducted within the constraints posed by available revenues.”

“Local government budgeting is revenue-driven, and all processes and formats operate under this constraint. Tax policy is inherently incremental, because large increases in tax rates are not well tolerated by those affected, regardless of the relative burdens they currently bear.”
The Revenue Constraint

\[
\text{Revenues} = \text{Spending}
\]

\[
\begin{align*}
\text{Taxes} \\
\text{Fees} \\
\text{Investment Income} \\
\text{Savings} \\
\text{Debt} \\
\text{Everything Else}
\end{align*}
\]

Tax Revenue = Tax Rate \times Tax Base

where...

Tax Base is a function of the Economic Base

The Revenue Constraint and the Revenue Forecast

“The centrality of the revenue constraint highlights the importance of the revenue forecast.”

“…budgeters must forecast twenty months into the future. The actual collections from the previous year are available to the forecasters at that time, but the current year's revenue have only begun to materialize. Good budgeters will continue to revise their forecasts as more data becomes available, but the initial estimate has great salience in the budget process.”

Bad budgeters? Gaming? Under-Forecasting? Over-Forecasting?
Types of Budgets

- Line-Item Budgets
- Program Budgetting
- Performance Budgets
- The Zero-Base Budget Process

The Line-Item Budget

- “Line-item, or object-of-expenditure, budgets are input-oriented budgets that optimize the control function.”

- The "quintessential incremental" budget:
  - Pushes policy considerations in the background.
  - Ask only what you think will be approved.

- Three broad areas:
  - Personnel Categories (salaries, benefits, overtime, and other funds paid to the employees of the organization)
  - Operating Expenditures (items and materials that will be consumed during the fiscal year)
  - Equipment and Materials (anything that has a useful life longer than one year – i.e. a snow plow)

The Line-Item Budget

- Strengths:
  - Wide spread application to many government organizations.
  - Format requires little to no analysis by the operating manager.
  - Elected Officials/Legislative Bodies comfortable discussing “stuff” vs. “policy choices”.
  - Minimized conflict associated with allocating finite resources.

- Weaknesses:
  - Agency/Department self-interests emphasized.
  - Long-term organizational financial viability of the organization becomes secondary.
  - Engenders agency atomization, self-interested behavior leading to a climate of distrust.
Program Budgeting

- The Program Planning and Budgeting System (PPBS) – President Lyndon Johnson, Robert Macnamara.

- The "polar opposite" of Line-item Budgeting: "The pursuit of valued societal outcomes rather than the control of expenditures assumes center stage here...the simultaneous pursuit of effective government and controlled public administrators."

- A Top-down approach: (Role of Political Control)
  
  **GOAL** (Civil Rights for African Americans)

  **Activity** (Sending Troops into Schools to force Desegregation)

---

Program Budgeting

- Strengths: Are we doing what we set out to do?

  "The format required the agencies to analyze the impacts of their programs in order to be able to demonstrate success. Thus, the role of structured analysis is also highlighted in this format, and PPBS put the field of program evaluation at center state."

- Weaknesses: You are NOT a king or a technocrat!

  "Our Constitution was written to fragment political power, and major changes in substantive policies are more likely to be driven by ideas that capture receptive audiences at the grass roots...PPBS also saddled agencies with extensive analytical responsibilities that threatened to overwhelm the annual budget process."

---

Performance Budgets

"...focus on the work being done in public agencies, and they seek to enhance efficiency – that is, to maximize production at a given level of resources. Resources are allocated to specific activities that produce immediate outputs, rather than the line-items that indicate the materials consumed in the production process."

"...input-oriented or output-oriented depending on whether the work activities are viewed as inputs to public policy outcomes or organizational outputs in their right."

**Bottom-Up Format:**

**OUTPUTS (or GOALS)**

**ACTIVITIES**
Performance Budgets

- Strengths: (1) Encourages managers to make their production processes more efficient, (2) a formal management by objectives (MBO) planning and education system, (3) a multiyear dimension, (4) help reduce *gaming* in the system.

- Weaknesses: “The principal shortcoming of the performance budget format is that it is difficult to apply in many of the service areas encompassed by the local government organization.”

- Possible Issues:
  - Do managers currently use output measures to manage their operations?
  - Is efficiency a core organizational value?
  - Are managers competent/professional enough to be held accountable for outputs?
  - Are elected officials amenable to this approach?
  - How much of the organization can employ this approach?

The Zero-Base Budget Process

“Zero-base formats seek to *encourage non-incrementalist thinking* and the re-allocation of resources while maintaining a bottom-up approach to budget development.”

“Zero-base budgeting is different from line-item and performance budgeting on this criterion, and from PPBS on the basis that program managers have a prominent role in the policy-making process.”

Role of Marginal Analysis: “Marginal analysis calls for successive comparison of the effects of allocating an additional amount of funds to the various programs. All programs share the overall goal of enhancing the general welfare, and each program targets an identifiable dimension of the general welfare.”

The Zero-Base Budget Process

- Variant: Target-Base Budgeting

- Strengths:
  - Encourages managers to look within previous allocations in order to fund new programs (use of existing allocations).
  - Encourages innovative and creative managers.
  - Makes agencies more aware of organizational goals.
  - Ends *gaming* that characterizes many budget processes.

- Weaknesses:
  - Time and paperwork intensive.
  - Not all managers are innovative and creative.
  - Some managers lack the level of sophistication and training required.
A Struggle

Where would you place each budget type?

Public Accountability and Organizational Responsibility and Transparency

Organizational Efficiency, Effectiveness, and Economy

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