

PD-ABG-450
83482

**"Establishing Democracy Through Local Government:
A Training Program for Poland"
Cooperative Agreement EUR-0018-A-00-2004-00**

FINAL REPORT

Volume I: Final Report
Volume II: Educational Materials

Submitted by:

Dr. Joanna Regulska
Local Democracy in Poland
Rutgers, The State University of New Jersey
172 College Avenue
New Brunswick, New Jersey 08903
tel 908 - 932 - 8551
fax 908 - 932 - 1144

4

SUMMARY

The activities of the project titled, "Establishing Democracy Through Local Government: A Training Program for Poland" resulted in the following accomplishments:

I. Training Modules

1. Development and delivery in Polish of the following 4 training courses at selected Regional Training Center sites:
 - A. Management and Organization of Services
 - B. Local Finance and Budgeting
 - C. Roles, Responsibilities, and Relationships in Democratic Local Government
 - D. Professional Management in Democratic Local Government
2. The training of 6 Polish trainers with first level of competency and the identification of 15 potential trainers to continue teaching the four courses.
3. The expansion of related training resource materials to be used in the future by Polish trainers including guidebooks, training notebooks, exercises, case studies, and overheads.
4. An increase in the FSLD and RTC's capacity to provide public administration training to local government officials and employees in Poland.
5. The participation of over 165 local government administrators and elected officials in the four courses who have learned new approaches to managing their local governments.
6. Initiation of future collaboration between local trainers and local officials to identify future training needs.

II. Organization Capacity Building

1. Strengthening of the internal structure of the Foundation in Support of Local Democracy and its 15 Regional Training Centers/Schools located throughout Poland including clarity of roles and responsibilities for the organization and its personnel.
2. An increase in the level of management skills of FSLD and RTC staff including decision making, communication between FSLD Warsaw and the 15 Centers, and productivity.
3. An increase in the effectiveness of FSLD and RTC personnel to service requests from individuals, groups and organizations, inside and outside the country.

TABLE OF CONTENTS

The following report represents a fulfillment of grant conditions as signed by the Agency for International Development and Rutgers University on November 15, 1991. This report covers the period October 1, 1991 to November 15, 1992 and is composed of seven sections:

	Page
I. Introduction	1
II. Scope of Work	2
III. Evaluation and Monitoring	3
IV. Grant Management	3
V. Accomplishments	6
VI. Future Plans	21
VII. Summary	23

Appendices

1. List of 15 Regional Training Centers and Schools
2. List of Polish Trainers - Lead and Potential Trainers
3. List of Materials Produced for Four Courses
4. Organization Chart - Foundation in Support of Local Democracy

Subcontractor Final Reports

1. Community Development Training Institute
2. Johns Hopkins University
3. Institute of Public Administration

I. INTRODUCTION

Dr. Joanna Regulska, Project Director of Local Democracy in Poland and Rutgers University entered into a contract with the Agency for International Development for a \$1,299,897 million grant titled, "Establishing Democracy Through Local Government: A Training Program for Poland." The duration of the grant was for a period of 12 months beginning on November 15, 1991 and ending November 15, 1992. As specified in the cooperative agreement dated November 15, 1991, "Rutgers may be reimbursed up to \$45,000 for the pre-grant allowable expenses incurred beginning October 1, 1991."

Terms of the Grant - The agreement specified three major areas of activities: 1) the development of four Training Modules (courses) by three subcontractors with Polish trainers involved in all phases of module development including delivery of courses; 2) the strengthening of Organization Capacity Building and Management at the Foundation in Support of Local Democracy (FSLD) in Warsaw and its 15 Regional Training Centers (RTC's) with focus on developing goals, workplans, budgets, and financial plans, the ability to conduct needs assessments, program development, and evaluations; 3) the establishment of Local Innovations Program consisting of small grants awards to address immediate, pressing local problems identified by citizen groups, local associations, and professional local development and to enhance the emergence of local initiatives.

A. Training Modules. Development of four training modules over a 12-month period in association with three subcontractors listed below and the Foundation in Support of Local Democracy.

1. Management and Organization of Services
Subcontractor - Community Development Training Institute (CDTI)
2. Local Finance and Budgeting
Subcontractor - Johns Hopkins University (JHU)
3. Intragovernmental Relations (changed later to Roles, Responsibilities, and Relationships in Democratic Local Government)
Subcontractor - Institute of Public Administration (IPA)
4. Personnel Systems (changed later to Professional Management in Democratic Local Government)
Subcontractor - Institute of Public Administration (IPA)

B. Organization Capacity Building and Management. Assessment and recommendations for improving organization management and job performance at the Foundation in Support of Local Democracy in Warsaw and the 15 Regional Training Centers located throughout Poland. FSLD and LDP agreed that Dr. Deborah Cutchin, Bureau of Government Services, Rutgers University would conduct work on this segment of the grant.

C. Local Innovations Program. Development of a grant support system for associations, institutions, and activities created by local communities to directly support their goals. This segment of the program has been eliminated. A formal request was made to Ms. Susan Kosinski at AID for reprogramming the funds, which was approved on June 17, 1992. The agreement was amended to reflect the elimination, and \$50,000 in funds was moved to Program 2, Organization Capacity Building.

II. SCOPE OF WORK

The scope of work for each of the three main programs was as follows:

1. Training Modules, the three subcontractors, CDTI, JHU, IPA, agreed to the following conditions of the grant:

- to visit Poland twice; (changed to three visits)
- to develop four training modules in conjunction with Polish counterparts;
- to translate training materials from English to Polish;
- to deliver each training module four times (twice at each center) to audiences compose of elected officials, professional staff of municipalities, faculty and administrators of local government schools;
- to revise and finalize the Polish versions of the modules;
- to institute a training of trainers program during the final visit.

In addition it was agreed that in order to achieve in long-term, self-sufficiency of FSLD, effort should be made to attract and identify during training individuals who had the potential to become trainers themselves or were in a position to recommend nominees as future trainers.

2. Organization Capacity Building, Dr. Cutchin agreed to:

- evaluate management, administrative, and clerical staff at FSLD and RTC's;
- conduct individual interviews;
- identify problem areas;

- evaluate organizational structure;
- make recommendations for change;
- hold training sessions for management and personnel at Foundation in Support of Local Democracy and the 15 Regional Training Centers;
- and begin the process of addressing changes.

III. EVALUATION AND MONITORING

As required by the terms of the grant, LDP submitted to AID a set of Benchmarks that served as a criteria for evaluating both the training modules and organization capacity building. The Scope of Work section listed the activities that were needed to meet the standards set forth in the Benchmarks. The Benchmarks required that: 1) a group of Polish trainers was trained with first level of competency to teach four courses; 2) a resource base of four courses was developed; 3) courses offered were relevant to the needs of local government; 4) interest was generated among local government administrators and local officials; 5) transfer of newly gained knowledge took place; 6) demand for professional literature and materials increased; and, 7) collaborative efforts between local trainers and officials was initiated.

Organization Capacity Building was measured against: 1) whether or not strengths and weaknesses in FSLD and RTC's were identified; 2) means to make the organization work more effectively were developed and implemented; 3) clear areas of responsibility for each unit were established (FSLD and RTC's); 4) organization of personnel and management practices was carried out in a manner that will lead to better productivity; 5) new skills were acquired and new practices were established at both FSLD and RTC's.

LDP sent AID monthly updates on the progress of the grant, and submitted a six-month report on plans and activities during October 1, 1991 through March 31, 1992 as stipulated in the grant agreement. Reports were submitted by LDP to Ms. Susan Kosinski, Program Officer, Agency for International Development in Washington and by FSLD's U.S. Program Manager to the AID office in Warsaw.

IV. GRANT MANAGEMENT

1. Participants in the UNITED STATES

A. Local Democracy in Poland, Rutgers University

Dr. Regulska, Project Director, Local Democracy in Poland, provided oversight and management for the entire project. The daily management of the LDP office was divided

between Dr. Susanna Treesh, responsible for budget management, and Ms. Connie Burke responsible for coordination of the project in the United States. The budget management portion of the grant covered such areas as: initiating subcontracts with participants; liaison with Research and Sponsored Programs and Accounting; initiating paperwork and transfer of grant funds to FSLD; and other related budgetary duties. The coordination of the project in the US covered programmatic progress and liaison with all subcontractors, US and Warsaw, with regard to setting up coordinating meetings, schedules, translations, monthly reports, travel reports, etc. Throughout the project, Dr. Regulska and the American management team coordinated their efforts with the AID American Program Manager in Poland, Ms. Maria Nagorski.

Dr. Deborah Cutchin, Bureau of Government Services, Rutgers University, was responsible for conducting an assessment and evaluation of organization capacity building at the Foundation in Support of Local Democracy and the 15 Regional Training Centers. Dr. Cutchin worked with both Dr. Regulska at LDP and with Ms. Maria Nagorski, the American Program Manager at FSLD.

B. Subcontractors

Three U.S. subcontractors remained the same throughout the grant period. Each fulfilled Rutgers University and AID subcontract requirements. Rutgers University signed subcontracts with each of them on the dates and for the amounts listed below:

<u>Subcontractor</u>	<u>Date</u>	<u>Amount</u>
Community Development Training Institute 50 Washington Square Newport, Rhode Island 02840 Jan Shapin - Coordinator	2/1/92	\$ 73,654
Johns Hopkins University Institute for Policy Studies Baltimore, Maryland 21218 Michael Bell - Coordinator	3/8/92	\$ 72,233
Institute of Public Administration 55 West 44th Street New York, New York 10036 Annemarie Walsh - Coordinator	3/15/92	\$147,546

7

2. Participants in POLAND

Foundation in Support of Local Democracy

During the first few months of the grant, the management group in Poland consisted of Professor Jerzy Regulski and Dr. Maria Ptaszynska, FSLD Executive Director. After the departure of Professor Regulski in April, 1992, Mr. Jacek Domanski and Ms. Iwona Kucharska, FSLD Managers, and Ms. Maria Nagorski, AID Program Manager, joined Dr. Ptaszynska on the management team. They provided direction and review of the project at the Foundation and throughout Poland; offered advice and counsel as needed to Polish personnel and American trainers; and acted as liaison with the Board of Directors of FSLD on potential changes that affected the operation of the Foundation. A subcontract agreement was signed with FSLD on December 19, 1991 in the amount of \$530,058.

Ms. Maria Nagorski was appointed AID Program Manager at the FSLD office in Warsaw, Poland for a one-year period beginning on October 1, 1991 and ending on October 15, 1992. A Polish-American with dual language skills, Ms. Nagorski bridged the gap between American and Polish personnel at all levels by administering the day-to-day activities of the grant at the FSLD office. Her responsibilities included conducting a needs assessment in Poland and reporting the findings to LDP and its subcontractors; coordinating all aspects of the project in Poland, including selection of sites, preparing and disseminating materials, identifying Polish counterparts; offering support to American trainers during their visits; working in conjunction with the RTC's and their Directors; overseeing the allocation of funds in the grant budget and financial reporting. She was also responsible for maintaining contacts with the AID office in Warsaw and with the Program Officer overseeing this project, Mr. Jan Kolbowski.

3. Management of the Grant

Coordinating Meetings in U.S.

In order to promote efficient coordination of the grant, regular coordinating meetings were held with representatives of each subcontractor attending including the funding agency, AID, and the FSLD Program Manager in Poland, when possible. In total five meetings were held, three in Washington DC and two at Rutgers University in New Brunswick.

The October 7, 1991, December 19, 1991 and March 10, 1992 meetings addressed issues related to implementing a workplan that gave consideration to Polish needs, curriculum development in tandem with Polish counterparts, pilot testing and evaluation,

and Polish trainers' delivery and evaluation. (The purpose and goals of the meetings were described in more detail in the six-month report submitted to Ms. Susan Kosinski, AID Washington, on June 23, 1992.)

Following are the highlights of the subsequent meetings held in April and August:

4th Coordinating Meeting
April 30, 1992

This meeting was held after completion of the subcontractors' first visit to Poland. Dr. Maria Ptaszynska, FSLD Director, (who was in the U.S. at the time) attended the meeting and gave an up-date on Foundation activities. Progress reports were given by training module and organization-capacity building subcontractors on what they accomplished in Poland, issues that arose, strengths and weaknesses observed, and their overall concerns. Discussions centered on plans for pilot training scheduled for the second trip.

5th Coordinating Meeting
August 26, 1992

With the second training visit to Poland completed, a meeting was held to monitor progress made to date by all subcontractors on modules and organization capacity-building. Feedback on the Polish perspective was provided by Maria Nagorski. Decisions were reached on the goals for Trip 3 in the fall. They included: 1) publishing of course materials; 2) adaptation of training materials in Schools of Local Government; 3) rationale for evaluation of modules; and 4) identifying a pool of potential Polish trainers. Also discussed were final report requirements, follow-up activities, and observations made by Americans of training conducted by Poles.

V. ACCOMPLISHMENTS

By the end of the first year, substantial progress had been made on each of the goals set out for Training and for Organization Capacity Building under the AID proposal. Accomplishments in some areas far exceeded expectations and others needed readjustment as realities set in and organizational changes occurred. Overall the assessment of the Regional Training Center Directors and the FSLD staff after the first year was that the AID project enabled the FSLD to improve substantially their services to local government officials, modeled an effective process of organizational development and planning and began to build a strong capacity to provide high quality training.

At the October 14, 1992 Regional Training Centers Directors' Meeting, the Directors expressed their satisfaction with the progress made during the past year. One Director remarked that "the program provided a means for integration of us as Directors, which gives us the ability to respond to problems and work together;" another added that "the American style of training is very effective, joint planning and truly working in Polish-American teams is a very effective way of developing courses and making them appropriate to our needs;" a third person said that "the AID program has been open to our ideas, we have several times changed direction of this program based on our needs and what we want. We are all involved in the process -- for example, this meeting where we are being asked how we want the program to actually work in the next phase."

Commenting further, the Directors expressed appreciation for the financial security the program had given them. From the Krakow Director came this comment: "it gave us financial support, some security so we could expand our vision and scope. Relatively small amount of money but has wide impact -- can take care of organizational needs and leverage activities with other donors and potential partners. Helps to build our independence." Another Director from Gdansk said that the program "gave me credibility and resources. Being able to send people to training and TOT in other centers meant I had a way to involve people in our work. I had some resources, something to give them (the opportunity to learn, be trained as trainers). This is a way for us to begin to build partnerships."

The final summary comment of the group was that the "AID program is very clear and models program planning and setting criteria in a way we can learn from and work with easily." The consensus of the Directors was that they have begun to see positive results from overall training, and they want to continue to build and capitalize on those successes.

A breakdown of accomplishments in the major areas follows:

A. Training Modules

The purpose of developing modules was to equip a group of Polish trainers with first level of competency to teach four courses, Management and Organization of Services; Local Finance and Budgeting; Roles, Responsibilities and Relationships in Democratic Local Government; Professional Management in Democratic Local Government. The courses were designed to educate local government officials, administrators and staff with essential skills and abilities to enhance development of public administrations. The courses were practical in nature and led to an increased level of professionalism in the workforce. The total number of days spent in Poland on training modules was 105 days.

Following is a breakdown of first year accomplishments:

1. Training Teams

- * Polish training teams were established to work with U.S. subcontractors on the development of the four selected training modules. Three Regional Training Centers were assigned and participated in the program as lead centers (Bialystok, Szczecin, and Olsztyn, and four other RTC sites selected as secondary training centers (Krakow, Lodz, Warsaw, and Rzeszow). [See Appendix 1.] Each team consisted of lead trainers from the U.S. and Polish counterparts who were fully involved in developing and reviewing course materials, adapting the proposed training designs to Polish context and developing appropriate Polish examples and materials to supplement the training.
- * The Bialystok Regional Training Center selected two local government officials as members of the CDTI training team. The RTC in Szczecin selected the training center director and a trainer from the Lodz center as members of the Johns Hopkins training team; in addition several local government officials from Szczecin consulted with the training team; and Olsztyn provided two trainers from the academic field to work with IPA on the development of two training modules. [See Appendix 2.]
- * At least six of the Polish trainers took an active role in course development and delivery as co-trainers by the second time the workshop was offered. Throughout the project, they maintained a high level of involvement in designing the course, making revisions as needed, refining it to Polish conditions, and reviewing Polish translations of materials. These trainers also attended trainer debriefing meetings and participated in the training of training for their training module.

2. Development of Training Modules

- * Four new training modules have been designed, pilot tested, translated into Polish and are becoming available for use within the Regional Training Centers. The training modules are:

Management and Organization of Services
Local Finance and Budgeting
Roles, Relationships, and Responsibilities in Democratic Local Government
Professional Management in Democratic Local Government

- * In addition to basic curriculum materials, which have been developed for each of the four training modules, participant and trainer materials were also designed and are available separately or as an entire package. [See Appendix 3.]

Following is the breakdown of training activities by subcontractor:

- * **Community Development Training Institute (CDTI)** - Two guidebooks were developed and published, entitled: "Hiring Consultants for Construction Projects" and "Contracting for Services." They contain both Polish and English versions of the materials. In addition, a complete three-day trainer outline and training materials for games, simulations, and case studies are completed and available to the Polish trainers.
- * CDTI developed initial materials and course outlines which were reviewed by the Polish trainers. Course was pilot tested in May. Technical and other corrections to adapt the course to Polish circumstances were incorporated into the final development of the guidelines and the preparation for the second course delivery in September. Polish trainers were responsible for a final review of the materials which were completed and published by Community Development Training Institute.
- * **Johns Hopkins University (JHU)** - A Trainer Manual, loose-leaf with daily instructions and instructional materials was developed. A technical student manual with readings and agenda materials was also created in a loose-leaf binder format.
- * These materials were initially developed by Johns Hopkins and the Government Finance Officers Association and revised by the Polish trainers in Szczecin and Lodz. In September, the U.S. team revised and compiled additional materials. In October, the Polish and U.S. team met for a week and proposed modifications, additional materials and ways to improve the course to fit a variety of needs. Course materials are to be modified by the Polish team to fit two distinct audiences, policy makers and government officials as well as treasurers and financial staff of universities.
- * **Institute of Public Administration (IPA)** - Two short courses were developed that rely on the Adult-Learning Approach to training. The training design creates dialogue in which all members of training programs participate actively and equally in analyzing the situation of local government in Poland and in creating new and innovative alternatives for the solving of local problems. The short lectures provided in the components of these training courses were illustrative only.

- * Materials developed by IPA included guidelines to organize, problem-solving techniques, exercises, case studies, and discussion questions. Course materials were designed to be adaptable to Polish needs and interests. It was intended that Polish examples of real life situations and Polish examples of the concept suggested in the modules be inserted by trainers.

3. Delivery of Training Modules

- * Training courses in four key topical areas have been offered in seven regional centers with a broad attendance of local elected and appointed government officials, educators in public administration and regional and local administration staff.
- * Training courses have directly impacted almost 200 people, 6 Polish Lead Trainers, 15 potential Polish Trainers (TOT Participants), and over 165 participants who attended 15 training sessions.
- * While a smaller number of trainers and potential trainers, 21 in total, participated in the program, those trained during TOT have been exposed to skills and activities that are being applied beyond the limits of the project. Representing various professions, including education and the legal field, participants learned skills that enhance their work with various other groups beyond the local government level.

The schedule for each of the training modules follows:

Management and Organization of Services (CDTI)
Trainers - Jan Shapin, Jon Sasso, Cressworth Lander

Trip One - Needs Assessment and Initial Discussion with Polish Trainers	March 16-20, 1992	Bialystok
Trip Two	May 11-22, 1992	
Course Delivery	May 13-15	Bialystok
Course Delivery	May 18-20	Krakow
Trip Three	September 27-October 4, 1992	
Course Delivery	September 27-30	Bialystok
Trainers Workshop	October 1-3	Bialystok

Local Finance and Budgeting (JHU)
Trainers - Michael Bell and Joni Leithe

Trip One - Needs Assessment and Initial Discussion with Polish Trainers	March 23-27, 1992	Szczecin
Trip Two	June 1-14, 1992	
Course Delivery	June 4-6	Szczecin
Course Delivery	June 9-11	Lodz
Trip Three	October 5-15, 1992	Szczecin
Consultation and and final workshop design.	October 6-12	Szczecin

**Roles, Responsibilities, and Relationships in Democratic Local Government and
Professional Management in Democratic Local Government - IPA**
Trainers - William Cassella, Jerzy Hauptmann, Ted Thomas

Trip One - Needs Assessment and Initial Discussion with Polish Trainers	March 30-April 10, 1992	Warsaw/Olsztyn
Trip Two	July 13-31, 1992	
Course Delivery	July 14-16	Warsaw
Course Delivery	July 21-23	Olsztyn
Course Delivery	July 28-30	Rzeszow
Trip Three	October 7-31, 1992	
Polish American Trainers Planning Meeting	October 9-10	
Course Delivery	October 12-14	Rzeszow
Training of Trainers	October 15-16	Rzeszow
Course Delivery	October 19-21	Olsztyn
Training of Trainers	October 22-23	Olsztyn
Course Delivery	October 26-28	Olsztyn
Training of Trainers	October 29-30	Olsztyn

* Evaluations were collected from participants and Polish trainers at the end of each course. Three of the four modules had high ratings consistently. In the

Professional Management course, one of the techniques used in the Decision-Making in Local Government component, was confusing to the participants and had to be revised. Otherwise, courses received positive feedback.

- * CDTI reported comments that suggested how invaluable these courses were to people with little experience in local government. "high level course, explained well;" "I'm very happy, it will be helpful in future for resolving problems in management; "this type of training is very essential." Other CDTI participants echoed those same sentiments indicating how informative they found the teaching methods used by trainers: "Course was very instructive, helped introduce different ways in confrontation of opinions;" "Course was very well prepared. Full participation of all participants in discussion;" "Course very efficient. Interesting approach in solving problems." Still others reflected on the open atmosphere of the seminar and the easy exchange of information among all of the participants: "freedom to declare our own views;" "course conducted in very easy, pleasant atmosphere, free expression of your own concepts."
- * JHU's audiences liked the content and set-up of their courses and evaluated their training as follows: "Most effective among methods used by the trainers were exercises and cases from practice." "Participants had occasion to learn about practical approaches to the problems and team work in problem-solving situations and found this to be very effective."
- * IPA received similar reactions to training and one participant noted the importance of recommending it to his colleagues: "In real life on the job we do manage people, but we don't think often of the professional management style. I work on organizing the work of the council and council executive and I would propose that members of the council should take part in these courses."

4. Training of Trainers

- * Local capacity to deliver four new training modules has been quite successful. Trainers have been trained in each of the four topical areas. Trainers who were involved in the design and development of the course materials are prepared to deliver these four training modules in Polish over the coming year with minimal support from the U.S. subcontractors.
- * Training-of-Trainers sessions were offered in all four topic areas. Participants were recruited from all the Regional Training Centers although for the most part participants came from the regions sponsoring the training. A small but significant number of trainers, were trained.

- * **CDTI** - Conducted training-of-trainers course upon completion of the October delivery of the module. Five trainers attended the TOT (plus two lead Polish trainers).
- * **JHU** - Did not hold formal TOT but invited trainers from academic settings to attend as participants. In addition to the two lead Polish trainers, (counterparts to the two U.S. trainers), three other people were identified as potential trainers. Two of the three alternate trainers were involved in the project from the beginning and contributed in varying degrees to the development of JHU's modules.
- * **IPA** - Conducted training-of-trainers course after the October delivery of each module. Seven potential trainers attended the TOT Course.
- * Each of the six lead Polish trainers who participated in the training teams has committed to delivering one module (training course) in the coming year at the Regional Training Centers and making the courses available to a broad audience of local public officials throughout the country.

5. Next Steps

- * Final plans are being made for the on-going delivery of these training modules through the training centers. During the next year, it will be important to monitor how the courses are evaluated, whether participants are required to pay for attendance and what plans develop to make these courses income generating.
- * In Spring, 1993, Polish trainers will deliver each module, with American counterparts put into the role of observer and evaluator. Polish and U.S. trainers will have the opportunity to meet before and after the workshop to review course delivery.
- * Training materials will be distributed to the RTCs and Directors of RTCs will discuss how to institutionalize these courses, use the materials developed, and utilize trainers.

B. Organization Capacity Building

The purpose of the organization capacity building at the Foundation in Support of Local Democracy and Regional Training Centers was to equip personnel with the internal

capacity to become self-sustaining and capable of providing those services which facilitate the functioning and efficiency of local governments. The capacity building program was designed to: 1) evaluate the Foundation's current capacity to perform their mission; 2) work with FSLD and RTC management and staff to develop a plan of action based on the findings of the initial assessment; and, 3) begin to implement the necessary changes that would accomplish capacity-building and team-building at the Foundation and its RTC's. The total number of days spent in Poland on organization capacity building was 77 days.

Following is a breakdown of first-year accomplishments:

1. Training Teams

- * Organization-capacity building consultant, Dr. Deborah Cutchin, and AID Program Manager, Maria Nagorski, coordinated their efforts to train Foundation Management and staff, and Regional Training Center Directors and staff. Dr. Cutchin made two trips to Poland, the first one covered the period, January 18 - March 4, 1992 and the second, June 20 - July 25, 1992.
- * The U.S. trainer, Dr. Cutchin, conducted individual interviews with 20 FSLD staff people and completed individual managerial profiles. The initial capacity-building activities included a needs assessment, an analysis of needs and resources and a plan of action. Each RTC staff received separate training sessions in project management and team building during center visits.
- * In addition to formal consulting, the AID Program Manager, Ms. Nagorski, provided frequent consultation to the management team of FSLD and continued the work of the consultant in between capacity-building consulting trips. All the AID planning work was done modeling effective management and planning skills as a way for learning to occur.
- * Regional Training Center Directors were encouraged to be involved in the planning and implementation of the AID work elements. Thus, the plans were revised several times to meet the local needs. AID and Rutgers were very responsive and able to adapt to these changes.
- * There were subsequent questions about the consultant's approach to the delivery of some of the activities, and at the end, changes were made in the approach and with personnel. FSLD benefitted from the initial activities. The greatest benefit was increased communication and more role clarity for the organization.

- * Originally scheduled for September, the third trip to Poland took place from December 12 - 19, 1992. The later timing was due to the change in personnel on the capacity-building team. Dr. Dennis Gallagher, who participated in July training, became lead trainer. He was asked to travel to Poland to conduct a training workshop for Regional Training Center Directors and Senior Foundation Staff.

2. Development of Workplan and Materials

- * Seventy-five page notebook of training materials in Polish and English to be used throughout the first years' activities were developed by the consultant before her first trip to Poland. Materials chosen were "Life Styles Profile" which is part of larger system of managerial and organizational effectiveness tools. Materials work well with the "Achieving Organization" criteria used by Dr. Cutchin.
- * Human Synergistic Test was administered to all 15 RTC Directors and FSLD staff and management team. Subsequently, the results of the test were discussed at a two-day retreat. The retreat was attended by all RTC directors and management team of FSLD, and a long-term plan of activities was developed.
- * AID Year I workplan for RTC Directors was revised and expanded to include training on team skills, communication, how to enhance the Foundation/Field Relationship, and transferring training into practice. This training was used also as an opportunity to discuss the Directors' thoughts on capacity building.
- * In December, 1992, a more detailed workplan for AID Year II activities was developed. Based on work at RTC Directors' retreat, discussions with FSLD management team and Dr. Gallagher, the following recommendations were made: 1) strengthening the Board of Directors' role to establish policy and direction for the Foundation; 2) work with the Foundation staff and clarify the goals of the organization and their role in causing it to work in as far as delegation, decision making, and conflict management; 3) respond to specific requests for the RTC's to honor their requests and provide consultation and/or training to help them maximize their organization's potential.

3. Delivery of Training

- * Training (capacity building) in management skills and long-range planning was conducted several times for the Foundation Management and Staff, Training Centers and School Directors, and a long-term plan of activities was developed.

Following is the training schedule:

Trip One - January 18 - March 4, 1992 - Dr. Deborah Cutchin, Trainer

Data Collection FSLD	January 20-28	Warsaw
Data Collection RTCs and one day of training during visits. Five RTCs chosen as main meeting sites with staff from two additional RTCs attending.	January 29-31 February 3-6 February 10-12 February 13-15 February 18-20	Krakow (Katowice, Opole) Szczecin (Poznan, Jelenia Gora) Lublin (Rzeszow, Warsaw) Kielce (Lodz, Wroclaw) Olsztyn (Bialystok, Gdansk)
FSLD Training Management and Staff	February 21-24	Warsaw
Off-site Retreat for FSLD Management and RTC Directors	February 28-29	Podkowa Lesna
Training FSLD Staff	March 1-4	Warsaw

Trip Two - June 20-July 25, 1992 - Dr. Deborah Cutchin, Trainer
(excludes July 1-11 - Dr. Cutchin at IASIA-Vienna)

FSLD Meetings and/or Training Sessions	June 22-28	Warsaw
RTC Training	June 29-30	Kielce
FSLD Training	July 13-15	Warsaw
RTC Training	July 16-18	Szczecin
FSLD Meetings and/or Training Sessions *	July 20-21	Warsaw

Council of Directors * July 22-23 Warsaw

FSLD Wrap-up July 24 Warsaw

* Organization Capacity-Building Consultant, Dr. Dennis Gallagher, joined Dr. Cutchin at these two sessions.

Trip Three - December 12 -19, 1993 - Dr. Dennis Gallagher, Trainer

FSLD Meetings and/or December 13-16 Warsaw
Planning Training Sessions

RTC Two-day Directors' December 17-18 Warsaw
Meeting

FSLD Training

- * Capacity building, consulting, and training interventions included direct consultation with the management of FSLD, training in organization development, program management, and long-range planning skills. Much progress was made during 1991-1992 in setting the stage, getting support from the key actors, and preparing introductory training and materials which increase and enhance the management capacity. This process will be continued during the next year.
- * During the July visit of the capacity building consultant, training was held for FSLD staff in management and administration topics. Key areas covered were office management skills, team building, and group problem solving.

RTC Training

- * In the first half of the year, regional training occurred at designated sites. In the second phase, two regional sites were selected and training activities occurred to which 10 centers sent their staff. These training activities focused on goal setting, organizational effectiveness and clarification of roles and responsibilities.
- * During the July visit, the second phase of training for Center Directors was conducted. The focus was on team building and program planning. The organizational effectiveness model introduced in the earlier phases was used as a basis for continuing to measure progress for each center.

- * A pilot needs assessment exercise was designed and developed by AID Program Manager in May, 1992. The RTC Directors participated in this exercise which was developed as a step in FSLD/LDP application for subsequent AID Year II training. All Directors were sent a questionnaire and requested to prioritize their needs for the next year. Results were discussed at the RTC Directors' meeting.

4. Training Results

Organizational

- * FSLD has a stronger management structure, a new organizational chart and increased clarity about roles and responsibilities. An organizational chart was developed for the first time and shared with staff and Center Directors and their staff. [See Appendix 4.] Roles and responsibilities were clarified at the management level and work was begun on these issues for the administrative staff.
- * Organizational structure and governing boards were reorganized to accommodate the changes needed as FSLD grows into a larger and more diverse structure with multiple funding sources.
- * Communications improved between the Regional Centers, Schools, and Warsaw office. Regular meetings and information exchanges were initiated.
- * Increased capacity in at least half the centers to serve their clients and focus their efforts was achieved. These centers are currently better able to identify the problems faced by local officials in order to establish relevant training programs.
- * More specialized approach to training and technical assistance in at least four of the regional centers was accomplished. The four centers (Bialystok, Szczecin, Olsztyn, and Lodz) participated actively in the entire process of design, delivery and subsequent revision of instructional materials and training of trainers.
- * Overall stronger training centers - At least half of the centers reported increased activities, increased visibility in the community and more purposeful selection of work and direction. They stress their ability to recognize difficulties and address them in a successful way.
- * Increased ability from the Centers and the Warsaw office to respond to outside needs and international funders' requests for assistance, development and program implementation.

Management

- * Regional Training Center Directors formed a Directors' Council and began to meet on a quarterly basis. The Council of Directors and the new Board of Directors met during the July training and began to be seen as a major contributor to FSLD process.
- * In October, 1992 the Council of Directors met again with the AID Program Manager and continued their work in shaping the direction of AID program. The meeting agenda was prepared, and specific decisions were made to initiate the new training-of-trainers program which is part of the new proposal.
- * Cooperative efforts have increased. For example, a majority of the Center Directors were involved with the Warsaw office and the AID Project Manager in identifying needs and developing a second year proposal to AID for next year's funding. They agreed to priorities, reviewed draft plans, and analyzed key areas for future assistance against available resources.

Staff

- * Improved ability to write proposals, interim and final reports, develop realistic budgets and allocate appropriate staff resources. Several new projects were developed over the past year.
- * Individual Program Officer learned how to provide organization support and how to manage particular programs. Skills necessary to conduct evaluation of training programs, and development of workplan and follow-up activities are routinely used by program officers.
- * Grant-giving procedures were developed, established, and implemented by staff in conjunction with new U.S. sponsored program.

5. Next Steps

- * The Foundation Management and the Regional Training Center Directors are building on experience gained from Organization Capacity Building training in 1991/92. The Regional Center Directors identified the continuation of capacity-building activities as a top priority for next year. Capacity building activities were recognized as critical for future stability and promotion of self-sufficiency. Future activities should focus on strengthening management and leadership skills of FSLD

and RTC personnel, thereby enabling them to identify and rectify not only the needs of their own institutions but those of local governments as well. These recommendations were incorporated into the second year proposal submitted to AID in August, 1992.

C. Other Accomplishments

- * FSLD and the Polish-American Enterprise Fund signed a contract to establish nine Polish-American Enterprise Clubs (PAEC) primarily for small and medium-sized business owners. PAEC promotes entrepreneurial development and has established clubs in Czestochowa, Kielce, Krakow, Lublin, Olsztyn, Opole, Rzeszow, Szczecin and Wroclaw.
- * FSLD joined a consortium of three Polish organizations which serve as a local Environmental Protection Agency, in an effort to set up environmental management training programs throughout Poland. The new organization is Environmental Consortium for Training. FSLD will be responsible for adapting training materials and delivering them to local government officials.
- * FSLD, LDP, and the Manager-to-Manager Exchange Program cooperated on a program developed by Mr. Clay Wirt, Virginia Managers Association and funded by USIA. The program brings retired U.S. local government managers to Poland to introduce Polish officials to good management practices used in democratic municipalities.
- * The Foundation and LDP entered into agreements with Milwaukee County to administer MC's AID program in Poland with regard to recruitment and selection of participants, and preparation of interns for visits to the U.S. Follow-up and evaluation on progress made by interns in Poland will be done by Professor Joanna Regulska.
- * FSLD and LDP coordinated a Conference on Local Government Reforms in Eastern and Central Europe in Krakow on March 24 - 27, 1992. The conference focused on Central and East European experiences in developing local democratic governments and how those lessons could foster closer regional cooperation. LDP is presently putting together the Proceedings of the Conference.
- * In cooperation with the League of Women Voters, FSLD conducted the first conference in Poland on grassroots organizing in November 1992, the Polish Initiative Conference. In preparation for 1994 local elections, future programs focusing on citizen participation are being planned.

VI. FUTURE PLANS

- * At the strategic planning meeting held in May, 1992, the Regional Training Center Directors recommended that the Foundation focus on the following four key areas to promote the strength and permanence of local government in Poland: a) training resource development, b) training workshops, c) institutional capacity building, and d) local government forums.

- * **Training Resource Development - Building on the ongoing training programs created in 1991-92 with the support of the AID grant, this program endeavors to focus on methodology of training and proposes to:**

Develop a corps of 20-25 trainers committed to working regularly at the Regional Training Centers supported by the FSLD and/or at the schools of local government and administration developed by the Foundation. These trainers will acquire specific knowledge in adult learning methodology, curriculum design and management of training activities.

Design training materials (in Polish) for adult learning, using experiential methodologies, like case studies. Begin a library of training materials such as case studies, simulation, role playing, etc. for use by the RTCs and schools.

The FSLD will select a subcontractor in the United States who will be responsible for developing the training program at the RTCs and local government schools. The subcontractor will design a variety of training of trainers (TOT) workshops that focus on training delivery, training design, and, ultimately, management of training programs.

- * **Training Workshops - To build on the successful work accomplished this year, the FSLD proposes to finalize the four training modules and have them taken over by Polish trainers, using the materials and methods being tested and finalized by the current subcontractors. Year I Activities will conclude in early Spring, 1993.**

A new phase of designing and delivering two new workshops is proposed for the latter half of 1993 utilizing the trainers who will be hired and trained in Task One (Training Resource Development). During the second half of 1993, an analysis of course offerings and training needs of local government officials will be completed. This will lead to the identification of new course topics that are seen as priorities and not yet offered by RTC's. Two major topics will be selected from these priorities.

Once topics are selected, a similar approach will be used to developing the course curriculum and testing out the courses as in prior workshops. American subcontractors with expertise in the two new topic areas will be selected and asked to work on the initial design and pilot test of the workshops. The difference will be that the Polish trainers will be more heavily involved in the process and American consultants will be responsible for working closely with the Polish trainers to design and develop training materials and conduct the pilot workshops.

- * **Institutional Capacity Building** - The activities proposed for this segment of the program are based on the initial assessment of conditions by the AID consultant in the Spring of 1992, the needs survey done by the RTC School Directors in April of 1992, and an AID needs assessment meeting conducted by Maria Nagorski in May. The Directors of the training Centers and Schools identified the continuation of capacity-building activities as a top priority. This has been seen as a crucial element leading toward building a solid organizational base for the Centers' activities and for addressing self-sufficiency.

The following specific needs have been cited by the FSLD and RTC Management and Staff:

- | | |
|--|------------------------------|
| * personnel management | * marketing services |
| * proposal writing | * budgeting and finance |
| * public relations | * organizational development |
| * needs assessment and planning | * program management |
| * long-term planning and achievement of self-sufficiency | * fundraising |

- * **Local Government Forum** - In a new venture, FSLD sees the need for greater coordinating effort among public and private institutions concerned with local government reform. FSLD suggested the creation of a monthly forum for information exchange through meetings attended by members of national, regional, and community groups that deal with citizens' participation and municipal policy making.

FSLD is also interested in developing a database of organizations and services that are available to local government and of successful programs that warrant replication. In addition, the Foundation plans to track and identify the legal,

parliamentary and other changes affecting local governments. Lastly, it proposes to strengthen its contacts and relations with national and other local policymakers and with non-governmental agencies that work with local governments.

VII. SUMMARY

In conclusion, FSLD and RTC participants repeatedly expressed positive feedback in their overall evaluations of AID Year I training programs. They emphasized the fact that the program is addressing Polish needs and allows for direct participation of Polish professionals in training development, design, and delivery. In addition, the program provided for continuity and maintained flexibility as constantly changing needs emerged. The participants believe the approaches adapted in AID's program build Polish self-sufficiency of training programs for local government officials and strengthen the institutional capacity of non-governmental organizations, such as the Foundation in Support of Local Democracy and the 15 Regional Training Centers. During AID Year II training activities, they look forward to the continuation of advancing those goals.

APPENDICES

- 1. List of 15 Regional Training Centers and Schools**
- 2. List of Polish Trainers - Lead and Potential Trainers**
- 3. List of Materials Produced for Four Courses**
- 4. Organization Chart - Foundation in Support of Local Democracy**

- BIAŁYSTOK (885)** *POMATURALNA SZKOŁA SAMORZĄDU TERYTORIALNEGO*
Dyrektor: Maria Łotowska tel.sl.: 41 72 01 wewn. 16
15-213 Białystok, ul. Mickiewicza 1, fax: 41 70 62
- OŚRODEK STUDIÓW ADMINISTRACJI PUBLICZNEJ*
Z-ca Dyrektora: Bogdan JANKOWSKI tel.sl.: 41 77 88
15-085 Białystok, ul. K. Branickiego 13
fax: 41 94 84 - w gab. dyr., tel. (Uniw.): 43 95 30
adr.dom.: 15-054 B-ok, ul. Mieszka I 4 m.206, tel.dom.: 41 25 22
-
- CZĘSTOCHOWA (833)** *CZĘSTOCH. OŚRODEK SAMORZĄDU TERYTORIALNEGO*
Dyrektor: Krzysztof JAWOR tel.sl.: 50 438 fax: 52 385 (Pol.Cz.)
tel.(Urząd Woj.): 49 472 fax (Urząd Miejski): 45 049
-
- GDAŃSK (0 58)** *POMORSKIE CENTRUM SAMORZĄDU TERYTORIALNEGO*
p.o. Dyrektora: Jacek ŚMIECH tel.sl.: 37 73 51
80-001 Gdansk, ul. Okopowa 21/27 fax: 31 87 71
-
- JELEŃ GÓRA (875)** *CENTRUM SAMORZĄDU LOKALNEGO*
Dyrektor: Maciej PAWŁOWSKI tel.sl.: 51048 fax: 51599 tel.d.: 54224
58-560 Jelenia Góra, Pl. Piastowski 27, telex: 75 210 - Politechnika
-
- KATOWICE (832)** *OŚRODEK KSZTAŁCENIA SAMORZĄDU TERYTORIALNEGO*
Dyrektor: Michał KALITOWSKI tel.sl.: 59 92 71 w.282 lub 59 99 50
40-147 Katowice, ul. Bytkowska 1a (dawna Ruczka) fax: 59 92 79
adr.dom.: 40-163 Katowice, ul. Zwirki i Wigury 4 m. 9
-
- KIELCE (0 41)** *POMATURALNA SZKOŁA SAMORZĄDU I ADMINISTRACJI*
Dyrektor: Andrzej BEDNARZ tel.sl.: 24 260 fax: 43 614 tel.d.: 28 588
25-314 Kielce, Al. Tysiąclecia Państwa Polskiego 5, bl. C, p. 7
- ŚWIĘTOKRZ. CENTRUM KSZTAŁCENIA I STUDIÓW SAMORZĄD.*
Dyrektor: Anna PŁOSKA tel.sl.: 46 630
25-007 Kielce, ul. Sienkiewicza 25, III p. fax: 47 762
adr.dom.: 25-008 Kielce, ul. Staszica 4/3 tel.dom.: 43 166
-
- KRAKÓW (0 12)** *MAŁOPOLSKI INSTYTUT SAMORZ. TERYTOR. I ADMINISTRACJI*
Dyrektor: Janusz BASTER tel.sl.: 34 16 70 lub 33 29 26
31-153 Kraków, ul. Szlak 73a (tel.dom.: 33 73 25) fax: 33 51 54
MELLON (p. Sokołowska, p. Bielański) tel.sl.: 33 98 00
-
- LUBLIN (0 81)** *CENTRUM SAMORZĄDU I ADMINISTRACJI*
Pełnomocnik: Ryszard SETNIK tel.sl.: 20 479 lub 26 224
20-074 Lublin, ul. Spokojna 7a fax: 28 540 (Urz. Woj.)
adr.dom.: 20-950 Lublin, ul. Fantastyczna 21 m. 64 tel.dom.: 39 296
-
- ŁÓDŹ (0 42)** *POMATURALNA SZKOŁA SAMORZĄDU I ADMINISTRACJI*
Dyrektor: Krystyna PŁAZA, 90-004 Łódź, ul. Piotrkowska 106
tel.sl.: 32 63 19 lub 32 90 40 wewn.429 fax: 32 34 81 tel.d.: 48 45 82

OLSZTYN
(889)

OLSZTYŃSKA SZKOŁA ZARZĄDZANIA I ADMINISTRACJI
Dyrektor: Zygmunt KUREK tel.sl.: 27 24 26 fax: 23 74 20
ul. 402 Olsztyn, ul. Partyzantów 87 Dom Polski

OSRODEK SAMORZĄDU LOKALNEGO

Dyrektor: Zbigniew KONIRCZYŃ

tel.sl.: 27 38 64 fax: 23 74 20 tel.dom.: 27 43 18

10-959 Olsztyn, ul. Partyzantów 87

dla korespond.: 10-235 Olsztyn, ul. Gotowca 17/13

adr.dom.: 10-061 Olsztyn, ul. Ka. W. Barszczewskiego 26/8

OPOLE
(877)

OPOLSKIE CENTRUM DEMOKRACJI LOKALNEJ

Dyrektor: Zofia KUPIŃSKA tel.sl.: 35 221 wewn. 123 fax: 35 137 (S.S.)

45-057 Opole, ul. Ozimska 19 p. 106

POZNAŃ
(0 61)

WIELKOPOLSKI OSRODEK SZKOLENIOWY SAMORZ. TERYTOR.

Pełnomocnik: Maciej KOZIK tel.sl. i fax: 45 422 tel.dom.: 23 26 66

adr.dom.: 61-649 Poznań, ul. Of. Zwycięstwa 19a m. 73

RZESZÓW
(817)

RZESZOWSKI OSRODEK SAMORZĄDU TERYTORIALNEGO

Dyrektor: Wiesław MYŚLIWIEC tel.sl.: 43 281 wewn. 215 fax: 42 859

35-959 Rzeszów, ul. M. Curie-Skłodowskiej 8/1

adr.dom.: 35-045 Rzeszów, ul. Hetmańska 34/36

SZCZECIN
(0 91)

CENTRUM SZKOLENIOWE FRDL

Dyrektor: Włodzimierz PUZYNA tel.sl.: 78522 fax: 70604 tel.d.: 791840

71-332 Szczecin, ul. M. Skłodowskiej-Curie 4

ZACHODNIOPOMORSKA SZKOŁA SAMORZĄDU TERYTORIALNEGO

Dyrektor: Adam SOSNOWSKI adres-j.w. tel.sl.: 78 522 tel.d.: 534017

ZAKŁAD ADMINISTRACYJNO-GOSPODARCZY

Dyrektor: Wanda PAWŁOWSKA adres-j.w. tel.sl.: 70 472 tel.d.: 70 346

WARSZAWA

WARSZAWSKIE CENTRUM DEMOKRACJI LOKALNEJ

Dyrektor: Andrzej BENTKOWSKI tel.sl.: 26 82 11 w. 153 fax: 635 83 82

00-095 Warszawa, ul. Senatorska 36

adr.dom.: 04-030 Warszawa, ul. Kinowa 25 m. 158, tel.dom.: 10 17 20

WROCLAW
(0 71)

DOLNOŚLĄSKIE CENTRUM SZKOLENIA SAMORZĄDOWEGO

Dyrektor: Stanisław HUSKOWSKI tel.sl.: fax:

51-410 Wrocław, ul. Włodkowica 8

adr.dom.: 51-649 Wrocław, ul. Baciałlego 42 m. 9, tel.dom.: 48 98 48

AID PROGRAM - YEAR 1991-92

POLISH TRAINERS

COMMUNITY MANAGEMENT COURSE

Community Development Training Institute

Bialystok Regional Training Center - Lead Center

Lead Trainers (Participated in all phases of design, development, and delivery of course)

1. Zbigniew Zdrojewski
2. Janusz Dolecki

Potential Trainers (Attended TOT Workshop)

1. Jerzy Czaban
2. Adam Maciag
3. Marta Wilson-Trochimczyk
4. Ewa Kisielewska
5. Stanislaw Furmanik

LOCAL FINANCE AND BUDGETING COURSES

Johns Hopkins University

Szczecin Regional Training Center and Lodz - Lead Centers

Lead Trainers (Participated in all phases of design, development, and delivery of courses)

1. Dominik Gorski
2. Jaroslawa Koperkiewicz-Mordel

Alternate Trainers (Participated in some phases of course design, development, and delivery.)

1. Ignacy Dziedziczek, City Board Member
2. Slawomir Machowicz, City Treasurer

Potential Trainer (Identified as potential trainer)

1. Wojciech Szrajber, Professor of Economics

**ROLES, RELATIONSHIPS, AND RESPONSIBILITIES COURSE
PROFESSIONAL MANAGEMENT COURSE**

Institute of Public Administration

Olsztyn Regional Training Center - Lead Center

Lead Trainers (Participated in all phases of course design, development and delivery.)

1. Mirosław Warowicki
2. Bożena Domgala

Potential Trainers (Attended TOT Workshops)

1. Jerzy Buczkowski
2. Jerzy Posłuszny
3. Maria Litwa
4. Zygmunt Borowik
5. Anna Trolka
6. Longina Gardian-Kawa
7. Robert Sawula

**LIST OF MATERIALS
Translated into Polish**

**"Management and Organization of Services" Course
Community Development Training Institute**

1. **Games - Simulations of real life local government situations, designed to involve participants in problems which illuminate the subject matter of the course.**
2. **Guidebooks - "Hiring Consultants for Construction Projects" and "Contracting for Services" translated into Polish as a guide to the U.S. experience with drafting contracts and supervision of construction projects. The decision was made to do this because the Polish experience in "Western" methods was limited in these areas. It was understood that in future years guidance materials based on the Polish situation would be appropriate to develop.**
3. **Speeches - Standard set of speeches and game notes developed by CDTI and Polish trainers.**
4. **Administrative Manual - Samples of all the administrative systems and a checklist of all the steps CDTI uses in running a series of training courses on a single topic.**

**"Local Finance and Local Budgeting"
Johns Hopkins University**

1. **Glossary of Terms - Budget Terminology.**
2. **Student Notebooks - comprised of 1) Overview of Budget Process, 2) Analyzing Revenues: The Decision-Making Process, 3) Analyzing Expenditures and Service Delivery, and 4) Capital Budgeting.**
3. **Overheads - Summarizes student notebooks.**
4. **Additional Materials - Information on cash management, debt management, privatization, and benefit-cost analysis.**

"Roles, Relationships, and Responsibilities in Democratic Local Government"
Institute of Public Administration

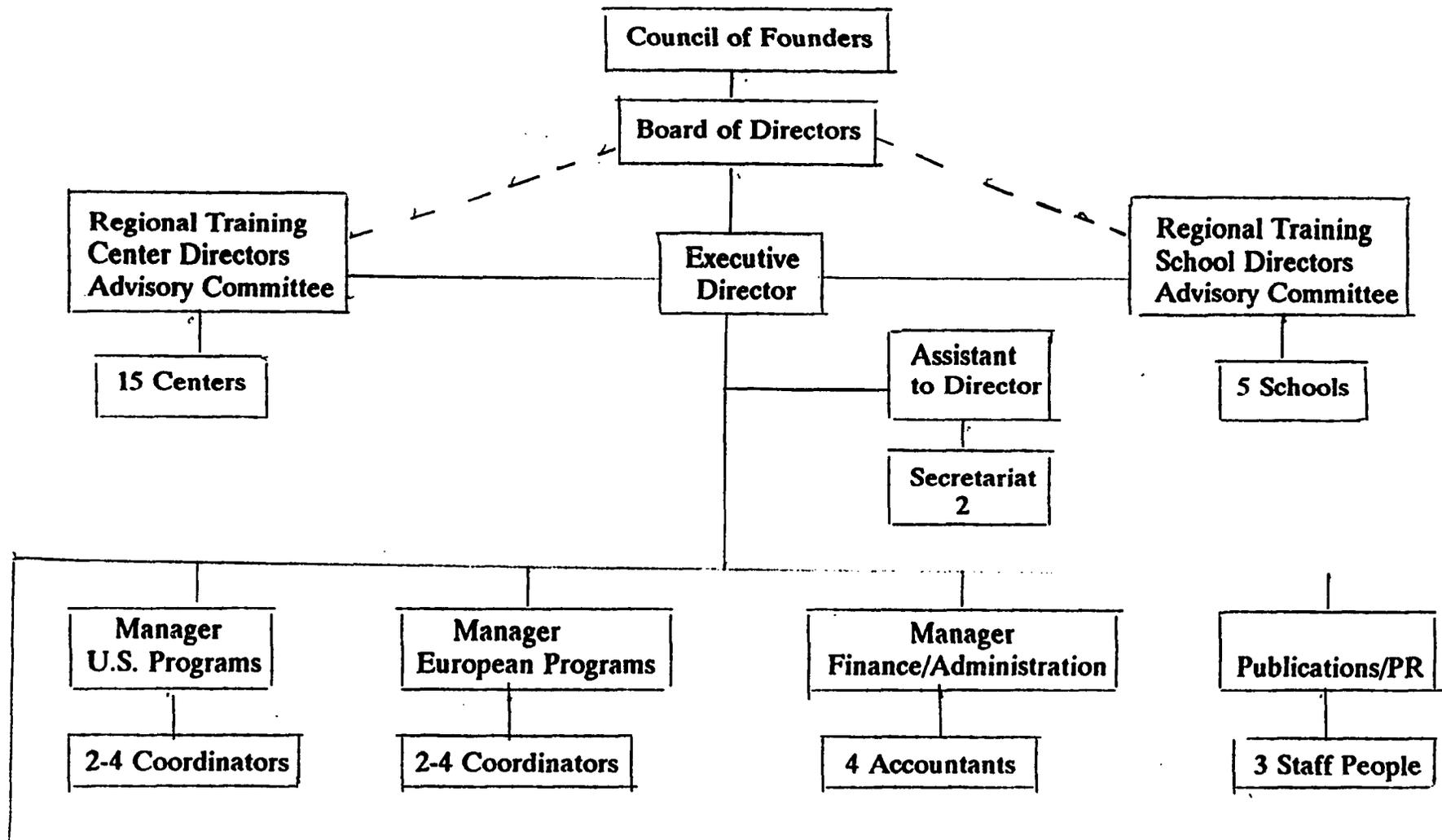
1. **Short Training Course** - comprised of lecturettes and group exercises.
2. **Administrative Instructions** - Information for the managers of training courses.

"Professional Management" in Local Democratic Government"
Institute of Public Administration

1. **Short Training Course** - comprised of lecturettes and case statements.

ORGANIZATION CHART

FOUNDATION IN SUPPORT OF LOCAL DEMOCRACY Warsaw, Poland



39

MANAGEMENT AND ORGANIZATION OF SERVICES

Subcontractor: Community Development Training Institute

Coordinator: Jan Shapin

**Trainers: Jan Shapin
Jon Sasso and Cressworth Lander**

CDTI - Poland Contract (EUR-0018-A-00-2004-00)
Summary Description of Project Activities
November 16, 1991 - November 15, 1992

Community Development Training Institute (CDTI) has, as a subcontractor to Rutgers University under a Cooperative Agreement with US AID entitled "Establishing Democracy Through Local Government: A Training Program for Poland", developed for and presented in Poland a multi part training module by name "Management and Organization of Services". This training module was developed in conjunction with Polish counterparts, was translated into Polish, and was delivered to Polish audiences of persons working in and with local government three times; twice at Bialystok and once at Krakow Regional Training Centers. In addition, a fourth training session, to train Polish trainers, was held at the Bialystok Regional Training Center immediately after the third running of the Management and Organization of Services course.

First Quarter

After initial planning sessions with Rutgers, CDTI focused on developing a three day course entitled "Management and Organization of Services". This intensive three day course was designed for local government officials concerned with learning new techniques to design, organize and manage the delivery of community services. It consists of a series of "Games" (simulation exercises) which treat the various aspects of management addressed in the course. Two guidebooks were also developed as manual and reference materials on concepts of management treated in the course.

The games were translated and taken to Poland in March 1992. Four days of intensive work was spent at Bialystok with two Polish trainers and an interpreter going over the materials, anticipating problems and making decisions. Jan Shapin went through each of the games with the Poles explaining how trainers manage the discussions at the end of each game. Discussions as to the experiences of the trainers and its relevance to the subject matter took place and ways to design a summary speech at the end of each training day.

A mini-training session was held in Bialystok to test the materials and the trainers. Discussions followed as to ways to improve presentations of trainers. One day was spent going over technical corrections in the materials and a dress rehearsal speech that each of the trainers had presented. Arrangements were made with the head of the Bialystok Training Center for the meeting in May and assignments were given to the trainers.

Second Quarter

CDTI spent the Spring of 1992 making adjustments to the training materials based on the feedback from the Polish trainers gathered in Bialystok in March. All technical corrections uncovered in Poland were made to the materials. Two guidebooks were finished, translated. Plans and preparations were made for the two training sessions to be held in Poland in May.

In May 1992 the training course "Management and Organization of Services", a three day session teaching key concepts of local government management, was given at RTC's in Bialystok and Krakow. The audience at both locations consisted of local government officials, professionals and others involved in local government interests. In Krakow there were 25 participants. In Bialystok there were 33 participants. There were two trainers from CDTI, one Polish trainer at each site (for a total of two Polish trainers) and two interpreters per site. The training sessions covered the following basic concepts:

- developing a wide understanding of all the influences which affect the ability of a local government to perform necessary tasks.
- conceptualizing alternative approaches to solving problems
- communicating with citizens and other affected parties, listening and responding to various inputs
- making decisions and sequencing tasks
- working as a team
- using contract documents to articulate tasks and monitor performance

The training was very well received, and the evaluation forms completed by the participants indicated that the materials presented were both relevant and of immediate usefulness for the Polish experience. Evaluations were translated, reviewed and compiled by CDTI.

Third Quarter

Based on the first two training sessions, further technical changes were made to the training materials. Changes in the Polish translations of the guidebook were made, some minor corrections in the games, and the development of a full set of speech and game notes for the trainers. In addition, work was begun on a "training the trainers" course based on the experience of the Polish trainers at the two sessions in May and the needs highlighted through that

experience. Discussions were held with the Bialystok Training Center on ways to develop a cadre of local government trainers who had the capability to deliver, and to some degree assist in the development of training materials. The Training of Trainers course, which was a substitution for the fourth session of the original training course in Krakow, was agreed to. CDTI designed an agenda and training concept for the Training of Trainers course and BTC agreed to identify suitable candidates for training and to have them attend the September "Management and Organization of Services" course.

The decision to allocate the last training opportunity to training the trainers was made for the following reasons: a) progress in developing the capacity of the two Polish trainers was rapid and the decision was made by CDTI, Bialystok Training Center and the FSLD office in Warsaw to progress as much as possible in developing the capacity of the Polish trainers and to increase the numbers of Polish local government officials capable of conducting the training within the time period of the contract, b) Krakow Training Center, the site of the second training course, was not actively involved in developing the course or in identifying potential trainers. Therefore, attention in the second visit was concentrated wholly on the training priorities of the Bialystok Training Center.

Plans and preparations were made for both training sessions to be held in Bialystok in September.

Fourth Quarter

In September 1992 training course "Management and Organization of Services", a three day session teaching key concepts of local government management, was given at the RTC's in Bialystok. The audience consisted of local government officials, professionals and others involved in local government interests. In Bialystok there were 17 participants in attendance at the course.

The participants in the third session of "Management and Organization of Services", held in the Bialystok area in September, 1992, were fairly similar in characteristics to the ones trained in Bialystok in May, 1992. In general they were from smaller communities, had responsibilities for the operation of physical services (sanitation, maintenance of public buildings, and so forth) and were young and hopeful that their responsibilities would be increased in the future. As such, they found the broad range of the course, encompassing political decision making, relationship to citizens and the private investment sector, and management of politically complex projects (as opposed to technically complex projects) stimulating and outside the range of the kinds of training they were used to.

The other kind of participant -- mayors of smaller communities, planners from the Viowodship, department heads from the city of Bialystok, for example -- while in a minority as relates to numbers of participants, provided a useful contrast in point of view and range of experience which added to the success of the mix.

The training was very well received, and the evaluation forms completed by the participants indicated that the materials presented were both relevant and immediate useful for the Polish experience. Evaluations were translated, reviewed and compiled by CDTI.

A second course, Training the Trainers was presented at the RTC in Bialystok for five persons identified by the center as potential candidates for RTC trainers. All had been participants at previous sessions (one from the May session in Bialystok and four from the September session). Three were sent as representatives of the two other Regional Training Centers (Opole and Kielce). One representative was a mayor, one a department head, one a planner with the Voivodship. In addition, two others from the Bialystok region, both department heads, were included in the training of trainers session. One had attended the May meeting, the other was in attendance at the September meeting. Both the potential trainers from the Bialystok region were selected by the Polish trainers as having trainer potential based on their interest and performance in the training sessions.

This course was designed to help develop the training skills of persons in Poland upon whom the training centers could rely to present future training sessions. The course also treated the techniques and processes used in developing CDTI training materials. Evaluation of the Training of Trainers course indicated that participants felt it was successful. Informal review by Polish head trainers of the participants was that all had significant potential as trainers.

After the TOT session there was a management briefing for the Director of Bialystok Training Center with FSLD project staff and two "head" Polish trainers at which the following was discussed:

- CDTI suggestions for administrative systems to conduct course in 1993 fully in Polish with Polish trainers
- readiness of head trainers and five junior trainers to conduct course
- further development of a Polish training cadre through additional training and future activities by CDTI in 1993
- additional modifications to one guidebook

SUMMARY

All of the objectives of the contract were satisfactorily met in the time period provided. Next year the BTC is preparing to conduct the courses four to six times in various locations with minimal assistance from CDTI.

An additional benefit of this project that was not directly anticipated in the original AID project is the clarification of the relationship of the Bialystok Training Center's training mission/resources to the other regional training centers. CDTI's training style is a complex one, which requires the development of capacity in both the administrative and training skills areas. A third area, of developing CDTI style training courses, has not yet been addressed, but it is clear that the Bialystok Training Center would like to become the "CDTI" style training center for the rest of Poland. Their interest and willingness to do this depends on a number of factors: 1) the willingness of other regional training centers to "contract" for training they offer and manage, 2) the success of the courses they initially offer (the first being this "Management and Organization of Services" course) and 3) the ability to develop and mount future courses on other subjects of interest to Polish local governments. It is CDTI's view that this should be the objective of future AID assistance to the Bialystok Training Center. The quality of the two lead trainers CDTI worked with suggests that the basic commitment and capacity to accomplish this broader objective is possible.

Materials developed by CDTI for this project are appended here with together with relevant financial summaries for the project.

ADDENDUM

Summary of Methodology, Development of Training Materials

The training materials were developed by Jan Shapin, Director of training for CDTI, according to the system she used in all CDTI courses. The CDTI method involves the use of games, simulations of real life local government situations, and are designed to involve participants in problems which illuminate the subject matter of the course. Groups of participants work in teams of five to seven people, and discuss materials, make decisions and report back their observations and decisions to the group as a whole.

The games were initially developed in draft form prior to the first visit to Bialystok in March, 1992. This was done based on Ms. Shapin's prior knowledge of Poland (she had developed and conducted another training course in three Polish cities in the previous two years) and based on US local government methods and situations which seemed in her view to represent emerging situations in the Polish experience. These games (and the technique for using these games as a training methodology) were fully reviewed with the two Polish trainers in Bialystok. One portion of the games (the section involving citizen involvement in decision making) was tested with a group of about 20 Bialystok government officials and students from the University. Based on all this input, the games were revised for use in May and September.

The second element of the training materials was guidebooks. A decision was made to adapt two guidebooks CDTI had used successfully in training US local government officials, to simplify them and translate them into Polish as a guide to the US experience with drafting contracts and supervision of construction projects. The decision was made to do this because the Polish experience in "Western" methods was limited in these areas. It was understood that in future years guidance materials based on the Polish situation would be appropriate to develop.

The third element of the training materials was speeches. General discussion of speech topics and content occurred in the March meeting with the Polish trainers and development of some Polish speech materials was done at that time. The US trainers assigned in May worked with CDTI to develop the other speeches. After the May sessions, CDTI developed a standard set of speeches and game notes for use in the September meetings. Most of the speeches and games were done by Polish trainers at that time.

Finally, in the Training of Trainers course, a method was developed, using teams of two to three people and a Polish lead trainer, to rehearse and simulate all elements of the three day course.

In addition to the training materials, games, guidebooks, speech and game notes, CDTI prepared an administrative manual for use by the Bialystok Training Center, which provided samples of all the administrative systems and a checklist of all the steps CDTI uses in running a series of training courses on a single topic. This manual is designed to serve as a reference for BTC's use in conducting future sessions of this course and of building a greater capacity to conduct other courses in the future.

ADDENDUM

Ways CDTI Training Resulted In Increased Capacity

Ways in which activities conducted resulted in increased capacities to provide professional services:

- a) Seven Polish trainers were trained to conduct this course during the contract period. Two trainers (lead trainers) were identified at the outset by the Bialystok Training Center, and participated in course development and two sessions of course delivery, as well as the training of trainers session. These two trainers are now, as a team, fully capable of conducting the course without assistance by a US trainer. The five other "junior" trainers have each attended the session as a participant and have gone through the intensive Training of Trainers session in September. CDTI discussed with the Polish lead trainers and the director of the Bialystok Training Center how best to further the development of the "junior" trainers next year. The decision was made to continue to use training teams of three persons (two "lead" trainers and one "junior" trainer) for the next year and to try to provide an additional training opportunity for all of the five "junior" trainers through sessions sponsored by BTC and other regional training centers in 1993. CDTI would be available at some point in 1993 to attend one or more of those sessions to evaluate the quality of the training and give advice on how to strengthen the training capacity of the Polish training cadre.
- b) The Bialystok Training Center has a significantly enhanced resource base in the area of Management and Organization of Services as a result of the development of this course and the training of Polish trainers. It also has developed increased administrative capacity to manage the conduct of such training courses. Its plan to offer this course in partnership with other Regional Training Centers will have an indirect effect on the capacity of other training centers as well.
- c) Based on the results of course evaluations and comments by trainers and participants, the course developed by CDTI, "Management and Organization of Services" has immediate relevance to the current Polish local government experience. It seems to have most relevance to participants who are relatively young, see their job responsibilities increasing and becoming more diversified in the future, and higher level local government officials from smaller communities. Higher level government officials from larger communities have less interest in this course, which attempts to pull a whole set of diverse experiences together into one training core. This may be because they already have real life job experience blending these disparate activities and influences or because they are so busy meeting their overwhelming obligations that they don't have time to concentrate on training. The informal non-hierarchical training format also seems to be most comfortable for younger, mid-level and smaller community participants.

- d) Offering the course a second time in Bialystok resulted in a smaller attendance, whether it was because of the location (remote), facilities (primitive) or the possible saturation in interest from the Bialstok training region was difficult to say. The next round of training will be done in other training regions, in conjunction with the other training centers, and should reach a bigger audience. Discussion also took place on reworking the course materials to give in short sessions for university students studying local government, but no decision was made on implementing this idea in 1993.
- e) The training format did not permit CDTI to observe transfer of knowledge gained through the training in the workplace. Polish trainers and the Bialystok Regional Training Center are in a better position to assess this expected result.
- f) CDTI developed two guidebooks, one of which is undergoing a further refinement of its Polish translation. The demand for these materials outside of the training context has not yet been tested.
- g) No further discussion of future training initiatives between CDTI and the Bialystok Training Center have been undertaken at this time. It is expected that part of the mission of the CDTI visit in 1993 will be to address this issue in the context of the extended AID grant.

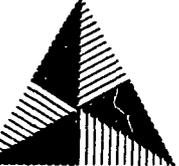
LOCAL FINANCE AND BUDGETING

Subcontractor: Johns Hopkins University

Coordinator: Michael Bell

Trainers: Michael Bell and Joni Leithe

eff



The Johns Hopkins University
Institute for Policy Studies

Shriver Hall, Baltimore, Maryland 21218
(410) 516-7174

MEMORANDUM

TO: Joanna Regulska, Local Democracy in Poland,
Rutgers University

FROM: Michael Bell, ^{VB}The Johns Hopkins Institute of Policy Studies and
Joni Leithe, Government Finance Officers Association

DATE: October 31, 1992

RE: Final Report on Module Four: Local Finance and Budgeting, of the AID
project "Establishing Democracy through Local Government: A Training
Program for Poland"

As part of our participation in the AID project to assist the Foundation in Support of Local Democracy in Poland, we submit this final report discussing

- o a summary description of project activities during the past year;
- o actual accomplishments;
- o changes made during implementation of the module; and
- o comments from our Polish partners on the overall project, and, if possible, this final report.

PROJECT ACTIVITIES

We were responsible for the development of Module Four of the four training modules conceived as part of this project. Specifically, our assigned task was to provide workshops to trainers of local government officials interested in local finance and budgeting areas and

- o work with members of the training centers and two-year educational institutions to develop a course on local finance and budgeting;

Memorandum
October 31, 1992
Page 2

- o develop, in collaboration with our Polish partners, appropriate training materials on local finance and budgeting laws, practices and options in Poland;
- o provide support for the initial offering of such a course; and
- o work with the educational institutions, training centers, and local officials to evaluate and, as needed, revise and refine the course curriculum and technical training materials.

We made every effort to carry out these responsibilities in a manner that maximized the involvement of our Polish partners in the development, planning, testing, evaluating and delivery of the course and the technical training materials. To meet these objectives we carried out the following sets of activities. Not included in this description of activities, however, are the numerous planning and evaluation meetings we attended in the United States as part of this project.

Initial Course Development

- o course outline drafted
- o first visit to Poland conducted
- o course materials drafted

Our efforts began with the development of a draft course outline that was intended to serve as a basis for discussing topics and concepts for the course with our Polish partners. In February they responded to the draft outline we had sent them with specific comments, suggestions and questions to be discussed at our first formal planning meeting. Their timely response allowed us to better prepare for our first visit to Poland, by revising the outline, developing responses to their comments in advance, and by bringing along supplementary materials in which they had expressed an interest.

In March we spent one week in Poland, meeting with Foundation representatives and four potential Polish trainers from Szczecin and Lodz. We discussed issues of curriculum design, course organization and format, training materials, pedagogical techniques, and the prospective audience for the course. We also met with several other officials involved in local government finance, such as members of the Executive Boards from Szczecin and Dobry, a small gmina in the region, elected city council members, city treasurers, and academics, to survey them informally regarding their needs for the proposed course, and its content and organization.

Memorandum
October 31, 1992
Page 3

Based on the agreements reached with our Polish partners regarding course content and audience, the U.S. team members developed the first draft of the technical training materials that would comprise the student notebook for the course and delivered these materials to Rutgers University for translation in late April. While the student notebooks were being translated, we developed a series of overheads and classroom exercises that were translated by a service in Rosslyn, Virginia. After translation, we reproduced and assembled the student notebooks and took them with us to Poland for the initial offering of the course in early June.

Pilot Session of Course

- o course conducted in Szczecin and Lodz
- o course evaluations tabulated and discussed

The pilot sessions of the course were delivered in Szczecin on June 4-6 and in Lodz June 9-11. Approximately 18 persons attended the course in each city. Half of the attendees at each course were local government treasurers and finance personnel, while the remaining half were elected officials and university professors. While the U.S. team members delivered most of the course, the Polish training partners presented the section describing the status of current finance law and institutions in Poland. In addition, they were active in encouraging and facilitating class discussions, translating the more difficult financial concepts, helping to administer the exercises and case study, and administering, reviewing and summarizing the student-completed written course evaluations.

After each course we met with our Polish partners and other representatives from the Foundation to review the course, discuss the formal and informal responses evaluations of the participants and determine what steps should be taken to revise the training materials and prepare for the Polish trainers to offer the course.

Transfer of Course to Polish Trainers

- o revised course outline and materials
- o discussed concepts and audience for course with Polish trainers
- o Polish trainers in Lodz and Szczecin each plan to offer the course in March, but will tailor the course and materials differently to meet needs of differing perceived audiences

During the summer, the Polish trainers in Szczecin and Lodz reviewed the material in detail. The trainers in Szczecin revised the course outline, changing the order of presentation, and identified areas in which they wanted additional materials. At the same time, the U.S. team edited the English version of the technical training materials. Originally, it was planned to offer the course for the second time in the fall, with the Polish trainers delivering most of it. However, prior to offering the course again, our Polish counterparts wanted to discuss with us and each other their understanding of the concepts presented in the course and their proposed modifications to the course materials.

During September, the U.S. team compiled the additional materials requested by our Polish partners, namely, information on cash management, debt management, privatization and benefit-cost analysis. The first week in October the U.S. team, Polish trainers and Foundation officials met in Szczecin for an extensive discussion of the course concepts, audience, proposed modifications, and the additional materials brought over to Poland by the U.S. team.

Based on that discussion, it was decided that the U.S. team would rewrite a section of the training materials on capital budgeting that was found to be confusing and develop some additional materials on cash and debt management that was thought by the Polish trainers to be important. It was also agreed that the translation should be improved and that the work should be done in Poland. Training center personnel in Poland agreed to explore the cost of another and/or edited translation. The Polish training partners from Szczecin plan to supplement some of the American examples and forms with others taken from Polish local governments.

It was decided that the training centers in Szczecin and Lodz had different audiences requiring different materials. The trainers from Lodz believe their audience consists primarily of policymakers who want a broad overview and introduction to the topic of local government budgeting. They will revise the materials only slightly as they are concerned about losing key concepts in the process of revisions.

The trainers from Szczecin wish to offer the course to the treasurers and financial staff who must administer the budgeting system and other financial systems. The Szczecin trainers believe the course will be most useful to their intended audience if the course materials are rewritten to include more detailed, step-by-step procedures and Polish examples. They are willing to prepare these materials themselves, their goal being that the additional materials reflect their synthesis of how American budgeting concepts can improve existing Polish practices.

It was also agreed that the additional topics about which our Polish counterparts requested information, i.e., cash and debt management, were too large to be added onto the current course. However, it was agreed that their role and significance in overall financial

management would be briefly mentioned by the trainers at the end of the current budgeting course. The additional materials requested on these topics were sent to Poland this week.

The Polish trainers have responsibility for producing the final version of the technical training materials and assembling the student notebooks for course participants, and have agreed to offer the course in Szczecin and Lodz in mid-March of 1993.

In short, we made three visits (a total of four weeks) to Poland, developed the course curriculum and technical training materials in close collaboration with our Polish partners, involved the Polish partners in every step of the process, and offered the pilot session of the course in Szczecin and Lodz.

PROJECT ACCOMPLISHMENTS

In our view, the project has been a complete success, not only because it accomplished the stated objectives beyond our initial aspirations, but also because of the unintended benefits that have grown out of our effort. Specifically,

- o a group of Polish trainers developed an initial level of competency in the area of local finance and budgeting;
- o each group of trainers took ownership of the course and developed proposals to modify it to meet their specific needs;
- o a set of technical training materials was developed, translated into Polish and revised based on the direct input from course participants and our Polish partners;
- o the course was designed and delivered in a manner that introduced new pedagogical techniques that encourage the active participation of course attendees; and
- o a new approach to market evaluation and course design was developed which can be used in the development of future courses.

In addition to these intended impacts, the project resulted in a number of important unanticipated benefits, both for the U.S. and Polish partners. Specifically,

- o it has resulted in an on-going professional relationship between the Government Finance Officers Association in the U.S. and a newly emerging professional organization of local treasurers in Poland;

- o in fact, significant materials were provided from the U.S. side which were instrumental in helping to organize the Polish association of treasurers;
- o some of the Polish partners have used the technical training materials developed for this course to revise the content and presentation of their university courses dealing with local finance issues;
- o based on their participation in this project, some of the Polish local officials have already revised their budget processes, developed new forms to collect additional information and started discussing the possibility of proposing legislative changes to provide them more flexibility in local finance and budgeting; and
- o in some cases, the course provided the first opportunity for treasurers and city council members to sit down at the same table and develop a common manner of thinking about local finance and budgeting issues.

CHANGES MADE DURING THE PROJECT

Our overriding concern in this project was to not only design a course on local finance and budgeting, develop the technical training materials and deliver the course, but also to develop the capacity at the training centers in Poland to carry out such a process for developing other courses as the need arises in the future. Therefore, we had to maintain a degree of flexibility in our approach to the task to ensure that our Polish partners were constantly engaged in the process and ultimately took ownership of the courses. This required a number of modifications in the course of the project. Specifically,

- o as initially conceived and budgeted, we planned on only making two trips to Poland, however, in an effort to involve our Polish partners in every step of the process we added an initial fact finding trip as described above;
- o to develop the technical training materials in a manner that addressed their specific needs, we added what was essentially a market research component to the project in which we interviewed several local council members, local executives, academics and others interested in local finance and budget issues;
- o because of the different views that emerged regarding the target audience, we developed a course and technical training materials designed to bring policy makers and treasurers together;

Memorandum
October 31, 1992
Page 7

- o to accommodate the needs of each of the training centers we ultimately supported the development of two versions of the course - one to be offered to policy makers and one to treasurers;
- o given the fact that we were working with Polish trainers that have had teaching experience at a university and at the training center, our Polish partners wanted us to spend all of our time acquainting them with the technical training materials rather than focus on presenting pedagogical techniques, training trainers; and
- o to address the concerns of our Polish partners, the final scheduled trip was used to discuss the technical training materials in more detail and to discuss modifications to the materials for the different courses, rather than to offer the course again - the Polish trainers will offer the revised courses in mid-March.

SUMMARY

From our perspective, we feel the project was very successful. We accomplished the objectives discussed above and realized several unanticipated benefits from the professional associations made. We view this effort, however, as only a first step in the long and arduous process of supporting local finance and budget reform in Central and Eastern Europe.

**ROLES, RESPONSIBILITIES, AND RELATIONSHIPS
IN DEMOCRATIC LOCAL GOVERNMENT**

PROFESSIONAL MANAGEMENT IN DEMOCRATIC LOCAL GOVERNMENT

Subcontractor: Institute of Public Administration

Coordinator: Annemarie Walsh

**Trainers: William Cassella
Jerzy Hauptmann and Ted Thomas**

FINAL REPORT

The Institute of Public Administration (IPA) entered into a contract of March 17, 1992 with the Rutgers University Local Democracy in Poland Project (sub-contract # 4-28702) to produce and field test two courses for use in training local government officials in Poland. The Rutgers proposal to AID included IPA preparation of courses focused on intragovernmental relations and personnel systems.

Work in Poland

Three Periods of IPA work in Poland were March 28 - April 13, 1992 (William Cassella, Jerzy Hauptmann, and Ted Thomas); July 2-25 (Hauptmann, 2-25, Thomas 2-7 and 11-23); and October 7-31 (Hauptmann and Thomas). Hauptmann trained in Polish; Thomas used an interpreter. Both were assisted in all sessions by Polish trainers-in-training from the Olsztyn Regional Training Center: Bozena Domagala and Mirek Warowicki, whose evaluation of July sessions is included in the appendix to this report. Mirek Warowicki translated the course modules into Polish.

Two courses of 2 1/2 days were developed, each consisting of 6 modules. Course I -- Professional Management In Local Self-Government -- was delivered at Minsk (for the Warsaw Center) July 14-16, at Rzeszow October 12-14, and at Olsztyn October 26-28. Course II -- Roles, Responsibilities and Relationships in Local Self-Government was delivered at Olsztyn July 7-9, at Rzeszow July 21-23, and at Olsztyn October 19-21. Training of trainer workshops were held before and after each course delivery (July 6, 9, 13, 16, 20, 24; October 9, 10, 15, 17, 22, 29).

Copies of Monthly Reports are attached.

Course Design: Active Learning

The course modules and training sessions were designed to serve three central purposes: to promote effective adult learning; to promote sharing of concerns and experience among local officials and to demonstrate democratic group decision making.

The active learning model avoids traditional lecture style instruction and passive transfer of information. Research on adult learning shows that the rate of learning

increases with effective participation in dialogue between trainers and participants and among participants.*

The need for this approach was emphasized by the March - April assessment trip. Polish local officials expressed some skepticism about going "back to school", showed some reluctance to take time from busy schedules for training, and demonstrated varying levels of knowledge about the topic of the courses.

Moreover, inexperience with pluralistic democracy, group decision making and active problem solving emerged as a more pressing need than transfer of facts. These are addressed by the process of the training as well as by the content.

The course modules include exercises in which the participants in groups identify local government problems and develop approaches to them. The course design allows participants opportunity to express what they know, and trainers need to introduce and encourage this dimension of the course. Emphasis should be placed on the intention that participants learn from each other and that trainers guide discussions to address learning and information needs as identified by the participants. By this active process, training will be experienced as something the participants *do*, not something *done* to participants. Analogous to this is the concept that governance is something citizens can do (or democratically authorize), not necessarily have done to them.

The course outlines should be living documents. They were developed in stages and should continue to develop as they are delivered by local trainers in the future. It is important for the training institution to keep records of the group work from each delivery and to use them to update and enrich the modules over time.

A large collection of back-up materials in English was delivered with the draft modules in July, but was of limited usefulness due to cost and shortage of translation resources and the limitation of time on the part of potential trainers (a list of English language references is included in an appendix to this report). It was concluded that a collection of Polish language materials on relevant topics should be put together for use at each center that will deliver these courses.

*Knowles, Malcolm. The Adult Learner: A Neglected Species. Houston: Gulf Publishing Company, 1978.

Becker, Christine S. So Now You're a trainers. Washington DC: International City Management Association, 1991.

Shor, Ira. Empowering Education. Chicago: University of Chicago Press, 1992.

Site Visit/Assessment

IPA began by sending a team of three persons to Poland to assess the needs of potential "trainees" and to begin work with potential trainers. The team worked with directors of two regional centers associated with the Foundation in Support of Local Democracy and with elected and permanent officials in nine gminas of varying sizes in Warsaw, the Warsaw Voyvodship, and the Olsztyn Voyvodship.

The assessment identified some characteristics of the Polish local government training context: local officials in Poland were well-educated, intelligent, and committed to improving government; they were somewhat passive with regard to higher authority; and they were inexperienced in solving policy problems and in working in groups toward consensus on policy action.

The assessment also identified six learning needs: a clear understanding of relationships among the various parts of local government and the citizens; improved teamwork, problem-solving and decision-making; new analytical approaches to problems in local government; knowledge about local, regional and national environments of local policy issues; basic concepts of professional management for organizing and delivering local services, including personnel management; and, a proactive attitude toward community-level approaches to problems. The assessment suggested that considerable effort will be needed to encourage local officials to participate in training, and that both available trainers and potential trainers are in short supply. The Olsztyn Regional Training Center identified two college lecturers from psychology and sociology departments as potential trainers for future courses, and the assessment team worked with them to plan course designs.

Course Design

Based on the assessment conducted by the team, each course was designed to meet identified learning needs.

The design of the intragovernmental course, titled Roles, Responsibilities and Relationships in Local Self-Government, emphasizes interactive methods which alternate plenary sessions and small group discussion sessions. The components of the course focus on the identification and analysis of the intragovernmental dynamics in the participants' own gminas. Exercises and problem-solving techniques are introduced to stimulate and guide the discussions. The design also includes short introductory lecturettes as preparation for the small group discussions.

The second course was redefined to include a broad emphasis on professionalizing the management function of the gmina; the name of the course was changed to Professional Management in Local Self Government. The assessment

team had learned that the term "personnel" and the concept of the personnel manager carry heavy connotations from the former communist control system. There are in most gminas in Poland no formal departments or specialized staff for performing personnel functions. The secretary of the gmina, a general administrative officer for the local government, carries primary responsibility for whatever personnel administration is done. The course therefore was modified to focus on the broader concept of professionalism in government service. Basic approaches of a merit-based system are addressed. Real problems in the gmina as perceived by the participants are identified during the course; personnel issues implicit in the identified problem areas are examined; and new concepts for managing in local government are outlined.

Development

The materials selected during the field tests were adapted to the needs and interests of course participants. An example of the process of adaptation is the group discussion methodology for the Decision-Making in Local Government component used in both courses. The methodology based on the Nominal Group Technique, used widely in the U.S., provided the basic design for this component. When used in the first field testing, the technique was identified as the Nominal Group Technique (NGT), and the purposes of the technique were introduced in the lecturette preceding the small group discussions. This presentation was confusing to the participants. In subsequent training sessions, the procedure for small group work sessions was briefly outlined, and the groups worked on the assigned task and then reported. The concept and purposes of the NGT method, were presented, without using the term, in lecturette form only at the end of the component. In the last field test, the Decision-Making in Local Government component was ranked the most effective of the course's six components.

Translations

The task of translating materials from English to Polish was undoubtedly one of the more difficult tasks in the project. Many English technical terms used in management and in training have no current Polish equivalents. The most effective translation work was achieved by the combined efforts of IPA Associate Jerzy Hauptmann and the Polish team members, Bozena Domagala and Miroslaw Warowicki; Mr. Warowicki did the basic translation work on his personal computer.

Findings

1) Identifying and training trainers to conduct future courses.

Training on the adult learning model as presented with these two courses is not yet a well known procedure in Poland. Further, the field of management studies, including local government management, is relatively new. And finally, the number of persons with experience and knowledge of local government in Poland is quite limited. All three of these competencies are required for the skilled training cadre to be developed to support the development of democratic local government.

A few of the potential trainers who attended the courses showed interest and promise for continuing as trainers. The two Olsztyn trainers who worked with the IPA team adapted well to the adult learning model, and to learning about local government in Poland. They have strong potential for being competent trainers for these courses and also for supporting any future training-of-trainers programs. Three lawyers with good experience in the legal aspects of local government made solid progress in adapting to the adult learning method. Several of the elected council members who participated in the courses demonstrated interest and capacity for becoming future trainers.

Local government trainers will have to be chosen carefully and developed over time to expand the range of their behavioral and technical skills as well as their knowledge of management and local government. Formalizing a program of training for local government trainers is a primary requirement for the immediate future.

In summary the establishment of a local government training cadre is of utmost importance. Careful provision must be made for competencies in the following: interactive training, as opposed to traditional education methodology; management and professionalism; and Polish local government. It is critical to establish a continuing TOT effort to provide refresher and update training for the local government training cadre, and to provide a continuous flow of new trainers to the cadre.

2) Advance planning and management of the training courses.

The substance and quality of the training course curricula are only one aspect of successful training of local officials. None of the six trial courses was overbooked with participants, and two were seriously short of participants. Attention needs to be paid to the quality of advance material and marketing announcements, and additionally, to how the planning and recruiting are done with the local governments. The success of the courses depends as much on the training managers as on the trainers.

A critical link in the training of Polish local government officials is the role of the managers of training programs. The establishment of a formal training program for the managers of training programs is of utmost importance for success in providing effective local government training. This program is an important agenda item for the immediate future.

3) Importance of the Adult Learning Model.

The characteristics noted and the learning needs identified during the team's assessment visit were repeatedly confirmed in the field testing of the courses, particularly tendencies toward passivity and the difficulties of working cooperatively toward consensus.

Elected local government officials are acutely aware of the international development work with the "poor" and "developing" countries; they almost universally reject the notion that Poland fits that category. Any programs that resemble development strategies for poor countries will be resisted by potential participants in training courses. The adult learning model focuses on engaging Polish elected officials as equal partners in exploring problem identification and problem-solving strategies in local government. It is effective, and if sustained and expanded in future training programs, this approach will significantly enhance the quality of local democracy in Poland.

Though intellectually alert and knowledgeable of political and economic events in Poland and around the world, Polish local government officials generally are not conversant with management concepts. Consequently, they were not skilled at analyzing complex political/organizational problems and at working cooperatively toward consensual actions for reducing or solving problems. These are essential components of a democratic local government system and should be central to future training.

**"Establishing Democracy Through Local Government:
A Training Program for Poland"
Cooperative Agreement EUR-0018-A-00-2004-00**

EDUCATIONAL MATERIALS

**Volume I: Final Report
Volume II: Educational Materials**

Submitted by:

**Dr. Joanna Regulska
Local Democracy in Poland
Rutgers, The State University of New Jersey
172 College Avenue
New Brunswick, New Jersey 08903
tel 908 - 932 - 8551
fax 908 - 932 - 1144**

MANAGEMENT AND ORGANIZATION OF SERVICES

Subcontractor: Community Development Training Institute

Coordinator: Jan Shapin

**Trainers: Jan Shapin
Jon Sasso and Cressworth Lander**

TRAINERS AGENDA

TRAINERS AGENDA

MANAGEMENT AND ORGANIZATION OF SERVICES
A Training Course for Local Governments

Day One

- 9:00 - 9:45 #1 Introduction
- 9:45 - 11:30 Game: St Katherine's Part I [Q#1 (25/30) Q#2,3 (20/30)]
Anticipating problems in program implementation
- 11:30 - 12:30 #2 Basic Management Concepts
- 12:30 - 2:00 LUNCH
- 2:00 - 3:30 Game: St Katherine's Part II (45/45)
Structuring a bid document
- 3:30 - 4:00 #3 Polish Local Government Management Hurdles
- Homework: Reading -- Review St. Katherine's Part III

Day Two

- 9:00 - 9:15 Intro to day
- 9:15 - 10:15 Game: St Katherine's Part III (30/30)
Review of bid request documents
- 10:15 - 11:00 #4 The Art Of Managing Through Contracting
- 11:00 - 12:30 Game: Railway Square Rehabilitation - Part I (45/45)
Involving citizens in project design
- 12:30 - 2:00 LUNCH
- 2:00 - 3:30 Game: Railway Square - Part II (45/45)
Balancing competing interests
- 3:30 - 4:00 #5 Citizen Involvement In Local Programs--The Polish Challenge
- Homework: Reading

Day Three

- 9:00 - 9:15 Intro to day
- 9:15 - 9:45 #6 Applying Lessons To Other Elements of Polish
Municipal Services
- 9:45 - 11:00 Game: Railway Square Sidewalk Contract - Part I (45/30)
Review of the Construction Contract
- 11:00 - 11:45 #7 The Private Sector Architectural, Engineering And
Construction Process
- 11:45 - 1:00 Game: Railway Square Sidewalk Contract - Part II (45/30)
Construction monitoring, crisis management
- 1:00 - 2:00 #8 Summary Remarks, Evaluation And Awarding Of
Certificates Of Course Completion

**NOTE: SPEECH AND GAME TIMES ALLOWED ARE MAXIMUMS. TRY TO DO IN LESS
TO LEAVE TIME FOR BREAKS.**

GAME NOTES

MANAGEMENT AND ORGANIZATION OF SERVICES
Course and Game Notes - Day One

General comments:

The first morning of the course is the most important in terms of setting expectations, fixing habits, etc. It is important that all trainers be alert to their BODY LANGUAGE—they should be focused, outgoing and work as a team—the same things we expect from our audience. It is important to instill a sense of group, that this is going to be a common experience, that the learning will come from the group and go to the group, that listening and learning from others is important. If this message gets conveyed by your behavior the first morning, it will carry through for the whole three days.

Introduction to Part I of St Katherine's (morning)

Reiterate the basics about this as being a game, a simulation in which each table will formulate their own conclusions. Mention the rules about table leaders, that each game will require the table to select a new leader, that the leader's function is to make sure the group finishes the work, and to report back the table's conclusions.

Then review the key elements in the game narrative and go over the questions they are to answer. Key elements to mention: Mrs. Kochinski has reclaimed property in community, and is a reputable businesswoman with ability to do what she proposes. City wants the hotel to be part of revitalization of square. Mrs. Kochinski's proposition is an opening bid in a negotiation process, but she expects a resolution of the general terms of the deal within 30 days (not a legal action by the city council, but the structure of a deal.)

Review questions: The tables are to work as a team of the vice mayors. Go through the questions they are to answer.

Indicate that the tables are to discuss Question # 1 only for 20 minutes, then report back. During the course of the discussion, answer any problems in a way that keeps the tables moving along, not getting stuck on details.

Report back: This is a difficult set of problems because they are so diffuse. You might want to begin by acknowledging that this is so, but that frequently in your experiences this is exactly how problems in local governments present themselves—sort of backwards and all mixed up. Defining the problem is the most difficult part of solving the problem.

Report on Question # 1:

Charts should be prepared to record answers in three different kinds of categories: VERIFY INFORMATION, NEGOTIATE, COMMUNICATE (you may want a fourth category, OTHER). Ask the first two tables to report on VERIFICATION problems. Ask other tables to add. Ask one or two tables to report on NEGOTIATION, one on COMMUNICATION. Finally open it back up and ask if there are any problems not listed or which fall into the "OTHER" category.

Then, ask the tables to go on to questions two and three. The report back on these questions should be table by table, listing first the answer to question # 2, then if they have done so, the task assignments for that problem (Question #3). (It probably will not be convenient to list all the task assignments for all the tables--the more important thing is to get each table to go through the process of analyzing the alternatives for one problem.)

Summary remarks:

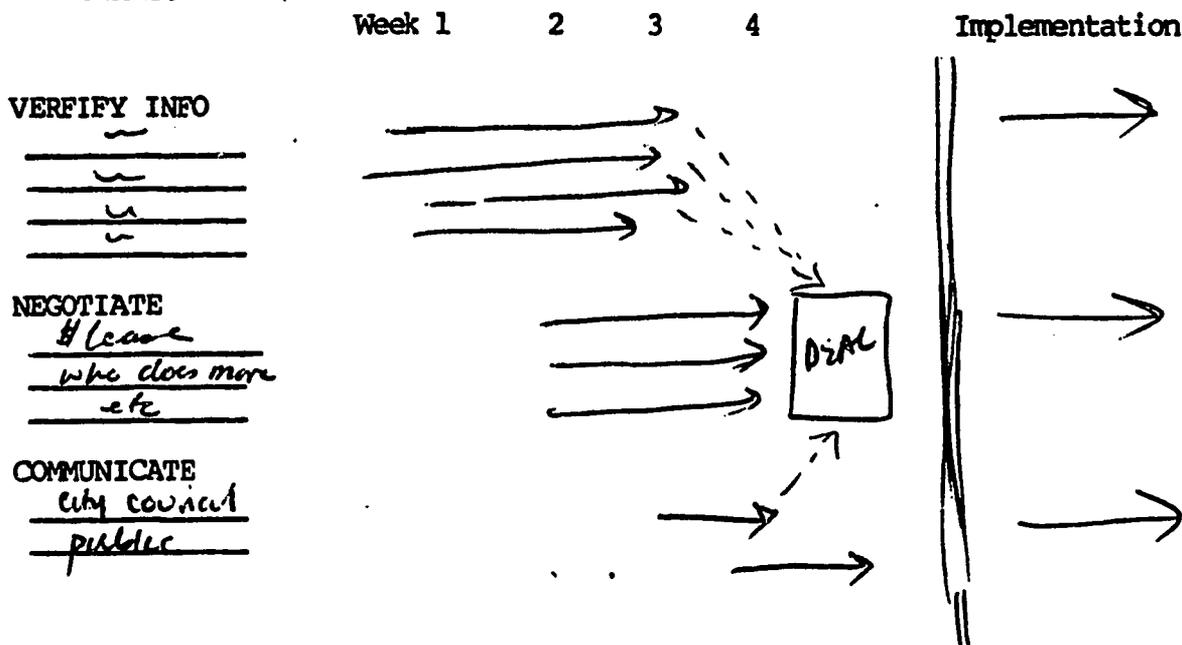
In summarizing this and every game, there are three things to keep in mind:

- compliment them on their work.
- highlight a couple of key ideas that came out of the report back or suggested by approaches taken by different tables (and the underlying logic of each approach).
- make the transition to the next item on the agenda.

In this case, the next item is a speech on management styles. You might want to summarize the exercise by saying that managing a complex process (like the one they have just been struggling with) involves a variety of elements--managing people, managing time, and defining problems in categories which help you see how to come to closure. Then put up the chart drawn below and show how this allows you (at least) to step back and see the "whole picture".

Then you can say that the next speech will talk some more about personal management styles and managing other people.

SUMMARY CHART:



St. Katherine's Part II (afternoon)

The introduction to this part is more straightforward. Indicate that all the other problems have been satisfactorily resolved, and the moving of the building is the last item to be negotiated. Review the conceptual options, indicating that in different circumstances, each of these options might seem to the various parties involved the best solution. Question 1 asks each table to select one of the options and list their reasons why. Question 2 involves review of the other material given--the elements of the scope of services in the contract to handle the move. Question 3 is to be answered by each table from the point of view for the party contracting for the move (either the church, the hotel developer or the city, depending on whether they chose option 1, 2 or 3). If they chose option 4, answer question 4. If they have extra time, even if they didn't chose option 4, think through how the answers to question 4 are different from question 3.

Report back: Have each table report briefly on questions 1 and 2. One sheet of paper should note each table's option chosen and the reason why. A second sheet should list changes, additions to scope of services.

Then go back and ask one table to speak to each of the parts of question 3--one table to report on a), one on b), one on c) etc. Other tables can add thoughts. Finally, ask if any table has any thoughts on question 4-- how contracting with a city department is similar or different from contracting with an independent contractor.

Summary remarks. Complement them. Reiterate that the various options (with the possible exception of option 4) are all valid options--the reasons for choosing each depends on the assumptions you make about the conditions of the various parties. You may want to comment that as Poland moves toward Western practices, options 1 and 2, which are based on the existence of private construction firms, will seem more logical, but at this moment in time, and for some time to come, option 3 may seem like the better choice.

The important thing is that the right answer is the one which fits the needs of the parties involved. And that the elements of a good contract are the same regardless of who is responsible for the move. Finally, that the city can impose many if not all of the same requirements on its own departments, in an effort to manage performance.

This point then leads into an introduction to the last speech, on the current Polish Management Hurdles.

Summary of day:

Reiterate what they have learned today--the elements of strategic management, some basic concepts of management style, managing upward, managing downward, and that tomorrow we are going to complete the St. Katherine's process by going into details on the process of bidding and contracting. Go over their homework reading and pass out Part III of game for them to review. Indicate that they will have time in the morning to discuss the answers to the questions in Part III as a group.

CHART PREPARATION

St. Katherine's - Part II

Questions #1, 2

#1 OPTIONS

	TABLE
1. _____	A,C
2. _____	B
3. _____	D,E
4. _____	_____

#2 ADDITIONS TO SCOPE

Question #3

3a) EVALUATE FIRM

3b) TIMELINESS

3c) LEGAL, \$ RISK

3d) OTHER

Question #4

#4 CITY DEPT. DIFFERENCES

MANAGEMENT AND ORGANIZATION OF SERVICES
Course and Game Notes - Day Two

General Comments:

This day begins with the last part of Day One--the bid documents-- from St. Katherine's, and the speech which talks about managing through contracts (and relates to the reading from the night before.) The opening remarks should note this, and then that the focus of the course will turn, in mid morning, to another topic, the involvement of citizens in the planning and project development process.

Game notes: St Katherine's Part III (morning)

This is a very straightforward game. Instructions were given the afternoon before. You may want to reiterate that this is not the whole bid package, but only three items in the package. The report back is cumulative, asking one table each to report on each question with other tables adding their comments. Summary points might be that 1) as Polish circumstances change, contract documents will probably look more like these, 2) that the objectives in any contract are clarity, specificity and measures to evaluate performance. The next speech will speak to these issues more fully.

Game notes: Railway Square- Part I (morning)

In the introduction, the best way to make the transition is to say that St Katherine's has been successfully moved, that the city now has to make good on its other commitment to Mrs. Kochinsky--to clean up the park area to make the whole square attractive. Review the site plan for the area around the hotel, note that the city is going forward with plans for the sidewalks, but has yet to design the new uses for the square. (In English I have used the words "Park" and "Square" more or less interchangeably for the whole triangle of land--you might want to note that, or to designate the Park as the lower half and the Square as the upper half.) Note the various interest groups who have various complaints about the area as it now is. Note that the tables are still to function as the mayor's key advisers--the three vice mayors--and to answer four questions. Make sure you tell them this is not an exercise to design the square--it is to decide whom to consult in the process, and how that consultation should occur. (They will get to design the park in the afternoon.)

Report back: Ask two tables to report back on questions 1 and 2 (cumulatively) then ask if there are any other points of view. Then ask two other tables to report back on question 3, and then another table if they have an alternative approach. Finally, ask the last table(s) to outline work programs (question 4).

Summary points: there are two or three alternative ways to involve citizens in this game--1) to do preliminary designs and go to a general public hearing process, 2) to consult with each interest group separately and negotiate their concerns before doing a preliminary design, (perhaps giving more weight to some groups than others), or 3) to have a series of contacts with citizens

at-large—small group meetings or other methods—to get input before developing a preliminary design. There is no right answer, different things make sense in different circumstances, but in a controversial project with a lot of vested interests affected, some form of citizen involvement will probably be necessary to make the project a political success. It may also improve design and usability to the public.

This then leads into the second part of the game (after lunch).

Game notes: Railway Square - Part II (afternoon)

Review the information on the first page briefly. Give out a half sheet of flip chart paper and a magic marker to each table and have them prepare a presentation to the city council which answers questions 1-3. Give each table five minutes to make their presentation in the front of the room. This is an opportunity for people to let off steam and have fun. Compliment each table on their good work. Make a transition to the next speech which is on citizen involvement in current Polish circumstances.

Summary of day: Review key points of day, the importance of involving citizens, not leaping into the technical design process, of using "management skills" to manage upward and outward with those not under your direct control, the importance of bringing them into the process. Then review the last day's work, the oversight of construction, the sidewalk that is going to be built. Make sure they read the second booklet, on the construction process.

CHART PREPARATION

Railway Square - Part I

Questions #1, 2

#1 ALTERNATIVE USES

#2 CONFLICTING INTERESTS

Question #3

#3 WAYS TO INVOLVE

TABLE

A _____

C,B _____

E,D _____

Question #4

(One or more tables report on question #4 depending on time.)

#4	TABLE _____
Task	Week Resp.
_____	_____
_____	_____
_____	_____
_____	_____

Railway Square - Part II

Tables will prepare their own hart. You may want to list by table their answers to "Questions #2 and #3, but not necessary.

73

MANAGEMENT AND ORGANIZATION OF SERVICES
Course and Game Notes - Day Three

General Comments: Pace is very important in this day (especially) because people are tired and the day ends before lunch break. Presentations and game report backs need to be crisp and focused. Also, the material is easier on this day, so we need not dwell on the report backs, to keep people from getting bored.

Introduction should reiterate that we will end before lunch and ask people's help in moving along. Then turn to the speech on how this course relates to other aspects of managing in Polish local governments.

After the speech, introduce Sidewalk Contract Part I.

Game Notes: Sidewalk - Part I (morning)

This is a straightforward game. Note that again they do not have the full contract but only portions--the General Description and Bid Specifications. Other material is assumed to be present, but not in the material they are reviewing. The task is to review and make changes or comments on each specific section they have before them.

Report back: Cumulative. Ask each table to report on one or two items and then ask for additions, comments from other tables.

Summary: No detailed summary is necessary except to say they did a good job and after the next speech we will discuss the process of supervising the construction on this project.

Game notes: Sidewalk Part II

Introduction: Note that the changes they recommended were not made, that the contract was let "as is." Note the need for holding to tight time frames--the groundbreaking in six weeks. Then review the specific instructions: decide on each problem before turning to the next one. There are four problems that arise, each in sequence in the construction process. Don't look ahead, don't go back and change your decisions on problems handled earlier. Also, depending on the feelings of the trainer about the audience, tell them they must select one of the alternatives given (or, if you are feeling more open to them flexing their muscles, tell them to choose one action and then modify it if they must.)

Report back: Draw a report form for each problem and have one table give their full report on that problem. Then poll each table to see if they answered differently. Note each table's choice by letter under the appropriate heading. (In some cases a table will say that it is neither a violation nor a deficiency, that it isn't a contract "problem." Just note that as a third category. If there are modifications in the actions, just note that as well. Expect the group in general to enjoy this game, though there may be some nit pickers who complain about the choices they are given.

Summary: Reiterate the point that the object in construction supervision is not to stop the project and go to court--it is to keep the project moving and to have the basis, if necessary, to go to court and win later. You may also want to make the point that it is a negotiation process with the construction company, that there is a tension between being too tough and being too understanding. That it involves human relations and is therefore an art as well as a science.

That is a good note on which to turn it over to the person doing the summary of the course. The final speech should go back to the points made in the introduction, to talk about the human aspect of working in local government, to talk about the qualities you hope the audience recognized in themselves through this training, to the need to work together, to have friends you can consult with in this work, to the hope that they will continue the contacts and friendships they have made in this session.

Then the evaluations forms need to be passed out and collected. (Leave at least five minutes for this--perhaps longer, but no more than ten.)

If there is an awards ceremony, handing out certificates, do that. Then provide some opportunity for any expression of appreciation back from the audience to the trainers. With luck they will say they had a wonderful time.

CHART PREPARATION

Sidewalk Contract - Part I

(Can be done on one sheet or two....)

GENERAL	

BID	
a) general	_____

b) start/end	_____

c) concrete	_____

d) asphalt	_____

etc.	_____

Sidewalk Contract - Part II

Do one for EACH problem and fill in info by TABLE LETTER or use ✓ for last item.

PROBLEM ONE	
Violation?	Deficiency
A,F	C,D,B
ACTION TAKEN:	
1) A,F,B	
2) C,D	
IMPACT:	
Budget	
Time	✓
Quality	✓✓

76

SPEECH NOTES

MANAGEMENT AND ORGANIZATION OF SERVICES

Outline SPEECH I - Introduction

I. Who we are - CDTI (Bialystok Training Center)

Purpose of training - to assist Poles in understanding U.S. approaches to management and delivery of services

Based on 25 years of U.S. program experience in Community Development - generic term for neighborhood based economic development and provision of housing, services, (modified by experiences of Polish trainers)

What are elements of this program approach?

- community based (involvement of residents in planning and implementation of programs)
- strategic (interaction of physical development, social services, provision of housing, economic development to create strong vibrant neighborhoods and communities)
- political--not based on idea that there is one correct "best" technical answer (what is "right" is what works in and for the community)
- dynamic (based on continuous process of communication, trial and error...up from citizens, down from government, including opportunities from outside investment as they can occur)

II. This course is about management. It makes use of a concept called "Strategic Management". What are its elements?

Element #1 - Define the problem

- * What are the issues? What are the practical "common sense" factors that are likely to come up? How will political realities figure in your approach?
- * The important point in this first step toward strategic management solutions is that you have a clear-cut understanding of the problem you are trying to solve and are not distracted from the real issues

Element #2 - Consider alternative approaches

- * There is no one best way to manage a project or a process. Some approaches work better than others in certain situations.
- * What is important is that all options are considered and weighed in your decision on how best to proceed.
- * Ask yourself a series of "what if's":
 - What if we contracted out to perform a task as opposed to using city work crews?
 - What if we asked one department instead of another, used one approach to deciding an issue rather than another?

Element #3 - Assess the positives and negatives of each alternative approach

- * Weighing the pros and cons of each alternative will help you sharpen your thinking and enable you to select the best strategic approach in each situation.
- * It will also help you see the pitfalls that must be avoided in the selected approach: no approach is ever perfect; understanding where the implementation can go wrong can help you anticipate and maybe avoid problems.

Element #4 - Select the appropriate strategy

- * After following steps 1, 2, and 3, this step should be easy.
- * To be avoided here is a lack of clarity. If you cannot articulate your strategic approach in a clear way and defend it, it's unlikely to be successful.

Element #5 - Define tasks, assign responsibilities, establish time frames for performance

- * Every strategy can and should be broken down into a series of tasks.
- * Each task must have someone assigned responsible for performing it and being held accountable if it is not performed.
- * And, each performer must have a clear idea how long he has to perform and how and where his task fits in with others being performed.
- * Use charts and diagrams to help depict each task and how it fits in to the whole. They can be helpful and are easily shared among those assigned to perform.

Element #6 - Identify key people necessary to implement the strategy and prepare for their response

- * These key people are not those assigned to complete tasks as on #5 above. These are "outside" people who have some influence over and stake in the outcome of the process and who must accept or at least not sabotage your decisions if they are to be successfully implemented.
- * Identifying them is the first step. The second is deciding whether they will be positive, negative or neutral.
- * The next step is how to design and deliver your explanation as to what you are trying to do, so as to:
 - neutralize the "negatives",
 - convince the "neutrals" to either remain neutral or join with the "positives",
 - turn your "positives" into vocal messengers selling your approach.

Element #7 - Implement and Monitor

- * The first - implement - naturally follows from the previous six, but don't take your eye off the ball. In the U.S., we have a saying: "If anything can go wrong, it will." Be vigilant.
- * Continually monitor and review what you are trying to do and readjust those tasks that have gone slightly off course or off schedule.
- * Supervise the work more than the worker assigned. We will discuss how to do this later today.

Element #8 - Evaluate

- * Evaluation is the last step in strategic management. It is the most tedious, unglamorous one of all. But if it is ignored, future strategic management decisions will be flawed, and managers are doomed to repeat their failures.
- * Every decision should be re-examined for its success or failure.
 - Was the strategy selected the best one?
 - Were the tasks defined the proper ones?
 - Were time frames reasonable?
 - Were all key outside influencers identified, properly categorized, and best used?
 - Were the right people assigned to perform their tasks?
 - How well did they perform them?
- * The good strategic manager must be brutally honest with himself or herself in the evaluation process. It does not have to be, in fact probably should not be, a public process. But after the ribbons are cut and the public celebrations are over, it's time to assess success and failure.

- III. What are the personal characteristics of a manager in this kind of process?
- flexible
 - self confident (trusts his/her own judgement)
 - able to listen (to citizens, to private actors, to other agencies of government), to understand and to integrate different points of view into a common solution
 - able to anticipate problems in implementation and chart a course which works through (or works around) barriers
 - persistent
 - able to put together and work with a team to accomplish objectives
 - likes to laugh and can work comfortably in chaos

IV. This training course will help you discover how you can do all these things
--we will be going through a series of games, scenarios which will put you
in situations which require

*team work

*listening to others and integrating their point of view

*anticipating problems

*making decisions (with self confidence)

*being persistent

*laughing and living in chaos

--we will be making some speeches and giving you some reading, but most
of your learning you will do by yourself and with the members of your
team--those who are sitting with you at your table.

V. We have some ground rules:

--training day from 9:00 - 4:00, we start on time, end on time.

--lunch break (times, mechanics noted)

--three days--we expect you to stay for all three days

--if you complete course, you will get certificate of accomplishment
(show sample)

--stand, give your name, other information on training mechanics

--there is no right answer

--enjoy yourself, we intend to

MANAGEMENT AND ORGANIZATION OF SERVICES

Speech Outline #2 - Basic Management Concepts

"People cannot be managed. Inventories can be managed, but people must be led." --- H. Ross Perot

- I. If people cannot be managed, but must be led, what does that suggest about the role of mayors, vice mayors, department heads--those who must make the decisions and get the work done in Polish local governments today?

It suggests that the traditional concepts of management--of command and control--must give way to different concept of what management implies, and of who is doing the management functions in local government.

About 10 years ago a Yugoslav expert on industrial self management, who came to the United States and became a management adviser to local governments and various "public purpose" organizations, wrote a book called "How to Solve the Mis Management Crisis".

In that book he held the opinion that when total control is not exercised from the top down you wind up with management not as a job being performed by a person in charge but as a SET OF ROLES being performed by a SET OF PEOPLE, ideally working TOGETHER as a TEAM.

That is the model of management which local governments find most useful in the United States, and it is one which should be useful to local governments in Poland as well.

- II. Let us look at the exercise we just went through with the building owned by St. Katherine's.

Let us look at what we do not have:

- we do not have anybody "in charge" of the whole situation. Many different actors are involved in one or more pieces of the puzzle.
- we do not have a clear path or rule book which tells us what is to be done or how it is to be accomplished.
- we do not have clear lines of authority, which tell us who defers to whom, or whose ideas are to be given greater weight in making decisions.

What do we have in this situation which leads us to think that something can be accomplished, that it is subject to being "managed?"

- we have motivated parties (the church, the buyer, the city) which all have something, potentially, to gain from the project
- we have a leader, (the mayor) who has at least limited authority to commit the city to a course of action, and is prepared to risk his (or her) reputation in support of that action.
- we have the beginnings of a team, (vice mayors) who are prepared to sort out and assign tasks according to who best can accomplish each task.

III. MANAGEMENT STYLES

The book just mentioned ("How to Solve the Mis Management Crisis", by Ichak Adizes) identified FOUR management roles which need to be performed in order for an organization (or project) to function well. What are those four roles?

1. The Producer

The producer is most comfortable working alone to accomplish clearly defined tasks. He or she is somewhat uncomfortable with abstract ideas and depending on others to get his own job done. The producer is strong on output and initiative.

2. The Administrator

The administrator is most comfortable designing and working within clearly defined systems. He or she prefers predictability and routine, is good on following-up, and has a long attention span.

3. The Entrepreneur

The entrepreneur likes to take risks, feels comfortable with abstractions, works well under pressure, has a short attention span, and likes credit and recognition. Follow-up and routine bore typical entrepreneurs. They like the challenge of putting projects together that others don't think can be done.

4. The Integrator

The integrator likes people; he or she likes to interact with others. Personal credit and recognition are not as important to an integrator, what is important is that people work together and feel good about it.

It is important to note that no one individual is equally adept at all four styles--and cannot in any given situation equally fulfill all four roles. (Some are in conflict with one another, for example, the integrative role with the producer role.)

When dealing with a complex project, it is important to both:

- a) sort out the tasks by the type of management role called for to fulfill each task and
- b) Assess the strengths and weaknesses (in terms of management styles) of the members of the team whose job it is to work on that project.

Some examples of matching task with style:

1. For example, individuals skilled as administrators are best used to help design the work effort delivery systems and to be charged with follow-up.
2. Producer skills can be invaluable in conducting research on clarifying individual issues and determining what has worked or failed in similar efforts.
3. Entrepreneurial skills can be invaluable in helping the team consider all aspects of a project's strengths and weaknesses at the early stages of a project. Willing to take risks, an entrepreneur's inspirational dreams can help others broaden their perspectives.
4. Integrators are very good at helping others (citizens or outside interest groups) "buy into" (accept) the process or the product. Their skills can also help the team understand the various positions of constituent groups early on and help avoid problems.

In highly bureaucratized organizations lower level staff members typically are called upon to perform tasks which rely on producer and administrator styles. The higher levels of the organization make use (to a limited degree) of the integrative and entrepreneurial styles. Thus, a person making his (or her) way up the career ladder is not usually asked to exercise the talents they may possess in integrative and entrepreneurial functions.

In smaller, more flexible, more entrepreneurial or citizen-based organizations (ones like Polish local governments are having to become today), everybody needs to make more use of integrative and entrepreneurial talents--these are the "missing pieces" in the past Polish experience.

IV. MOTIVATING

One of the major tasks of a manager (or a leader) is to motivate. Very few things in government or business today can be done alone. The cooperation (or at least the assent) of others is essential to getting things done.

When a person responsible for a task has control over the people who must perform the task (as in an employment hierarchy) then the motivating that must be done is relatively clear cut. Managing in this situation is mostly a task of ADMINISTRATION and PRODUCTION. Some principles to keep in mind:

1. set unmistakable goals
2. supervise the work more than the worker
3. distinguish between essential and non essential rules
4. reward sparingly, but punish even more sparingly
5. give credit where it is due
6. communicate the larger purpose within the organization
7. create a "team" within the team (in order to enhance your management ability)
8. involve subordinates in decision making whenever possible
9. protect the interests of subordinates
10. define work assignments with an awareness of the interests and talents of subordinates

Motivating people who don't work for you to undertake tasks, is harder. It involves the two "missing styles" of management--those of the INTEGRATOR and the ENTREPRENEUR.

In motivating upward (motivating those people you work for, instead of those that work for you) you must:

- be able to communicate your vision (why they should or must do what you ask of them)
- be able to inspire their trust (make them believe you are capable of your tasks)
- be able to show that the task is do-able (has operational validity, is physically possible)
- be able to show that the task is worth doing (has economic validity, is a good use of limited resources)
- be able to show the benefit (personal or occupational) to be gained by the person from whom you are seeking support.

These same principles apply to motivating outward, to those individuals and organization who are necessary to the success of a project, but who don't work for you nor do you work for them, what we call the "key actors" (in this case, Mrs. Kochinski, the church, the vovoidship, the citizens, etc.)

KEEP IN MIND that there are three interrelated and overlapping elements of decision making:

- some people have POWER, the ability to reward or punish
- some people have AUTHORITY, the legal right by virtue of position to control a decision
- some people have INFLUENCE, the ability to convince

85

When you are thinking through the process of managing upward and outward, you must keep in mind what the other parties bring to the process.

For example:

MRS. KOCHINSKI, by virtue of her money and status as a successful business person, has POWER. You approach her in a way that acknowledges her power and displays your own (countervailing) power. This is called negotiation.

THE CITY COUNCIL has AUTHORITY to make a decision on land use and lease terms. You approach the council in a way that acknowledges that authority. This is called petitioning.

THE CHURCH has INFLUENCE on the project far in excess of its role as seller of the property. It must be consulted and asked to lend its support to the entire project because of its ability to affect public opinion.

In managing upward or outward, whatever strengths an individual or organization brings to the problem must be appealed to and a way found to bring them to the task of moving the project forward. ENTREPRENEURIAL SKILLS, those which rely on 'packaging' a set of unaligned interests into a deal which has something in it for each party, can be critical to success.

Similarly, INTEGRATIVE SKILLS, those which rely on listening and attempting to discern what the interests of each party are, how to solicit support for the project as a whole, are also critical.

V. Now, let's get back to St. Katherine's building. We have a chart which shows the tasks to be done grouped into three categories along a time line: (See chart in DAY ONE game notes.)

- The VERIFICATION tasks, which get done first. These are essentially PRODUCER skills
- The NEGOTIATION tasks, which are best done by those with ENTREPRENEURIAL skills.
- And the COMMUNICATION tasks, which are best done by the INTEGRATORS.

The ADMINISTRATORS, of course, will manage the coordination of the whole.

MANAGEMENT AND ORGANIZATION OF SERVICES

Speech points # 3 -

- * Identify 3-5 major "Polish Hurdles" to strategic management
- * Discuss each "hurdle" using one or more examples drawn from personal experience
- * To the extent possible, tie illustrations and points back into issues raised by St Katherine's Part I and II

e.g. How problems present themselves "backwards", not logically, roles of key actors not clearly identified

How job titles do not always match the management style needed for a particular task

How managing "upward and outward" are skills needed in current Polish local government circumstances

- * Introduce St Katherine's part III and homework assignment
- * Add any other wrap up thoughts for the day

MANAGEMENT AND ORGANIZATION OF SERVICES

Speech Points # 4 - The Art of Managing Through Contracting

- * Frame the issue of managing through contracting from the Polish perspective
- * Identify the key items in the guidebook which relate to the "western" system of local government contracting
 - local governments use contracts to execute many elements of local government service (construction, social services, management services, sanitation services, public safety services, etc.)
 - contracts are with several different types of agencies (private companies, "public purpose organizations", other agencies of government, etc.)
 - regardless of the type of service or the type of organization performing the service, however, a good contract has the following common elements:
(list elements from guidebook)
- * Areas in which Polish methods are adequate in contracting methodology
 - list and use local experience to illustrate
- * Areas in which Polish local governments need to adapt "western" approach
 - list and discuss how this might be one (using local experiences to illustrate)

MANAGEMENT AND ORGANIZATION OF SERVICES

Speech points # 5 - Citizen Involvement--The Polish Challenge

- * Identify an example from local experience which illustrates the need for more sensitivity to involvement of
 - general citizenry
 - key interest groups
- * Organize the example into a case study which can be explained in 10-15 minutes.
- * Emphasize the causes which led to the situation, the ways that the city initially responded (or would have responded under the old system), the ways that the input of the citizens and key interest groups was managed.
- * Was the involvement process voluntary or as a result of pressure? What were the major benefits of the process? The drawbacks, if any? The lessons learned?
- * Draw parallels as appropriate to the Railway Square exercise.
- * Summarize the key points of the day's work (see game notes)

MANAGEMENT AND ORGANIZATION OF SERVICES

Speech Points # 6 - Applying Lessons to Other Elements of Polish Municipal Services

- * Identify 1-3 areas of Local Government in Poland to be used as illustrations
- * Summarize the barriers to adapting concepts to other areas of government (see speech # 3 & 5)
- * Frame the key concepts introduced in this course which apply (e.g. strategic management as an applied concept, delegation of tasks by management style instead of job title, need for more entrepreneurial or integrative management skills, etc.)
- * Work through one or more illustrations in Polish local government which can benefit from use of these concepts.
- * Speak to the role of the participants in taking these ideas back to their own local government.
- * Open up general discussion of problems or examples participants have in local problems back home
- * Summarize discussion back to main points of speech

MANAGEMENT AND ORGANIZATION OF SERVICES

Speech Notes # 7 - The Private Sector Architectural, Engineering and Construction Process

- * Frame issues from guidebook in Polish context
- * Identify key items in guidebook which relate to "western" system of contracting for design services
 - How the decision to hire is made
 - How the "Request for Proposal" is reviewed
 - Circulating the design for comment
(preliminary and advanced drawings)
 - Hiring the construction superintendent
 - Change orders--when and when not
- * How this system compares to current Polish practice
(list and use local experiences to illustrate)
- * Areas in which Polish local governments need to adapt "western" approaches
 - list and discuss how this might be done (use local experiences to illustrate)
- * Summary key points for the day (see game notes)

MANAGEMENT AND ORGANIZATION OF SERVICES

Speech points # 8 - Summary remarks

- * Key lessons of this course
 - anticipate problems and work to avoid them
 - use team approach to solving problems and managing work
 - be aware of styles of management, use people flexibly
 - communicate--upward, outward and downward
 - there is no right answer, local situations are all different

- * elements of strategic management (see speech #1)

- * lessons to take back home with you
 - thoughts on how to use what you have learned
 - use network of contacts with people in this room

- * always keep in mind who you work for (and the tensions between these)
 - citizens (being a "public servant")
 - your local government administration (mayor and council)
 - your immediate departmental superior

- * keep in mind who you work with
 - building teams (government, citizens and key actors)
 - communicating and creating a vision of what you want to accomplish
 - sequencing work and keeping on track

- * keep in mind what you do is art as well as science

92

GAMES

Management and Organization of Services

Saint Katherine's Old Folks Home - Part I

Background:

The City of _____, population 50,000, is struggling, with the rest of Poland's cities and towns, to adapt to the new economic and political ways. It has a mayor who has had his share of struggles with the 20 person City Council and has threatened to resign three times in the last year. There are three vice mayors who split the administrative functions—one vice mayor is concerned with physical development and maintenance of public buildings, including housing, the second with the coordination and provision of social services and the third with the planning and policy functions as well as economic development activities.

The city is at a junction of major rail lines and it has a handsome beaux arts railway station which abuts a once grand city square. Unfortunately, the square has been closed for five years due to renovations which have never been finished. The city has a high priority of reopening the park, cleaning up the entry way to the railway station and revitalizing the private commercial prospects for the area immediately adjacent to the square.

The granddaughter of one of the old families from this town, which fled in World War II, has returned from Buffalo N.Y. and has successfully reclaimed some family properties on the edge of the city. In addition, she has expressed an interest in buying and relocating a 300 year old wooden structure, currently an unused Old Folks Home, now owned by the town's major church, St. Katherine's. The Church has received permission from the Voivoidship to sell the structure provided it is relocated to a suitable site and renovated.

The planning department has suggested that the structure should be moved to a cleared lot (site for the new Communist Party Headquarters) which overlooks the railway terminal square. Helen Kochinski, the woman from Buffalo N.Y., has agreed to buy the building from the church and to lease the vacant land at Railway Square from the city. The plan is to move the old building to the new location and to rehabilitate it into a small hotel and restaurant.

Ms. Kochinski has made the following specific proposition:

1. She will buy the convent house from the church subject to a detailed engineering inspection as to its structural soundness.
2. She will lease the land at Railway Square from the city for 40 years, subject to a right to renew for an additional 40 years. She has asked the city to quote her a price for the lease.
3. Both offers are subject to a successful resolution of the problem of moving the building to its new location and suitably installing it on a new foundation with all utilities in place.
4. Her offer to both the church and the city is conditioned on all parties agreeing "in principle" within 30 days to price and guarantees of each party as to the sale and lease. She also insists that the property be conveyed to the new site within 3 months after the agreements are reached.

Problem: _____

Alternative Approaches: _____

Advantages/Disadvantages of Each Approach: _____

City Government's Preferred Approach: _____

3. Take one of the problems identified in question 2 and lay out the tasks necessary for the city government to undertake in the next 30 days so that an agreement with Ms. Kochinski can be reached.

Problem: _____

TASK	PARTY RESPONSIBLE
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____

Management and Organization of Services

St. Katherine's Old Folks Home - Part II

Background:

The issue of moving the building has become the last unresolved policy issue in the plan to sell and renovate the Old Folks Home into a hotel.

There are questions of risk (who bears any extra expense or legal liability), timeliness (which approach will get the job done within the time constraints) and efficiency (which party to the sale/lease arrangements is best suited to contract efficiently for the move).

Conceptually there are four options:

1. Church contracts with independant contractor for move of building.
2. Buyer contracts with independant contractor for move of building.
3. City contracts with independant contractor for move of building.
4. City contracts with itself for move of building.

Although it is possible that the contract could exclude the responsibility to manage the utilities hook ups or build the foundation as part of the move, let us assume that in whatever form the contract will require the party doing the move to take full responsibility for the following:

- a. removal of the entire building except the basement floors and walls and capping of all utilities.
- b. removal of appropriate materials, demolition of the remaining basement and filling excavation to ground level.
- c. creation of a suitable foundation on the new site to receive transported building.
- d. transport of the entire building in a suitably safe manner to the new site.
- e. installing building on site and insuring availability of necessary utility hook ups after building renovation.

Task:

1. Identify which of the four options your table chooses to use and the reasons why. Why did you decide against the other options?

2. Identify any additional tasks or conditions that you think are important to include in the scope of services beyond those generally identified above:

3. What are the key issues in drafting the bid documents or contract if the entity doing the move is an independant company (a private construction firm or a state building company)?

a. Means for purchaser of services to evaluate bidding firm's capabilities:

b. Means to insure timeliness of delivery of services contracted for:

c. Means to protect against financial or legal risk to the purchasing party:

d. Other contract issues which are important ()

98

Optional

4. If the city were going to move the building what are the key issues in drafting an agreement with a city department to perform the work involved in the move?

a. Means for purchaser of services to evaluate department's capabilities:

b. Means to insure timeliness of delivery of services contracted for:

c. Means to protect against financial or legal risk to the purchasing party:

d. Other contract issues which are important ()

Management and Organization of Services
St. Katherine's Old Folks Home - Part III

Background:

Attached are three documents which would be used as part of the package to be used in a bid offering in private contracting to move a building in the United States.

- 1) Invitation for Bids
- 2) General Specifications
- 3) Technical Specifications

Task:

Review the documents and answer the following questions:

- 1) How are these documents different from ones normally used in Poland today?

- 2) Are there important items which are missing or inadequately addressed?

- 3) What are the major barriers to drafting such bid and contract documents in "Plain Polish"?

- 4) How would these documents be different from a situation where a local government department was responsible for the move?

St. Katherine's Church
Building Committee

PROJECT #1A

INVITATION FOR BIDS3

GENERAL BID SPECIFICATIONS

Special Conditions.....4-5

1. Project Sites.....4
2. Time for Completion.....4
3. Liquidated Damages.....4
4. Responsibilities of the Contractor.....4-5
5. Communications.....5
6. Contract Drawings and Documents.....5
7. Schedule of Drawings.....5

TECHNICAL SPECIFICATIONS

1. Scope of Work.....6
2. Excavation.....6
3. Rock Excavation.....6
4. Utilities at _____ (Existing Building Locations)....7
5. Moving Building.....7-8
6. Existing Utilities.....8
7. Footing.....8
8. Concrete Foundation Walls.....8
9. Stone Veneer Foundation Walls.....8
10. Reinforcing.....8
11. Waterproofing.....8
12. Chimney Foundations.....9
13. New Utility Connections.....9
14. Transporting Building.....9
15. Placement of Building.....9
16. Filling of Basement at _____ (Existing Bldg. Location).....9-10
17. Rough Grading.....10
18. Contractor Payments.....10

St. Katherine's Church Building Committee's

INVITATION FOR BIDS

St. Katherine's Church will receive bids for the relocation of a structure from _____ to _____ in that city until 12 Noon on the 6th day of May, 1992, at the Church Rectory _____, at which time and place all bids will be publicly opened and read aloud.

Bids are invited upon the several items and quantities of work as follows: The relocation of an existing wood framed structure complete with chimneys and fire places from _____ including the construction of a new concrete foundation with stone veneer and the filling of the old foundation hole.

Contract Documents, including Drawings and Technical Specifications, are on file at the office of St. Katherine's Church Rectory, _____.

Copies of the Contract Documents may be obtained by the Bidder by depositing \$25.00 with the Church for each set of documents so obtained. Each such deposit will be refunded if the Drawings and Contract Documents are returned in good condition within 10 days after Bid opening.

A certified check or bank draft, payable to the order of St. Katherine' Church, or a equal to five percent (5%) of the total Bid for the relocation of the structure shall be submitted with each bid. Said check or bank draft will be returned upon successful completion of the project by the successful bidder and to unsuccessful bidders within 10 days of the date the award of the bid.

St. Katherine's Church reserves the right to reject any or all bids or to waive any informalities in the bidding.

Bids may be held by the St. Katherine's Church for a period not to exceed thirty (30) days from the date of the opening of bids for the purpose of reviewing the bids and investigating the qualifications of bidders, prior to awarding of the contract.

St. Katherine's Church

By _____

Title _____

Date _____

GENERAL SPECIFICATIONS

SPECIAL CONDITIONS

1. Project Sites

The project sites are at _____ (location of existing structure) and _____ (new location for structure).

2. Time For Completion

The work which the contractor is required to perform under this contract shall be commenced at the time stipulated by the church in the Notice to Proceed to the contractor and shall be fully completed within 60 consecutive calendar days thereafter.

3. Responsibilities of Contractor

Except as otherwise specifically stated in the Contract Documents and Technical Specifications, the contractor shall provide and pay for all materials, labor tools, equipment, water, light, heat, power, transportation, superintendence, temporary construction of every nature, charges, levies, fee or other expenses and all other services and facilities of every nature whatsoever necessary for the performance of the contract and to deliver all improvements embraced in this contract for site preparation complete in every respect within the specified time.

4. Communications

- a. All notices, demands, requests, instructions, approvals, proposals and claims must be in writing.
- b. Any notice to or demand upon the contractor shall be sufficiently given if delivered at the office of the contractor stated on the signature page of the Agreement (or at such other office as the contractor may from time to time designate in writing to the church), or if deposited in the Polish mail in a sealed, postage-prepaid envelope, or delivered with charges prepaid to any telegraph company for transmission, in each case addressed to such office.
- c. All papers required to be delivered to St. Katherine's Church shall, unless otherwise specified in writing to the Contractor, be delivered to the Church Rectory at _____, Attention: Building Committee; and any notice to or demand upon the Committee shall be sufficiently given if so delivered, or is

deposited in the Polish mail in a sealed, postage-prepaid envelope, or delivered with charges prepaid to any telegraph company for transmission to said church at said address, or to such other representatives of the church or to such other address as the church may subsequently specify in writing to the contractor for such purpose.

- d. Any such notice shall be deemed to have given as of the time of actual delivery or (in the case of mailing when the same should have been received in due course of post, or in the case of telegrams, at the time of actual receipt, as the case may be.

6. Contract Documents and Drawings

St. Katherine's Church will furnish the contractor without charge five copies of the Contract Documents, including Technical Specifications and Drawings. Additional copies requested by the contractor will be furnished at cost.

7. Schedule of Drawings

<u>Drawing No.</u>	<u>Date</u>	<u>Title</u>
1	January 1992	Location of new Foundation for _____
2	January 1992	New Foundation Plan

TECHNICAL SPECIFICATIONS

1. Scope of the Work

This scope of this contract consists of supplying all necessary labor, equipment and materials to move the existing structure from _____ to _____, construct a new concrete foundation with stone veneer, install utility lines, backfill the old foundation excavation and rough grade both the new and old site.

2. Excavation

- a. The contractor shall perform the required excavation of whatever materials encountered, for the structure as indicated on the drawings. It is the intention that the excavations shall be made to the lines and grades shown on the drawings, but the right is reserved to modify any part of the work, if, in the opinion of the architect the conditions require such modification.
- b. Excavations shall be made sufficiently wide for the installation of form work and such piping that is to be installed and to the depths indicated, but in all cases they shall be brought down to firm, hard and undisturbed subsoil. The contractor shall prevent the foundation area from becoming unstabilized by the flow of ground water into the excavations.
- c. In the event that excavations are carried below the required levels, the contractor will be required to backfill any unauthorized excess excavations with approved compacted earth fill or with additional concrete, at no additional expense to the owner.
- d. Material from excavations suitable for fill and backfill shall be stockpiled and reused in the permanent construction as directed. Unsuitable materials from the excavation shall be removed from the site.

3. Rock Excavation

Although it is not anticipated that rock will be encountered in this excavation, in the event that it is, that fact should be called to the attention of the architect before the contractor proceeds further.

Rock shall be defined as boulders exceeding 1 cubic meter in volume and solid ledge rock which, in the opinion of the architect, requires for its removal drilling and blasting, wedging or slogging and barring. Soft or disintergrated rock or shale that can be removed readily with a pick or trenching machine of the backhoe type; loose shaken or previously blasted rock; masses of broken stone in rock fills, walls or elsewhere, except such individual pieces as exceed 1 cubic meter in volume; concrete, asphalt or brick pavements and concrete foundations will not be considered rock for purposes of this section, and no extra payment will be made for their removal.

Extra payment for removal of rock, as defined above, will be paid at the rate of _____ per cubic meter.

105

4. Utilities at (Existing Building Location)

- a. Before starting the move, the contractor shall arrange for disconnections of all utility service connections, such as water, gas, steam, electricity and telephone at the building to be moved, in accordance with the ordinances of the City of _____ and the regulations of the utility concerned. All sewers and drains leading from structures shall be sealed in accordance with the requirements of the (appropriate department). All charges by the City of _____ and/or utility companies for this work shall be the responsibility of the contractor. No wires, conduits, pipes or other connections shall be removed until the applicable services have been disconnected as hereinbefore described.
- b. It shall be the responsibility of the contractor to protect and preserve in operating condition all utilities traversing the project site, protect manholes including frames and covers, catch basins including frames and covers, valve boxes and other appurtenances. Damage to any utility due to work under this contract shall be repaired to the satisfaction of the church representative and the respective utility company. The cost of any repairs to any utility shall be the responsibility of the contractor. The contractor shall not disturb utilities serving buildings not released to the contractor for demolition purposes.

5. Moving Building

Break out existing foundation and insert carrying timbers at strategic points as determined by the best judgements of the mover. Raise the structure, level up and crib the timbers. Inspect all beams, plates, sills and reinforce or renew, if unsound or as required. Check for level and plumbness constantly, shim and/or add additional carrying timbers as is necessary to transport. Exterior walls shall be kept plumb at all times. Bowing or independent moving of walls will require a whaler type belt secured through the structure to a similar whaler on the opposite wall securely tensioned by the use of woven cable with tensioning turnbuckles.

Corner posts shall be examined for soundness and diagonally braced. Diagonal bracing may be exteriorly applied by using _____ centimeters by _____ centimeters members running from the second floor to sound portions or existing structural members of the building or transportation timbers. Fastening shall be made with lag screws or bolts of _____ centimeters minimum diameter and of a length to penetrate a minimum of _____ centimeters into the structural elements below the diagonal. A minimum of 5 lags will be required on each diagonal exterior brace. Exterior diagonal braces shall be shimmed so as to lay flush and straight. Interior bracing will be permitted if neatly fitted vertical bearing plates are first applied. Interior bracing shall be neatly cut to the angle of the bearing plate and terminated at a plank on the floor. The floor plank shall span a minimum of two or more floor joists. Planks to be _____ centimeters by _____ centimeters minimum.

Existing chimney bases shall be removed as necessary to insert transporting timbers which shall be in turn supported on a timber system with the wood sections of the housing. Jacking and leveling of fireplaces and chimneys shall be accomplished prior to moving (and after placing at new site) and the entire structure, including chimneys, fireplaces and transporting system, shall be moved as one mass.

6. Existing Utilities

The contractor shall make all arrangements with the public utility companies and pay all charges required for clear passage of the building and utility disruptions and reconnections.

7. Footings

Concrete footings shall be of the size indicated at the grades indicated. Areas excavated below the indicated footing base shall be restored to proper grade with bank-run gravel placed and tamped in _____ centimeter layers. Footings shall be continuous and keyed at perimeter and individual footings _____ by _____ decimeters under chimneys.

8. Concrete Foundation Walls

Concrete foundation walls shall be provided under the exterior walls of the house, approximately as shown. Exact dimensions will be regulated by dropped a plumb-bob at each corner of the house and placing the forms so that the finish siding of the house extends beyond the foundation line. Additional foundations shall be provided under entrances at the front and back door and at the cellar bulkhead.

9. Stone Veneer Foundation Walls

Stone veneer foundation walls shall be provided from the top of the concrete foundation to the underside of sills and beams, etc. _____ by _____ decimeters sample walls shall be laid-up for approval and new work shall closely follow the approved sample.

10. Reinforcing

Provide and install reinforcing rods as indicated on drawings.

11. Waterproofing

Apply two coats to all exterior concrete surfaces to approximately _____ centimeters below adjacent grades. Material shall be a commercial bituminous semi-liquid especially formulated for such work. Materials shall be applied undiluted from manufacturer's sealed containers.

12. Chimney Foundations

Chimney foundations shall consist of ____ by ____ decimeter + brick piers (two per chimney) as required to reach from floor to underside of relocated chimneys.

13. New Utility Connections

All required permits shall be obtained and prepaid by the contractor prior to the start of work.

- a) Sanitary Sewer. Provide and install in accordance with the City Codes and regulations a ____ centimeter vitrified clay pipe from the City sewer to a location adjacent to the foundation wall as shown on the drawings.
- b) Public Domestic Water Supply. Provide and install a ____ centimeter water service from the building to an existing service along the southerly boundary of the lot. The (appropriate city department) should be contacted for information concerning the exact location of the existing service.
- c) Electrical. Provide and install a ____ centimeter underground steel conduit from the existing pole on _____ Street through the foundation wall.
- d) Telephone. Provide and install a ____ centimeter underground steel conduit from the pole on _____ Street through the foundation wall.

14. Transporting the Building

The building must be transported intact to the new location in an efficient and workmanlike manner to insure the integrity of an safety for the structure and its contents.

15. Placement of the Building

The contractor is to place the building on the new foundation in such a fashion as to insure the stability of the building and provide all utilities of design sizes and specified materials as specific location as shown on the architectural plans to be provided by the church representatives.

16. Filling Basement Excavation At

- a) The contractor shall demolish the foundation to a minimum depth of ____ centimeters below the elevation of present adjacent ground level.
- b) The contractor shall remove, regardless of elevation, interior basement walls, partitions, stairways, furnaces, piping, apparatus and debris.

- c) The contractor shall break up the basement floor to permit proper drainage.
- d) The basement excavation shall be backfilled to obtain an elevation to conform with existing surrounding elevations. Filling and grading shall be performed in a manner to prevent noticeable settlement and to prevent the collection of stagnant water. If it can be accomplished without being in conflict with any other provision of this contract, filling and backfilling and grading may be done with existing surrounding material provided, however, that the material is acceptable to the church supervisor and is free from combustible or unstable debris or trash.
- e) The basement excavation may be filled with masonry rubble not exceeding _____ centimeters in their largest dimension to a level of _____ centimeters below the surface of the surrounding finished grade. The _____ centimeters must be filled with clean fill material satisfactory to the church representative and sufficiently compacted to prevent noticeable settlement. If sufficient satisfactory fill is not available on the site, the contractor shall furnish clean fill material approved by the architect from other sources at no additional cost to the Church.
- f) All masonry and brick used as fill must be mixed with earth.

17. Rough Grading

Rough grade to within _____ centimeters of finished grades with good clean fill. Finished grades shall be determined by using existing sidewalks as a plane to be met in a flat slope shedding water away from the structure.

18. Contractor Payment

The contractor will be paid in full the price of the bid proposed submitted by him upon completion of the project as specified and in a time period not to exceed 10 days after acceptance of the project by the Chairman of St. Katherine's Building Committee.

betonowe płyty
Drewniane stopnie i
taras inny wykonawca

Wejście do piwnic
lokalizacja wymiary
ustalone w trakcie
budowy

PLAN FUNDAMENTU

1/8" = 1'-0"

schematyczny.

LEGENDA

- = Fundament
 - = Cegła
 - = Beton #
 - = Filtryna drenażowa (piwnica)
 - = Belka na podstarwie betonowej 24" x 24" x 12"
- Dopuszczalnych 6, ustalona lokalizacja w trakcie budowy.

Ustalane w trakcie budowy punkty nośne. Planować do wyznaczenia limitów fundamentów.

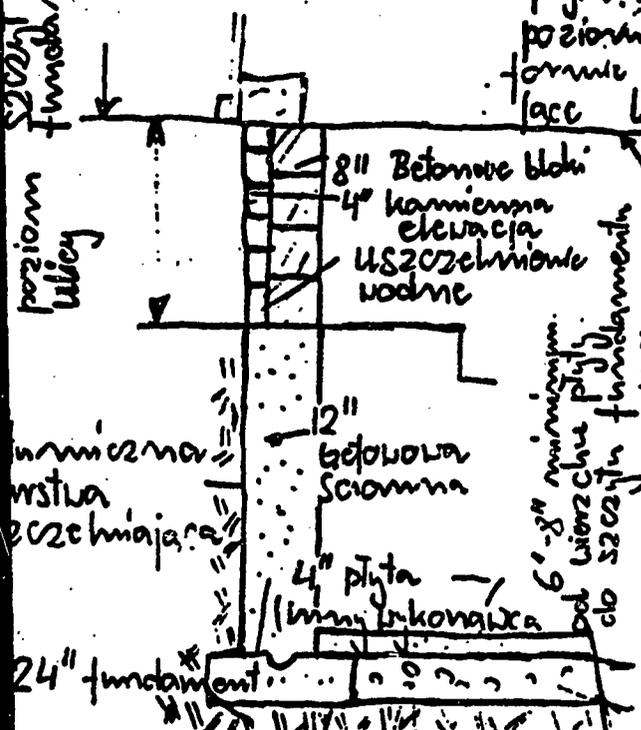
12" x 40"
Ceglane filary kominiow.



Fundament ma wystawać 6" poza filar

* 2 betonowych bloków i kamienna elewacja nad poziomem.

8" zroszona siatka, płyta; 12" poniżej poziom. Przybliżony wyznik = istniejącej płat. formie i szodom + 6" wykracza poza istniejące krawędzie.



spodnia strona belek nośnych

8" stopnie przy zmianie poziomów (wymiar blokowa standardowego). górna warstwa betonu ~ 4" pomiędzy poziom. w największym punkcie.

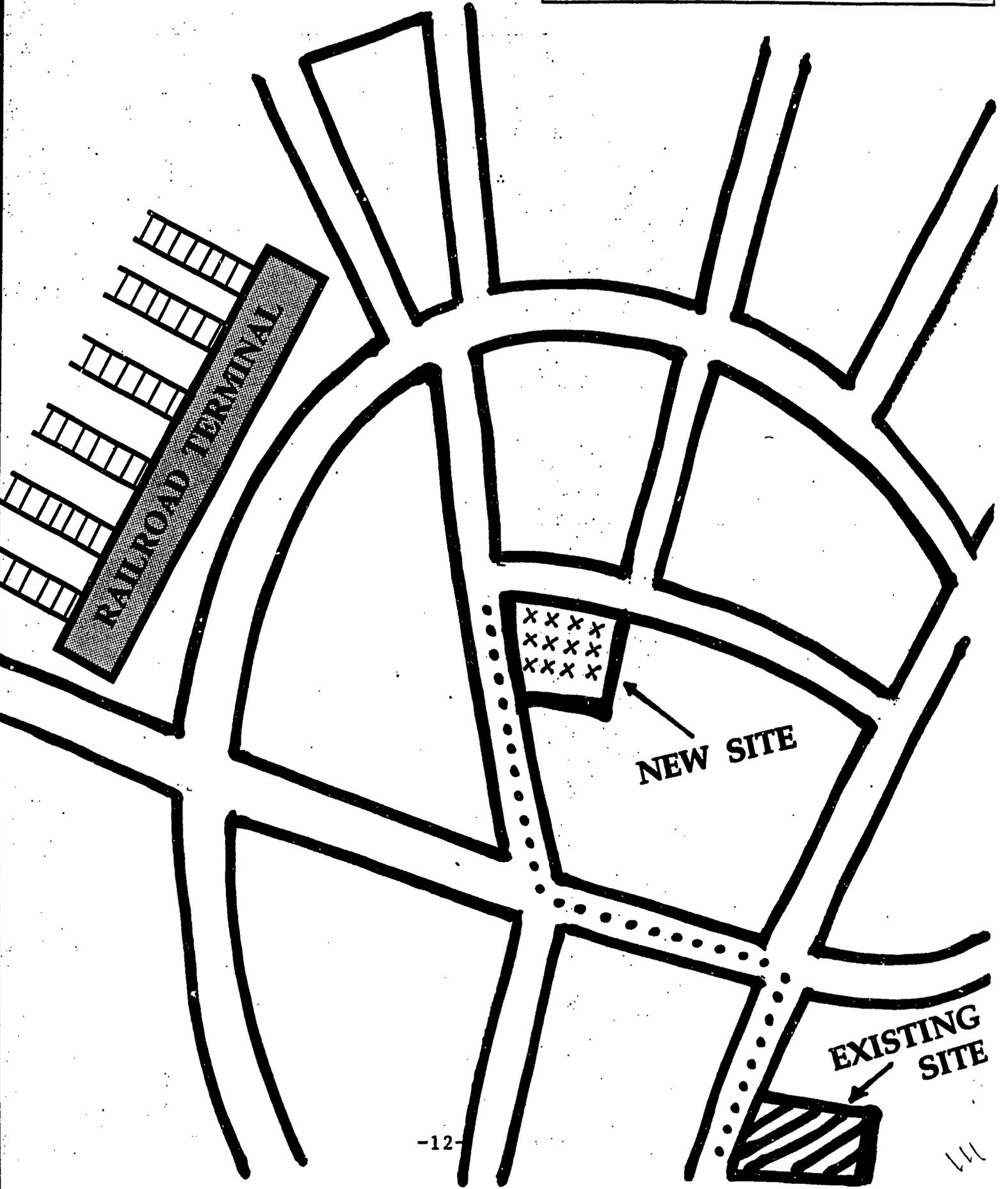
TYPOWY PRZEKROJ FUNDAMENTU

3/8" = 1'-0"

.006 polimerian
8" warstwa żelazn.
(inny wykonawca.)

LOCATION PLAN

•••• ROUTE OF MOVE



111

Management and Organization of Services

Railway Square Rehabilitation - Part I

Background:

On the attached sketch is the area around the site for the new hotel. As you can see, the area around it is mixed use, with residential apartments to the north and mixed residential/commercial older buildings to the east and south across the square. To the east is the rest of the main city center.

There are a few problems with the site. A construction project, involving the rerouting and upgrading of utilities, has been underway for five years. The street in front of the railway terminal and half way down the side of the square, as well as the northern half of the square itself, have been closed behind a chain link fence. The utilities portion of the project has been completed but the rest of the project has been stalled for the past three years. In the mean time, money set aside to complete the landscaping and street resurfacing is now inadequate to finish the job.

A further problem is that the use of the park has always been passive--benches and mature trees, as well as a massive statue to the heroes of the Communist revolution. The statue has been removed and stored. Public sentiment is naturally against its restoration, but the new use of the park is a subject of much discussion.

The informal sector--street vendors, licensed and unlicensed--have now clogged the streets around the construction site. Sanitation, noise, public safety and traffic problems now plague the area. People living in the apartments complain that the vendors are noisy at night. Store owners complain they are undercutting their prices and harassing shoppers in the daytime. The licensed vendors complain about the "gypsies" who don't have licenses. Taxi drivers complain they can't get to the railway terminal and passengers complain they can't figure out where to exit the terminal without getting their suitcases bogged down in the mud.

Ms. Kochinski has demanded that the city finish at least the street and sidewalk portion of the project before she opens her hotel. The city has agreed but this work will take all the existing money which has been set aside.

Task:

While the city engineer drafts the construction specifications for the street and sidewalk work, the Mayor and his three Vice Mayors meet to decide what to do about the park. The Vice Mayor for Social Services has joined you. Work as a group answer the following questions.

1) What alternate uses can be imagined for the northern half of the square?

2) What conflicting interests need to be addressed prior to making decisions on park design?

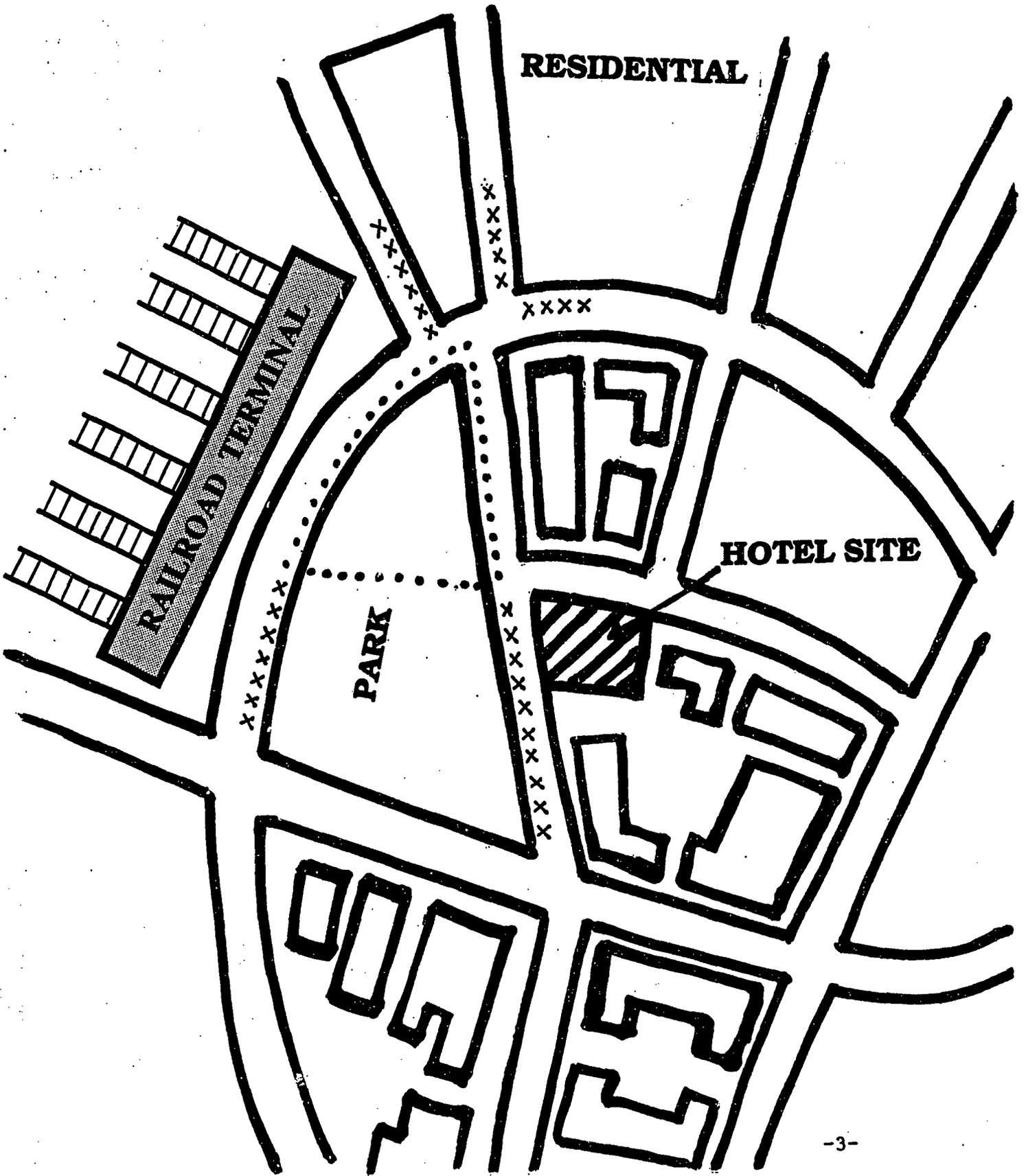
3) How should the city government involve the various interest groups (residents of the area, store operators, public agencies, vendors, others)

4) Outline a tentative work program for the next 60 days which will lead to making design decisions about the north half of the square:

Task	Week 1	2	3	4	5	6	7	8	9	10	11	12	Responsibility
1. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
7. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
8. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
9. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
10. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
11. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
12. _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

113

... PARK CONSTRUCTION
XXX VENDORS



114

Management and Organization of Services

Railway Square Rehabilitation - Part II

Background:

The city has met with various interest groups and has cataloged the following list of concerns about the proposed use of railway square.

residential tenants want

- an area with play equipment for their young children
- vendors removed from the streets in front of their buildings
- the remaining vendors should be all licensed and sell household consumer items only
- the city should provide market space to get the vendors off the streets including standard operating hours, sanitary facilities maintenance, and police patrols.

store owners want

- limitations on what vendors are permitted to sell (only those items which "compliment" store merchandise)
- absolute limit on numbers of vendors, no unlicensed vendors
- limited operating hours, high license fees, a "public market" structure built in the park to house vendors (building to be compatible with surrounding architecture).
- maintain passive use of southern half of the square.

licensed vendors want

- low fees and no limitations of items to be sold
- no issuance of new vending licenses, strict enforcement against unlicensed vendors
- if new facilities are provided, no additional use fees
- no hours limitations

unlicensed vendors want

- licenses on demand
- continued use of streets for vending
- an end to police harassment
- no "anti capitalist" limits on business operations

the management of the railway terminal wants

- reinstitution of taxi and bus waiting areas in front of terminal
- curb cuts to ease movement of baggage
- no vending surrounding terminal
- no traffic flow impediments around terminal

Task:

1) Develop a design concept for the whole square, giving what you think is appropriate weight to the various concerns and wishes expressed above.

2) What preferences expressed by various interests were not included in your design and the reasons why.

3) Estimate cost of the project. Minimum Investment _____
Moderate Investment _____ Major Investment _____

How much of the cost will be born by the local government? _____

If less than 100%, where will the additional resources come from?

4) Compose an oral presentation which explains the project to the city council.

Management and Organization of Services**Sidewalk Contract - Part 1****Background:**

The city's engineering department has designed the specifications for bidding the street and sidewalk elements of Railway Square. The contract is to be let to an independent local construction company.

Attached is a portion of the construction contract for the sidewalk repair. You are the Vice Mayor for Planning and Policy. The documents have been drafted by a department for which another Vice Mayor has jurisdiction. The money which is to pay for the contract (and hence the ultimate responsibility to monitor the contract) is in your department.

Nevertheless, you are called into a meeting the day before the award is to be signed by the Mayor. It is your last chance to review the technical elements of the contract. As you work through the attached text, try to keep in mind the time constraints and the scale of this project. Identify the most serious deficiencies. Also keep in mind you are reviewing the bid specifications--assume all the other materials, blueprints, technical, legal requirements, etc. are satisfactory.

1. GENERAL DESCRIPTION OF THE PROJECT:

The sidewalk area on the north, east and west sides of Railway Square is to receive certain improvements that will include sidewalk repair and/or replacement, installation of new curbing, realignment of existing curbing and the forming of tree wells. Sidewalk ramps are to be built.

2. BID SPECIFICATIONS:

- a. General: Remove existing defective, damaged or cracked concrete or asphalt sidewalks and driveways. Repair and/or replace with like and equal materials. All grades must meet and match existing adjacent grades. All ramps will be constructed of concrete at locations shown on the construction plans. Tree wells will be saw cut in existing satisfactory pavement areas and pre-formed into areas where new materials are to be installed.
- b. Starting and Completion Dates: The project must commence not later than two working days after the award of the contract and must be completed within five weeks (25 working days) from the date of said commencement.
- c. Concrete Sidewalks, Driveways and Ramps: The City of _____ (appropriate department) Standards are required for all concrete sidewalks, driveways and ramps. The finish will be determined in the field at the time of construction by the Construction Superintendent. Sample finishes may be required if necessary.
- d. Asphalt Sidewalks: The repair and/or replacement of all asphalt sidewalks must meet the (appropriate department) sidewalk standards. The perimeter of all repair and replacement areas will be saw cut to a square, neat and uniform edge. A _____ kilogram roller will be used for final compaction. Grades must meet existing and adjacent grades.
- e. Removal and Replacement of Sidewalks and Driveways: All material that is excavated at any time and at any location on this project must be completely removed from the site at the end of each work day. The dumping and/or storage of this material may be stored within the City of _____ in an area to be approved and designated by the Construction Superintendent, otherwise such dumping and/or storage is not allowed within the limits of the City of _____. The replacement of the pavement in the areas, where required, must be completed within 72 hours from the time of excavation.
- f. Safety and Security: All walkways will be kept in a passable condition at all times other than when physical removal or replacement is in process. The safety of the pedestrian is the full responsibility of the contractor. Proper security and protection of the newly installed asphalt or concrete materials on the project must be maintained. All locations of facilities existing or installed concurrently with this project must be verified and protected by the contractor. This includes facilities or appurtenance above, at grade, below, or adjacent to the work areas as delineated on the plans.
- g. Tree Planting: The tree planting will be accomplished and completed prior to the installation of the new sidewalk pavement in the predetermined planting areas. Trees are to be _____ centimeters caliber, Mountain Ash. The guarantee required is on growing season. Planting must meet the (appropriate department) standard specifications for planting and maintenance of deciduous trees.

h. Coordination and Cooperation: The contractor is required to coordinate all work activities through the Construction Superintendent for all phases of the project. A minimum of 24 hours is required for any revision in a previously planned activity and approval must be rendered in writing to the contractor by the Construction Superintendent. The coordination of activities with utility agencies, sub-contractors or contractors with separate contracts in the same area must be done in the presence of the Construction Superintendent for his information and background knowledge of proposed or planned activities by other than the prime contractor.

i. Clean Up: Clean up of the entire project area is the responsibility of the contractor. In addition to the standard item clean up operations as specified in the (appropriate department) Contract Standards, the contractor is required to clean and test all catch basins within the project area and those basins that collect surface drainage from the project area.

j. Final Approval: Final approval will be in the form of a formal written statement by the awarding authority. The following elements must be satisfactorily completed and submitted before the Final Approval Request is submitted.

1. Submission of Final Payment Request Form.
2. Written results of the Final Inspection by the Contractor, Construction Superintendent, Design Engineer, and the City of _____'s officially designated representative.
3. Submission of the Original set and one copy of the As-Built-Drawings of the Project Improvements indicating date of completion and acceptance by the city.
4. **Payments:** Payments are to be made on a monthly basis upon the submission by the contractor of the PROGRESS AND PAYMENT SCHEDULE that is certified and approved by the appropriate parties. The contractor will be paid for the work completed as of and to the date of the payment schedule.
5. **Final Payment:** The final payment will be made after all the proper inspections, submissions of AS-BUILT-DRAWINGS, and concurrence of the design and inspecting engineers. The final payment will be made not later than 30 days after submission for payment, or 30 days after the final payment request procedure is satisfactorily submitted and accepted.

Task:

Review contract language and make any comments for note changes necessary.

General project description

Deficiencies (if any)

Bid Specifications

a. general

b. starting & completion dates

c. concrete sidewalks, driveways and ramps

d. asphalt sidewalks

e. removal & replacement of
sidewalks & driveways

f. safety and security

g. tree planting

h. coordination and cooperation

i. clean up

j. final approval

120

Sidewalk Contract - Part II

Background:

For a variety of reasons the contract has been let "as is"—that is, without any changes which you personally recommended.

During the construction phase the (appropriate department) has assigned one of their inspectors to monitor the construction. As this is the first independent construction contract that the city government has let, it has been decided that the construction superintendent will report jointly to both the Vice Mayors for Public Facilities and the Vice Mayor for Planning and Policy. Any decisions about problems which arise will be handled jointly.

The reason the contract was let in such a tight time frame is to meet the agreement with Ms. Kochinski regarding the opening of her hotel. The hotel's grand dedication ceremony (to be covered by Polish and Swedish TV) is scheduled in six weeks time.

Instructions:

Various problems arise in the course of construction. Each time a problem arises the vice mayors convene a joint meeting. Each page concerns a different problem occurring in sequence during the construction. DO NOT GO ON TO THE NEXT PAGE UNTIL YOU HAVE DECIDED ON SOLUTIONS TO THE PROBLEM YOU ARE ON.

PROBLEM NUMBER ONE:

The construction superintendent reports to the Vice Mayors that no on-site construction activity has commenced. The contractor says that his men are constructing the forms for the tree wells at another site, but the fact that these forms are for use in the Railway Square job meets the contract requirement for commencement of work within two days after the effective date of the contract.

Day 6 of the construction time period

TASK ONE:

Is this a contract violation? _____ Specify:

Is this problem caused by a contract deficiency? _____

Specify: _____

TASK TWO:

Alternative Administrative Actions (select the best one)

- (1) Insist that the contractor is in violation of the contract and demand that on-site construction activities commence immediately.
- (2) Advise the contractor that regardless of the definition of "official commencement", since he has acknowledged commencement he must complete all work within 25 working days as the contract calls for.

Does your choice have a probable negative impact on any of the following? (if so, describe):

(a) Project budget _____

(b) Completion time _____

(c) Project Quality _____

122

PROBLEM NUMBER TWO:

Day 10 of the construction time period

The contractor begins sidewalk repair and replacement work at the eastern side of the site. All three of the merchants in the first three stores affected complain that construction equipment is blocking access to their stores. The following day the same merchants complain that the removed sidewalk material is left in piles next to the excavation holes throughout the day, thus creating an unsightly and hazardous access to the stores for their patrons. The merchants demand instantaneous removal of all debris and the construction of temporary walkways to their stores during the construction period.

TASK ONE:

Is this a contract violation? _____ Specify:

Is this a problem caused by a contract deficiency? _____

Specify: _____

TASK TWO:

Alternative Administrative Actions (select one)

- (1) Insist that the contractor immediately remove the debris at the end of each working day and install temporary walkways to each store prior to the commencement of any work in front of a store. Agree to a change order to accommodate the requirement for installation of temporary walkways.
- (2) Insist that everything the merchants demand was "implied" in the contract and must be done without a contract modification. Have the city remove any existing debris and install temporary walkways to the three stores. Suspend further work on the site until the contractor agrees to the city's interpretation of the contract.
- (3) Negotiate with the contractor to stage his work so that each store will be affected only for 48 hours or less by construction activity. Explain to the merchants that this construction disruption is necessitated by the nature of the patch repair work being done.

123

- (4) Arrange for a city public works truck to be stationed each day at the project site from 8 a.m. until 4 p.m. so that debris can be loaded as the sidewalks are torn up instead of letting it accumulate for removal at the end of the day. Negotiate with the contractor to pay the city that portion of the bid price which was allocated for debris removal as partial compensation for the city's providing daily on-site facilities for debris removal.

Does your choice have a probable negative impact on any of the following? (if so, describe):

(a) Project budget _____

(b) Completion time _____

(c) Project Quality _____

**PROBLEM NUMBER
THREE:**

Day 17 of the
construction time
period

The construction superintendent and a city councilman from ³⁰⁹ the area both bring to the attention of the vice mayors that the cuts made for the tree plantings are not of uniform spacing. Also, one tree cut, in addition to being out of spacing along the curb length dimension, is also 45 centimeters out of alignment (i.e., closer to the building fronts than the others). The contractor says that he spaced them according to where there was good sidewalk material which wouldn't crack when cut, or in the center of any new pour of the concrete or asphalt to insure proper drying of the patch.

TASK ONE:

Is this a contract violation? _____ Specify:

Is this problem caused by a contract deficiency? _____

TASK TWO:

Alternative Administrative Actions (select one)

- (1) Let the tree cuts stay where they are and explain to the city councilman that the "economy" nature of the repair work necessitated the spacing of the tree wells as they are. Ask the contractor to recut the one tree well which is 45 centimeters too close to the building in order to placate the city councilman. Accept a cost overrun for the extra work.
- (2) Require all tree wells to be cut at consistent intervals. Extend the term of the project and process a change order to correct the contract and provide for the additional cost of redoing the work. Accept the argument of the contractor that additional sidewalk must be replaced in six locations to provide a proper setting in which to pour new concrete over previously cut tree wells "slightly out of spacing alignment with the new specifications".

- (3) Modify the planting design to evenly space the 8 centimeter trees at distances twice the original plan and revise specifications to install low shrubbery in the other tree wells in order to obscure the irregular nature of the well spacing. The contractor says he can supply shrubbery for the same as the original tree order; however, the change in the nursery order will require a three week extension without penalty in the project completion date.

Does your choice have a probable negative impact on any of the following? (if so, describe):

(a) Project budget _____

(b) Completion time _____

(c) Project Quality _____

PROBLEM NUMBER

FOUR:

Day 21 of the construction time period

The contractor, in doing street excavation to install a curb ramp, punctures a city water line. All work is suspended on installation of curb ramps until the water line is repaired and the city water bureau checks the location of their lines near the other ramp installation sites. This portion of the project is delayed six days. The city water bureau says that its cost should be added to the project cost, either as a bill to the contractor or paid by the Planning and Policy Department.

TASK ONE:

Is this a contract violation? _____ Specify:

Is this problem caused by a contract deficiency? _____

Specify: _____

TASK TWO:

Alternative Administrative Actions (select one)

- (1) Accept the six day delay on the contractor's part and tell the city water bureau that they were at fault for not checking the location of their lines against the plans when the plans were submitted for general review by all city agencies a month ago.
- (2) Admit a coordination failure by the Planning and Policy Department with the water bureau and pay their monetary claim out of Planning and Policy Department funds.
- (3) Sue the contractor after the job is completed for not checking with the water bureau on the location of their lines before drilling the street.

Does your choice have a probable negative impact on any of the following? (if so, describe):

(a) Project budget _____

(b) Completion time _____

(c) Project Quality _____

127

GUIDEBOOKS



**ZATRUDNIANIE KONSULTANTÓW PRZY
PROJEKTACH BUDOWLANYCH**
przewodnik dla władz lokalnych

**HIRING CONSULTANTS FOR
CONSTRUCTION PROJECTS**

*Foundation in Support
of Local Democracy*



02-078 Warszawa
ul. Krzywickiego 9
tel. (48-22)25-28-08
fax (48-22)25-14-16
POLAND



**Community
Development
Training Institute**

50 Washington Square, Newport, RI 02840
Tel: 401/849-7053 Fax: 401/849-5193

Przewodnik ten został przygotowany przez Instytut Rozwoju Społeczności Lokalnych we współpracy z programem Lokalna Demokracja w Polsce (Rutgers University, New Brunswick, USA), z Fundacją Rozwoju Demokracji Lokalnej (Warszawa) i ośrodkiem szkoleniowym tej Fundacji (Białystok).

Przewodnik ten został napisany przez Nicolasa Retsinas'a, ówczesnego dyrektora ds. Rozwoju Społeczności Lokalnej miasta Pawtucket, RI, USA, przy konsultacji Carla Salvo. Następnie został zredagowany przez Diane Voneida, dyrektora ds. Rozwoju Społeczności Lokalnej miasta Rockford, IL, USA.

CREDITS

This guidebook was developed by the Community Development Training Institute in cooperation with the Local Democracy for Poland Program at Rutgers University in New Brunswick, New Jersey, USA, with the Foundation in Support for Local Democracy in Warsaw, Poland and its training center in Białystok, Poland.

This guidebook was originally written by Nicolas Retsinas, then Director of Community Development, City of Pawtucket, RI, USA, in consultation with Carl Salvo, and revised and edited by Diane Voneida, Director of Community Development City of Rockford, IL, USA.

**ZATRUDNIANIE KONSULTANTOW PRZY PROJEKTACH
BUDOWLANYCH**

przewodnik

napisany przez Nicolasa Retsinasa, przy konsultacji
Carla Salvo; zredagowany przez Diane Voneida.

May, 1992

**A GUIDEBOOK ON
HIRING CONSULTANTS FOR CONSTRUCTION PROJECTS**

**Written by Nicolas P. Retsinas
in consultation with Carl Salvo,
revised and edited by Diane Voneida**

May, 1992

A GUIDEBOOK ON HIRING CONSULTANTS FOR CONSTRUCTION PROJECTS

1. THE BASIC IDEA

All local government activities can benefit from better articulation of program objectives, better coordination, better contingency planning and the like. Construction projects, however, have their own special set of problems, many of which can be avoided with some preliminary planning. Before entering the design and construction phases of any construction project, a city should:

A. Review past problems with similar proposals

If the city has had several similar projects that for whatever reasons have failed to prove viable, it should hesitate before constructing another.

B. Assess financial feasibility

Even if political and citizen backing for a particular proposal exists, do not rush in. Look carefully at the potential costs weighed against the city's resources and be prepared to say "No."

C. Assess political feasibility

A successful project will need community support or, at a minimum, acquiescence. Financial feasibility aside, any project that angers a substantial constituency is almost always doomed.

PODRECZNIK NA TEMAT ZATRUDNIANIA KONSULTANTÓW PRZY PROJEKTACH BUDOWLANYCH

1. ZAŁOŻENIA PODSTAWOWE

Wszelką działalność władz lokalnych można usprawnić poprzez lepsze określanie celów programowych, lepszą koordynację, lepsze oszacowanie możliwości etc. Projekty budowlane stwarzają jednak swoiste problemy, z których wiele da się uniknąć poprzez wstępne planowanie. Przed podjęciem czynności projektowo -budowlanych w przypadku jakiegokolwiek projektu budowlanego miasto powinno:

A. Przeanalizować dotychczasowe kłopoty z podobnymi projektami

Jeśli miasto miało kilka podobnych projektów, których realizacji z jakichkolwiek powodów zaniechano - należy być bardzo ostrożnym lub wręcz się wstrzymać z konstruowaniem nowych.

B. Ocenić możliwości finansowe

Nawet jeśli istnieje poparcie polityków i obywateli - nie działać pochopnie. Przyjrzeć się uważnie potencjalnym kosztom w relacji do dochodów miasta i być przygotowanym na powiedzenie "nie".

C. Wziąć pod uwagę okoliczności społeczno-polityczne

Aby projekt się udał, potrzebne jest poparcie lokalnej społeczności - lub bodaj jej przyzwolenie. Abstrahując od możliwości finansowych, jakkolwiek projekt budzący niezadowolenie wśród przeważającej większości jest prawie zawsze skazany na niepowodzenie.

D. Make objectives explicit

"Park", "housing rehab", "playground" are too vague. Do you want a multipurpose park? One geared to active sports? To the elderly? Similarly, are you targeting housing rehabilitation for specific populations or geographic neighborhoods? Specify the benefits that the specific project will offer the community.

2. PREPARING FOR DESIGN

In theory, cities face a range of choices on whether to utilize private design and engineering consultant services and to what extent. A city may contract out some or all of its design tasks.

Some larger cities may have architects and engineers on staff. The advantages of such an arrangement are direct control, accountability, and flexible time schedules to devote to various activities. The disadvantages are that the architect or engineer may not be familiar with all types of projects.

Because the scale of construction operations does not warrant full time design staff, smaller communities may elect to handle their design and engineering work through consultant architects. Even if the city hires an outside consultant, someone on city staff must have responsibility for project oversight. Project oversight includes monitoring, coordinating, reviewing and assisting the architect. In addition, the city staff responsible for project oversight must have an understanding of the rudiments of architecture and engineering, and must understand the specific demands of the project and the tasks of the architect. This point is an important one.

D. Dokładnie określić cele

"Park", "odnawianie budynków", "plac zabaw" - to zbyt ogólne określenia celów. Czy chcecie mieć park wielofunkcyjny? Czy dostosowany do jakichś szczególnych sportów? Czy może park dla ludzi starszych? Podobnie sprawa wygląda z celem określonym jako "odnawianie budynków": czy zmierzacie do odnawiania budynków zamieszkałych przez specyficzną populację, czy raczej takich, które są usytuowane w konkretnej dzielnicy? Dlatego też sprecyzujcie uważnie swoje cele oraz określcie korzyści, jakie dany projekt przyniesie waszemu środowisku.

2. PRZYGOTOWANIA DO PROJEKTU

Teoretycznie - miasta swobodnie decydują, czy i w jakim zakresie korzystać z prywatnych usług konsultacyjnych biur projektowo - inżynierskich; miasto może zlecić "na zewnątrz" wykonanie części lub całości swych projektowych zadań.

Niektóre większe miasta mogą mieć architektów i inżynierów w swoim zespole (na etacie). Zaletami takiego układu są: bezpośrednia kontrola, odpowiedzialność etatowych pracowników, elastyczny rozkład zajęć dostosowany do różnych czynności. Wadą takiego układu jest możliwość, że etatowy inżynier lub architekt nie będzie się znał na wszystkich typach projektów.

Ponieważ zakres prac budowlanych nie gwarantuje pełnego zatrudnienia zespołowi projektantów, mniejsze miasta mogą zlecać prace projektowe i inżynierskie prywatnym konsultantom - architektom. Jednak wówczas, gdy miasto zatrudnia konsultanta z zewnątrz - ktoś z urzędu miasta musi być odpowiedzialnym za nadzorowanie projektu. Nadzorowanie to zawiera: uważną obserwację przebiegu prac, koordynowanie prac, recenzowanie postępów w pracach, wszechstronną pomoc konsultantowi. Nadto urzędnicy miejscy odpowiedzialni za nadzorowanie projektu muszą znać się na zasadach architektury i inżynierii oraz rozumieć specyfikę nadzorowanego projektu i zadania konsultanta. Jest to bardzo ważne.

Consultants are advisors; they should not be given responsibility for major project decisions. Instead, consultants take their orders from the city staff, who articulate precise responsibilities of the consultants. In order to give directions to hired consultants, city staff must define its goals and decide how to reach those goals. The more specific the city can be about detailing objectives and tasks, the better the consultant will perform.

3. SELECTING A CONSULTANT

The selection process itself can help communities gain a better grasp of their project. In reviewing each different proposal submitted, the city will gain slightly different perspective on the proposed project. One architect may highlight a problem or possibilities that another over-looks. Look at the selection of a consultant as an opportunity to learn.

One of two basic approaches can be used: solicitation to specific architects or open advertising. A community choosing solicitation should investigate track records as well as areas of expertise to determine which firms receive invitations to submit a proposal. Many communities maintain a list of consultants that have performed satisfactorily in the past. The advantage to solicitation is efficiency. Solicit only from viable firms with appropriate expertise.

The disadvantage to open advertising is receiving proposals from firms ill-equipped to accomplish the task. The advantages are:

1. discovering a firm, heretofore unknown, who has the expertise needed; and
2. the spirit of open governmental administration.

Konsultanci są doradcami; nie do nich należy odpowiedzialność za główne decyzje projektowe. Otrzymują jedynie konkretne zamówienia od urzędu miasta (władz lokalnych) - i urząd precyzuje zakres ich odpowiedzialności. Aby właściwie ukierunkować zatrudnionych konsultantów - urzędnicy miejscy muszą sami zdefiniować swoje cele i sposoby ich osiągnięcia. Im konkretniej miasto zdefiniuje swoje cele i zadania, tym lepiej wykonają swoją pracę konsultanci.

3. WYBÓR KONSULTANTA

Sam proces wyboru konsultanta może pomóc społecznościom (miastu) w lepszym rozeznaniu się we własnym projekcie. Przeglądając różne oferty i propozycje - miasto zyska nową perspektywę w spostrzeganiu proponowanego projektu. Np. jeden architekt może zwrócić uwagę na kwestie, które inny zupełnie pominie. Traktujcie więc proces wyboru konsultanta, jako okazję do uczenia się. Możecie tego dokonać w dwojaki sposób:

- zabiegać o konkretnego konsultanta lub
- ogłosić przetarg otwarty.

Społeczność wybierająca pierwszą drogę musi uważnie prześledzić tak udokumentowane osiągnięcia, jak i zakres fachowości firm, do których zamierza zwrócić się o ofertę. Wiele urzędów miejskich (np. w USA) posiada listę konsultantów, którzy w przeszłości dobrze się zaprezentowali. To jest skuteczna metoda: zabiegać tylko o dynamiczne firmy o stosownej specjalności i renomie.

Co do przetargu otwartego - to jego wadą jest otwarcie się także na oferty od firm niekompetentnych w danej dziedzinie. Ma on jednak też swoje zalety; są to:

- szansa odkrycia jakiejś nieznannej dotąd firmy, która legitymuje się odpowiednią fachowością,
- atmosfera jawności w działaniach administracji miejskiej

The key selection criteria are: expertise, track record, flexibility, and willingness to work with city staff and the community. In both solicitation and open advertising, the criteria for selection, as well as the proposal guidelines, should be clearly outlined.

A. Requests For Proposals (RFPs)

The request for proposal process is important. The RFP must elaborate sufficiently to let design consultants understand precisely what the city expects. At a minimum, the RFP should include:

1. A statement outlining the proposed project, the major tasks to be undertaken (e.g., project objectives, preparation of cost estimates, preparation of construction plans and specifications).
2. Timetable for commencement and completion of individual tasks including staff review time at each design phase and a progress payment schedule.
3. Special conditions (e.g., briefings with citizen groups, city council or other interested parties; pre-construction meeting for bidders)
4. Pertinent federal, and local laws and regulations (e.g., utilizing local labor)
5. If available, existing concept plans and/or diagrams and preliminary budget estimates. The extent of involvement of city staff to assist the consultant should be detailed, as well as any financial constraints on the project.

Oto podstawowe kryteria wyboru konsultanta: fachowość, udokumentowane osiągnięcia, elastyczność i odpowiednia motywacja do współpracy z urzędem miasta i lokalną społecznością. W obydwu sposobach wyboru konsultanta kryteria te - podobnie, jak wskazówki dotyczące oferty - powinny być dokładnie wyszczególnione.

A. Formułowanie zapotrzebowania na ofertę

Ważne jest, w jaki sposób sformułowane zostanie zamówienie na ofertę. Zamówienie to musi pozwolić konsultantom na precyzyjne zrozumienie oczekiwań miasta. Zamówienie powinno zawierać przynajmniej:

1. zarys ustaleń nt. proponowanego projektu i główne zadania do wykonania (np. cele projektu, przygotowanie kosztorysów, przygotowanie planów konstrukcyjnych i dokumentacji);
2. harmonogram rozpoczęcia i ukończenia poszczególnych zadań, zawierający czas na ocenę personelu w każdej fazie projektu oraz harmonogram wypłat;
3. specjalne uwarunkowania (np. spotkania z przedstawicielami lokalnej społeczności, radnymi lub innymi zainteresowanymi stronami; wstępne spotkania z oferentami);
4. odpowiednie regulacje prawne - krajowe i lokalne (np. o wykorzystaniu miejscowej siły roboczej);
5. plany ogólne (jeśli dostępne) i/lub diagramy oraz preliminarz budżetowy. Należy sprecyzować, w jakim zakresie władze miasta będą współdziałać z konsultantem oraz - jakie są finansowe ograniczenia projektu.

6. Information required for submission of a response:
 - a) statement of project understanding
 - b) descriptions of projects completed of a similar nature including client references and phone numbers
 - c) key personnel to be assigned to the project and their resumes.
7. Specific number of copies of plans and specifications needed for review and for bidding purposes.
8. The requirement for a complete tabulation of all bids received for objective comparison by the consultant and city staff.

B. Review of RFPs

A review panel should be established and include an architect or engineer, the manager of the project and appropriate city staff persons. The panel should review all proposals promptly. In addition to reviewing the proposal, the panel should interview the applicant architects/engineers. Criteria should include:

1. Past performance on similar projects. References on these projects should be called and asked if the project was completed satisfactorily, on time, and within budget.
2. Demonstrated capacity on this specific type project
3. Extent to which experienced consultant staff will spend time directly on the project

6. wymóg, by ewentualna oferta zawierała także:
 - a. deklarację zrozumienia projektu
 - b. opis podobnych ukończonych projektów łącznie z referencjami klienta i numerami telefonów
 - c. listę kluczowego personelu wyznaczonego do pracy nad projektem (wraz z resumes tych pracowników)
7. ściśle określoną liczbę kopii planów i dokumentacji potrzebnych do recenzji i celów przetargowych
8. wymóg, by oferent przedstawił swoją propozycję w standardowej formie - co pozwoli konsultantowi i urzędnikom miejskim na obiektywne porównanie napływających ofert.

B. Przegląd ofert

Należy powołać zespół recenzujący, w skład którego wchodziłby architekt lub inżynier, menedżer projektu oraz odpowiedni członkowie władz miejskich. Taka komisja powinna bezzwłocznie przeanalizować wszystkie propozycje. Nadto komisja powinna przesłuchać ubiegających się o pracę architektów/inżynierów kierując się następującymi kryteriami:

1. dotychczasowe osiągnięcia w pracy nad podobnymi projektami. Należy sprawdzić referencje i upewnić się, czy dane projekty zostały ukończone pomyślnie, na czas i w ramach budżetu;
2. dowiedzione umiejętności w zakresie danego typu projektu;
3. ramy czasowe, w których doświadczony zespół konsultantów będzie pracował bezpośrednio nad projektem;

4. Extent to which firm is committed to other projects. A firm that has overextended its capacities will have to overtax existing staff, shift major responsibilities to inexperienced junior staff, or subcontract - all detrimental to your project.

C. Contracting With a Consultant

Constant two-way communication between the city's staff and the architect/engineer is essential. Scheduled review sessions at the end of each design phase are important. This establishes an early warning system which handles problems when they arise. And problems will arise.

Cities should consider appointing a construction superintendent at this early stage. In this way the city gains a written chronological log of project work. This log can offer an early warning of problems that, if neglected, may stymie the project. If hiring a construction superintendent is not possible, one city staff person should be charged with overall project responsibility at this early phase.

This staff person must work very closely with the consultant. He should respond promptly to all consultant requests for specific data and be the person the consultant uses to communicate with the city. The important element of effective supervision at this stage is the establishment of a monitoring schedule that parallels the design phases.

The submitted proposal should be the basis of the terms of the contract for design work. This will facilitate effective monitoring of the consultant's activities. Contract components can be based on the phases suggested below.

4. Zakres zaangażowania danej firmy w innych projektach; firma, która ma zbyt dużo innych zobowiązań będzie musiała przeciążyć obowiązkami doświadczonych pracowników, zlecić główne zadania pracownikom mniej doświadczonym lub podwykonawcom - a wszystko to ze szkodą dla Waszego projektu.

C. Zawieranie umowy o pracę z konsultantem

Niezwykle istotny jest stały, wzajemny kontakt między urzędem miejskim a architektem/inżynierem. Ważne jest ustalenie terminów sesji przeglądowych pod koniec każdej fazy projektowania, co zapewni wczesne eliminowanie ewentualnych problemów. A wiadomo, że problemy będą narastały.

W tej wczesnej fazie miasto powinno powołać inspektora nadzoru, który zapewni chronologiczny zapis prac projektowych. Taki zapis daje szansę wczesnego wykrycia problemów, których zlekceważenie mogłoby spowodować klęskę przedsięwzięcia.

Jeśli zatrudnienie inspektora nadzoru nie jest możliwe, wybrany urzędnik miejski powinien zostać odpowiedzialny za nadzór nad przedsięwzięciem w jego wczesnej fazie. Urzędnik ten musi ściśle współpracować z konsultantem; dostarczać wszelkich danych i informacji, których konsultant zażąda oraz być łącznikiem między konsultantem a miastem. Istotnym elementem skutecznego nadzoru w tej fazie jest ustalenie planu kontroli, który byłby zgodny (równoległy) z etapami projektowania.

Przedłożona oferta powinna być podstawą do określenia warunków kontraktu dla prac projektowych - usprawni to monitorowanie pracy konsultanta.

Komponenty kontraktu mogą być oparte na etapach sugerowanych poniżej.

4. DESIGN PHASES

A. Preliminary Design

First, in the preliminary design phase, the city and consultant review the specifics of the project's requirements, the special considerations, and relevant feasibility studies, city laws, utility standards, and site conditions. The city should restate its funding constraints. The consultant and city staff should conduct joint on-site inspections. The schedule should be reviewed and possible conflicts resolved at this early stage. The consultant should meet the assigned staff person with whom he will deal on a daily basis. The city should provide a list of names, phone numbers, and addresses of all approving authorities, regulating agencies and utility providers, as well as those who may have special expertise about the project so that the consultant may contact appropriate parties directly.

At this stage, the consultant prepares preliminary engineering studies and designs. These should be circulated to pertinent parties such as project users, city planners and engineers, fire and police personnel, tax assessor, utility providers and internal city staff for review. Reviewers should have a time limit in which to comment.

B. Design Development

The second phase is design development. It begins only after all required parties have reviewed and commented upon preliminary plans, timetables and cost estimates. During this stage, the consultant holds detailed technical confer-

144

4. ETAPY PROJEKTOWANIA

A. Projektowanie wstępne

Najpierw miasto i konsultant analizują specyfikę danego projektu, jego szczegóły, specjalne uwarunkowania, a także dokonują przeglądu odpowiednich badań nad wykonalnością/opłacalnością danego projektu; analizują również prawa miejskie, standardy użytkowe i warunki terenowe. Miasto powinno przedstawić swoje ograniczenia budżetowe. Władze miasta wraz z konsultantem powinny przeprowadzić inspekcję terenu.

W tej wstępnej fazie należy dokładnie omówić plan działania, wyjaśnić wątpliwości i rozwiązać ewentualne problemy. Konsultant powinien poznać urzędnika miejskiego, z którym będzie współpracował. Miasto powinno dostarczyć konsultantowi listę numerów telefonicznych i adresów władz zwierzchnich, urzędów kontroli, przedsiębiorstw komunalnych oraz wszystkich tych, którzy orientują się w danym projekcie - tak, by konsultant mógł kontaktować się bezpośrednio ze stosownymi instancjami.

Na tym etapie konsultant przygotowuje wstępne opracowania i projekty inżynierskie. Powinny one być rozesłane do zainteresowanych stron tzn. do przyszłych użytkowników obiektu, służb miejskich, policji, straży pożarnej, urzędu podatkowego, przedsiębiorstw komunalnych - do wglądu i recenzji. Zainteresowane strony powinny nadesłać swoje komentarze w określonym terminie.

B. Rozwój projektu

Druga faza - to rozwój projektu. Można ją rozpocząć dopiero po dokładnym omówieniu i ocenie wstępnych planów i kosztorysów przez wszystkie zainteresowane strony. Podczas tego etapu konsultant utrzymuje stały kontakt - w sprawach technicznych szczegółów - z władzami miasta, z

ences with the city's approving authority, the project manager and all other key personnel. It is the responsibility of the city to provide the consultant information on all legal requirements that must be followed as well as any special studies, surveys, and other data that are available. Another review by all parties should be completed at the end of this phase.

C. Advanced Design Stage

Advanced designs should be circulated, as in the two preliminary phases. At this stage, a meeting should be convened with all parties engaged in reviewing the project to answer any questions. The meeting notice should state that this is the opportunity to influence the final plans. Revisions to these plans at this point should be minor only. Final, written approval of all required parties should be secured at this point. This is essential.

D. Final Construction Documents

In the construction document phase, the consultant prepares plans and specifications for bidding. Final construction cost estimates are also prepared. Although the design portion of the contract is essentially complete the design consultant performs two other essential tasks which bear heavily on the successful outcome of the construction phase. These are bid review and progress payment reports.

E. Bid Review

In the construction bid review phase, the consultant assists in the review, construction tabulation and analysis of all bids and makes comparisons to the original engineer's estimate and project budget. Construction contracts are prepared by the city with the assistance of the design consultant.

menedżerem projektu i z kluczowym personelem. Miasto jest zobowiązane informować konsultanta o wszelkich wymogach prawnych, które muszą być spełnione, a także dostarczyć wszelkich dostępnych informacji na temat badań i pilotaży związanych z projektem. Pod koniec tej fazy wszystkie zainteresowane strony dokonują kolejnego przeglądu prac nad projektem.

C. Zaawansowane stadium projektu

Zaawansowane projekty powinny być rozesłane do wszystkich zainteresowanych - podobnie, jak w wypadku dwóch poprzednich faz. Na tym etapie należy zorganizować spotkanie wszystkich zaangażowanych w przedsięwzięcie stron - by rozstrzygnąć wątpliwości i odpowiedzieć na pytania. Zawiadomienie o tym spotkaniu powinno precyzować, że jest to okazja do ostatecznej modyfikacji planów i że od tego momentu dopuszczalne będą tylko drobne poprawki.

Najistotniejszą sprawą na tym etapie jest pisemne zatwierdzenie projektu przez wszystkie zainteresowane strony.

D. Końcowa dokumentacja budowy

W fazie przygotowywania dokumentacji budowy konsultant przygotowuje plany, dokumentację techniczną oraz ostateczne kosztorysy budowlane do przetargu. Jakkolwiek projektowa część kontraktu jest zasadniczo ukończona, konsultant/projektant wykonuje dwa inne istotne zadania, od których w dużym stopniu zależy udane przejście do fazy budowy; są to: przegląd ofert przetargowych oraz progresywne sprawozdania płatności.

E. Przegląd ofert

W tej fazie konsultant asystuje przy omawianiu, zestawianiu danych i analizowaniu wszystkich ofert przetargowych porównując zawarte w nich dane do pierwotnej wyceny technicznej i do budżetu projektu. Kontrakty na roboty budowlane są przygotowywane przez miasto z udziałem konsultanta/projektanta (autora projektu).

F. Progress Payment Report and Record

Finally, the consultant prepares the progress payment report and record for the project. This element, if properly prepared, becomes an invaluable management tool for the city to ensure constant overview of construction activities and payment status. If the earlier phases have succeeded, the review of construction should be straightforward with a minimum amount of time required for redesign.

The above process of designing, reviewing and refining the design crystallizes the design objectives and achieves the cooperation and coordination that will be essential in the construction phase. However tedious and time-consuming this review process is, the city should insist that all affected parties participate.

5. THE CONSTRUCTION PHASE

A. Bidding Procedure

Once the contract documents, drawings and specifications are prepared, the city will advertise, inviting contractors to bid on the construction project. For all work delineated in the project, the city should seek unit prices.

Example:

<u>Item No.</u>	<u>Estimated Quantity</u>	<u>Item Description and Price</u>	<u>Price Bid</u>	<u>Total Bid</u>
1.11	2710 linear meters	Remove and dispose of existing curbing	_____ @ 1m	_____

1/28

F. Okresowe sprawozdania wypłat i ich rejestracja

Na koniec konsultant przygotowuje okresowe sprawozdanie wypłat i ich rejestr dla potrzeb przedsięwzięcia. Jeśli ten dokument jest opracowany prawidłowo, to staje się bezcennym narzędziem zarządzania dla miasta (inwestora), zapewnia bowiem ciągłą kontrolę nad wykonawstwem i kondycją płatniczą. Jeśli wcześniejsze etapy powiodły się, wówczas końcowe omówienie projektu powinno być związane, z minimalnym marginesem na ewentualne poprawki.

Powyższy proces projektowania, omawiania i doskonalenia projektu krystalizuje cele tego projektu oraz sprzyja współpracy zainteresowanych stron i koordynacji ich działań - co będzie niezwykle istotne w fazie budowy. Mimo, że proces ten jest czasochłonny i mozolny - miasto powinno nalegać, by uczestniczyły w nim wszystkie zainteresowane strony.

5. FAZA WYKONANIA (budowy)

A. Przetarg

Gdy pełna dokumentacja jest już gotowa - miasto ogłasza przetarg na zrealizowanie projektu budowy, czyli na wybudowanie planowanego obiektu. Miasto powinno zabiegać o podanie cen jednostkowych na wszystkie prace określone w projekcie.

PRZYKŁAD

POZYCJA	Przewidywana ilość	Opis zadania i cena	Cena oferty	Całkowita oferta
1.11	2710 metry bieżące	usunąć istniejący krawężnik	___ @ 1m	_____

The city should require bid bonds and any required certifications be submitted with the bids. Contract documents should include provisions that if conditions require revision of quantities, such changes will be permitted at the stated unit prices, such that the total increase or decrease does not change the original contract price by more than an agreed-upon percentage (e.g. 10-15%).

The city should specify a date and time to receive bids. The bid opening proceedings should be open to the public; at that time the representative of the city should open the sealed bids and read them aloud.

B. Pre-Bid Conference

As a part of the bid announcement, the city, along with the design consultant, should set a date and time for a pre-

bid conference to resolve questions and clarify items in the bid documents. The documents should state the date, time and place of such a meeting.

Unless there are errors in the bid documents, the design consultant should open the meeting by saying NOTHING. If the contractors have no questions, the conference should be adjourned. If revisions, corrections, additions, or deletions are necessary, the consultant should prepare an addendum for distribution by registered mail (return receipt requested) to all contractors who have received contract documents as part of the bid process. If the revisions warrant, a new bid opening date must be included in the addendum and published appropriately. All comments, questions, and answers should be recorded and kept as a record of the proceedings.

C. Superintendent of Construction

Usually at this stage a community hires a superintendent of construction. (This term defines a function, rather than a

Miasto powinno żądać, by przedstawione zostały gwarancje przetargowe oraz niezbędne zaświadczenia. W dokumentach kontraktu powinno znaleźć się zastrzeżenie, że jeśli konieczne okażą się zmiany ilościowe, to będą one dopuszczalne tylko po ustalonych wcześniej cenach jednostkowych - tak, by ostateczna wartość kontraktu w stosunku do jego pierwotnej wyceny nie była większa niż ustalony wcześniej procent (np. 10 - 15 %).

Miasto powinno określić termin i czas przyjmowania ofert. Procedura otwarcia ofert powinna być jawna; przedstawiciel miasta powinien otworzyć zapieczętowane oferty i odczytać je na głos.

B. Spotkanie poprzedzające przetarg

W ogłoszeniu o przetargu miasto (wraz z projektantem) powinno także podać datę spotkania poprzedzającego przetarg; miałyby ono służyć rozstrzygnięciu ewentualnych wątpliwości i wyjaśnieniu szczegółów w dokumentach przetargowych. Informacja powinna zawierać datę, czas i miejsce tego spotkania.

Jeśli dokumenty przetargowe nie zawierają błędów - projektant po prostu otwiera spotkanie. Jeśli oferenci nie mają pytań - spotkanie powinno być odroczone. Jeśli konieczne okażą się jakieś poprawki, uzupełnienia, zmiany czy skreślenia - projektant powinien przygotować dodatek uzupełniający i rozesłać go przesyłką poleconą (z potwierdzeniem odbioru) do wszystkich firm budowlanych stających do przetargu. Jeśli te zmiany implikują zmianę terminu otwarcia ofert - nowy termin powinien być podany w dodatku i odpowiednio opublikowany. Wszelkie komentarze, pytania i odpowiedzi powinny być zarejestrowane i przechowywane w aktach.

C. Inspektor budowy

Zazwyczaj na tym etapie inwestor (miasto, lokalna społeczność) zatrudnia inspektora budowy (termin ten

title.) Other titles could be project manager, field supervisor.) As mentioned earlier, it may be a good idea for a city to use this person during the design phase; in that case, he could apply that intimate knowledge of the project to good service as overseer during the construction phase. In most cases, some inspection services are part of the consultant contract with the architectural/engineering consultant, but these are generally minimal.

The superintendent represents the city during the construction phase. He makes frequent site visits (in large projects, daily visits) and is responsible for monitoring the quality and quantity of the work. He reports any suspicions that a project is off schedule (either in time or in sequence) directly to the city staff. He is the staff person responsible for certifying progress payments and reviewing (not granting) all requests for change orders. In fact, an informed and firm superintendent may, by his attitude, discourage contractors from even seeking change orders.

The larger and more complex the project, the earlier the city should designate such an agent. Ideally, the same agent would assist in the selection and monitoring of the design consultant. Three alternate administrative approaches are common:

1. On-Staff

Larger communities may have the in-house capacity to assign experienced staff; but, since the particular construction will be a one-time activity for most cities the staff person may not have the requisite experience. Other cities may choose to appoint outside staff for the project duration but, given governmental salary scales, it is unlikely that the skills of transient staff will

określa funkcję, a nie tytuł. Inne nazwy tej funkcji: kierownik budowy, inspektor nadzoru). Jak wspomniano wcześniej - korzystnie dla miasta byłoby zatrudnić taką osobę już w fazie projektowej; mogłaby ona wykorzystać później swoją znajomość projektu do wszechstronnego nadzorowania budowy. W niektórych wypadkach nadzorowanie jest elementem umowy o pracę z konsultantem (inżynierem, architektem), lecz najczęściej jest ono ograniczone do minimum.

Inspektor nadzoru reprezentuje miasto podczas trwania budowy. Często wizytuje teren budowy (przy dużych projektach - codziennie), jest odpowiedzialny za kontrolowanie jakości i wydajności pracy. Zgłasza każde podejrzenie, że realizacja projektu nie przebiega zgodnie z planem (w zakresie terminów lub kolejności prac). Jest pracownikiem odpowiedzialnym za zatwierdzanie wypłat okresowych i analizowanie (nie - wydawanie) poleceń dotyczących zmiany ustalonego porządku prac. W rzeczywistości, zdolny i stanowczy inspektor potrafi zniechęcić przedsiębiorców budowlanych do wprowadzania zmian.

Im większy i bardziej skomplikowany projekt, tym wcześniej miasto powinno wyznaczyć inspektora. Byłoby idealnie, gdyby ten sam inspektor asystował przy wyborze i nadzorowaniu projektanta - konsultanta.

Powszechne są trzy alternatywne rozwiązania administracyjne:

1. Personel etatowy

Większe społeczności (gminy) mogą wyznaczyć doświadczony zespół ze swojego składu; biorąc jednak pod uwagę fakt, że dane przedsięwzięcie będzie dla większości miast działalnością jednorazową, pracownik etatowy może nie mieć wystarczającego doświadczenia. Inne miasta mogą zatrudnić zespół z zewnątrz na czas trwania przedsięwzięcia, lecz - biorąc pod uwagę płace rządowe - jest mało prawdopodobne, że kwalifikacje takiego "przejściowego personelu" będą

match those of the contractor. The advantages, though, are clear: the city gains direct control over its construction superintendent and may assemble detailed information for future reference after project completion. Furthermore, such assignments enhance the staff capacity for future projects.

2. Design Consultant

Often the design consultant is assigned this inspection responsibility; a junior member of the firm (perhaps a draftsman) will be designated. On the positive side, the design firm's construction superintendent brings with him a clear understanding of the designer's intent and constant communication between the design consultant and the field. When this stewardship is an extension of the design contract, the city can often minimize costs. On the negative side, the city may lose a clear, unbiased perspective. The design consultant/superintendent may be more likely to recommend change orders for approval, rather than concede inherent flaws in the workability of the original design.

3. Inspection Consultant

When a city hires a second consultant to oversee construction, it gains a check on both design and construction. The cost, though, will be higher since the second consultant will need to verify much of the original design. Also, the second consultant may tend to over-criticize the original design, thus causing conflict and delay. In highly technical work a second consultant may be employed to address very specific problems that cannot be resolved in house and may need expert testimony in the future.

The design consultant, the superintendent and the appro-

dorównywały kwalifikacjom przedsiębiorcy budowlanego. Posiadanie własnego (etatowego) inspektora nadzoru daje miastu oczywiste korzyści: bezpośrednią kontrolę jego poczynañ oraz możliwość skompletowania szczegółowych informacji, do których będzie można odwołać się w przyszłości, po zakończeniu przedsięwzięcia. Nadto, realizacja takich zadañ podnosi kwalifikacje zespołu, przydatne w przyszłości.

2. Projektant - konsultant (biuro projektowe)

Często projektant-konsultant pełni funkcję inspektora nadzoru; może zostać wyznaczony do pełnienia tej funkcji młodszy pracownik firmy (np. kreślarz). Pozytywną stroną takiego rozwiązania jest to, że inspektor budowlany z firmy budowlano - projektowej będzie świetnie rozumiał intencje projektanta oraz będzie stałym łącznikiem między projektantem - konsultantem a terenem budowy. Jeśli takie ustalenie wpisane jest w kontrakt z projektantem, miasto minimalizuje dzięki temu swoje koszty.

Negatywną stroną tego rozwiązania jest możliwość, że miasto straci jasną i bezstronną perspektywę. Konsultant - projektant, będący jednocześnie inspektorem nadzoru, może być bardziej skłonny do zlecenia i zatwierdzania zmian niż do przyznawania się do własnych błędów w wykonaniu pierwotnego projektu.

3. Inspektor - konsultant

Jeśli miasto zatrudnia drugiego konsultanta do nadzorowania budowy, to w ten sposób uzyskuje kontrolę zarówno nad projektem, jak i nad budową. Jednak koszty wzrosną, jeśli drugi konsultant będzie chciał zweryfikować większą część projektu pierwotnego. Nadto, drugi konsultant może przesadnie krytykować projekt pierwotny, powodując konflikty i opóźnienia. Drugi konsultant może być zatrudniony zwłaszcza przy pracach o skomplikowanej technologii - aby konsultował szczególne problemy, które nie mogą być rozwiązane na miejscu i które w przyszłości mogą wymagać fachowej ekspertyzy.

Projektant-konsultant, inspektor nadzoru oraz

12
155

priate planning and fiscal staff of the city should review all bids - both for total bid price and for comparison of individual items. A city must look carefully at low (under estimate) bids. They may signify:

- * inexperience of contractor
- * incorrect tally of bid items
- * anticipation of change orders
- * the plans for shortcuts
- * anxiety to obtain work at any price
- * inability to complete the work as scheduled

Bids substantially higher than estimate may reflect errors in the original estimate or a token bid by a contractor who has too much work to handle. In other cases, the design may have satisfied the project objectives but at the expense of budgetary constraints.

D. Bid Award

Prior to the bid award, the city should do a background check of the contractor to be selected, just as the city investigated the track record of the design consultants. The contractor should furnish the following information:

1. Length of time engaged in construction
2. Incomplete work or defaulted contracts
3. Contracts on hand (including amounts, schedules and anticipated completion dates)

odpowiedni zespół planistyczny i finansowy powinni dokonać przeglądu wszystkich ofert przetargowych - tak pod względem ogólnej ceny oferty, jak i dla porównania cen jednostkowych. Miasto musi zwrócić uwagę na niskie (poniżej wyceny) oferty. Mogą one oznaczać:

- * brak doświadczenia u wykonawcy
- * nieprawidłowe podliczenie ofertowej specyfikacji
- * przypuszczalne zmiany w zleceniu
- * planowanie "ułatwień"
- * chęć zdobycia zlecenia za wszelką cenę
- * niezdolność do ukończenia pracy w wyznaczonym terminie

Oferty z kosztami znacznie wyższymi od przewidywanych mogą oznaczać błędy w pierwotnej wycenie lub symboliczną ofertę od przedsiębiorcy, który ma zbyt dużo pracy. W innych przypadkach trzeba się liczyć z koniecznością ograniczeń budżetowych.

D. Przyjęcie oferty

Zanim miasto przyjmie ofertę, powinno dokładnie sprawdzić przygotowanie profesjonalne danej firmy - podobnie, jak przy zatrudnianiu projektantów/konsultantów (biur projektowych).

Oferent powinien dostarczyć następujące informacje:

1. ilość lat pracy w budownictwie
2. nieukończone prace lub zerwane kontrakty
3. aktualnie wykonywane kontrakty (ilość, harmonogramy i przewidywana data ukończenia)

4. Similar projects completed
5. Equipment available
6. Bank references
7. Bonding capacity

The city staff should carefully verify this information. At the bid award, the city should have contingency plans. Optimistically, the city might expect to open all bids and choose the lowest - maybe one even lower than hoped, but they are likely to be disappointed. If this is not the case there are then three options

1. Assuming the architect has identified things that can be cut down, take out some provisions of the design, paring down initial objectives.
2. Redesign the concept. If the city chooses to redesign, it must calculate the costs (political and financial) of so lengthy a delay.
3. Plan a phased development and contract for first phase only.

In any of the above options, the city would go out to bid again.

9. CONSTRUCTION OVERSIGHT

Construction oversight begins with the award of the construction contract. Actual physical construction varies with each project. If the pre-planning, the design and the bids are clear, explicit and realistic, construction should proceed on schedule. A progress payment schedule provides a convenient method of determining whether a project is on schedule and in sequence.

4. podobne, ukończone projekty
5. posiadany sprzęt
6. referencje bankowe
7. możliwości gwarancyjne

Pracownicy urzędu miejskiego powinni dokładnie zweryfikować wszystkie te informacje; powinni też dysponować różnymi alternatywnymi rozwiązaniami.

W najbardziej sprzyjających okolicznościach miasto otwiera wszystkie oferty i wybiera najniższą - może nawet niższą od oczekiwanej; istnieje jednak prawdopodobieństwo, że na dalszym etapie urząd będzie zawiedziony i rozczarowany takim najtańszym kontraktorem. Oprócz tej możliwości pozostają do wyboru jeszcze trzy inne:

1. zakładając, że kontraktor/architekt określił obszary, gdzie można dokonać cięć - zredukować niektóre prowizje projektu i zrezygnować z początkowych celów
2. zmienić koncepcję projektu. Jeśli jednak miasto zdecyduje się na zmianę projektu - musi skalkulować koszty (polityczne i finansowe) wynikające z tak długiego opóźnienia
3. zaplanować rozwój etapowy oraz kontrakt wyłącznie dla pierwszego etapu;

W którymkolwiek z powyższych przypadków miasto powinno ogłosić nowy przetarg.

6. NADZOROWANIE BUDOWY

Nadzorowanie budowy rozpoczyna się z chwilą przyznania (podpisania) kontraktu budowlanego. Każda budowa jest inna - w zależności od projektu. Jeśli wstępne planowanie, sam projekt oraz oferty są jasne, zrozumiałe i realistyczne - budowa powinna przebiegać zgodnie z planem. Progresywny

There are two potential problem areas cities must guard against in the construction phase of a project: the consultant/contractor relationship and change orders.

A. Consultant/Contractor Relationship

Most design consultants and contractors do not deliberately set out to develop collusive arrangements detrimental to construction quality. Like most failings, the convergence of human nature and sloppy management procedures surface to create trouble. Confused lines of authority between design consultant and city government can give the contractor an opportunity to improve his bargaining position to the detriment of the city's position.

To avoid these problems, the contractor should be required to work directly with the city's construction superintendent. Requests for information or changes should take place in the presence of the construction superintendent. These should be referred to the design consultant for his written comments, then to the city's approval authority. This formal procedure will deter tactics that lead to covering up mutual mistakes, pre-planned changed orders, changes in materials and alternate methods.

The contractor should have full cooperation and limited but regular access to the design consultant. The superintendent should be present and record the details of each and every consultation, inspection and comment between the contractor and the design consultant in his daily log book. If the city ever ends up in court because of this project (whether plaintiff or defendant), such written minutes will be useful. The

harmonogram płatności pozwala w dogodny sposób określić, czy projekt rozwija się zgodnie z planem.

W fazie budowy miasta muszą strzec się przed dwoma potencjalnymi niebezpieczeństwami: przed możliwością powstawania układów między projektantem a wykonawcą oraz przed zmianą ustalonego porządku prac.

A. Relacje projektant - wykonawca

Większość projektantów - konsultantów oraz przedsiębiorców budowlanych nie zamierza celowo stwarzać napiętych sytuacji i konfliktów szkodzących jakości budowy. Jednak przewrotność natury ludzkiej i nieudolne kierownictwo sprzyjają nieporozumieniom i kłopotom. Niejasny podział władzy i odpowiedzialności między projektantem - konsultantem a urzędem miejskim daje wykonawcy lepszą pozycję przetargową wobec miasta.

Aby uniknąć tych problemów, wykonawca powinien zostać zobowiązany do bezpośredniej współpracy z miejskim nadzorem budowlanym. Żądanie dodatkowych informacji lub zmian w ustaleniach powinno mieć miejsce w obecności inspektora nadzoru; powinno też być przedstawione projektantowi - konsultantowi z prośbą o pisemny komentarz, a następnie władzom miejskim do zatwierdzenia. Taka formalna procedura wyeliminuje praktyki, które mogą prowadzić do wzajemnego zacierania błędów i zmian wcześniejszych ustaleń oraz zmian w wyborze materiałów i metod budowlanych.

Wykonawca powinien mieć zagwarantowaną pełną współpracę oraz limitowany lecz regularny kontakt z projektantem - konsultantem. Inspektor nadzoru powinien być obecny podczas każdej konsultacji, inspekcji czy wymiany uwag między wykonawcą a projektantem i powinien szczegółowo notować ich przebieg w dzienniku budowy. Jeśli miasto kiedykolwiek trafi do sądu w związku z danym projektem (czy to jako strona pozwana, czy pozywająca) - notatki inspektora będą przydatne.

daily log book or record book is an extremely important record to be kept for any and all activities, situations and/or meetings on the project. This should be kept as a permanent record on file with the city.

When the design consultant is supplying the inspection services, the superintendent and the contractor should agree on the monthly payment request before it is submitted for payment. The superintendent should keep abreast of the day-to-day operations, verifying the validity and basis for the units, quantities, and items in the payment requests by completing a daily report record. His approval is a prerequisite for payment. The design consultant should also review and justify the payment.

B. Change Orders

In many projects, it may be impossible to eliminate change orders completely because of the complexity of the project or because of inadequate design and planning. The city, though, should try to minimize these costly, time-consuming contract addenda.

Attempt to cover all material items you can anticipate that could be required of the contractor and include them in the bid documents. This establishes unit prices by competitive bids. If additional work is required, the city then has competitive prices on which to base the cost.

Hold firm on that first request for a change order. From a contractor's perspective, the first change order is the test. If the city does not balk at the first change order request, he may create lucrative change orders at every opportunity.

Dziennik budowy - to niezwykle ważna dokumentacja, którą należy prowadzić dla wszelkich poczynań, ustaleń i/lub spotkań nt. budowy. Należy ją przechowywać w aktach miejskich, jako rejestr ciągły.

Jeśli projektant-konsultant nadzoruje budowę, wówczas inspektor nadzoru wyznaczony przez miasto oraz wykonawca powinni ustalić zapotrzebowanie na płatność miesięczną - zanim przyjdzie do płacenia. Inspektor nadzoru powinien na bieżąco śledzić codzienne działania, weryfikując zasadność poszczególnych pozycji (jednostki, ilość, rodzaj materiału) zawartych w zapotrzebowaniu na wypłatę - poprzez kompletowanie codziennych sprawozdań. Jego zgoda jest podstawowym warunkiem wypłaty. Również projektant - konsultant powinien oszacować i umotywić wypłatę.

B. Zmiana ustalonego porządku prac

W wielu projektach całkowite wyeliminowanie takich zmian może być niemożliwe ze względu na skomplikowany charakter tych projektów lub z powodu niedokładnego projektowania i planowania. Jednak miasto powinno starać się ograniczyć do minimum te kosztowne i czasochłonne uzupełnienia.

Starajcie się przewidzieć i uwzględnić wszelkie istotne pozycje materiałowe, których wykonawca może zażądać - i uwzględnić je w dokumentacji przetargu. Ustala się w ten sposób ceny jednostkowe poprzez konkurencyjność ofert. Wówczas - jeśli konieczne jest wykonanie dodatkowych prac - miasto dysponuje cenami konkurencyjnymi, na podstawie których szacuje koszty.

Utrzymujcie niewzruszoną pozycję przy pierwszym żądaniu zmiany ustalonych zadań. Z punktu widzenia wykonawcy - pierwsza próba zmiany zakresu zadań jest testem. Jeśli miasto nie odrzuci pierwszego takiego żądania - wykonawca może przy każdej okazji dokonywać lukratywnych dla siebie zmian.

Find alternative solutions to resolve the problem within bid specifications figures. Have the design consultant justify to the city every change order request with an explanation of why the required change was not included in the original design.

Occasionally, the city may gain from a change order, saving with lower costs, better materials, or speedier completion. Change orders can also be desirable if:

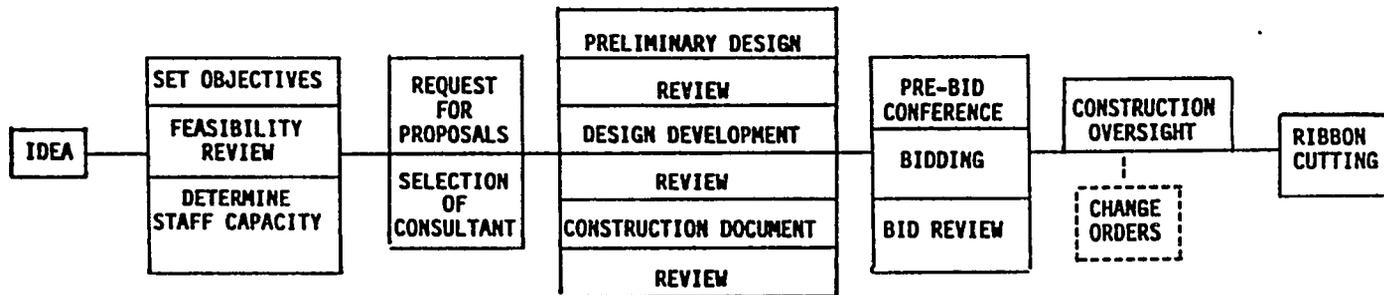
1. Additional funding becomes available, and the city can extend the scope of its project; or
2. The design and criteria change in midstream of the project.

Znajdźcie alternatywne możliwości rozwiązywania problemów w ramach kosztów ustalonych w dokumentacji przetargu. Projektant - konsultant powinien uzasadnić wobec miasta każde żądanie zmiany zakresu zadań wyjaśniając, dlaczego dana zmiana nie została uwzględniona w pierwotnym projekcie.

Czasami miasto może zyskać na zmianie zakresu i porządku zadań, jeśli koszty okażą się niższe, materiały - lepsze lub ukończenie prac - szybsze. Zmiany takie mogą być pożądane również wówczas, gdy :

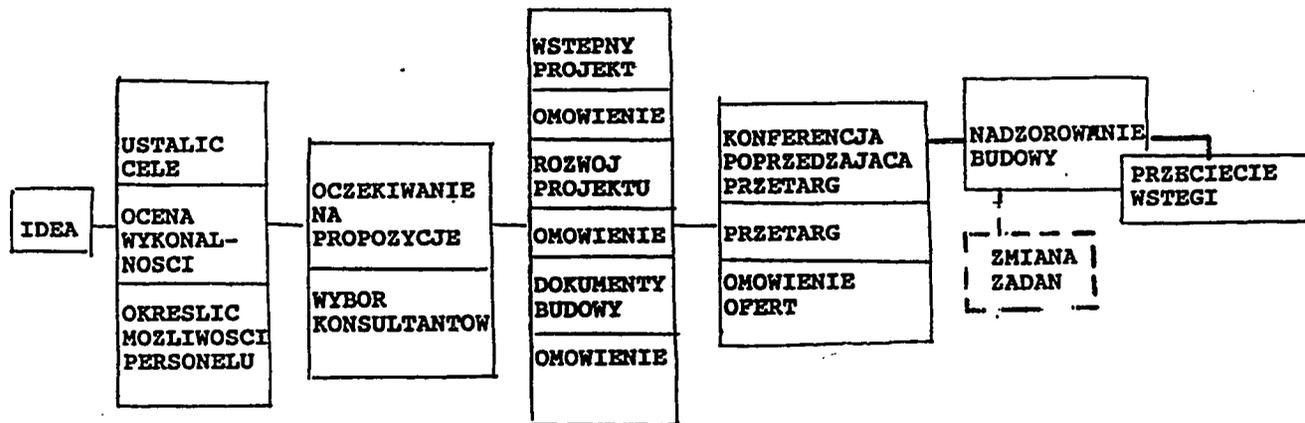
1. dostępne stały się dodatkowe fundusze i miasto może rozszerzyć zakres projektu lub
2. gdy w czasie realizacji przedsięwzięcia zmieniają się kryteria i kanony (estetyczne, użytkowe lub tp.) podobnych projektów.

STEPS IN THE CONSTRUCTION OVERSIGHT PROCESS



166

ETAPY PROCESU NADZOROWANIA BUDOWY



16/1

S U M M A R Y

The design and construction process is a series of steps, some big, some minor. The process and components outlined here are a guide to an orderly undertaking of a local government construction project. Specific steps are conditioned by a community's particular circumstances and capacity.

The guiding principles are:

BE REALISTIC

- * Pre-plan to insure feasibility
- * Start with costs that account for contingencies and inflation
- * Look at construction season issues in preparing a time chart.
Time is money.

KNOW WHERE YOU'RE GOING

- * Specify the objectives to be accomplished
- * Specify the constraints

KNOW HOW TO GET THERE

- * Outline the sequence of steps and the people involved at each step.
- * Anticipate alternatives

DON'T REINVENT THE WHEEL

P O D S U M O W A N I E

Proces projektowania i budowy - to ciąg etapów o różnej ważności. Niniejszy zarys tego procesu i jego elementów jest przewodnikiem dla władz lokalnych, jak w sposób uporządkowany podejmować się różnych przedsięwzięć budowlanych. Poszczególne etapy są uwarunkowane specyficznymi okolicznościami oraz możliwościami danej społeczności lokalnej.

Oto podstawowe zasady:

BYĆ REALISTĄ

- * wstępnie planować, by zapewnić wykonalność
- * ustalać koszty wliczając nieprzewidziane okoliczności i inflację
- * brać pod uwagę sezonowość budowy w przygotowywaniu harmonogramu prac

* CZAS TO PIENIĄDZ

WIEDZIEĆ, JAKIE SĄ CELE

- * określić zadania do wykonania
- * określić ograniczenia/przeszkody

WIEDZIEĆ, JAK JE OSIĄGNĄĆ

- * wyznaczyć kolejność działań i wytypować ludzi zaangażowanych w poszczególnych działaniach
- * przewidzieć alternatywne rozwiązania

NIE WYWAŻAĆ OTWARTYCH DRZWI

- * Engage architects/engineers with demonstrated competence
- * Review the experience of similar projects in your community and in other communities.

KEEP YOUR OWN HOUSE IN ORDER

- * Assign competent staff to work with consultants and contractors
- * Use city expertise in reviewing plans and documents
- * Do as much as possible internally

KEEP EVERYONE INVOLVED EARLY

- * Have affected municipal departments, including those charged with future maintenance and citizen groups, review plans early and often. Circulate as many copies of plans as possible.

BE POUND WISE

- * Start with costs that minimize future maintenance

ANTICIPATE PROBLEMS

- * All that possibly can go wrong, will. Include provisions for cost controls (e.g., unit cost pricing) in the original construction contract.

STAY ON TOP, NOT BEHIND THE EIGHT-BALL

- * Insure that assigned staff have daily contact with the project

- * zatrudniać tylko kompetentnych architektów/inżynierów
- * przeanalizować doświadczenia z podobnymi projektami - we własnym środowisku i w innych społecznościach

UTRZYMYWAĆ DYSCYPLINĘ NA WŁASNYM PODWÓRKU

- * wyznaczyć kompetentny zespół do współpracy z konsultantami i przedsiębiorcami budowlanymi
- * wykorzystać własnych (miejskich) specjalistów w analizowaniu planów i dokumentacji
- * zrobić jak najwięcej własnymi siłami

WCZEŚNIE ZAANGAŻOWAĆ WSZYSTKICH ZAINTERESOWANYCH

- * odpowiednio wcześnie zaangażować do częstego omawiania i analizowania planów grupy obywatelskie i właściwe wydziały miejskie (również te, które będą odpowiedzialne za utrzymanie obiektu w przyszłości)

BYĆ OSZCZĘDNYM

- * zacząć od kosztów, które minimalizują przyszłe utrzymanie obiektu

PRZEWIDYWAĆ PROBLEMY

- * wszystko, co ma się nie udać - nie uda się. Wprowadzić zastrzeżenie co do kontroli kosztów (np. kosztorys cen jednostkowych) w pierwotnym kontrakcie budowy

BYĆ NA BIEŻĄCO, NIE ZOSTAWAĆ W TYLE

- * upewniać się, czy wyznaczony zespół ma codzienny kontakt z projektem

- * Schedule periodic and frequent site visits and interim reports
- * Ask questions

IT'S NOT OVER UNTIL IT'S OVER

- * A punch list (list of incomplete items at the end of sub¹ completion of construction) should be thorough, and should be rushed for purposes of a ribbon cutting.
- * Have in-hand the contractor's "as built" drawings of the project before he has in-hand the final payment.

ACKNOWLEDGMENTS

The preparation of this guidebook was made possible through a grant from the United States Agency for International Development to Rutgers University, Local Democracy for Poland and its subcontractor Community Development Training institute. The statements, findings, conclusions recommendations and other data in this guidebook are solely those of Community Development Training Institute, subcontractor of a US AID grant, and do not necessarily reflect the views of the United States Agency for International Development nor the United States Government.

* ustalić harmonogram okresowych, częstych wizytacji placu budowy oraz roboczych sprawozdań

* zadawać pytania

NIE KOŃCZYĆ POCHOPNIE

* wykaz nieukończonych pozycji pod koniec zaawansowanego stadium budowy powinien być dokładny i kompletny; chęć jak najszybszego przecięcia wstęgi nie powinna mieć wpływu na treść tego wykazu

* zanim wręczy się wykonawcy końcową zapłatę - należy od niego uzyskać techniczne szkice zbudowanego obiektu.

PODZIĘKOWANIE

Przygotowanie niniejszego przewodnika było możliwe dzięki dotacji ze strony Amerykańskiej Agencji Rozwoju Międzynarodowego dla Uniwersytetu Rutgers (program Lokalna Demokracja w Polsce) i dla współpracującego z Agencją Instytutu Rozwoju Społeczności Lokalnych.

Oświadczenia, wnioski, konkluzje, zalecenia i inne dane w tym przewodniku są autorstwa Instytutu Rozwoju Społeczności Lokalnych, podwykonawcy programu sponsorowanego przez US AID (US Agency for International Development); niekoniecznie są one odbiciem poglądów samej Agencji lub Rządu Stanów Zjednoczonych.

ABOUT THE AUTHORS

Nicolas Retsinas: Nic Retsinas is presently Executive Director of the Rhode Island Mortgage and Finance Corporation, a department of the state government of Rhode Island. Nic has done extensive training for CDTI and has written a number of its guidebooks.

Carl Salvo: Carl Salvo has recently retired after spending some 25 years working in community development activities in the city of Pawtucket, RI.

Diane Voneida: Diane Voneida is Director of Community Development, a department of the City of Rockford, Illinois. She has done extensive training for CDTI both in the United States and in Poland.

Community Development Training Institute: CDTI is a non-profit organization which develops and conducts training primarily for local governments in the United States. It is affiliated with the National Community Development Association, a membership organization of some 500 cities and urban counties throughout the United States.

COPYRIGHT

All parts of this guidebook are the property of the Community Development Training Institute. Future use of this guidebook in Poland can be arranged through the Foundation in Support of Local Democracy in Warsaw, Poland.

Community Development Training Institute
50 Washington Square
Newport, RI 02840, USA
401/849-7052
May, 1992

O AUTORACH

Nicolas Retsinas: Nic Retsinas jest obecnie Dyrektorem Wykonawczym Korporacji Kredytowo-Finansowej Rhode Island, departamentu władzy federalnej w Rhode Island. Nic brał udział w intensywnym szkoleniu w ramach CDTI i napisał kilka podręczników dla tej organizacji.

Carl Salvo: Carl Salvo, obecnie na emeryturze, spędził około 25 lat pracując przy rozwoju środowiska w mieście Pawtucket, Rhode Island.

Diane Voneida: Diane Voneida jest Dyrektorem d/s Rozwoju Środowiska miasta Rockford, Illinois. Brała udział w intensywnym szkoleniu w ramach CDTI w USA i w Polsce.

Instytut Kształcenia Rozwoju Środowiskowego: CDTI jest nie obliczoną na zysk organizacją, która rozwija i przeprowadza szkolenia głównie dla władz lokalnych na terenie USA. Należy do Narodowego Związku Rozwoju Środowiskowego (NCDA), organizacji członkowskiej skupiającej około 500 miast i obszarów zurbanizowanych na terenie USA.

PRAWA AUTORSKIE

Wszystkie rozdziały tego podręcznika są własnością Instytutu Kształcenia Rozwoju Środowiskowego. Przyszłe wykorzystanie tego podręcznika w Polsce może być realizowane przez Fundację Rozwoju Demokracji Lokalnej w Warszawie.

Community Development Training Institute
50 Washington Square
Newport, RI 02840, USA
401 849-7052
Maj 1992

Fundacja Rozwoju Demokracji Lokalnej, jest prywatna, nieprofitowa, organizacja założona we wczesniu 1989 roku. Celem Fundacji jest krzewienie idei samorządności obywatelskiej na wszystkich szczeblach lokalnych, jako podstawowej formy demokracji, poprzez:

- 1) prowadzenie badań i studiów nad formami i problemami samorządności terytorialnej
- 2) upowszechnianie wiedzy dotyczącej samorządu lokalnego i form jego działania,
- 3) wspomaganie lokalnych obywatelskich inicjatyw samorządowych,
- 4) wspieranie wzajemnej współpracy samorządów lokalnych we wszelkich dostępnych formach,
- 5) zbieranie i opracowywanie informacji o lokalnych inicjatywach samorządowych i obywatelskich, m.in. jako materiałów wspierających prace parlamentarne.

Bardziej szczegółowe informacje można otrzymać od:

Fundacji Rozwoju Demokracji Lokalnej
ul. Krzywickiego 9
02-078 Warszawa, POLAND.

Telephone (48-22) 25-28-08
Fax (48-22) 25-14-16

The Foundation in Support of Local Democracy, a private, non-profit, non-governmental organization, was created in September, 1989. The aim of the Foundation is to promote the idea of civic self-governance at all local level as the basic form of democracy through:

- 1) studies and research of all forms and problems of local self-government;
- 2) propagation of the knowledge of the various systems of self-government and forms of their activities;
- 3) assistance in local civic and self-government initiatives;
- 4) support to mutual cooperation of local self-governmental bodies in all accessible forms;
- 5) collecting and processing information on the initiatives taken by local citizens and self-governmental bodies, to assist parliamentary work.

Inquiries should be sent to:

The Foundation in Support of Local Democracy
ul. Krzywickiego 9
02-078 Warsaw, POLAND.

Telephone (48-22) 25-28-08
Fax (48-22) 25-14-16

170



**KONTRAKTOWANIE USŁUG
I INWESTYCJI MIEJSKICH**
przewodnik dla władz lokalnych

CONTRACTING FOR SERVICES

*Foundation in Support
of Local Democracy*



02-078 Warszawa
ul. Krzywickiego 9
tel. (48-22)25-28-08
fax (48-22)25-14-16
POLAND



**Community
Development
Training Institute**

50 Washington Square, Newport, RI 02840
Tel: 401/849-7053 Fax: 401/849-5193

Przewodnik ten został przygotowany przez Instytut Rozwoju Społeczności Lokalnych we współpracy z programem Lokalna Demokracja w Polsce (Rutgers University, New Brunswick, USA), z Fundacją Rozwoju Lokalnej Demokracji (Warszawa) i ośrodkiem szkoleniowym tej Fundacji (Białystok).

Przewodnik ten został napisany przez Nicolasa Retsinas'a, ówczesnego dyrektora ds. Rozwoju Społeczności Lokalnej miasta Pawtucket, RI, USA. Następnie został zredagowany przez Diane Voneida, dyrektora ds. Rozwoju Społeczności Lokalnej miasta Rockford, IL, USA.

CREDITS

This guidebook was developed by the Community Development Training Institute in cooperation with the Local Democracy for Poland Program at Rutgers University in New Brunswick, New Jersey, USA, with the Foundation in Support for Local Democracy in Warsaw, Poland and its training center in Białystok, Poland.

This guidebook was originally written by Nicolas Retsinas, then Director of Community Development, City of Pawtucket, RI, USA, and revised and edited by Diane Voneida, Director of Community Development City of Rockford, IL, USA.

JAK PRZYGOTOWYWAĆ KONTRAKTY NA WYKONANIE USŁUG KOMUNALNYCH
PRZEWODNIK DLA WŁADZ LOKALNYCH

napisany przez Nicolasa P. Retsinasa,
zredagowany przez Diane Voneida.

Maj 1992

A GUIDE TO PREPARING
LOCAL GOVERNMENT CONTRACTS FOR SERVICES

Written by Nicholas P. Retsinas,
revised and edited by Diane Voneida
May, 1992

A GUIDE TO PREPARING LOCAL GOVERNMENT CONTRACTS FOR SERVICES

I. INTRODUCTION

There are two primary ways city officials can deliver services to their citizenry: 1] hiring individual workers directly on the payroll of the city (in the United States this is called "force account" labor) or 2] executing contracts for those services with private individuals, private companies, other units of government, non-governmental "public service organizations," and others.

Although the primary purpose of this guidebook is to assist Polish local governments to develop management techniques to prepare and administer the latter - contracts for service - many of the same principles apply to both techniques. These principles are:

- A. the importance of clearly defining your objectives before you hire or contract out;
- B. the importance of stating those objectives in clear, precise language so that there is no (or little) misunderstanding;
- C. the importance of clearly defining, before the work begins, the tasks to be performed, the work to be accomplished, and the timeframe for performance;
- D. the importance of deciding before you begin how you will measure whether you have been effective, as well as efficient, in performing that service; and
- E. the importance of mutual agreement on the budget for the service before proceeding.

WYTYCZNE DOTYCZĄCE PRZYGOTOWYWANIA KONTRAKTÓW WŁADZ

LOKALNYCH NA WYKONYWANIE USŁUG

I. WPROWADZENIE

Władze miasta mogą zapewniać świadczenie usług komunalnych swoim obywatelom w dwojaki sposób:

1. zatrudniając indywidualnych pracowników na etacie miasta (w USA nazywa się to pracą "force account") lub:
2. zawierając kontrakt na te usługi z prywatnymi osobami, prywatnymi firmami, innymi jednostkami budżetowymi, innymi niż państwowe przedsiębiorstwami świadczącymi usługi etc.

Jakkolwiek głównym celem tego przewodnika jest pomoc polskim władzom lokalnym w opanowaniu różnych technik przygotowywania i egzekwowania kontraktów na usługi (sposób 2) - to te same zasady dotyczą obydwóch sposobów; ważne więc jest, aby :

- A. jasno sformułować cele przed zawarciem kontraktu;
- B. wyrazić te cele jasnym, precyzyjnym językiem - tak, by uniknąć wszelkich nieporozumień;
- C. jasno określić - przed rozpoczęciem prac - jakie są zadania do wykonania, prace do zrealizowania i ramy czasowe przedsięwzięcia;
- D. ustalić - przed rozpoczęciem prac - jak będzie mierzona wydajność i efektywność wykonania danej usługi;
- E. wspólnie ustalić wielkość budżetu usług - zanim ruszy cała procedura.

II. THE DECISION TO CONTRACT

In providing local government services, cities face a wide range of choices. A city, or department within city government, can contract out all or some portion of those services to: private individuals, private companies, other units of government, other units within the same government, non-governmental "public service" organizations (such as newly emerging chambers of commerce), and others. Regardless of what entity is chosen, there are a common set of rules city officials should follow.

Before beginning to answer the questions of whether to contract out and with whom, city officials must know what they want to accomplish, what their goals are. From there, a series of questions may help raise issues that will make the decision an obvious one at the end.

A. What are the political constraints?

The decision to contract is both administrative and political. Administratively, the city must consider such issues as budgetary constraints, city staff capabilities, availability of outside experienced contractors: yet these decisions are made in a political climate that will often preclude some options, regardless of how administratively desirable those options can be.

Communities will discover that the administrative exercise of identifying the range of possible contractual options will clarify the implications and advantages of whatever option they select. This process will be of value even to those communities in which the political climate allows little latitude for choosing among implementation mechanisms.

B. Which contractual (or non-contractual) option will insure maximum program flexibility?

Local communities may discover that they themselves present the greatest hindrances to flexibility. For short term service pro-

II. DECYZJA O ZAWARCIU KONTRAKTU

Istnieje wiele organizacyjnych możliwości świadczenia usług komunalnych i realizowania inwestycji miejskich. Miasto (właściwy wydział urzędu miejskiego) może zlecić "na zewnątrz" całość lub część usług komunalnych: osobom prywatnym, firmom prywatnym, innym przedsiębiorstwom państwowym (jednostkom budżetowym), innym swoim (miejskim) wydziałom, innym niż państwowe przedsiębiorstwom świadczącym usługi (np. nowo powstającym izmom handlowym) etc. Niezależnie od dokonanego wyboru urzędnicy miejscy muszą stosować się do ogólnie przyjętych zasad.

Przede wszystkim muszą oni dokładnie wiedzieć, jakie są ich cele i czego chcą dokonać. Następnie powinni odpowiedzieć na zestaw poniższych pytań, co może ułatwić im podjęcie właściwej decyzji.

A. Jakie są ograniczenia społeczno - polityczne?

Decyzja o zawarciu kontraktu jest decyzją tak administracyjną, jak i polityczną. Z administracyjnego punktu widzenia miasto musi brać pod uwagę ograniczenia budżetowe, możliwości swego zespołu, dostępność doświadczonych wykonawców spoza zespołu pracowników miasta. Decyzje te są jednak podejmowane w określonym klimacie politycznym, który często wyklucza pewne wybory - nawet te bardzo pożądane z administracyjnego punktu widzenia.

Społeczności lokalne mogą się przekonać, że administracyjna praktyka identyfikowania różnych możliwości kontraktowych uwidacznia wszelkie korzyści i implikacje płynące z każdego dokonanego wyboru. Proces ten będzie korzystny nawet dla tych środowisk lokalnych, w których klimat polityczny ogranicza swobodę wyboru.

B. Kontraktować, czy nie? - która opcja zapewnia maksymalną elastyczność programu?

Społeczności lokalne mogą nagle odkryć, że to one same są dla siebie największą przeszkodą w elastycznym podejmowaniu decyzji i wyborze nowatorskich rozwiązań. Np.

jects, local governments may have personnel regulations that preclude the hiring of temporary employees without the opportunity for tenured employment - regulations that would not hinder a private agency. Even for long-term development projects, local communities may find that the "staffing-up" periods entails time, energy, and political encounters which can be by-passed by a decision to use an outside contractor.

"Program flexibility" may not be the most important criteria for choosing whether to use a contractor. Obviously, communities seek to provide services that, according to evaluation standards and public acceptance, will be successful. Thought should be given to what is the best decision over the long-term and not what appears to be expedient in the short term.

C. How best can accountability be insured?

The delivery of public services should respond to local needs and conditions. To insure that it does, the planning process should provide for adequate public input. During the execution stage, however, local city officials must insure that neither they, nor their contractors erect unnecessary barriers between their activities and the citizenry. When programs are contracted out, the local chief executive still retains legal authority and responsibility. Chief executives should understand that in contracting out, they cannot "pass the buck". Indeed, they remain responsible for the outcome of the service delivered without directly controlling execution. The citizenry understands that the chief executive is still responsible for how well the services are performed. Irate, confused or angry citizens will criticize the chief executive for inefficiencies.

przy planowaniu usług krótkoterminowych przeszkadzać mogą regulacje kadrowe, jakimi kierują się władze lokalne - mogą one bowiem wykluczać zatrudnianie pracowników tymczasowych, jeśli nie ma możliwości zatrudnienia ich na stałe. Tego rodzaju przeszkoda nie istnieje w agencjach prywatnych. W przypadku projektów długoterminowych lokalne społeczności mogą się przekonać, że przestrzeganie przepisów kadrowych wymaga czasu i energii oraz często napotyka na trudności natury politycznej. Wszystkie te kłopoty można ominąć podejmując decyzję o zatrudnieniu wykonawcy z zewnątrz.

"Elastyczność programu" może nie być najważniejszym kryterium przy podejmowaniu decyzji o zatrudnieniu wykonawcy. Oczywiście, społecznościom zależy na takim świadczeniu usług, żeby zaspokojone były społeczne oczekiwania i żeby wszyscy byli zadowoleni. Należy więc zastanowić się, jaka decyzja będzie optymalna w dłuższej perspektywie czasowej - a nie tylko "na teraz".

C. JAK NIE STRACIĆ KONTROLI NAD ZLECANYMI NA ZEWNĄTRZ PRACAMI ?

Świadczenie usług powinno odpowiadać lokalnym warunkom i potrzebom. Aby tak było, proces planowania tych usług powinien uwzględniać wymagania obywateli. Także podczas ich realizowania urzędnicy władz lokalnych muszą dopilnować, by ani oni sami, ani ich kontraktorzy (wykonawcy usług) nie stwarzali zbędnych barier między swymi działaniami a obywatelami.

Kiedy wykonanie usług zostanie już zlecone, lokalne władze wykonawcze nadal zachowują prawne zwierzchnictwo i odpowiedzialność za ich realizację. Władze te powinny zdawać sobie sprawę, że zlecenie "na zewnątrz" nie oznacza pozostania się odpowiedzialności. W istocie władze lokalne pozostają odpowiedzialne za rezultat świadczonych usług - nie nadzorując bezpośrednio ich wykonania. Obywatele są tego świadomi i właśnie pod adresem lokalnych władz wykonawczych będą kierować swoją irytację i zakłopotanie, oskarżając je o nieudolność.

To insure timely execution of deadlines, efficient operations, and openness to citizens on the part of delegate agencies, the chief executive must include in any service contract detailed reporting procedures and project milestones. These will act as safeguards against inefficient and ineffective service delivery. Avoiding problems in the first place is much more important than exacting penalties after problems occur.

D. Will heavy use of outside contractors lead to fragmented service delivery?

Contracting can lead to a fragmented execution; but, if city officials work to make the set of services delivered not simply a compilation of requests, but a comprehensive, interrelated response to community needs, then those same officials are better able to deliver the appropriate level of services, whether contracted out or performed by city staff. Given a coordinated, comprehensive service-delivery plan, community development officials can then work with citizen groups and delegate agencies to insure that the plan's execution is as coordinated and responsive and comprehensive as the plan itself. Beyond the planning stage, citizens, city officials, and delegate agencies must work together throughout the implementation phase of the service delivery plan. It is important that the contract prescribe the methods and extent of information sharing during implementation.

III. CONTRACT PLANNING

Beginning with a clearly-defined goal, city officials must design the contract such that their goals also becomes the goals of the contractor. Unhappily, language is not always precise. One word can have many definitions and innumerable connotations. Even when goals are laboriously made clear to both parties, the contract must then elaborate the procedures towards achieving those goals. The contractor must follow guide-

Aby zapewnić terminowość wykonania, skuteczność działań oraz aby umożliwić obywatelom wgląd w mechanizm świadczenia usług - osoba podpisująca dokument z ramienia miasta musi zamieścić w każdym kontrakcie na usługi szczegółową procedurę dostarczania sprawozdań oraz wskazać kluczowe punkty projektu. Będzie to zabezpieczeniem przed nieudolnym i nieefektywnym świadczeniem usług. Unikanie problemów od początku jest znacznie ważniejsze niż egzekwowanie kar, kiedy już się te problemy pojawią.

D. CZY NIEOGRANICZONE ZLECANIE USŁUG "NA ZEWNĄTRZ" PROWADZI DO FRAGMENTARYZACJI ICH ŚWIADCZENIA ?

Kontraktowanie może prowadzić do rozdrobnionego wykonawstwa. Jeśli jednak urzędnicy miejscy dbają o to, by zestaw świadczonych usług nie był tylko prostym zlepkiem zamówionych prac, lecz by w pełni odpowiadał rzeczywistym potrzebom lokalnej społeczności - wówczas ci sami urzędnicy potrafią lepiej zadbać o właściwy poziom usług - czy to świadczonych przez wykonawców z zewnątrz, czy przez pracowników miasta.

Mając skoordynowany, zrozumiały plan świadczenia usług - urzędnicy zajmujący się rozwojem lokalnej społeczności mogą tak współpracować z grupami obywatelskimi i z oddelegowanymi wydziałami miejskimi, by wykonanie tego planu było równie jasne, skoordynowane i skuteczne, jak on sam. Poza etapem planowania, obywatele, urzędnicy miejscy oraz oddelegowane wydziały miejskie muszą współpracować ze sobą także podczas wprowadzania w życie planu świadczenia usług. Ważne jest, by kontrakt precyzował metody oraz zakres dzielenia się informacjami podczas trwania fazy realizacji.

III. PLANOWANIE KONTRAKTU

Zacznając od jasno wytyczonego celu urzędnicy miejscy muszą tak sformułować kontrakt, by ich cele stały się też celami kontraktora. Niestety, język nie zawsze bywa precyzyjny; jedno słowo może mieć wiele definicji i niezliczoną ilość konotacji. Dlatego - jeśli nawet cele są

lines, cost schedules, and a timetable made clear in the contract. Ideally, the contract should tell the local government exactly where, how, and at what cost the contractor will be working. Unfortunately, the real and the ideal rarely converge. However explicit, no contract for services will outline all circumstances and activities. Because of the nature of planning, part of every contract will entail unplanned activities on the part of the contractor. A good contract minimizes those unplanned activities.

A. Determining Objectives

Contracts for services are the mechanism for achieving previously defined goals and objectives of the municipality. The contractor should know all the objectives to be achieved, and contract planning should pinpoint both the goals and the means to achieve those goals. If the local government and contractor collaborate on the contract-writing process, the objectives and the methods specified therein can be crystallized. Then together, the local government and contractor can identify and address potential problems before they become crises.

B. Drafting the contract

Legally, a contract need not be written to be enforceable. Nevertheless for the expenditure of public funds, written contracts are minimum safe-guards and opportunities to measure performance. This guide has stressed the importance of using clear and precise language in contracts for services - virtues rarely seen in the first draft. In fact, the process of drafting and redrafting the contract will serve to define and clarify goals and policies emanating from the planning process.

całkowicie jasne dla obydwu stron - kontrakt musi drobiazgowo określać procedurę osiągnięcia tych celów.

Wykonawca musi trzymać się wytycznych, przestrzegać terminarza i kosztorysów sprecyzowanych w kontrakcie. Idealny kontrakt powinien dokładnie informować władze lokalne, GDZIE, JAK I ZA JAKĄ CENĘ będzie pracował dany wykonawca. Niestety, rzeczywistość i ideał rzadko się zbiegają. Jakkolwiek by nie szlifować jego formy - żaden kontrakt na usługi nie obejmie wszystkich możliwych okoliczności i działań. Sama natura planowania sprawia bowiem, że jakaś część każdego kontraktu zawsze będzie pozostawiać pewien margines na niezaplanowane działania wykonawcy. Dobrze sformułowany kontrakt zmniejsza jednak do minimum możliwość tych nieplanowanych czynności.

A. OKREŚLANIE CELÓW

Kontrakty na usługi są instrumentem osiągnięcia uprzednio założonych celów i zadań gminy. Wykonawca powinien znać wszystkie cele, które mają być osiągnięte; cele te - podobnie, jak i sposoby ich osiągnięcia - powinny być jasno sformułowane podczas planowania kontraktu. Współpraca władz lokalnych z wykonawcą nad spisaniem kontraktu pozwala na skryształizowanie tak celów, jak i metod. Ponadto taka współpraca pozwoli określić potencjalne problemy i ustosunkować się do nich - zanim spowodują one kryzys przedsięwzięcia.

B. ROBOCZA WERSJA KONTRAKTU

Z prawnego punktu widzenia - kontrakt nie musi być spisany, by mógł zostać wprowadzony w życie. Kiedy jednak w grę wchodzi fundusze publiczne, wówczas spisanie kontraktu stanowi podstawowe zabezpieczenie oraz daje możliwość oceny wykonania zlecenia. Niniejszy przewodnik kładzie nacisk na ważność posługiwania się jasnym i precyzyjnym językiem w kontraktach - a jest to cecha rzadko spotykana w brudnopisie umowy. Proces projektowania i

The first step should be to outline the contents of the contract. Words should convey, as clearly as possible, the desired information. However tedious, revision is essential to a comprehensive, concise document. Throughout the revision process, city officials should constantly refer to the original outline so that all sections are included.

Similarly, officials often neglect the final composition stage; but as a safeguard, independent observers should review all contracts prior to formal signings. In many cases, city attorneys and finance directors must attest to the legality of contract documents and the availability of funds. Whether such witness is required or not, an impartial review of the contract, perhaps by local finance and legal directors, should be requested.

C. Contract Amendment

An amendment is an adjustment in any kind of contractual relationship. It is based on the mutual agreement of the principle parties, so noted by the initials of the primary signers or as an attachment to the original contract. These amendments (alternatives, additions deletions or terminations) may take place at any time during the contractual relationship. The key point is that both local government and contractor must agree upon the amendment. Changes are subject to all considerations cited above, particularly any changes that would violate principles or policies established in the planning stages of the project. The fact that an amendment happens after the relationship is established, rather than in its formative stages, does not obviate the need to determine objectives, negotiate, draft, and review.

doskonalenia kontraktu będzie w istocie służyć zdefiniowaniu i wyjaśnieniu celów oraz sposobów postępowania, jakie wyniknęły podczas planowania kontraktu.

Pierwszym krokiem powinno być zarysowanie treści kontraktu. Słowa powinny przekazywać niezbędne informacje w sposób możliwie najbardziej przejrzysty. Poprawki - chociaż uciążliwe i czasochłonne - są niezbędne, by dokument był zrozumiały i precyzyjny. W czasie sprawdzania i korygowania brudnopisu urzędnicy miejscy powinni stale odnosić się do pierwotnego szkicu umowy, by mieć pewność, że wszystkie jej części zostały uwzględnione.

Urzędnicy często zaniedbują końcowy etap pracy nad kontraktem; niezależni obserwatorzy powinni więc dokonać przeglądu każdego kontraktu przed jego formalnym podpisaniem. W wielu przypadkach prawnicy miejscy oraz dyrektorzy finansowi muszą poświadczyć wiarygodność dokumentu kontraktu oraz dostępność funduszy. Jeśli takie poświadczenie nie jest wymagane, to jednak należy zażądać obiektywnego sprawdzenia kontraktu np. przez lokalne władze finansowe i prawne.

C. POPRAWKI W KONTRAKCIE

Każda poprawka jest próbą dostosowania się obydwu stron do wymagań kontraktu. Polega to na wzajemnej ugodzie uczestników przedsięwzięcia, co zostaje udokumentowane podpisami głównych sygnatariuszy lub staje się załącznikiem do pierwotnego kontraktu. Poprawki te (alternatywne propozycje, uzupełnienia, skreślenia etc) mogą mieć miejsce w dowolnym czasie realizacji umowy. Istotne jest, by zarówno władze lokalne, jak i wykonawca byli zgodni co do ich zasadności. Zmiany te podlegają wszystkim powyższym zastrzeżeniom - zwłaszcza jakiegokolwiek zmiany, które mogłyby naruszać zasady i sposoby postępowania, ustalone na etapie planowania projektu.

Fakt, że poprawki zdarzają się także już po ustaleniu podstawowych relacji inwestor - wykonawca (a nie tylko w fazach wcześniejszych) nie zwalnia z obowiązku starannej pracy nad określaniem celów, negocjowaniem poszczególnych punktów kontraktu oraz jego doskonaleniem.

IV. CONTRACT CONTENT

The contract should contain the following sections:

A. Scope of Services

Primarily, a contract should describe exactly what the contractor is to do. It must not leave "details to be ironed out" after the signing. If all issues of the contract are not clear prior to signing, local government has not articulated its objectives sufficiently to enter into that contract.

The length and extensiveness of the scope of services section

will depend on the particular activity in question. Contracts for the physical construction of a sewer, bridge, or building are much simpler to write than those for the operation of a mental health center or the maintenance of city parks. However difficult, the contract must specify, in as exact a way as possible, the obligations of the contractor. In the event the contractor deviates from the agreed-upon responsibilities, the local government can then hold him directly accountable.

B. Time of Performance

At minimum, this section delineates beginning and completion dates for the contractor. Generally, the contractor will be authorized to start work upon receipt of an "order to proceed". He should terminate work at a certain date within the context of the purposes of the contract and the budget amount authorized. More explicit contracts specify a chronology of target dates for completion of sub-tasks; such dates can better enable the local government to monitor contractor performance, as well as help the contractor gauge his own progress toward the final deadline.

IV. TREŚĆ KONTRAKTU

Kontrakt powinien zawierać następujące rozdziały:

A. ZAKRES USŁUG

Kontrakt powinien przede wszystkim dokładnie określać zadania wykonawcy/kontraktora i nie pozostawiać żadnych wątpliwości do wyjaśnienia po złożeniu podpisów. Jeśli nie wszystko jest jasne przed podpisaniem kontraktu - oznacza to, że władze lokalne nie przedstawiły swych celów dostatecznie jasno, a więc kontrakt nie dojrzał do podpisania.

Zakres i treść tego rozdziału będą zależeć od charakteru zlecanych usług. Kontrakty na budowę kanalizacji, mostu czy jakiegoś budynku są zdecydowanie prostsze do napisania niż te, które dotyczą obsługi centrum zdrowia psychicznego czy utrzymania parków miejskich. Jakkolwiek jest to trudne - kontrakt musi jednak precyzować bardzo dokładnie zobowiązania wykonawcy. Wówczas - jeśli kontraktor odchodzi od ustalonych wcześniej zobowiązań - władze lokalne mają prawo pociągnąć go do odpowiedzialności.

B. CZAS WYKONANIA USŁUG

Ten rozdział określa terminy rozpoczęcia i ukończenia prac. Zasadniczo - kontraktor jest upoważniony do rozpoczęcia prac po otrzymaniu stosownego zlecenia. Powinien on zakończyć prace w ustalonym terminie, zgodnie z celami kontraktu i z zatwierdzonym budżetem. Bardziej szczegółowe kontrakty określają terminy i kolejność ukończenia pod-zleceń ; umożliwia to władzom lokalnym sprawniejsze monitorowanie pracy kontraktora, a także pomaga jemu samemu mierzyć postępy własnych prac.

Target dates may be firm or estimated, depending upon the circumstances. If justifiable delays are encountered, target dates should be changed only by written contractual amendments. Bad weather, scarcity of materials, court injunctions, strikes, acts of God - all could be considered "reasonably justifiable delays", and contracts may so describe some of these delays. However, insufficient staff or staff time on the part of the contractor is not "justifiable".

The general public is frequently skeptical of postponed deadlines. To maintain public credibility as well as to monitor contractor progress, the local government should insist upon adherence to an agreed-upon timetable.

C. Budget

A line item budget for each contract activity should be included in this section. The following categories with appropriate data should be noted:

1. personnel - title and number of position(s), average salary, percent of time on undertaking, months employed, fringe benefits (indicating basis of estimates).
2. consultants and contract services
3. travel - in town, out-of-town
4. space
5. consumable supplies
6. rental, lease purchase of equipment

Docelowe terminy mogą być formułowane, jako ostateczne lub jako szacunkowe - zależnie do okoliczności. Jeśli trafiają się jakieś uzasadnione opóźnienia, wówczas docelowe terminy powinny zostać zmienione poprzez sporządzenie pisemnych poprawek w kontrakcie. Niesprzyjające warunki atmosferyczne, deficyt materiałów, nakazy sądowe, strajki, wypadki losowe - wszystko to może zostać uznane za przyczynę uzasadnionych opóźnień; kontrakty mogą zawierać wyszczególnienie takich właśnie okoliczności. Jednak źle przygotowana załoga czy bałagan organizacyjny nie usprawiedliwiają wykonawcy w wypadku niedotrzymania terminów.

Odraczanie nieprzekraczalnych terminów powoduje zazwyczaj sceptyczne nastawienie obywateli wobec władz. Dlatego - by zachować publiczną wiarygodność, a także by monitorować postępy wykonawcy - władze lokalne powinny nalegać na przestrzeganie ustalonego terminarza.

C. BUDŻET

W tym rozdziale należy wyszczególnić pozycje budżetowe dla każdej zleconej czynności. Powinny zostać uwzględnione następujące kategorie danych :

1. personel: nazwy stanowisk i ich ilość, średnia płaca, procent czasu, w jakim dany pracownik uczestniczy w przedsięwzięciu, ile miesięcy zatrudniony, dodatki do pensji (zaznaczając podstawę oszacowań tych danych)
2. konsultanci i usługi kontraktowe
3. delegacje - lokalne i dalsze.
4. dzierżawa lokalu
5. wyposażenie użytkowe
6. czynsz, dzierżawa sprzętu

195

7. other

D. Use of Funds

Contract funds should be directed only to those costs identified in the Budget. Contract funds should not be used for the general administration of the contractor, or to replace contributions previously committed. In addition, the contract must specify that no funds are to be obligated for payment of:

1. costs incurred prior to the order to proceed,
2. costs incurred with respect to any action of the contractor after the local government has requested that he furnish data concerning such action prior to proceeding further, unless and until the contractor is thereafter advised that the local community does not object to his proceeding. To limit financial liability, the contractor should agree to refund to the local government any payment, or portions of payments, which has been determined to be not properly due under the terms of the contract. Where irregularities occur in the administration of a program, the contract should provide for reimbursement of the local government for monies improperly spent.

E. Financial Management

The contractor must comply with standards for financial management as determined by the local government. As a starting point, city officials could use the city's own internal financial management systems as a guide for contract standards. How extensive these standards are could be related to the level of complication of the service to be performed and the number of people needed to perform the service.

7. inne

D. WYKORZYSTANIE FUNDUSZY

Fundusze kontraktowe powinny być wykorzystane wyłącznie na pokrycie kosztów określonych w rozdziale BUDŻET. Fundusze te nie powinny być wykorzystywane na rzecz ogólnej administracji wykonawcy ani też na ewentualne odszkodowania. Poza tym, kontrakt musi też precyzować, że żadne fundusze nie mogą być wykorzystane na opłaty za :

1. wydatki poniesione przed zleceniem wykonawstwa
2. koszty poniesione ze względu na jakiegokolwiek działanie kontraktora po tym, jak władze lokalne zażądały, by przedstawił on - przed kontynuowaniem procedury - dane dotyczące tegoż działania; chyba, że wykonawca ma zgodę danej społeczności na kontynuowanie prac.

By ograniczyć ryzyko finansowe, należy zawrzeć w kontrakcie klauzulę, zgodnie z którą wykonawca będzie zobowiązany zwrócić władzom lokalnym każdą płatność (lub jej część) - jeśli tak stanowią warunki kontraktu. Kontrakt powinien zapewniać władzom lokalnym zwrot niewłaściwie wykorzystanych pieniędzy.

E. ZARZĄDZANIE FINANSAMI

Wykonawca musi dostosować się do ustalonych przez władze lokalne standardów zarządzania finansami. Ustalając te standardy urzędnicy miejscy mogą wykorzystać - jako punkt wyjścia - swój własny, wewnętrzny, czyli miejski system finansowego zarządzania. O rozpiętości i pojemności tych standardów zadecyduje stopień skomplikowania planowanych usług oraz liczba pracowników potrzebnych do ich wykonania.

F. Procurement

Since the service contracts are extensions of municipal actions, the procurement policies of local government must be specified in the contract. The city should either use its present practices with regard to service contracts or develop new ones explicit to the contract.

G. Assignability

Before a subcontractor can assign any part of the contract work to another party, prior written approval by the local government should be required. That should be explicitly stated in this section. The city may elect, however, to specify other negotiated limits on assignability within each contract on a contract-by-contract basis.

H. Method of Payment

This section should state the maximum total compensation to be paid to the contractor and the methods of such payment(s), cost-reimbursement or fixed fee. The local government will pay the contractor only upon submission of approved financial statements and appropriate documentation as to what work was accomplished.

I. Amendments

While a contract should encourage flexibility, it should also require that the local government approve, in writing, major changes proposed by the contractor. Similarly, the contractor must approve, in writing, major changes proposed by the local government. At a minimum, changes requiring contract amendments include:

1. the addition or deletion of activities in the scope of services section;

F. OBSŁUGA KONTRAKTORÓW

Ponieważ kontrakty na usługi są rozszerzeniem rutynowych działań władz miejskich, władze te powinny sprecyzować w kontrakcie swą "politykę zaopatrzeniową" wobec kontraktorów. Miasto powinno zastosować albo dotychczasowy sposób obsługi wykonawców, albo stworzyć nowy dla potrzeb danego kontraktu.

G. ZLECANIE ZADAŃ PODWYKONAWCOM

Zanim główny wykonawca zleci wykonanie jakiegokolwiek części prac kontraktowych podwykonawcy, musi uzyskać pisemną zgodę władz lokalnych. Powinno to być wyraźnie powiedziane w tym rozdziale. Miasto może też ograniczyć możliwość zlecenia prac podwykonawcom - w zależności od indywidualnych cech kontraktu.

H. METODY PŁATNOŚCI

Rozdział ten powinien określać maksymalne całkowite wynagrodzenie wykonawcy oraz metody płatności i zwrotu kosztów i/lub opłaty stałe. Władze lokalne powinny zapłacić kontraktorowi wyłącznie pod warunkiem przedłożenia udokumentowanych raportów finansowych i stosownej dokumentacji ukończonych prac.

I. POPRAWKI

Chociaż kontrakt powinien zachęcać do elastyczności działań i decyzji, to jednak powinien też wymagać, by władze lokalne zatwierdzały na piśmie zasadnicze zmiany proponowane przez wykonawcę. Podobnie, wykonawca musi potwierdzać własnym podpisem zgodę na zasadnicze zmiany proponowane przez władze lokalne.

Zmiany wymagające poprawek w kontrakcie, to m.in.:

1. dodanie lub wykreślenie jakichś czynności z rozdziału dotyczącego zakresu usług;

2. changes in any budget line item which would increase the total budget; and
3. changes in any budget line item which exceed ten percent (10%) or some minimum amount (e.g. \$1,000) whichever is larger.

J. Evaluation

The contractor must agree to an evaluation system as to how the local government will monitor the contract and judge performance. Usual evaluation methods include monthly reports and on-site monitoring. The contract should include a copy of the monthly report form.

A note on evaluation: Just as contracts must carefully elaborate goals and methods, the contract must explicitly describe which indicators will be used to measure success and their relative weights. If relative weights are not established in the contract at the beginning of the process, local government and the contractor could disagree on the success of the project, even though each will be looking at the same data.

K. Suspension or Termination

Theoretically, a contract ends when the contractor has completed his obligation. However, during the implementation phase the local government may be forced to terminate or suspend the contract agreement for reasons as diverse as:

1. ineffective or improper use of funds,
2. failure to comply with terms of the contract,
3. submittal of incorrect or incomplete reports, or

2. zmiany jakiejkolwiek pozycji budżetu mogące podnieść budżet ogólny
3. zmiany jakiejkolwiek pozycji budżetu, które przekroczą 10 procent (10 %) lub jakąś minimalną, ustaloną wcześniej sumę (np. \$ 1,000)

J. OCENA

Wykonawca musi wyrazić zgodę na system ewaluacji, jaki władze lokalne zastosują przy monitorowaniu kontraktu i przy ocenie wykonawstwa zleconych prac. Rutynowe metody oceny obejmują wgląd w miesięczne raporty oraz kontrolę terenu. Kontrakt powinien zawierać kopię formularza miesięcznego raportu.

UWAGA odnośnie do oceny: kontrakty muszą szczegółowo przedstawiać nie tylko cele i metody, ale również wskaźniki, jakie zostaną zastosowane do pomiaru efektywności pracy kontraktora. Istotne jest, by sprecyzować także relatywny ciężar (ważność) tych wskaźników. Jeśli nie określi się z góry owej relatywnej ważności poszczególnych wskaźników, wówczas władze lokalne i wykonawca mogą nie zgadzać się w kwestii sukcesu/klęski przedsięwzięcia - chociaż będą mieli przed sobą te same dane.

K. ZAWIESZENIE LUB WYPOWIEDZENIE

Teoretycznie, kontrakt kończy się wówczas, gdy wykonawca wywiąże się ze swych zobowiązań. Może się jednak zdarzyć, że jeszcze w fazie realizacji zlecenia władze lokalne zostaną zmuszone do wypowiedzenia bądź zawieszenia umowy. Powody mogą być następujące :

1. nieefektywne lub niewłaściwe wykorzystywanie funduszy
2. niepodporządkowanie się warunkom kontraktu
3. przedłożenie nieprawidłowych lub niekompletnych raportów

4. a situation which makes implementation of the contract impossible or infeasible.

The contract must specify that the local government is solely responsible for determining termination conditions.

L. Severability of Provisions

This section should contain a clause stating that if any section of the contract is held invalid, the remainder of the contract shall not be affected.

M. Maintenance of Effort

During the period of the contract, the contractor must maintain a level of aggregate expenditures on other, non-contract, activities, which is not less than the level of expenditures prior to the signing of the contract. Payments to the contractor by the local government will be contingent upon maintaining this effort throughout the contractor's general operations. Language of this sort will help insure against the contractor charging costs to the program attributable to unrelated activities the contractor is performing for others.

N. Signatures

The binding section of any contract is the last page to be signed and dated by all parties to the contract. They will include:

Local chief executive

Local official who has authority to expend funds paying for contract.

Administrative Director

Director of municipal department or public agency empowered by the local chief executive to administer the contract.

202

4. sytuacja, w której realizacja kontraktu staje się niemożliwa lub nieopłacalna.

Kontrakt musi precyzować, że to władze lokalne są odpowiedzialne za ustalenie warunków wypowiedzenia.

L. NIEZALEŻNOŚĆ POSZCZEGÓLNYCH CZĘŚCI KONTRAKTU

Rozdział ten powinien zawierać klauzulę stwierdzającą, że jeśli jakkolwiek część kontraktu zostanie unieważniona - pozostanie to bez wpływu na pozostałe części kontraktu.

M. DYSCYPLINA WYDATKÓW

W okresie trwania kontraktu wykonawca musi utrzymywać łączne wydatki na nieprzewidzianą kontraktem działalność na poziomie nie niższym niż poziom tych wydatków przed podpisaniem kontraktu. Władze lokalne wypłacą wykonawcy jego należność pod warunkiem, że utrzyma on wymagany poziom wydatków przez cały czas wykonywania zleconych usług.

Sformułowania tego typu pozwolą zabezpieczyć się przed obarczaniem programu kosztami za usługi świadczone przez kontraktora na rzecz innych klientów.

N. PODPISY

Najistotniejsza - bo wiążąca - częścią każdego kontraktu jest jego ostatnia strona, podpisana i datowana przez wszystkie zainteresowane strony. Będą to :

Przewodniczący władz lokalnych - urzędnik, który może dysponować funduszami na cele kontraktu.

Dyrektor administracyjny - dyrektor wydziału komunalnego lub agencji publicznej, upoważniony przez przewodniczącego lokalnych władz do administrowania kontraktem.

Contractor Agent	Authorized representation of the contractor engaged to perform services.
Local finance director	Official certifying that sufficient funds are available and encumbered for contract purposes
Local city attorney	Official certifying to the form and legality of contract documents.

SUMMARY

There are two primary methods of delivering public services: hiring internal staff or contracting with an outside party. There are certain principles that Polish city officials should apply no matter which method is chosen, the most important of which are knowing what you want to accomplish and deciding before you begin how you will measure success.

This guidebook focuses on a technique to successfully manage outside contractors by using a well-written contract. The virtue of using contracts to provide city government services is the explicit nature of the relationship. Unless the terms of a contract are written, one can never be certain of the nature and extent of the agreement reached. Not only does the written instrument attest to the agreement, but the formulation of terms will govern conduct in the future. In so doing, the preparation of contracts constitutes an important public record of intent and activities.

A verbal, or ambiguous, poorly-constructed contract can cost a city money and embarrassment. On the other hand, a well drafted, unambiguous contract can give local officials legal recourse for improperly performed services.

Reprezentant kontraktora - upoważniony przedstawiciel wykonawcy usług.

Lokalny dyrektor finansowy - urzędnik poświadczający wystarczalność funduszy przeznaczonych na cele kontraktu.

Prawnik miejski - urzędnik władz lokalnych poświadczający formę i wiarygodność dokumentów kontraktowych.

P O D S U M O W A N I E

Istnieją dwie podstawowe metody świadczenia usług publicznych (komunalnych): zatrudnianie etatowych pracowników miejskich lub zlecenie tych usług wykonawcom z zewnątrz. Niezależnie od wybranej metody, polscy urzędnicy miejscy powinni zastosować w swojej pracy pewne ułatwiające tę pracę zasady, z których najważniejsze, to: wiedzieć, czego się chce dokonać oraz ustalić sposoby oceny efektywności działań przed ich rozpoczęciem.

Niniejszy przewodnik pokazuje, jak można wykorzystać dobrze sporządzony kontrakt do efektywnej współpracy z wykonawcami z zewnątrz. Zaletą posługiwania się kontraktami w świadczeniu usług komunalnych jest możliwość jasnego określenia wzajemnych relacji między miastem a kontraktorem. Jeśli warunki kontraktu nie są spisane, nigdy nie można mieć pewności co do charakteru i zasięgu osiągniętego porozumienia. Pisemny dokument nie tylko potwierdza porozumienie; sformułowane w nim ustalenia ukierunkują podobne przedsięwzięcia w przyszłości.

Ustny lub wieloznacznie sformułowany kontrakt może narazić miasto na niepotrzebne koszty i na kłopoty. Z drugiej strony, dobrze skomponowany, precyzyjny kontrakt może dać urzędnikom miejskim podstawy prawne do egzekwowania konsekwencji w wypadku niewłaściwie wykonanych usług.

205

Admittedly, a contract is not magical: it will not make a delinquent, sloppy inefficient agency perform well. A good contract, however, could spare the city the expense and embarrassment of paying for incomplete or insufficient work.

Oczywiście, kontrakt nie czyni cudów: nie zmieni on niesłownego, niestarannego i kiepskiego wykonawcy w świetnego fachowca. Jednak dobry kontrakt może zaoszczędzić miastu wydatków i kłopotów z powodu opłacania źle wykonanej pracy.

ACKNOWLEDGMENTS

The preparation of this guidebook was made possible through a grant from the United States Agency for International Development to Rutgers University, Local Democracy for Poland and its subcontractor Community Development Training institute. The statements, findings, conclusions recommendations and other data in this guidebook are solely those of Community Development Training Institute, subcontractor of a US AID grant, and do not necessarily reflect the views of the United States Agency for International Development nor the United States Government.

P O D Z I Ę K O W A N I E

Przygotowanie niniejszego przewodnika było możliwe dzięki dotacji ze strony Amerykańskiej Agencji Rozwoju Międzynarodowego dla Uniwersytetu Rutgers (program Lokalna Demokracja w Polsce) i dla współpracującego z Agencją Instytutu Rozwoju Społeczności Lokalnych.

Oświadczenia, wnioski, konkluzje, zalecenia i inne dane w tym przewodniku są autorstwa Instytutu Rozwoju Społeczności Lokalnych, podwykonawcy programu sponsorowanego przez US AID (US Agency for International Development); niekoniecznie są one odbiciem poglądów samej Agencji lub Rządu Stanów Zjednoczonych.

ABOUT THE AUTHORS

Nicolas Retsinas: Nic Retsinas is presently Executive Director of the Rhode Island Mortgage and Fiance Corporation, a department of the state government of Rhode Island. Nic has done extensive training for CDTI and has written a number of its guidebooks.

Diane Voneida: Diane Voneida is Director of Community Development, a department of the City of Rockford, Illinois. She has done extensive training for CDTI both in the United States and in Poland.

Community Development Training Institute: CDTI is a non-profit organization which develops and conducts training primarily for local governments in the United Sates. It is affiliated with the National Community Development Association, a membership organization of some 500 cities and urban counties throughout the United States.

COPYRIGHT

All parts of this guidebook are the property of the Community Development Training Institute. Future use of this guidebook in Poland can be arranged through the Foundation in Support of Local Democracy in Warsaw, Poland.

Community Development Training Institute
50 Washington Square
Newport, RI 02840, USA
401/849-7052
May, 1992

O A U T O R A C H

NICOLAS RETSINAS jest obecnie Dyrektorem Wykonawczym Korporacji Kredytowo-Finansowej Rhode Island, w departamencie władz stanowych Rhode Island. Prowadził liczne szkolenia dla CDTI (Community Development Training Institute) i napisał kilka podręczników dla tej organizacji.

DIANE VONEIDA jest Dyrektorem ds. Rozwoju Społeczności Lokalnej miasta Rockford, Illinois. Prowadziła obszerne szkolenia z ramienia Instytutu Rozwoju Społeczności Lokalnych w USA i w Polsce.

INSTYTUT ROZWOJU SPOŁECZNOŚCI LOKALNYCH (CDTI) jest organizacją wyższej użyteczności publicznej (non profit), która przygotowuje i prowadzi szkolenia głównie dla władz lokalnych w USA. Należy do Narodowego Stowarzyszenia na rzecz Rozwoju Społeczności Lokalnych (NCDA) - organizacji skupiającej ok. 500 miast i gmin miejskich na terenie USA.

PRAWA AUTORSKIE

Wszystkie części tego przewodnika są własnością Instytutu Rozwoju Społeczności Lokalnych. Przyszłe wykorzystanie tego przewodnika w Polsce może być realizowane przez Fundację Rozwoju Demokracji Lokalnej z siedzibą w Warszawie.

Community Development Training Institute
50 Washington Square
Newport, RI 02840, USA
tel.nr.401/849 - 7052

Maj 1992

211

Fundacja Rozwoju Demokracji Lokalnej, jest prywatna, nieprofítowa, organizacja założona we wrześniu 1989 roku. Celem Fundacji jest krzewienie idei samorządności i obywatelskiej na wszystkich szczeblach lokalnych, jako podstawowej formy demokracji, poprzez:

- 1) prowadzenie badań i studiów nad formami i problemami samorządności terytorialnej
- 2) upowszechnianie wiedzy dotyczącej samorządu lokalnego i form jego działania,
- 3) wspomaganie lokalnych obywatelskich inicjatyw samorządowych,
- 4) wspieranie wzajemnej współpracy samorządów lokalnych we wszelkich dostępnych formach,
- 5) zbieranie i opracowywanie informacji o lokalnych inicjatywach samorządowych i obywatelskich, m.in. jako materiałów wspierających prace parlamentarne.

Bardziej szczegółowe informacje można otrzymać od:

Fundacji Rozwoju Demokracji Lokalnej
ul. Krzywickiego 9
02-078 Warszawa, POLAND.

Telephone (+48-22) 25-28-08
Fax (+48-22) 25-11-16

The Foundation in Support of Local Democracy, a private, non-profit, non-governmental organization, was created in September, 1989. The aim of the Foundation is to promote the idea of civic self-governance at all local level as the basic form of democracy through:

- 1) studies and research of all forms and problems of local self-government;
- 2) propagation of the knowledge of the various systems of self-government and forms of their activities;
- 3) assistance in local civic and self-government initiatives;
- 4) support to mutual cooperation of local self-governmental bodies in all accessible forms;
- 5) collecting and processing information on the initiatives taken by local citizens and self-governmental bodies, to assist parliamentary work.

Inquiries should be sent to:

The Foundation in Support of Local Democracy
ul. Krzywickiego 9
02-078 Warsaw, POLAND.

Telephone (+48-22) 25-28-08
Fax (+48-22) 25-11-16

212

LOCAL FINANCE AND BUDGETING

Subcontractor: Johns Hopkins University

Coordinator: Michael Bell

Trainers: Michael Bell and Joni Leithe

TABLE OF CONTENTS

OVERVIEW OF BUDGET PROCESS.....	I
ANALYZING REVENUES.....	II
ANALYZING EXPENDITURES AND SERVICE DELIVERY.....	III
PROGRAMMING AND PLANNING CAPITAL EXPENDITURES	IV
APPENDIX I.....	V
APPENDIX II.....	VI

OVERVIEW OF BUDGET PROCESS

215

OVERVIEW OF BUDGET PROCESS

WHAT IS LOCAL GOVERNMENT BUDGETING?

A budget is a legal and fiscal plan of action for financing a local government's activities over a specific period of time, usually a year. The budget you prepare for your local government is probably your single most important financial management tool. You can use it to plan, administer, and monitor your government's fiscal operations.

The budget process is the set of activities undertaken by local government officials to prepare and adopt the budget for the coming fiscal year. Depending on the size and complexity of the local government, the budget process can take anywhere from one to nine months; it can require the involvement of few or many persons.

A budget may consist of a single document, or of several. In its simplest form, a budget lists anticipated revenues and proposed expenditures for the fiscal year. In more advanced forms, a budget can also be a service plan. The plan sets forth goals and objectives for each activity or function your government performs, as well as measures of performance. The objectives and performance measures are then related to the cost of providing each service.

Budget Types

In general, local governments in the United States use two types of budget. The operating budget funds the day-to-day activities and ongoing services provided by the local government, including police and fire protection, parks and recreation, public education, public transit, and sewer and water treatments. The operating budget describes the expenditures a government plans to make as well as the revenues that will be used to fund the associated services.

The capital improvement program outlines a government's plans for constructing and financing large or expensive items of infrastructure, including sewer and water treatment plants, roads, buildings, and equipment. Capital improvement programs generally cover a six-year planning period. The first year of the period is known as the capital budget and is the portion of the budget for which funds are appropriated for the coming fiscal year.

As with the operating budget, the capital budget also describes the revenues that will be used to fund the approved capital projects. Section IV of this course presents more information about capital budgets. Sections I through III provide information about operating budgets. Because many of the principles of developing good operating budgets also apply to the development of capital budgets, readers are advised to review Sections I through III before advancing to Section IV.

Budget Classes

Budgets are classified by the type of information they provide: line item, performance, or program.

Line item budgets focus on the commodities and services to be bought, such as salaries, office supplies, and furniture. The line item budget is the simplest and most common type of budget. It is easy to implement and integrate with the accounting system.

Line item budgets have been criticized for their failure to promote resource allocation and efficient decision making because they focus on the inputs or costs of providing services, not on the services themselves.

Program budgets represent the first of the modern budgeting formats. A program budget focuses on outputs--the services delivered by local government. This budget type can be complex and difficult to produce. It often displays all the expenditures and activities associated with a particular goal, even if they come from more than one department.

Performance budgets emphasize efficiency. Whereas program budgets ask whether funds should be spent on a given program, a performance budget focuses on the relationship between costs (input) and benefits (output). Performance budgets typically include statistical measures of demand, workload, efficiency, and effectiveness. Examples of each of these types of budgets can be seen on the following pages.

Many U.S. local governments use a hybrid of budget types. The hybrid displays in line item format information about goals and performance measures for each department or program, along with information about proposed revenues and expenditures.

WHY DO YOU NEED A BUDGET?

There are legal, management, and political reasons for preparing an annual operating budget.

Legal

In many countries, including Poland, local governments are required by law to enact a budget that sets forth on an annual basis, the municipality's planned expenditures and sources of revenues. In the United States, it is the responsibility of the state governments to enact laws concerning local government budgeting. Some states have given wide authority to local governments to determine their own budgeting procedures, while other states have enacted specific guidelines that all local governments in the state must follow. Whether mandated by state or local law, most local governments must operate under budget laws that respond to the following:

- o What are the responsibilities of various officials with regard to the budget?
- o What legal actions are required to establish an official budget?
- o How detailed must budget enactments be?

SAMPLE LINE-ITEM BUDGET

**CITY OF WILSON
DEPARTMENT OF FINANCE
DIVISION OF PRINTING**

BUDGET REQUEST

ACCOUNT NUMBER	NAME	BUDGET 1980-81	BUDGET 1981-82
<u>204</u>	<u>DIVISION OF PUBLIC BUILDINGS & PRINTING</u>		
204-002	Wages	\$ 20,050	\$ 21,600
204-019	Maintenance of Buildings	1,400	16,000
204-021	Maintenance of Equipment	500	500
204-030	Office Supplies	14,500	14,500
204-032	Janitorial Supplies	1,000	1,200
204-097	Contractual	2,500	5,500
204-099	Capital Improvements	<u>5,000</u>	<u>2,000</u>
	TOTAL	\$ 57,550	\$ 61,300

CITY MANAGER

Program 3: Budget and Research.....001-513-0530.00

Budget and Research is responsible for the preparation of the annual operating budget and five-year capital improvements program. After adoption, it monitors the implementation of the budget. Budget and Research coordinates all applications for federal and state grants. It also performs research projects as directed by the City Manager.

Personnel: (2.5 full-time)

Administrative Assistant II (2)
Secretary II (.5)

Objectives:

1. Submit the Capital Improvements Program to the City Commission no later than March 1.
2. Submit the Annual Operating Budget to the City Commission no later than July 1.
3. Increase the sophistication of the budget document so as to enhance its use as a management tool.
4. Increase the number of dollars received by the City from federal and state grants.

Workload Distribution:

1. CIP preparation	10%
2. Operating budget preparation	45%
3. Operating budget implementation	15%
4. Membership on management and insurance committees	5%
5. Grant applications	10%
6. Special research projects	<u>15%</u>
	100%

Cost Series:

	<u>FY 80-81</u>	<u>FY 81-82</u>
Personnel	43,790	47,160
Organizational	5,176	5,690
Capital	<u>480</u>	<u>-0-</u>
	49,446	52,850

Measurement Criteria:

	<u>FY 80-81</u>	<u>FY 81-82</u>
Capital Improvements Program	1	1
Annual Operating Budget	1	1
Budget transfers	100	110
Budget amendments	9	5
Special studies	5	10

Program: WATER TREATMENT

Department: PUBLIC UTILITIES

Performance Objectives:

- 1) To operate and maintain 3 water purification plants treating 14,000 million gallons of water at a cost of \$100 m/gallon. \$33 per acre foot.
- 2) To collect, analyze, and record 5,979 water samples to insure compliance with the Safe Drinking Water Interim Primary Regulations 100% of the time.
- 3) To manage 185.7 sq. miles of watershed area, inspect and control 785 sanitary facilities within the watershed area, reduce or keep from exceeding the 1980's coliform count (24,928).
- 4) To eliminate 27% of cross connections and maintain water system integrity.
- 5) To conduct 33 backflow preventer tests per month to maintain water quality and to test, repair, and replace 66% of deficiencies.

Performance Review	1979-80 Actual	1980-81 Budget	1980-81 Estimated	1981-82 Recommended
Demand:				
1) Million Gallons of Water Purified	12,489	13,660	13,660	14,000
2) # Water Treatment Plants	3	3	3	3
3) # Gov. Required Reports	249	249	249	249
4) # Water Samples Collected & Analyzed	5,979	5,979	5,979	5,979
5) # Cabins & Sanitary facilities	785	785	785	785
6) # Cross Connections Found	269	3,215	3,215	893
7) # Backflow Preventers to Test	523	544	544	600
8) Sq. Miles of Watershed Managed	185.7	185.7	185.7	185.7
Workload:				
1) Million Gallons of Water Purified	12,489	13,660	13,660	14,000
2) Gov. Required Reports Completed	249	249	249	249
3) Samples Collected/analyzed	5,979	5,979	5,979	6,000
4) Cabins & Sanitary Facilities Inspected	490	490	490	490
5) Watershed Citations & Warnings Issued	1,000	1,000	1,000	1,000
6) Cross Connections Eliminated	288	236	236	240
7) Backflow Preventers Tested	307	315	315	400
Productivity:				
1) Cost/Million Gallons Treated	103.00	105.00	105.00	100.00
2) Cost/Water Sample Analyzed	2.32	2.88	2.88	2.88
3) Cost/Sanitary Facility Inspection	10.00	10.00	10.00	10.00
4) Cost/Cross Connection Eliminated	48.56	82.17	82.17	92.95
5) Cost/Backflow Preventer Test	31.48	40.23	40.23	26.47
Effectiveness:				
1) % Change in Cost/Million Gal. Purified	40%	2%	2%	(8%)
2) Water Quality Complaints Received	130	125	125	130
3) % Water Quality Samples Comply with Regs.	100%	100%	100%	100%
4) % Facilities on Watershed Inspected	61%	61%	61%	61%
5) % Cross Connections Eliminated	31%	27%	27%	25%
6) % Backflow Devices Tested	59%	54%	54%	66%

- o What general schedule must be followed in budget enactments?
- o How may the enacted budget be changed?
- o Can a budget that predicts a deficit be enacted?
- o What should be done about actual budget deficits?

Management

Budgeting is an integral tool for managing local government. The budgeting process helps a government control, manage, and plan its operations. By detailing the items or activities for which expenditures will be made and limiting the amounts to be spent, a budget permits local government to control and monitor the growth of public spending, protect against misuse of public funds, and ensure that the governing body's legislative intent is carried out as prescribed by law.

By clearly specifying how resources will be used to implement programs and provide services, a budget provides the management information necessary to operate government efficiently. It enables local governments to establish priorities and provides a measure of the quality and quantity of work performed.

The budget is also a mechanism for anticipating future service requirements and directing public policy toward meeting those requirements. It provides the framework for planning for required services and ensuring the availability of resources to meet expenses.

Political

Your community's budget is a primary means of translating social policy into reality. It answers the basic political question of "who gets what?" The budget reflects the financial implications of every decision made by your government council. The budget also establishes and assigns priority to the kind and level of services that the community will

receive. ~~Identifying~~ the budget is one means by which you and your governing body can be held ~~accountable~~ for your actions. The budget process makes accountability possible by providing ~~information~~ to the electorate. Finally, the budget is your most important channel of communication with the governing body and the public. It is a way for you to explain your purposes ~~and~~ your operation, but it is also the way in which you receive input and feedback from ~~the~~ community.

HOW IS LOCAL GOVERNMENT BUDGETING CARRIED OUT?

The ~~budget~~ process involves the following seven steps:

- o ~~Create~~ a budget framework.
- o ~~Identify~~ revenue sources.
- o ~~Review~~ operating expenses.
- o ~~Balance~~ the budget.
- o ~~Prepare~~ the budget document.
- o ~~Approve~~ and adopt the budget.
- o ~~Implement~~ the budget.

Step One: ~~Create~~ a Budget Framework

Developing a budget framework requires you to make decisions about the roles and responsibilities of various local government officials in preparing, adopting, and administering the local government budget. You must also set forth a schedule for preparing and adopting the budget and create a budget classification structure around which budget requests are prepared and presented. You will also need to develop a budget manual that explains the policies and procedures that guide preparation of your budget.

Step Two: Identify Revenue Sources

In identifying revenue sources, you must determine which sources are available to your local government and which ones you will use. You must also set revenue rates, determine the basis on which revenues will be assessed, and make projections of the total amount of funds that will be generated from the various revenue sources. Looking for new sources of revenues and evaluating the current level of rates and charges is a time-consuming task that you probably will not need to perform every year. It can be done separately from, or in conjunction with, the budget process.

Projecting the total amount of funds that will be generated from currently existing revenue sources is, however, a task that must be completed each year as part of the normal budget process. In fact, revenue projections should be done at least twice during the budget process: at the beginning, to estimate how much money will be available to spend; and at the end, just before enactment of the budget by the governing council, to adjust for any changes in the amount of revenue projected to be available.

Step Three: Review Operating Expenses

Once you have determined how much money will be available to spend, you can look at how you will spend it. Most local governments begin by estimating how much it would cost to continue providing the services that the government already delivers, at current levels. The analysis includes adjusting current costs to take account of inflation, salary increases, and changes in workload, such as an increase in the number of students attending school. As in the case of revenues, your local government may wish to undertake a more comprehensive analysis of the services it provides at current levels. The analysis can be undertaken separately or as part of the budget process and can be structured around some key questions. What is the role of government in a market economy? What services should

government provide and what services should be purchased by citizens from the private sector? If government is to provide a particular service, what level of government is best suited to deliver it? Should the service be provided by government employees or by the private sector under contract to the local government?

Step Four: Balance the Budget

Once your local government decides on the level of services to provide, it must estimate the total service costs and compare those costs to projections of the total amount of revenues that will be available. Local governments in the United States and Poland are required by law to balance their budgets. In other words, they cannot plan to spend more than they expect to have in funds available during the same budget year. Two primary funding sources are available to local governments: the amount of surplus incurred in the current fiscal year and then carried forward into the budget year, and the amount of revenue expected to be collected in the budget year. Estimating the amount of surplus (if any) that will be available to fund next year's budget requires estimating how much money your government will spend by the end of the current year.

Step Five: Prepare the Budget Document

After budget preparation has been completed, you should assemble all budget requests and proposals into a formally bound document for presentation to the governing council or legislative body. The legislative body should receive all necessary materials before undertaking a thorough review of the budget. Materials include

- o revenue estimates in total and for each revenue source;
- o a comprehensive summary of proposed expenditures; and
- o a detailed budget request for each municipal service that identifies the nature and purpose of each service, the number of positions requested, the requested expenditure by major category of cost (personnel, operating expenses, and capital

items), and the source of funds that will support those expenditures.

Step Six: Approve and Adopt the Budget

In the course of its budget deliberations, the legislative body should conduct several budget hearings. One set of hearings should involve direct discussions with administrative officials regarding their budget requests. The governing council may wish to divide itself into committees that can spend time conducting a more extensive initial review of departmental budget requests, followed by a more generalized review by the council as a whole. Another series of hearings should permit citizen input into the process. After the hearings, the legislative body completes its own deliberations, makes any desired adjustments to the proposed budget, and enacts a final budget or appropriation ordinance.

Step Seven: Implement the Budget

It is the responsibility of the operating departments and the budget officer to see that municipal services are delivered according to the budget. Most United State governments also assign to one individual the responsibility for monitoring all departmental budgets. Depending on the size of the local government, this individual could be the chief executive, finance director, treasurer, or in large local governments, a full-time budget officer. The budget officer should closely monitor the progress of revenue collections and expenditures throughout the fiscal year and identify any variances from budget plans that might cause the government to realize a large surplus or deficit at year's end. Monitoring is best performed by using monthly reports for each department. The reports compare budgeted to actual expenditures and revenues for the latest month and the year to date. The council may need to amend the budget ordinance during the year in response to circumstances not foreseen at the start of the budget year.

Steps one, five, six, and seven of the budget process are discussed in greater detail in the subsequent sections of Section I. Steps two, three, and four are discussed separately in Sections II and III. Section IV discusses a similar process for developing the capital budget.

STEP ONE: CREATE A BUDGET FRAMEWORK

Preparing, adopting, and implementing the annual operating budget can be a time-consuming effort that requires a high level of cooperation among several local government officials. The budget process is greatly facilitated when the roles and responsibilities of all participants are clearly specified and a calendar for the completion of each part of the budget process is established at the outset of the budget process. To initiate the process, local government must create a budget classification structure within which revenue and expenditure estimates will be prepared and discussed.

Assign Roles and Responsibilities

Broadly speaking, there are two categories of governmental responsibility: policy-making responsibility and administrative responsibility. In the American tradition of government, the policy-making role is performed by the legislative branch of government, while the administrative role is performed by the executive branch of government. In most cases, power in the executive branch is centralized in one position, e.g., a mayor or chief executive, to whom all department heads report.

In the European tradition of government, there is less distinction between the legislative and executive branches of government. The governing council, or legislative branch tends to perform both the policy-making and administrative roles. The administrative functions are carried out by appointing individual council members or

committees of council members to serve as department heads responsible for various functions of local government.

Either model of government can provide effective service to its citizens. The key is for the governing council or legislature as a whole not to let itself become embroiled in administrative detail that it fails to allocate enough time to set broad policies and adequately consider the major programmatic and financial issues facing local government--something that can happen in either model of government!

Policy-making Role

The legislative body as a whole should concern itself with overall budget and program policy. In adopting a budget, the legislative body sets out the policy and direction local government takes in its efforts to deliver services to its citizens. The governing council is responsible for ensuring that the needs of the citizens are met to the extent possible within the limits of available resources. It is the legislative body's prerogative to set out a growth or no-growth budget, to increase taxes to permit higher expenditure levels, or to incur bond indebtedness to finance local government capital construction needs.

The legislative body should follow some general rules in fulfilling its budgetary role.

- o The legislative body should become involved in the development of budget policies and guidelines before department heads begin to prepare specific budget requests. Examples of guidelines are budget growth and tax policies, areas of priority service need, and types of expenses and activities to be emphasized and de-emphasized.**
- o The legislative body should be sure that it receives all the materials it needs to give full and effective consideration to all budget proposals.**
- o The legislative body should not concern itself extensively with the administrative and financial details that underlie the budget. Instead, it should ensure that budget data are sound and well analyzed by taking care to establish an effective and efficient budget process.**

Administrative Roles

The administrative component of the budget process involves three major responsibilities, as follows:

- o preparing budget proposals for consideration by the legislative body;
- o explaining and clarifying current fiscal conditions, fiscal prospects, and budgetary proposals to the legislative body; and
- o implementing the budget enacted by the legislative body and monitoring performance to ensure that program and fiscal objectives are met.

While the administrative role in local budgeting should encompass all the above responsibilities, the manner in which the administrative function is organized may vary considerably. In some local governments, department heads deal directly with the legislative body, particularly when each member of the legislative body is assigned responsibility for direct oversight of a particular department. In fact, department heads frequently deal directly with the legislative body when there is no chief executive to manage all the functions of local government.

In general, if departments independently prepare and present budget requests to the legislative body, the result is split responsibility and a lack of consistency in budget preparation and format. Such an approach makes it difficult for the members of the legislative body to fulfill their roles of comparing proposals, establishing priorities among proposals, and enforcing common standards. It is recommended that one official be assigned the role of "budget officer," complete with responsibility for coordinating and managing the budget process.

Role of the Budget Officer

The budget officer plays a key role in budget preparation by serving as a focal point for issuing guidelines, reviewing materials, and responding to questions. At a minimum, the

budget officer should serve as a coordinator of budget material and assume responsibility for:

- o developing the budget calendar;**
- o designing budget worksheets and forms;**
- o issuing instructions to department personnel for completion of worksheets;**
- o reviewing finished worksheets for accuracy and completeness;**
- o preparing or assembling revenue estimates;**
- o presenting budget materials to the legislative body for review; and**
- o coordinating activities and scheduling meetings.**

In this role, the budget officer does not evaluate departmental requests, make budget recommendations or seek to balance proposed expenditures with estimated revenues. Instead, the budget officer ensures that the budget preparation schedule is honored and that budget materials are accurate, complete, and presented in a uniform and understandable format.

In particularly small jurisdictions, the budget officer may prepare detailed budget requests for the operating departments. In these cases, the budget officer must consult with department personnel before preparing their final budget requests.

In addition to coordinating the budget preparation process, the budget officer may perform a significant policy guidance function by assuming such functions as

- o issuing guidelines to department officials regarding acceptable levels of service increase or decrease and expected cost limitations;**
- o evaluating departmental requests and adjusting them to policy guidelines;**
- o balancing expenditure requests with available revenues; and**
- o making recommendations to the legislative body for budget action.**

The budget officer may also assume responsibility for direct supervision over budget implementation. Specific tasks include

- o conducting periodic projections of expenditures and comparing them to available resources to ensure that departments do not exceed budget limits;**
- o maintaining centralized position control to ensure that new hires fill only authorized positions at salaries no greater than the amounts designated in the budget;**
- o reviewing and approving all requests to transfer funds from one budget item to another;**
- o maintaining and updating the manual of budget procedures; and**
- o preparing reports on budget performance for use by the legislative body and the departments.**

A budget officer who performs these additional analytic and guidance tasks can be extremely valuable to the legislative body by providing useful insights that elected officials may be unable to develop for themselves because of limited time. Specific advantages of this approach to budget administration include the following:

- o Service priorities are best determined from a central vantage point.**
- o Budget preparation is facilitated through standardization of procedures and forms.**
- o Effective control of local government resources can be achieved more easily when the in-and-out flow of resources is handled through one official.**
- o Fiscal problems can be detected sooner when a designated official constantly monitors the budget process.**
- o Budget implementation is facilitated by the use of standard forms for all budget actions, such as requests for the transfer of funds, new positions or changes in existing positions, and approval to apply for or accept state grants.**

Establish the Calendar

Annual budgets are traditionally favored by municipalities. A on-year period constitutes a manageable time frame in which the assumptions underlying revenue and

expenditure estimates are likely to remain reasonably reliable. At the same time, the period is sufficiently long to afford policy-makers several months between the time one budget is passed and the time when intensive work on the next budget must begin.

The annual budget should be adopted before the beginning of the fiscal year to which it will apply. Because the budget is an operating financial plan for the municipality, it is important that municipal officials know as early as possible the terms of the budget under which they must operate--preferably before the fiscal year begins.

Such knowledge permits municipal leaders to make any budget-related changes in services and procedures well in advance of the time such changes must be implemented. It also allows financial officials to make the necessary entries in financial records to begin controlling expenditures when the fiscal year begins.

Each year before the start of the budget process, the budget officer should establish a formal calendar of budget events to guide the preparation and adoption of the budget. This schedule, usually called a budget calendar, should identify the dates of milestones leading up to budget adoption. The calendar should allow time for

- o municipal departments to prepare requests;
- o the budget officer and staff (if any) to review these requests and prepare materials for the legislative body; and
- o the legislative body to review the requests, conduct hearings, and enact a budget.

The following exhibit presents a sample budget calendar for a fiscal year that is coincident with the calendar year (begins on January 1).

Establish the Budget Classification Structure

At a minimum, your local government should be able to classify all budgeted and actual expenditures into the following categories:

232

BUDGET PREPARATION CALENDAR

<i>Date</i>	<i>Activity</i>
<p>July 31 August 1 - 31</p> <p>September 1 - October 14</p> <p>October 15 October 16 - 31</p> <p>November 1 - 30</p> <p>December 31</p> <p>January 1</p>	<ul style="list-style-type: none"> • Budget estimate forms and instructions are distributed to each department head. • Departments prepare estimates of expenditures and revenues for next budget period. • Completed budget estimates are submitted to budget officer. • Chief administrator and budget officer conduct departmental hearings. They make final determination of the amounts to be recommended to the legislative body. The proposed budget and chief administrator's budget message are prepared and reproduced. • Budget document and budget message are presented to the legislative body. • Legislative body conducts public budget hearings and its own review of budget. (Including Revenue Sharing hearings.) • Legislative body makes final determination of changes in budget. • Legislative body adopts the budget, as amended, and passes an appropriation ordinance and revenue ordinance. • Adopted budget recorded in the accounting records. Chief administrator informs all departments of the amounts that have been allotted to them. • Budget goes into effect.

250
450

- o fund;
- o organizational unit;
- o source of revenue; and
- o activity.

Fund

Municipal governments obtain revenues to pay for the provision of services from a variety of sources, including rental and sales income, taxes, fees, and state transfers. Some of these revenues may be used for any purpose the municipality may legally perform. Owing to legal or sound managerial reasons, other revenues are restricted to specific services, projects, or programs. The budgeting and accounting system that controls the use of these latter, restricted revenues must separate such funds from the municipality's other financial activity.

A fund is the accounting concept used to separate or subdivide local government's financial activity for legal and managerial purposes. All financial activity of a municipality must be classified in relation to a fund. The fund structure your local government adopts for budgeting should be developed through discussion with accounting personnel and based on an analysis of your accounting system and its related legal requirements. Your fund structure for budgeting should make it possible for you to develop and implement a comprehensive budget that encompasses all of your local government's financial activity.

In the United States, four different categories of funds are generally used for budget purposes. These are

- o **General Funds**--general unrestricted revenues of the local government whose use is not restricted to any specific purposes.
- o **Special Revenue Funds**--funds whose use is earmarked for a specific purpose. Special revenue funds might include such monies as federal and state grant funds, special fees, assessments, gifts, etc. This fund group is normally broken down into

a number of individual fund units.

- o **Internal Service Funds**--funds derived from transfers from one department of the local government to another.
- o **Enterprise Funds**--funds maintained to support commercial-type operations, such as municipal utilities.

Budgeting for enterprise funds may vary from that of other funds because both revenues and expenditures are closely tied to customer demand for services produced. If demand increases, both revenues and expenditures will probably rise. Budgets for enterprise fund activities may therefore be more flexible than those supported by taxes, fees, special assessments, bonds, and interdepartmental payments.

Organizational Unit

You should assign an organizational class to each major department in your local government to identify the government's responsibility or organizational structure. Usually the organizational classification represents each major department, such as the by police department, fire department, public works department, finance department, and treasurer's office.

Such a classification system probably already exists in your local accounting system. You should, however, examine the system for its adequacy by asking the following questions:

- o Does the current organization reflect the actual responsibility structure of the municipality?
- o Does the current organization facilitate the specification of managerial responsibilities? In other words, is it detailed enough?
- o Does the current organization help management direct operations and monitor and control expenditures?
- o Does the current organization help the legislative body understand how the municipality operates?

For particularly small municipalities a department-level organizational identification will probably suffice. Larger governments, however, may need to break departments down into subdivisions. As a general rule, organizational breakdowns of individual departments are appropriate when a department head delegates significant managerial responsibility to subordinate officials.

If a subordinate official is responsible for managing a specific function and achieving results, that official should also assume some budgetary responsibility and be held accountable not only for program performance but for budgetary performance. The only way you can determine the need for an organizational breakdown below the departmental level is to perform a careful analysis of each department's responsibilities.

It is important to note that although budgets may be developed and monitored below the departmental level, it is not necessary to enact appropriations at that level. Detailed budgets below the departmental level can be developed for administrative purposes, while the legal budget or appropriation can be established at the more general departmental level. This approach allows for flexibility in budget implementation (funds can be moved from one subdivision to another) yet still provides the necessary tools for budget monitoring and management on a responsibility basis (because budgets exist for each subdivision).

Object of Expenditure

Objects of expenditure are used to classify the types of goods and services a local jurisdiction purchases in the course of providing services. As with the organizational component, objects of expenditure may be classified at different levels of detail. At the most general level, expenditures can be classified by major object, and

- o personnel services (salaries and wages);
- o contractual services (travel, purchased services);

- o supplies and materials (paper, asphalt, chlorine);
- o equipment (automobiles, duplicating machines); and
- o miscellaneous.

If further refinement is desired, the major objects can be broken down into their individual components called minor objects. For example, contractual services might be broken down into

- o travel;
- o transportation;
- o postage; and
- o utility expenses.

The object-of-expenditure component in the budget structure is necessary to enable local governments to develop precise budget estimates and proposals. Cost estimates are made in terms of the object classes. Objects of expenditure are also used to monitor and control expenditures to ensure that funds are spent for the proper items.

All departments of local government should use a standard set of objects of expenditure. Small units may find it adequate to identify objects only at one general or major object level. Larger units probably need a two-level structure that includes a broad object category and subdivisions within each category as follows:

- o Major Object; and
- o Minor Object.

The exhibit on the following pages present a basic one-level object structure and a more complex two-level structure, respectively.

Source of Revenue

The source-of-revenue classification performs a function similar to that of the object-

of-expenditure classification. It provides detailed information on revenues received. Again, major and minor-revenue source classifications are frequently used. Examples include the following:

- o Taxes (major)
 - o real property (minor);
 - o personal property (minor); and
 - o sales (minor).
- o Licenses and Fees (major)
 - o business licenses (minor);
 - o parade permits (minor); and
 - o other licenses and fees (minor).

The revenue source classifications make it possible to subdivide historical revenue collection data and then use the information to predict future revenues. Without this level of detail, realistic projections would be impossible.

Each local government must determine the appropriate level of detail it needs for objects of expenditure and sources of revenue. Invariably, the local government will have to compromise between the need for detailed information and the ability of budgeting and accounting personnel to record and report information accurately and efficiently. In smaller units of government, the major classes, if properly constructed, are usually sufficient. Larger towns and cities typically require both major and minor levels.

Activity (Basic Structure)

The budget classification structure should make it possible to identify the dollar amounts budgeted for and expended on each local activity or service. The simplest way to create the needed activity classes is to identify the services a local government provides or

functions it performs within each department. The most reliable sources of information for defining activities and services is program or department personnel. In general, it is unwise to use expenditure titles that are not well understood by program or department personnel, particularly those individuals who must assign and identify expenditures on a day-to-day basis.

In small local governments, the activity breakdown may follow departmental lines. This structure would be applicable in a small town or city where the mayor or town manager directly manages all department activities.

In towns and cities whose department activities are broader and under the management of department heads, activities can be subdivisions of the departments.

Activity and Program (Advanced Structure)

A more complex organizational activity structure involves the use of programs. Programs include broad categories of services that may cut across more than one department. Examples of programs frequently used by local government include the following:

- o general government;
- o public safety;
- o community environment;
- o recreation; and
- o human resources.

Many smaller towns and cities may find the use of such a classification system unnecessary. Their organizational activity structure may adequately define service areas. Larger governments, however, should closely evaluate the need for a structure based on programs.

Project

The project component is a special classification element generally used for capital construction and acquisition, although some local governments may use it to classify data for state grant reporting. Project classes used for this latter purpose typically account for activities that cross fiscal years. Most small local governments make limited use of the project classification system for noncapital expenditures.

Using the Basic Budget Classification Components

The basic budget classification components are assembled to create a full picture of the budget. For any proposed expenditure, they can identify the fund and revenue source. Sometimes, though rarely, revenues can be associated with specific department. The exhibits on the following pages show how expenditure data might be displayed by using a simple and a more complex structure for presenting financial data, respectively.

Initiate the Annual Budget Preparation Cycle

Assuming that your local government has established its overall budget policies and procedures, it is ready to initiate the annual budget process. The first two tasks of the process call for

- o developing the overall fiscal and program or service policy guidelines the municipality should follow; and
- o preparing and disseminating to each department detailed instructions for preparing budget requests.

Policy Guidelines

At the beginning of the annual budget preparation cycle, the budget officer should initiate discussions with the members of the legislative body to identify the principal policies to be reflected in the budget. To develop these policies, it is first necessary to review

Financial Data Using Simple Classification Structure

EXPENDITURE SUMMARY

FUND: GENERAL DEPARTMENT: PUBLIC WORKS	Budget	Actual This Year	Balance
Objects:			
Personal Services	\$1,200,000	\$320,000	\$880,000
Fringe Benefits	250,000	85,000	165,000
Travel & Transportation	50,000	20,000	30,000
Other Contracted Services	100,000	30,000	70,000
Supplies and Materials	200,000	100,000	100,000
Capital Equipment	320,000	50,000	270,000
Miscellaneous	10,000	1,000	9,000
Total	\$2,130,000	\$606,000	\$1,524,000

Financial Data Using More Complex Classification Structure

Department: Public Works

Activity: Refuse Collection

Objects:

**BUDGET
(000)**

**ACTUAL
(000)**

**BALANCE
(000)**

Personal Services:

Salaries	\$3,200	\$1,000	\$2,200
Wages	900	400	500
Overtime Pay	400	100	300
Premium Pay	600	250	350
Temporary Labor	250	50	200

Fringe Benefits:

Retirement	200	70	130
FICA	250	60	190
Workmans Comp.	100	10	90

Contractual Services:

Travel	300	100	200
Transportation	100	50	50
Postage	100	20	80
Utilities Expense	400	100	300

Supplies and Materials:

Office Supplies	150	50	100
Uniforms	300	0	300
Ammunition	350	50	300
Gasoline and Oil	500	250	250
Auto Parts	250	200	50
Miscellaneous	70	20	50

Capital Equipment:

Furniture	100	50	50
Weapons	300	250	50
Automobiles	700	500	200
Miscellaneous	30	10	20

Total

\$9,550

\$3,590

\$5,960

Fund Sources:

General Fund	\$9,300	\$3,450	\$5,850
Special Funds:			
Landfill Fees	250	140	110

242

current year fiscal conditions as well as the prospects for the coming or budget year. Such a review should encompass an examination of

- o current revenue performance and preliminary revenue estimates for the budget year;**
- o current expenditures versus budget and the prospects for a surplus to be carried into the budget year;**
- o trends in inflation and local economic conditions;**
- o prospects for new taxes and fees or changes in current tax and fee rates; and**
- o major cost items that will fall due in the budget year.**

The objective of this analysis is to develop a rough framework of the financial constraints that local government will face in the budget year.

Next, service issues should be discussed to develop some ideas regarding the scope of service to be supported by the budget. Based on these discussions and analyses, some basic policies to guide budget development should be set forth. Policies might, for example, specify

- o guidelines for budget increases due to inflation;**
- o the range of cost-of-living adjustments to salaries of municipal employees;**
- o service areas to be strengthened, de-emphasized, or reduced; and**
- o guidance on tax and fee rates.**

These overall budget policies should be formally endorsed by the legislative body and disseminated to all appropriate administrative officials.

Preparation and Dissemination of Instructions for Budget Preparation

After the overall budget policies have been developed, the budget officer should prepare and disseminate to each department a set of detailed instructions for preparing the

budget. The instructions should be distributed early enough to permit department officials to develop reasonable budget requests. The budget officer should allow a period of at least 30 days before departmental budget requests are done. The budget preparation instructions should include such items as the following:

- o a fiscal statement;**
- o a budget calendar;**
- o general guidelines for preparing budget requests;**
- o copies of all forms and instructions for completion; and**
- o a statement on the role of budget officer in budget process.**

The budget officer's fiscal statement summarizes the anticipated fiscal position of the government and provides an outline of the overall fiscal policies to be pursued. The budget officer should encourage department heads to examine the merits of existing programs and to justify fully any requests for new or expanded programs.

The budget calendar highlights the dates of all pertinent activities relating to the completion of the budget. The general guidelines standardize certain routine budget calculations such as the rate of inflation to be used in estimating costs, current prices of office equipment and supplies, and other factors that apply to all departments across the board.

The forms used to compile budget requests to standardize needed information and help the departments to compile their requests. The forms should be accompanied by detailed instructions and examples of completed forms. The forms also provide a useful format for presenting budget recommendations to the legislative body. The types of forms needed include

- o detailed worksheets for personnel services, operating expenses, and equipment requests;**

- o a worksheet specifying the proposed expenditures for each activity and the sources of funds to support the activity; and
- o a table that summarizes various expense categories into departmental and (where applicable) program totals.

The statement on the role of the budget officer might make an offer to assist departments in preparing requests, respond to questions about policy or procedure, and clarify any ambiguities in the instructions.

STEP FIVE: PREPARE THE BUDGET DOCUMENT

Before the legislative body as a whole considers the budget, the budget requests and proposals should be assembled into a formally bound draft document for presentation to the members of the decision-making body. As the governing council conducts its review, it will modify the document. The final budget document will reflect the budget as formally adopted and enacted by the legislative body.

Attractive and well-organized budget presentations can play a vital role in promoting effective decision making and can communicate to the public local government's operations and strategies for the coming fiscal year. A draft version of the budget should be made available to the public before its adoption by the governing body. At a minimum, the budget document should include

- o a message from the budget officer or chief executive that describes major assumptions underlying the budget, major issues the legislative body must address, and significant changes in the proposed budget from the current year budget;
- o an explanation of the financial structure and operations of the government;
- o revenue estimates for each revenue source;
- o a comprehensive summary of proposed expenditures;
- o projections of current year financial activity and financial position at the end of the upcoming budget year;
- o a detailed budget request for each municipal service that identifies the nature and purpose of each service, the number of positions requested, the requested

245

- o expenditure by major category of cost, and the source of funds that will support the expenditure; and
- o narrative statements that justify budget requests.

To promote better government budgeting, the Government Finance Officers Association (GFOA) of the United States and Canada conducts an award program recognizes effective budget documents. Local governments can submit their budgets to GFOA for review by a panel of their peers. Several criteria are used to evaluate how well the submitted budget serves as a policy document, financial plan, operations guide, and communications tool. The criteria used in the program are included in Appendix I.

STEP SIX: APPROVE AND ADOPT THE BUDGET

The legislative body's adoption of the proposed budget establishes the legal authority for administrative officials to incur expenditures in the next fiscal year. Budget adoption is the culmination of an exhaustive review of budget proposals by the legislative body and the budget officer. The steps leading to adoption generally include

- o informal briefings;
- o formal presentations of budget recommendations by the budget committee and other committees of the legislative body to the legislative body as a whole; and
- o adoption of the appropriation ordinance.

Deliver Informal Briefings

The legislative body is usually briefed informally about the various issues in the budget before the budget's formal presentation. Informal briefings may take the form of

- o workshop sessions with the budget officer and committees of the legislative body;
- o the budget officer's response in writing to lists of questions by legislators before formal budget sessions are held; and
- o individual legislator meetings with the budget officer at various times.

The informal briefings provide an opportunity or forum for legislators to discuss their special concerns and to consider the fiscal impact of programs in which they are particularly interested. As a result, by the time the budget is formally presented, legislators and the budget officer have usually resolved many issues, making passage of the budget easier.

Deliver Formal Presentations

The budget officer formally presents the budget to the legislative body. The presentation usually includes a general overview of the budget, an identification of the principal assumptions underlying the budget, a discussion of the delivery of municipal services to citizens, and a review of major issues.

Department heads may be present to respond to any questions posed by the legislative body. If department heads are not present, the budget officer, together with any supporting staff, may answer questions raised by the legislative body.

To ensure citizen input into budget decisions, interested citizens or civic groups should be permitted to address and/or submit written comments to the legislative body. Public testimony delivered by civic organizations or any interest groups during budget deliberations should be limited to a prescribed amount of time to prevent disruption or undue delay in the proceedings. Nevertheless, the right of the public to be heard should be upheld. At least some of the public hearings should be conducted at times convenient for citizens.

After the budget hearings, the legislative body should complete its deliberations, make any desired adjustments to the proposed budget, and enact a final appropriation ordinance. During this period, the budget officer should keep the legislative body closely informed of any financial activity in the current year that could change estimates for the budget year. In addition, the budget officer should keep an account of all changes the

legislative body has made in the budget and determine the impact of each change on any projected budget deficit or surplus. This information will help the legislative body narrow its range of unresolved budget issues as the deadline for budget enactment nears.

Enact Appropriation Ordinance

At the close of budget deliberations and following the adoption of the municipal budget, the legislative body enacts an appropriation ordinance. The ordinance establishes the local government's spending ceiling for the fiscal year and authorizes all anticipated financial transactions.

In effect, a local government can neither incur any financial obligation nor make any payment for the same unless expressly authorized or exempted by the appropriation ordinance. The appropriation ordinance should control funds and permit fiscal policy and legislative intent to be carried out while providing sufficient flexibility to department heads to permit effective management of department operations. The appropriation ordinance should explicitly stipulate other fiscal limitations that ensure control of municipal resources.

The appropriation ordinance should not be as detailed as the budget document. Rather, appropriations should be enacted at higher summary levels than those presented within the budget classification structure. For example, the budget may present expenditure requests by department, activity, fund, and minor object, but appropriations may be enacted by department, fund and major object. When appropriations are enacted at higher summary levels, administrative officials enjoy some flexibility to manage funds on a day-to-day basis while retaining necessary funds control. The final budget document should be disseminated to all local officials and made available to the public.

STEP SEVEN: IMPLEMENT THE BUDGET

The beginning of the fiscal year sets into motion the implementation of the budget adopted by the legislative body. Spending limits established through the appropriation ordinance must be entered into the accounting records so that effective accounting control can be established. The budget officer should assume responsibility for monitoring the implementation of the budget by

- o establishing monthly or quarterly spending plans and monitoring actual expenditures against the plans;
- o recommending transfers of funds among appropriated items as needed;
- o maintaining control over payroll expenditures;
- o monitoring revenue collections against the revenue budget;
- o monitoring progress toward the achievement of service objectives; and
- o recommending amendments to increase or decrease the budget as necessary.

Develop the Expenditure Plan and Monitor Expenditures

The budget officer should work with the departments to develop quarterly or monthly projections of expenditures. These projections can be based on each department's historical pattern of actual expenditures, adjusted for any special considerations related to the current year budget. Actual expenditures are then plotted against these estimates.

The exhibits following provide examples of reports that can be used to monitor expenditures against the budget. Should a department exhibit an unjustifiable rate of spending higher than that anticipated by the budget, it should adopt corrective measures immediately. Such measures may involve transferring funds from another activity, revising work plans, reducing the service objective, or curtailing expenditures not essential to maintaining critical services.

Monthly Budget Report

September 30, 19xx

BUDGET CATEGORY	BUDGET	EXPENDED THIS MO.	EXPENDED THIS YEAR	UNEXPENDED BUDGET	% BUDGET EXPENDED	OUTSTANDING ENCUMBRANCES
Department: Police Activity: Patrol						
Salaries and Wages	900,000	100,000	500,000	400,000	55	0
Fringe Benefits	100,000	10,000	60,000	40,000	60	0
Contractual Services	100,000	20,000	40,000	60,000	40	12,000
Supplies and Materials	75,000	5,000	50,000	25,000	67	10,000
Equipment	50,000	0	10,000	40,000	20	30,000
Total	<u>1,225,000</u>	<u>135,000</u>	<u>660,000</u>	<u>565,000</u>	<u>54</u>	<u>52,000</u>

36

251

In larger local governments, a formal allotment process might prove a useful tool for budget control. Under this system, specific portions of a department's appropriation are made available usually on a quarterly basis. Unlike the expenditure plan, the allotment is a direct control device. Funds cannot be expended in excess of the allotment. Specific action to increase the allotment would be required if a department wished to expend more in a quarter than had been allotted. The increase would require the budget officer's approval.

Transfer Funds among Budgeted Items

The budget officer should ensure that funds are spent only as authorized by the appropriation ordinance. Changes in the manner in which funds are spent should be formally reviewed as amendments to the approved budget. Amendments may include such actions as

- o transfers among budgeted items;
- o increases in budgets resulting from the appropriation of additional funds; and
- o decreases in budgets resulting from reductions to avoid budget deficits.

Budget transfers may be required for several reasons. First, transfers may be needed to shift funds from reserves or central budgeted accounts to departmental operating budgets for emergencies or salary adjustments. Second, transfers may be needed to move funds from one department or activity to another to reflect a realignment of priorities or objectives. For example, an especially hard winter might require the transfer of funds into a snow removal activity from, say, parks maintenance. Finally, transfers among major objects of expenditure within a department or activity may be needed to adjust budget estimates to meet operating realities.

The budget officer should review and approve most transfers before they become

effective. Transfers among items specified in the appropriation ordinance should, however, require legislative approval. In such cases, the budget officer should review the proposed transfer and make a recommendation to the legislative body.

On the other hand, transfers of funds between minor objects within the same major object of expenditure should be allowed without necessarily requiring budget officer approval. For example, expenditure overruns in the postage offset by a surplus balance in office supplies at the end of the year may be permitted. Conversely, expenditure overruns in personnel costs should not be automatically offset by a surplus balance in equipment.

A standard form such as that presented in the following exhibits should be used to transfer funds among budgeted items. After approval, the transfer should be entered into the accounting and budget records. Major transfers may make it necessary to modify the expenditure plan described above.

Establish Position Control

One important aspect of budget control is detailed control over payroll expenditures, which typically represent a particularly large percent of the municipal budget. The most effective way to exercise control over payroll expenditures is to adopt a formal procedure called position control.

Position control ensures that each employee a local government adds to its payroll on a permanent basis is hired for a position that has been approved and budgeted. Position control also ensures that the rate of pay for the position has been approved by the legislative body within the context of the local government's pay plan. The following steps guide the development of position control procedures:

- o establish a comprehensive list of jobs for all municipal departments (position plan);
- o establish standard rates of pay for all similar jobs or positions (pay plan);

Budget Transfer Journal Entry

Date of Request: _____

Transfer From:

Department: Police

Service/Activity: Community Service

Object(s): Supplies

\$350.00

Transfer To:

Department: Police

Service/Activity: Patrol

Object(s): Supplies

\$350.00

Requested By: _____

Approved By:

Budget Officer _____

Finance Director _____

Chief Executive _____

Council Action Required

Yes

No

If Yes, Date Approved _____

Date Disapproved _____

Date Posted _____ Posted By _____

- o budget funds for approved positions;
- o hire persons into approved positions; and
- o modify the position and pay plans in an orderly manner.

The position plan is the list of all approved positions in the government. It should specify the job title for each position, fully describe the duties to be performed by and the responsibilities of each position, and provide a statement of the education, skills, and experience needed for each position. The exhibit following displays a sample position description.

Once the position plan is established, pay rates for each position can be assigned. Salary scales for similar positions should be the same regardless of the department in which the positions are located. It is also desirable to assign a salary range to each position. Each salary level within a range is called a salary step. Five or six salary steps, each roughly 5 percent higher than the preceding salary step, are typically assigned to each position.

The position plan is helpful in providing a clear line of progression for each employee. Salary raises resulting from good performance and/or seniority permit employee movement from a lower to a higher step in the salary range. When the local government provides a cost-of-living adjustment, the entire range is increased.

Budgeting Based on the Position and Pay Plan

Budgets for salaries should be based on the position plan for each department. When the budget is undergoing development, each approved position should be listed in support of the budget request for salaries. New position requests should identify the position title and proposed salary range.

Throughout the budget year, the budget officer reviews all personnel actions for their potential fiscal impact on the local government. For its part, the legislative body does not

Sample Position Description

Town Clerk and Treasurer

General Statement of Duties: Performs responsible work of both a clerical and supervisory nature in the area of municipal accounting and finance.

Distinguishing Features of Class: Employee is responsible for the preparation of documents, records and correspondence relating to all municipal functions. The work is performed with the help of clerical assistants whom the employee supervises. Work is reviewed annually by an auditor. Otherwise, the employee is under general supervision of the Mayor and legislative body, and thus must exercise a great deal of discretion regarding the planning and performance of work.

Illustrative Examples of Work

Plans, directs and participates in the collection of municipal revenue and in all municipal accounting and bookkeeping activities as follows:

Collects funds including taxes, revenues from the sale of permits, cemetery lots, and fixed assets, fines, water rents, and special assessments.

Disburses funds including payrolls, accounts payable, injury claims.

Prepares budget for each department.

Prepares various financial reports.

Handles investment of municipal funds, as directed by the legislative body.

Closes and balances all accounts.

Receives and relays messages for the police, fire, street and water departments.

Attends meetings of the legislative body and prepares minutes.

Hires, trains and supervises clerical assistants.

Performs related work as necessary.

Knowledge, Skills, and Abilities

Considerable knowledge of municipal accounting and auditing procedures.

Considerable knowledge of municipal ordinances as well as state and federal laws pertaining to municipal fiscal activities, taxing policy and assessments.

Considerable knowledge of organization and functions of municipal government.

Ability to plan and direct operations of municipal accounting with little supervision or guidance.

Ability to make complex arithmetical calculations.

Ability to deal courteously with the public.

Ability to type with moderate speed.

Desirable Experience and Training

At least four years in general municipal bookkeeping work.

College degree in business administration.

need to review personnel actions that do not affect the budget, such as filling an approved position at a lower salary than budgeted or abolishing a position. The legislative body or a committee appointed to oversee the fiscal affairs of the jurisdiction should, however, approve any personnel actions that result in increased expenditure, including the creation or reclassification of positions.

Monitor Revenue Collections

Revenues as well as expenditures should be monitored in relation to the budget. Actual receipts to date should be compared to estimated amounts for the same period. If receipts are lagging behind projections, steps should be taken to readjust revenue estimates for the rest of the year. A parallel adjustment in budgeted expenditures might also be necessary to avoid a deficit or excessive surplus. Lagging revenues may be the result of bills that were not sent out in a timely manner or central government delays in releasing grant funds or subventions. Such problems should be identified and corrected.

Like expenditures, revenues can be monitored against plans. Revenue plans can be developed for each revenue source by using an approach similar to that outlined for expenditures. The procedure might call for

- o obtaining the actual collections by quarter for the past five years for each revenue source;
- o computing the average percent by quarter and adjusting for obvious trends;
- o applying quarterly percents to annual revenue estimates;
- o adjusting quarterly estimated revenue flows for major anticipated deviations, such as an increase in tax rates scheduled to take effect in mid-year; and
- o reporting actual revenues against the plan to identify possible problem areas.

Monitor Progress Toward Service Objectives

Monitoring of expenditures should mean not only enforcing fiscal controls but

257

ensuring that planned work strategies are being carried out. The drive to achieve activity objectives within established budget limits should be a continuing effort on the part of operating agencies. Statistics on work achieved should be collected and evaluated. The budget officer should stay in close contact with department heads and program managers to discuss problems and progress. In addition, the budget officer may wish to observe as many local activities as possible. Performance statistics alone do not provide sufficient insight to monitor performance effectively.

Formal Mid-Year Review

For some local governments, review of the current budget is a formal process that involves presentation to the legislative body on both the status of expenditures versus resources and the attainment of specified objectives. The review may be performed at mid-year and/or at the end of the third quarter.

During the formal review, the budget officer, department heads, and legislative body undertake the same type of review that took place when the budget was prepared. The process permits the legislative body to reallocate resources as necessary and to obtain a comprehensive mid-year financial picture. It allows adequate lead time to correct fiscal problems before the end of the fiscal year.

Increase and Decrease the Budget

The budget officer and legislative body should review and approve increases and decreases to the budget, including

- o increases resulting from unexpected grant funds or the availability of additional revenues; and
- o decreases resulting from the need to reduce appropriations to keep spending within available resources.

When such actions are taken, the budget should be adjusted accordingly for the affected unit, i.e., program, department/activity, or object.

ANALYZING REVENUES

ANALYZING REVENUES

INTRODUCTION

Recent dramatic changes in Central and Eastern Europe have opened up new opportunities for altering basic political and economic institutions. A major element in this reform process has been the effort to decentralize government power and foster truly effective local self-government. The best school for democracy, and the best guarantee for its success, is the practice of local self-government.

The free elections held in Poland on May 27, 1990, set in motion Eastern Europe's first serious attempt to rebuild democracy at the local level. To be successful over the long run, however, new government entities need access to sufficient own-source revenues to provide essential services to their citizens. Thus, the structure of local revenue systems is a critical element in the effective functioning of democratic institutions. In fact, the quality of the revenue system is an important index of how well or poorly a democratic society functions.

In December 1990, the Polish Parliament passed a local finance act, which defined two basic income sources for gmina: central government revenues and own-source revenues. Central government revenues include shared tax revenues (income tax and the value-added tax); own-source revenues include taxes (agricultural, property, motor vehicle, inheritance, business activity, and dog ownership) and fees (marketplace, location, administrative, and stamp). Maximum tax rates and fees are set by the finance minister and/or the legislation. Local jurisdictions have discretion in setting tax rates and fees within these overall limits. In exercising this discretion, local officials must consider the impact of various taxes and fees on the behavior of individuals and businesses.

EVALUATING THE IMPACT OF NONTAX REVENUES

Economic and political factors both influence a local government's actual revenue mix. For example, local decisions to raise revenues are made in a political setting. In such an environment, local decision makers face several constraints that influence the revenue choices available to them and thus shape their ultimate decisions. For example,

- o local revenue-raising decisions are constrained by the local political process and the attempts of competing interests within the municipality to influence final decisions in their favor;**
- o the mobility of resources within a local and regional economy limits ability of the municipality to raise revenues because some taxed resources may have the option of leaving the jurisdiction for other jurisdictions with a more favorable expenditure/tax mix; and**
- o legislation passed by the central government imposes institutional and legal constraints on local options for raising revenues, limiting such options to a well- defined set of activities or resources.**

Despite these constraints, local decisions to finance a given level of expenditures should be made in a manner consistent with sound policy objectives. When local government considers the decision to use one revenue source rather than another or to use one source more intensively than another, it needs to apply a set of criteria that are useful in identifying policy objectives, trade-offs, and ultimate choices. Public finance economists have developed a set of guidelines for evaluating the impact of various taxes and fees. These guidelines--expressed in terms of revenue productivity, neutrality, equity, tax exporting, and administrative efficiency--reflect one perspective for evaluating the strengths and weaknesses of individual revenue sources as well as of the overall revenue system.

Revenue Productivity

A revenue system, as well as each individual revenue source, should be evaluated on the basis of its revenue-generating potential. Decision makers must make a policy trade-

off between revenue sources that provide revenues which tend to increase automatically with improving general economic conditions ("income-elastic" revenue sources) and those which are less sensitive to economic fluctuations ("income-inelastic" revenue sources). The former revenue sources cast local decision makers in a favorable light during periods of economic growth but can potentially result in difficulties during periods of economic slowdown. Elastic revenue sources include consumption-based taxes (value added or sales taxes) and location fees, while inelastic revenue sources include real estate taxes and dog ownership taxes. To raise required revenues in a manner that provides revenue stability over the business cycle, a local revenue system should balance the two types of revenue source.

Neutrality

Tax neutrality advocates the choice of revenue sources that generate sufficient revenues to finance required services in a manner that minimizes unintended distortions in the private market. A local revenue system should collect revenues from the private sector without interfering with private choices, thereby ensuring the continued efficient operation of the private market. To the extent people change their economic decisions in an effort to avoid paying a tax (i.e. the tax distorts private economic choices), the loss to the economy is greater than the amount of revenue raised by the tax. Ordinarily, this means that taxes should be so broadly based that it is difficult for citizens to change behavior patterns to avoid a tax. Further, taxes should be higher on products for which demand is relatively insensitive to modest price changes.

Equity

Two types of equity concept can be distinguished--horizontal and vertical equity. Horizontal equity requires the equal treatment of persons in equal economic circumstances, i.e., "equal treatment of equals." Vertical equity deals with the "fairness" of the distribution of tax liabilities among persons not in similar economic circumstances.

Two general approaches determine the "fair" distribution of taxes. First, the benefit principle of taxation defines fairness in the allocation of tax liabilities among individuals in terms of the distribution of benefits citizens receive from government expenditures. This approach suggests that local taxes and fees should be used to finance locally provided goods and services that primarily benefit local residents. According to the benefits-received principle of taxation, the distribution of the tax burden depends on local expenditure.

A second approach to equity is the ability-to-pay principle of taxation. This principle states that individuals should contribute to the cost of government on the basis of their ability to pay as measured by income or wealth. The ability-to-pay principle of taxation focuses attention on the vertical equity issue as an important consideration in tax policy.

Tax Exporting

Many state and local governments in the United States rely on revenue sources that "export" taxes to nonresidents, a strategy many find politically appealing. From an economic efficiency perspective, however, such taxes should be levied only to the extent that out-of-state residents benefit from locally provided goods and services. In addition, nonresidents who generate substantial costs to a jurisdiction (traffic congestion, environmental degradation, etc.) could be assessed a nonresident tax to offset such costs.

Administrative Feasibility

Another guideline for choosing among alternative revenue sources is the administrative cost of collecting revenues in a uniform way. Such administrative feasibility has two dimensions: the cost to the local government of administering, collecting, and auditing a tax and the cost to the taxpayer of complying with the requirements of paying the tax.

In some cases, the amount of collections from a given revenue source may be less than the costs of administering it, and therefore not worthwhile to impose. Similarly, tax or fee structures which are difficult to understand or have onerous reporting and collection requirements may generate ill-will in the part of the citizenry towards its government.

LINKING REVENUES AND EXPENDITURES

In private markets, the sale of goods and services finances their production. Consumer demand (including a willingness to pay) and the available technology dictate the producer's scale of operation and production levels. However, the link between the quantity demanded and the price paid breaks down for public goods that are not identified with individual beneficiaries who can be charged in relation to actual consumption.

To promote economic efficiency and derive the most benefit from a limited level of resources, local public goods should, whenever possible, be financed by beneficiaries.

Nonetheless, this principle has certain limitations, as noted below.

- o User fees set below the level necessary to cover the cost of providing the service or facility may not provide the correct resource allocation signals.
- o Isolating financing decisions too narrowly on some facilities ignores the amounts to be spent on complementary services.
- o If some beneficiaries cannot afford to cover the full cost of the service, general fund subsidies may be necessary.

- o If a new technology is applied to a particular service, the ultimate users may not be easily identifiable or may be unable to shoulder the entire risk associated with the new process.
- o Beneficiaries are not always the same as users. In the example of mass transit, the beneficiaries may include not only the riders of the mass transit system, but the neighborhoods that have less pollution, the automobile drivers who face less congestion, and the firms that realize additional business.
- o If pollution is produced and sent downstream or downwind, it is the polluter who should be responsible for the clean-up costs rather than those who would "benefit" directly from the clean-up.

Implementing this beneficiary finance principle depends in large part on the imposition of user fees or charges, e.g., administrative or stamp fees.

User fees, or charges, are voluntary payments by households, firms, or other consumers made to a government body based on direct, measurable consumption of publicly provided goods or services. Because such fees or charges are usually levied per unit of good or service consumed, the total cost to users varies with the quantity consumed.

User fees in any form are not a panacea for localities struggling to pay for public services. They are most successful in areas experiencing rapid growth and, even then, typically account for no more than one-third of the infrastructure costs associated with new development.

In contrast to user fees, general taxes are compulsory payments not tied to the consumption of specific public goods or services. With general taxes, there is no direct link between the benefits individuals receive from public goods and services and their actual tax payments, e.g., an income or value-added tax.

A revenue source that falls between pure user fees on one extreme and general taxes on the other is the special assessment. Special assessments involve compulsory payments, but the payments are related to estimated benefits from public expenditures. For example,

special assessments might include payments for specific neighborhood improvements such as sidewalks, street paving, and lighting, all of which benefit identifiable properties proportionate to the number of feet of street frontage. These assessments often are called front-foot benefit charges.

User fees may be technically feasible if the beneficiaries are identifiable and nonpayers can be excluded from receiving the benefits of the goods and services provided. It is not, however, always economically feasible to collect user fees. Economic feasibility is determined by comparing the cost of administering the user fee system to the efficiency and equity gains expected from collecting user fees instead of general taxes.

The case for user fees or charges is strongest when the efficiency gains from charging users directly for services are likely to be significant. Functioning as "prices" in the private market, such fees result in efficiency gains by improving the allocation of scarce resources between competing public and private purposes. However, the way a user fee is set affects decisions about the use and expansion of current physical capacity. A user fee that is set too low to cover the costs of the service or that fails to differentiate among different users and classes of users may not encourage the efficient use or provision of public goods and services.

Generally, user fees are set equal to the average cost of providing a service by subtracting from the facility's budget any expected subsidies and dividing the result by units of output or by the number of users. Two alternative methods of setting prices to encourage efficient use and expansion decisions are pricing based on the marginal cost of providing an additional unit of service and pricing based on the cost of providing the service during peak periods.

Developer fees and negotiated exactions constitute two particular applications of the user fee approach to financing the public costs associated with real estate development. Developer or impact fees, imposed on new developments have become a popular growth management tool over the past decade and are used to fund on-site as well as off-site infrastructure expansion and construction. Typically, such fees and charges are set at fixed rates by the jurisdiction and are applied equally to all developments. Thus, all developers are treated equally. However, the jurisdiction forgoes the opportunity to negotiate directly with each developer and therefore is unable to tailor specific charges to the unique circumstances of individual developments. As a result, the cost of providing services to a specific development generally is not fully covered by the fees paid by that development. In some cases, however, the fees may be too high, causing the developer to change the nature of the development or to postpone it entirely.

Impact fees differ from charges paid through the establishment of special assessment districts. They may apply to development anywhere in the jurisdiction, not just in a specified geographic area. Further, impact fees do not require the approval of the property owners as do the fees levied in special assessment districts.

In contrast to impact fees, negotiated developer exactions are defined as land, construction, cash, materials, or facilities provided by the developer to a public jurisdiction, by agreement, in exchange for development privileges. Such exactions traditionally include land dedications for rights-of-way, parks, etc.; donations of specific facilities; and construction of off-site infrastructure such as intersections and roads adjacent to developments and the provision of low-income housing. At times, a fee may be negotiated in lieu of negotiated contributions.

Negotiated exactions are most often used in areas experiencing rapid economic development. Because they are typically negotiated with developers on a project-by-project basis, the exactions may accurately reflect the cost of a development to the jurisdiction. Nonetheless, they are considered inequitable because different developers pay different relative amounts for infrastructure. Local jurisdictions usually enforce exactions through their zoning powers and their authority to issue building permits. As a practical and political matter, developers typically prefer impact fees to negotiated exactions because the fee amounts are predictable, known, and apply equally to all.

In addition to responding to efficiency concerns, user charges and fees may enhance fiscal equity. Proponents of user charges argue that they represent a "fair" method of financing public goods and services because individuals pay for benefits received. In this context, user fees are "fair" on grounds of horizontal equity. That is, people in similar situations consume similar levels of publicly provided goods and services and thus are treated equally. Such an approach to fiscal equity is consistent with the benefits-received principle of taxation.

Alternatively, financing public services through user fees designed to recover full costs has potential disadvantages and undesirable outcomes. The most frequent argument against such fees and charges is that they impose an unfair burden on low-income families and individuals. Specifically, the poor and those living in hard-to-serve areas might find public infrastructure services unaffordable if services are priced at full cost. Thus, user fees may be inconsistent with the ability-to-pay principle of taxation.

There are two fundamental qualifications to this concern, however. First, society has an interest in protecting the public health by making sure that water and sanitation facilities are universally available, even if a particular facility cannot be supported solely by its users.

In other words, both the individual consumer and the general public benefit from a service and thus should both pay for it. This is an argument for selective general fund subsidies and/or alternative institutional arrangements to provide necessary personal services at affordable rates.

Second, if user fees require direct beneficiaries to pay the full cost of services, even though some benefits accrue to the general public, the fees may place an unfair burden on users, especially low-income families. Concern about the potentially regressive nature of user fees may, however, be ameliorated as demonstrated by an example. In Bloomington, Indiana, for example, city-wide programs such as tennis or swimming lessons and summer day camp are fee-based, but programs available in community centers in low-income neighborhoods are free.

In this context, the following criteria provide useful guidelines for determining when it is appropriate or inappropriate to rely on user charges or fees to finance public goods and services. Specifically, the use of a pricing mechanism instead of free distribution funded by general taxation is considered desirable when

- o benefits are primarily direct, so that charges will not cause a significant loss of external benefits;**
- o demand has some elasticity, so that the use of prices aids resource allocation and eliminates excess supplies;**
- o charges do not result in inequities to lower-income groups on the basis of accepted standards; and**
- o the costs of collecting charges or fees are relatively low or alternative taxes can be levied in proportion to use.**

The use of fees and charges is less appropriate when

- o external benefits are significant and will be lost in part if charges are assessed;**
- o demand is perfectly inelastic, so that resource allocation is insensitive to the pricing system;**

- o equity standards require that lower-income groups must be assured of obtaining the services without undue hardship; and
- o collection costs are relatively high and alternative tax measures related to use cannot be devised.

In summary, user fees can be a valuable tool in linking benefits received with prices paid, thereby enhancing the provision of public services. However, user fees must be designed with care to reflect the true social costs of consumption; otherwise, efficiency gains may not be realized. Finally, while user fees offer the potential to improve the efficiency of public services, their use may change who uses services and how much they are used. Policymakers at all levels of government should be aware of these potential impacts and consider measures such as the life-line rates currently used by telephone, gas, and electric utilities to ameliorate any unintended consequences.

DETERMINING THE MIX AND LEVEL OF REVENUES

Each major revenue source has its own unique strengths and weaknesses. The more intensively each revenue source is used, the less apparent are its virtues and the more obvious become its defects. Local decision makers must weigh the strengths and weaknesses of each revenue source in the context of their own unique circumstances and values and make thoughtful trade-offs based on the criteria for a sound revenue system. Accordingly, the revenue mix and level of own-source revenues will vary across individual gmuna. In essence, the revenue mix and level of revenues in each gmuna are politically determined.

STEP TWO: IDENTIFY REVENUE SOURCES

Analyze Revenues: The Budget Process

One of the first steps that must be taken in preparing a budget is to make a reasonable estimate of the amount of money the municipality will have available for spending in the coming fiscal year. Such an estimate is a summation of the following two factors:

- o the amount of surplus or deficit incurred in the current fiscal year and then carried forward into the budget year; and
- o the amount of revenue expected to be collected in the budget year.

Preliminary estimates of these amounts should be developed in the early phases of budget preparation. In fact, it is desirable to present to the legislative body a preliminary estimate of fund availability even as the overall budget policy guidelines are being established.

Initial estimates prepared at this early stage of the budget preparation process should be reviewed and refined later as necessary. Any significant change in current revenues and expenditures or in local economic conditions could signal the need to review estimates of fund availability. Whether or not such changes occur, the initial estimates should be reviewed on at least the two following occasions before final budget actions are taken:

- o when the budget requests and recommendations are formally presented to the legislative body; and
- o just a few days before the legislative body takes final action on the budget.

These latter reviews will help ensure that budget decisions are based on the most current information on revenue availability.

Calculating Estimated Surplus or Deficit:

The estimated surplus or deficit is calculated by projecting the total revenues and

expenditures that will be incurred in the current year. A separate estimate should be prepared for each major fund, such as the general fund, the water and sewer fund, etc. Obviously, your estimates will be more reliable if you prepare them later rather than earlier in the fiscal year. Estimates made five or six months before the end of the fiscal year are subject to more uncertainties than those made in the last one or two months of the year. Nonetheless, the uncertainties associated with making early estimates should not deter you from using such projections. In fact, early surplus/deficit estimates are extremely important to the development of overall budget policy.

For expenditures, it is essential to identify whether the budget for the current year is likely to be overspent or underspent. To do this, you need to analyze performance against budget for each activity, compare the result to that of previous years, identify and discuss with department heads the major risks or uncertainties that may affect the budget, and compute an expenditure estimate based on your analysis. In subsequent reviews, you can check the uncertainties in the initial estimate to see if and how they have been resolved.

For revenues, you need to examine collections to date as compared to those of earlier years and identify major potential variances from current year estimates. The precise methodology for estimating revenues varies from revenue item to revenue item. Projections of property taxes, for example, should not vary from the estimate because the estimate represents the amount of tax levied on a known tax base: the total surface area of land or of usable building space. Any major variances from the property tax estimate would probably stem from increased tax delinquencies.

On the other hand, revenue items that fluctuate with local economic condition will be more difficult to predict, such as the turnover (income) tax on small businesses and the

stamp fees levied on the sale of property and cars. The likely revenues from state subventions and grants must also be examined individually, because the basis for each--whether population size, income range, or level of expenditures--is different.

After assessing both expenditures and revenues, you can compute your estimated surplus or deficit by

- o taking last year's surplus or deficit;
- o adding your current year estimate of revenues; and
- o subtracting your current year estimate of expenditures.

Forecasting and Estimating Revenues

Since the greatest source of funds for the budget year is typically revenues collected in that year, the preparation of reliable revenue estimates is critical. Before developing reliable estimates, you must gain a complete understanding of first, the principal revenues on which your municipality depends and, second, the factors that affect revenue collections. Then, you can proceed to collect data and prepare estimates.

Understand Your Own-Revenue Sources

Local government revenues are, for the most part, derived from the local economy. Different revenue sources extract funds from the economy based on different economic activities. Some revenues are based on existing assets (i.e., property taxes), some on income (local share of state income taxes), some on economic transactions (transport taxes, sales taxes), some on privileges (marketplace fees, dog ownership fees, inheritance taxes), and some on the public sales of goods and services (public property sales, water and sewer bills). Each revenue source, comprises two essential components as follows:

- o a revenue base, which is the economic entity to be taxed (i.e., property values, sales, business licenses sold); and

- o a revenue rate, which is a percent of the value of the base that is to be extracted from the economy.

The revenue collected from each tax and fee is the product of these two components.

Stated another way, $\text{Base} \times \text{Rate} = \text{Revenue Collected}$.

To understand fully the structure of local revenues and the factors affecting their growth or decline, local officials must appreciate the nature of the revenue bases underlying the principal revenue sources in their municipalities. The following lists some of the more common local government revenue sources in Poland and their associated revenue bases.

<u>Revenue Source</u>	<u>Tax Base</u>
Real Estate Tax	Surface Area
Land	UsablArea or Original Value
Buildings	Vehicle
Transportation Tax	Dog
Dog Tax	Business
Marketplace Fee	Hotel Stay (per night)
Tourism Fee	Household or Consumer
Administrative Fee	Surface Area and Average Crop Value
Agriculture/Farming	Percent of Value (one-time)
Inheritance/Gift	Transaction Business
Turnover on Small Business	Percent of Value (one-time)
Stamp Fee on Cars, Property	Percent of Collections Based on
Local Share of State Income Tax	Progressive Tax Rate

Select a Revenue Projection Model

Revenues are projected by using one or more of the following types of models:

- o expert judgment;
- o trend analysis;
- o deterministic models; and/or
- o econometric models.

The expert judgment technique is just as it sounds. It relies on experienced local officials who know their government's revenue system and local economy. The judgment of local officials is developed over time as they monitor and record actual revenue

275

collections and compare the collections to changes in tax and fee rates and to changes in other variables.

The trend analysis technique examines changes in revenue collections over time. The user of this technique assumes that the rate of change of the revenue stream in past years will remain constant in the present and future. The technique's major weakness is that it cannot predict abrupt changes, such as a recession, that signify a break from the past.

While trend analysis tends to focus on total collections, the deterministic approach to revenue forecasting looks at both revenue rates and bases. For example, trend analysis applied to an examination of license fee dog collections would look at changes in the total amount of revenues collected from the fee. The deterministic approach, however, would examine changes in both the number of dogs in the community and the rate of the tax assessed per dog.

The econometric technique is much more complex than the other three techniques. It attempts to relate revenue collections to economic and demographic variables. More specifically, it seeks to identify those aspects of the local economic base that are taxed by the local government, describe the relationship between the economic base and the tax, and then project changes in revenue collections that will result from changes in the economic base.

The econometric approach to revenue estimation requires the use of a computer. Further, economic models can be costly and time-consuming to develop and use and, as a practical matter, are more commonly used in multiyear rather than annual budget forecasting. Generally speaking, only large local governments in the United States have substantial experience in using econometric models.

Understand the Technical Considerations Associated with Forecasting Models

It is important to "clean" the historical data that are used, albeit to greater or lesser degrees, by each of the models described above. In other words, any changes that have occurred in the tax rates or tax bases should be noted and taken into account when using historical data derived from the model to project future revenue collections.

Each of the models embodies within it a theory that describes the relationship between the item to be forecast and the relevant variables. The theory can be tested over time by comparing the projections made by the model with the actual history of revenue collections. For revenues estimated through trend analysis, time and rate of growth are the most important variables. For revenues estimated through an econometric approach, several other variables may play a role in the projections, including

- o population;
- o personal and corporate income;
- o employment;
- o output; and
- o inflation.

Every model should be evaluated for the reasonableness or logic of its key assumptions. No matter how well a model reproduces history, it should be rejected if it is grounded in flawed logic. Problems with logic frequently occur with econometric models.

Finally, the accuracy of the model should be continuously monitored by comparing projections to actual collections. No model is perfectly accurate. Errors in prediction in the range of 5 percent are considered acceptable by many local governments in the United States.

Governments that experience difficulty in accurately predicting their revenue collections may either restrict spending early in the budget to a specified percent of the budget or set aside relatively larger amounts of their budget surplus until revenue collections for the year begin to flow.

Prepare Revenue Estimates

A revenue estimate for the budget year should be prepared for each of the principal sources of local revenue. Most of your forecast efforts will probably involve a combination of deterministic and trend analyses, modified by expert judgment. In general terms, the deterministic approach to revenue forecasting projects the size or amount of the revenue base and then applies the fee or tax rate to that base to arrive at an estimate of the total amount of revenues to be generated from the revenue source. In most cases, the deterministic approach is applicable to such revenue sources as the transportation and dog taxes and marketplace fees. It is useful in estimating future revenues for any revenue source that grows at a reasonably steady pace.

Application of the deterministic model follows five steps. First, determine the change in the revenue base for each of the previous five or more years. Second, compute an average change over the period. Third, multiply the average rate of change by the revenue base in the current year to obtain an estimate for the budget year. Fourth, construct a graph showing the size of the base in each year, including the budget year, as shown in the attached graph. Fifth, adjust the budget year estimate downward or upward if the graph suggests that the average is too high or too low. Finally, multiply the estimated revenue base by the tax or fee rate to obtain the estimate of the amount of revenue to be collected for the budget year.

Sometimes, it may not be possible to make an estimate of budget year revenues by

projecting the revenue base and then applying the rate. You may lack sufficient data on the revenue base to make a projection, or you may encounter conceptual difficulties in assessing the size of the revenue base. In such cases, a simpler, general trend analysis can be applied. Instead of developing historical trend data on the revenue base, you can compute a trend based directly on the actual revenues collected in each year. An average rate of change is established and multiplied by current year revenues to obtain the budget year estimates.

Collect and Manage Revenues

The goal in collecting and managing revenues is to time revenue collections as closely as possible to disbursements to reduce the need for short-term borrowing and to maximize interest earnings on surplus government funds. Revenue collection, while routine in nature, has the potential for monetary loss. Consequently, local governments need to develop systems that will ensure that revenues are received in a timely manner, credited to the proper fund, and deposited into the correct bank account as quickly as possible. The treasurer should limit the number of offices that collect and deposit revenue and implement procedures that result in the efficient handling of cash. Local government must establish and follow an aggressive program of collecting all revenues when they fall due by using a combination of techniques, including follow-up letters and, if necessary, legal action.

Incoming revenue collections should be invested as quickly as possible after collection to maximize the return to the local government. Making investments is the most complex and risky step in the management of local government revenues. Investment decisions requires sound judgment regarding the amount to be invested, the mix of funds, the maturity and type of investment instrument, and financial institution entrusted with local

government funds.

Increasingly, local governments in the United States are recognizing that government revenues deposited in local bank accounts can be used to promote community goals, much as government expenditures do. Some governments now require banks that receive local government deposits to establish a program for lending funds to small businesses within the community. Such "linked deposit" programs are feasible only where if the local banking community offers competitive financial services. A program of linked deposits must not jeopardize the safety and liquidity of and the yield on local government revenues.

Summary

Many budget officials become preoccupied with budgetary detail and lose sight of the strategic fiscal issues that are most important to their budget. It is important to identify your government's key revenue sources--the ones that generate the most revenues--and to focus most of your analysis on those sources. Budget officials should resist the temptation to project key revenues "on the back of an envelope." Formal documentation of principal revenue sources can simplify the process of explaining major revenue estimates and can ensure continuity of information when personnel change.

Careful and frequent monitoring of both the timing and amounts of actual revenue collections will facilitate the revenue estimation process for the next budget year. You may even consider imposing a requirement for more frequent payments of various revenue sources as a means of improving your government's cash flow and reducing its need for short-term borrowing.

REVENUE EXERCISE I

TREND ANALYSIS: TECHNIQUES AND PROCEDURES FOR ESTIMATING REVENUES

An example of how trend analysis may be used is as follows. Consider the revenue source building permits. A review of the financial records reveals the following collection information:

Fiscal Year	Amount
FY 1972	\$1,000
FY 1973	1,200
FY 1974	1,300
FY 1975	1,500
FY 1976	1,900
FY 1977	2,100
FY 1978	<u>?</u>

For FY 1978, how much money should be anticipated from this particular revenue source? By using trend analysis, that is, determining the average rate of change in the amount collected over the past six years and applying it to last year's collection.

- A. Organize the collection data on building permits by fiscal year.
1. Compile daily receipts by month.
 2. Add 12 monthly receipts to come up with a fiscal year total. Fiscal Year 1972 monthly data included receipts for the month of:

Month No.	Month	Year	Amount
1.	July	1971	\$ 50
2.	August	1971	160
3.	September	1971	90
4.	October	1971	100
5.	November	1971	70
6.	December	1971	65
7.	January	1972	30
8.	February	1972	50
9.	March	1972	60
10.	April	1972	25
11.	May	1972	200
12.	June	1972	200
	Total	FY1972	200

B. Calculate the difference in the amount collected between each fiscal year to come up with a rate of change. Over a six-year period as in this example, there should be five rates of change. Referring to the totals for 1972-77, we develop the five rates of change.

1.

2.

3.

4.

5.

C. Sum up all rates of change and compute the average rate of change over the period.

1. _____
2. _____
3. _____
4. _____
5. _____

D. Take average rate of change, and apply it to last year's collection of \$2,100:

E. Add this amount, which represents the estimated growth rate, to last year's collection of \$2,100, to obtain estimated revenue from building permits in FY 1978. Thus:

average rate of change over past six years

+ last year's collection

FY 78 estimated building permit revenue

Using this amount as the FY 1978 anticipated revenue from building permit licenses necessitated making certain assumptions, such as:

- o no change was made in the building permit fee charged over the past six years, nor is any change anticipated in the near future; and,**
- o no anticipated ordinance will exist in the near future that would encourage or discourage people from building new structures or adding to existing ones.**

Simply going through the mechanics of trend analysis is not sufficient. Other factors that would tend to affect revenue should be considered. Depending on these other factors, the calculated estimated revenue could be used as is or increased, or decreased accordingly.

REVENUE EXERCISE II

	<u>Type of Revenue</u>	<u>Base of Tax</u>	<u>Varies with Economy?</u>	<u>Best Method of Projection</u>
1.	Real estate tax Land Buildings			
2.	Transportation tax			
3.	Dog tax			
4.	Marketplace fee			
5.	Tourism fee			
6.	Administrative fee			
7.	Agricultural farming tax			
8.	Inheritance/gift tax			
9.	Turnover tax on small businesses			
10.	Stamp fee on cars, property			
11.	Local share of state income taxes			
12.	_____			
13.	_____			
14.	_____			

2014

ANALYZING EXPENDITURES AND SERVICE DELIVERY

285

ANALYZING EXPENDITURES AND SERVICE DELIVERY

INTRODUCTION

The government structure in the United States includes one central or federal government, 50 state governments, and approximately 83,000 local governments. Local governments are independent government entities with sufficient administrative and financial autonomy to be considered separate governments. Local governments include municipalities (cities), towns and townships, villages, counties, independent school districts, and special districts (which provide one or a limited number of designated functions such as soil conservation).

The United States Constitution explicitly delineates functions that are the responsibility of the federal government and reserves all other powers to the states. State governments, in turn, create local governments and explicitly enumerate their functions and responsibilities. Thus, the United States has 50 different systems of local government.

Since each state defines the roles and responsibilities of its own local governments, there is great diversity in local governments across states. Some state and local systems are highly centralized and rely primarily on the state government to raise revenues and deliver services. Hawaii can claim the most centralized state/local system. Other systems are relatively decentralized and rely more on local governments to raise revenues and deliver services. California, Colorado, Florida, and New York are examples of decentralized state/local systems of government.

This diversity reflects different histories, cultures, politics, and preferences across the 50 states. There is no correct level or allocation of service responsibility between state and local governments. In fact, the allocation of responsibilities within a single state/local system changes over time. Nonetheless, local officials across all 50 states face common

issues or choices despite differences in institutional arrangements. The following sections discuss common service delivery issues.

THE ROLE OF GOVERNMENT IN A MARKET-ORIENTED ECONOMY

The first issue faced by all local officials--and it is an issue that in part accounts for the variation in state and local systems across the 50 states--is determining the role that government should play in a market-oriented economy. It is generally assumed that in a market-oriented economy, the welfare of individuals is most likely to be maximized when individuals in the marketplace make decisions about the production and consumption of goods and services. That is not to say that government has no place in a market-oriented economy. Indeed, it is government's responsibility to establish and enforce the "rules of the game" for the market and to intervene when markets fail to maximize social welfare. More specifically, local government can play a significant role as market umpire by

- 1) providing for economic stabilization through the pursuit of policies that keep the local economy on a stable growth path with high levels of employment and reasonable price stability;
- 2) providing a distribution of income and wealth that is acceptable to society; and
- 3) providing, subsidizing, or regulating the provision of goods and services. Local government can directly deliver goods and services or subsidize and/or regulate other's delivery of goods and services.

The first two activities (economic stabilization and income redistribution) are generally thought to be the primary responsibility of central government, whereas all governments are involved in providing, subsidizing, and regulating the provision of public rather than private goods and services (the allocation function). A private market can operate only when the "exclusion principle" applies. That is, a person consumes a particular good or service by paying a specific price while another person, who does not pay the price, is excluded from consuming the good or service. This process operates for private goods, e.g., food, clothing,

automobiles, etc., because the benefits derived from these goods flow to a particular consumer who pays for them.

Alternatively, some goods do not have identifiable consumers who can be excluded from receiving the benefits of a good or service for which they do not pay. For example, a concert in the park benefits everyone in the park, even those individuals who do not buy a concert ticket. In response, the private sector either underproduces public goods or does not produce them at all. Considered from another perspective, local government is unable to recoup the full cost of providing goods and services because it cannot charge all who benefit from the goods or services.

Some state and local governments are more activist than others in providing public goods. Thus, the size of the local government sector is large when measured either in terms of personal income or on a per capita basis. Other governments take a less activist stance and believe that the private sector should provide more services. In these cases, the government sector is small when considered either in terms of personal income or on a per capita basis.

In addition to determining what goods and services should be provided by local government versus the private sector, local government officials must deal with the issue of which goods and services should be the responsibility of local governments and which should be the responsibility of higher levels of government. A number of economic and political criteria have been proposed as means of assigning specific functional responsibilities to specific levels of government. The criteria include the following:

- o Functions should be assigned to that government whose jurisdiction most closely approximates the geographic area of benefits provided by the function. For example, fire protection services benefit only the residents of the immediate neighborhood or community, while air or water pollution prevention activities benefit larger regions.

- o **Public goods and services should be provided by that government that can best realize economies of scale in the production of a good or service. Economies of scale refer to the unit cost of production. For any good or service, increasing the production level may result in higher, lower, or constant unit costs. The level of government that produces a good or service in a quantity that permits production at the lowest possible cost should provide the good or service. Economies of scale generally accrue when a capital-intensive enterprise can spread the high cost of capital over a large number of customers. For example, construction of a regional sewage treatment plant may be more cost-effective than the construction of several locally supported capital-intensive treatment facilities.**
- o **Functions should be assigned to jurisdictions that demonstrate adequate fiscal capacity to finance the public service and that can ensure a reasonable degree of fiscal equity. Interpersonal fiscal equity requires that people in equal circumstances be treated equally and that people in unequal circumstances be treated in proportion to their ability to pay. Interjurisdictional fiscal equity requires governments to be able to raise revenues adequate for their expenditure responsibilities. Governments differ in their fiscal capacities because of underlying economic and demographic factors affecting their tax bases, their need for services, and their price of inputs. The result is unequal tax burdens among jurisdictions producing the same level of services or unequal services in jurisdictions with the same tax effort.**
- o **Functions should be assigned to governments that are accessible to and controllable by their residents in performing the function. These same governments should provide an opportunity to maximize citizen participation in the delivery of the service. This criterion ensures the legitimacy and accountability of the government in performing a particular function.**
- o **Functions should be assigned to governments that can provide the function effectively. Specifically, the government should have adequate legal authority and management capability to perform the function. The government should be capable of balancing competing interests that attempt to influence the performance of specific functions and encompass a geographic area commensurate with its functional responsibilities. Finally, government should demonstrate a willingness to pursue intergovernmental policies for promoting interjurisdictional cooperation.**

These criteria have different and sometimes conflicting implications for the assignment of government functions to local or national governments. Some of the criteria are best satisfied by assigning functions to the central government; others favor a more decentralized form of government, while others might point to a regional approach to service provision.

However the decision evolves, the criteria for assigning government responsibilities affect the efficiency, equity, accountability, and manageability of local service provisions.

The application of the criteria determine which goods and services will be the province of local government. For the United States, the criteria suggest that local governments should assume responsibility for fire protection, police protection, water distribution, city streets, public libraries, and local schools. These same criteria suggest a regional approach to air and water pollution services, water treatment, sewage and refuse disposal, mass transit, arterial street and intercity highways construction and maintenance, airport operation, land use planning, and parks and recreation services. Regardless of the goods and services local government decides to provide, local officials must evaluate a number of alternative delivery mechanisms, some of which are discussed in the next section.

ALTERNATIVE MEANS OF PROVIDING LOCAL GOVERNMENT GOODS AND SERVICES: PUBLIC-PRIVATE PARTNERSHIPS

It is important to distinguish service provision from service production and to differentiate the roles of the public and private sectors in each activity. For example, a gmina may decide to provide security at a football game. That service, however, can be supplied by either the local police force or a private firm. In the first instance, the service would be provided and produced by the gmina; in the latter case, the service would be provided by the gmina but produced or supplied by a private contractor. A service is publicly provided when

- o the decision to deliver the service (as well as the decisions about recipients and service levels) is a political decision;
- o the government arranges for the recipients not to pay directly for the services; and
- o the government selects the producer--either public (e.g., the government itself) or private--that will supply the service.

There are three different means of providing local government goods and services. First, local government can provide the goods and services directly. Second, the private sector can assume sole responsibility for the provision of certain goods and services. Third, the public and private sectors can form some type of partnership to deliver the goods and services.

Direct provision of the good or service by local government means that local employees actually deliver the service or produce the good and that local government owns and operates the factors of production. In one example of direct service provision, employees of the local public works department clear snow by using trucks and plows owned by the local government. With the direct provision of goods and services, local government takes full responsibility for capital expenditures, operating costs, and maintenance expenses.

Alternatively, local government can abdicate all responsibility for delivering specific goods and services, leaving a void to be filled by the private sector. One example is tennis courts or swimming pools operated by neighborhood organizations or private clubs. In this case, the private sector (but not necessarily the for-profit sector) assumes responsibility for capital expenditures, operating costs, and maintenance expenses. This option is gaining considerable popularity in the United States for constructing roads, jails, and other capital facilities.

Finally, the public and private sectors might collaborate to provide certain goods and services, although the type and degree of collaboration varies across goods and services. Such public-private partnerships may be structured around any mutually beneficial activity undertaken by government and business to solve a specific community problem, thereby providing benefits to both the private partner and the community. Such opportunities exist when one or more of the following conditions exist:

- o there is a predictable stream of income;**

- o there are distinct users of a service on whom a fee or charge can readily be levied;
- o there is an opportunity for profit; and
- o there are complex systems that can be compartmentalized.

In the United States, obstacles to such public/private partnerships exist when

- o local government has limited authority to enter into long-term contractual agreements;
- o jurisdictions and politicians demonstrate reluctance to relinquish institutional control of a project; and
- o intergovernmental agreements and multiple approvals must be secured.

Development of a public-private partnership generally follows a process that

- o usually involves a negotiated agreement;
- o often relies on a competitive process based on qualifications, which may precede the negotiation of a contract; and
- o tries to identify a situation that creates a "win-win" solution to a social problem, thereby benefiting both public and private sector participants.

The process of developing a successful public-private partnership is, however, not easy.

For example, public officials are often at a disadvantage in partnership negotiations because they

- o are not entrepreneurial by oriented;
- o lack sufficient expertise in evaluating market-oriented deals;
- o fail to appreciate the private participant's bottom line and methods for evaluating private returns;
- o may be susceptible to "capture" by a private entity upon award of exclusive negotiating rights; and
- o may face a conflict between their regulatory responsibilities and any entrepreneurial opportunities.

Similarly, private sector participants may face difficulties in

- o identifying the appropriate public sector negotiating entity;

- o identifying the appropriate key public sector individuals;
- o obtaining timely government decisions;
- o surviving a change in the political environment or the roster of key players;
- o understanding and honoring restrictions on uses of public capital; and
- o accepting and accounting for contract renewal risk.

Opportunities for public/private partnerships are, however, highly dependent on the specifics of the local setting, the service involved, and the partnership type, which ranges from contracting with a private vendor for a specific service to full private design, construction, operation, and ownership with some local government oversight.

Public-private partnerships offer local governments the following advantages:

- o reducing local government's initial costs of capital investment by relying on private investment capital;
- o shifting most of the design, construction, permit, and performance risk to the private sector;
- o compressing the time required for new facility development, design, construction, and start-up;
- o reducing the interest costs associated with a project because of shortened construction time;
- o improving the performance of certain types of facilities;
- o increasing the potential for sharing certain revenue streams generated by the facility (e.g. energy generation, sale of compost, etc.);
- o allocating a portion of the financial responsibility for a project to those parties that might benefit most from project implementation, particularly if the project is located in a developing community; and
- o increasing accessibility to more creative financing structures as compared with traditional local finance options, which voters and the federal government are limiting.

Weighed against the potential benefits associated with private delivery of infrastructure-type services are certain potential disadvantages cited by municipal officials, including the

following:

- o the loss of local government control of the facility;**
- o the need to enter into complicated legal arrangements for structuring and financing the public-private partnership;**
- o the obligation to retain a portion of the risk associated with the facility while the private partner makes most of the decisions regarding service delivery;**
- o a reduction in the municipal workforce and its attendant political implications;**
- o the on going need to monitoring service quality and to enforce contractual quality assurances; and**
- o the requirement to buy back the facility at the end of the service contract.**

A municipality's decision to select a public-private partnership option is affected by the allowable range of local financing options, the availability of federal assistance, the type of facility under development, the finance mechanisms used previously to develop the same facility type, the degree to which municipal labor groups were involved in constructing similar facility types, time constraints, and local government's ability to allocate limited resources to the design, construction, development, operation, and maintenance of the facility. Again, there is no correct answer. Instead, local government's decision to enter into some form of public-private partnership must take account of all potential advantages and disadvantages.

Private firms participate in cooperative projects to earn profits. Indeed, firms can profit if they have a guaranteed income stream from a long-term contract, along with jurisdiction to operate a particular facility; if they can reduce their tax liability through accelerated depreciation, investment tax credits, or other tax advantages allowed by the federal or state tax code; or if they reduce costs by receiving some form of capital subsidy from the participating jurisdiction through the sale of tax-exempt bonds.

Finally, it is important to remember that all service delivery arrangements have costs

of one type or another. To be sure, private participation can reduce the costs of supplying certain services (e.g. water supply, wastewater treatment, solid waste collection and disposal, etc.), but it does not eliminate all local responsibilities or costs. Even though public-private partnerships shift many decisions to the private sector, local government still remains responsible for service quality and quantity. In addition, local government must hold private providers accountable for specific, enforceable performance requirements.

ALTERNATIVE MEANS OF PROVIDING LOCAL GOVERNMENT GOODS AND SERVICES: REGIONAL COOPERATION

In addition to cooperating with the private sector to provide certain goods and services, local governments can cooperate with each other to deliver services. For example, local governments in a metropolitan region might cooperate in financing, constructing, and operating a mass transit system or a wastewater treatment plant that benefits the entire region.

In assessing the potential for such cooperation, local governments must distinguish between problems common to all local governments and problems that transcend arbitrary political and geographic boundaries. For example, in the United States, all local governments can point to roads scarred with potholes. Despite the prevalence of the problem, each local government is responsible for repairing the potholes within its jurisdiction.

Alternatively, under some circumstances, regional cooperation within a metropolitan area makes sense. For example, in an effort to bring regional air quality into compliance with federal requirements, the Los Angeles metropolitan area is imposing stringent economic growth limitations on individual governments in the Los Angeles Basin. More generally, metropolitan councils of government, which are composed of representatives from

local governments within a metropolitan area, must approve regionwide transportation plans in order to qualify for federal transportation grants. In the United States, policy makers are currently reassessing and seriously debating the relative roles of state and local governments in land use decisions. Such decisions can influence a region's economic development opportunities and environmental quality.

As in the case of public-private partnerships, there is no firm answer or agreement as to when regional cooperation is most appropriate. Clearly, though, is most useful for addressing service delivery responsibilities that extend beyond the boundaries of individual local governments. Further, cooperation between governments, as reflected in the delivery of regional wastewater treatment services, can coexist with competition between governments, as reflected in individual governments' tax policy decisions.

STEP THREE: REVIEW OPERATING EXPENSES

Analyze Expenditures: The Budget Process

Since the mission of local government is to provide services to the citizens of the community, it makes sense to plan for and evaluate the results of municipal activities in terms of the quantity and quality of services delivered. For two reasons, the municipal budget process provides a convenient vehicle for service planning.

- o First, the budget process offers the opportunity to relate service plans to the cost of those plans, thus placing local government ambitions in a realistic context.
- o Second, the budget process is decision-forcing in the sense that the budget must be prepared and enacted if local services are to continue. By associating explicit service planning with budgeting, the budget process can facilitate more meaningful municipal decision making.

This section discusses how formal planning and performance analysis can transform the budget process into a tool for planning and managing community resources.

Understand the Basic Concepts of Service Planning

A sound budget should be based directly on service needs. When budget requests are prepared, local officials should think carefully

- o the levels of needed services;
- o the minimum and maximum levels of service that can be provided;
- o the resources needed to deliver each level of service (people, materials, equipment);
- o how resources can be more efficiently used in providing services; and
- o whether the private sector can provide any services more effectively and/or efficiently than local governments.

Any local government regardless of size can undertake service planning. Service planning does not necessarily require a formal process; merely conscientious local officials who are willing to apply common sense and careful thought to the budgeting process. In many local governments, however, it is both possible and desirable to make service planning a much more formal and rigorous process. Under this approach, formal goals and objectives are established for each department's activities and/or programs. Quantitative measures of performance are established to measure workload, output, and/or effectiveness. Budgets are tied to performance measures, and progress is monitored in relation to the measures. While developing and managing a formal service planning process can require extensive effort, the benefits gained can more than offset for the cost in time and money.

Organize for Service Planning

Service planning should be administered and coordinated by a single administrative official, ideally the budget officer. The budget officer or appropriate administrative official should be responsible for

- o helping the legislative body establish service priorities;

- o helping develop and approve departmental or program goals, objectives, and work plans;
- o helping develop and approve quantitative performance measures;
- o analyzing requests in terms of service needs and plans;
- o monitoring and evaluating performance in relation to budgets and service plans; and
- o reporting actual performance to the legislative body and administration officials.

If the budget officer lacks the time to organize the service planning effort, a member of either the budget officer's staff or the planning staff can oversee the process (if one exists). The individual must be a catalyst who stimulates department managers to think and plan; a coordinator who involves the appropriate parties and assembles the needed information, a critic who evaluates and supplements the information provided by department officials.

Undertake Formal Service Planning

Formal service planning involves development of the following:

- o program purpose or goals;
- o departmental goals;
- o objectives for all departmental activities; and
- o quantitative measures of performance.

An encompassing statement of program purpose should be developed for each major program area. A major program area represents a grouping of departments or activities with related goals. The statement of its purpose should address a major area of citizen need, such as public safety. Program goals need to be developed only if you have adopted a budget structure that groups departments into programs.

A departmental goal is a broad statement of a department's mission. It pinpoints the

reason for the department's existence and establishes its direction. Two key elements guide the formulation of a departmental goal.

- o The departmental goal must be a general statement of purpose.
- o The departmental goal must lend itself to measurement.

After a department defines its goal, the next step is to divide the department into various activities or cost centers. An activity is a specific function within a department that aims to deliver a service or a group of related services. The number of assigned to a department depends on the size of the department and the number of different types of functions or services it performs. An example is shown in the following page.

For each activity, objectives should be developed, and quantitative performance measures linked directly to each objective should be constructed. An objective is a specific, measurable achievement that an activity seeks to accomplish within a given time frame.

The following criteria guide the development of sound objectives:

- o result-oriented, focusing on what is to be produced;
- o specific, stating in narrow terms what will be achieved;
- o measurable, indicating specific accomplishments in quantitative terms;
- o attainable within a specifically stated time frame; and
- o related to the departmental goal.

After objectives have been specified, performance measures should be developed to measure achievements in pursuit of the objectives. The development of carefully considered goals and objectives can facilitate the formulation of performance measures. Several general types of performance measures can be used, including

- o demand or need measures, such as the number of miles of streets to be cleaned;
- o workload measures, such as the number of garbage pick-ups; and

Sample Program and Activity Structure

PROGRAM	ACTIVITY	RESPONSIBLE DEPARTMENT
PUBLIC SAFETY	Police Patrol Investigation Police Training Police Administration	Police
	Judicial	Municipal Court
	Fire Suppression Fire Training Fire Inspection Fire Administration	Fire
	Rescue Squad Building Inspection Restaurant Inspection Street Lighting	Hospital (contract) Building Inspection Health Department Public Works
COMMUNITY ENVIRONMENT	Planning Services Zoning	Planning
	Water System	Water Department
	Urban Development Traffic Engineering Street Maintenance Refuse Collection	Public Works
HUMAN RESOURCES	Assistance Payments Adoptive Services Social Services	Social Services
	Disease Prevention Clinical Services Home Nursing	Health Department
	Parks Maintenance	Public Works
	Elderly Programs Summer Leagues Crafts Development	Recreation
	Juvenile Outreach	Police

- o efficiency measures, such as the number of garbage pick-ups per crew; and
- o effectiveness measures, such as a ranking based on visually inspecting the cleanliness of the street.

Demand measures indicate the need for a particular public service. They are important because they help local officials understand why certain local services are demanded and provide insight into requests for funds to support various services.

Workload measures indicate the amount of work actually performed by a department on a particular activity. They are easy to develop but offer limited information in that resources used or results to be obtained cannot be discerned from workload data.

Efficiency measures establish a relationship between resources used and results obtained. These measures, used in conjunction with workload measures, allow managers and policy makers to develop a picture of how resources allocated to an activity are used.

By emphasizing results or program impact, effectiveness measures determine how well an activity meets an objective or fulfills a need.

While each activity should ideally be evaluated in terms of all four measures, certain activities do not readily lend themselves to such assessment. The following exhibit shows how the goals, objectives, and performance measures related to a particular service might be presented.

The next and most important step in the service planning process is to use the goals, objectives, and measures to develop sound budget requests and recommendations. This is perhaps the most difficult step to execute successfully because it requires relating resources (or costs) to outputs (or service). Such analysis is a central component of management in the private sector, but its use in local government has not been routine. Few standards exist to help in this process. In most cases, you will have to develop your own standards on an

Goals, Objectives, and Performance Measures

This exhibit illustrates how goals, objectives and performance measures are related to the various levels of the budget structure.

Program:	Public Safety
Goal:	To protect persons and properties against criminal activities and man-made hazards, enforce animal control, and coordinate the municipal response to disaster situations as a result of natural or human causes.
Department:	Police Department
Goal:	To protect persons and property against crime, to uphold the legal rights of all persons, to help in providing a secure and orderly environment, and to respond promptly to a citizen's need for assistance.
Activity:	Night Patrol
Objectives:	<ul style="list-style-type: none"> • To reduce the incidence of burglaries in the downtown business area by 20% during the year. • To reduce response time to 5 minutes for all valid calls for help.

Performance Measures for Activity:

	Prior Year	This Year	Budget Year Estimate
Demand Measures:			
Number of Emergency Calls between hours 7 pm and 7 am	2910	3150	3300
Number of burglaries in downtown businesses	47	52	55
Workload Measures			
Patrol hours	9600	10,400	19,200
Patrol teams	4	4	6
Efficiency Measures			
Patrol hours/Patrolman	1200	1300	1600
Effectiveness Measures			
Average response time	8 min.	7 min.	5 min.
Number of Burglaries	N/A	N/A	42 [*]

^{*} Estimated without increased patrols

^{*} Projected with increased patrols

activity-by-activity basis.

The best approach is to develop an annual work plan for each activity. The work plan would identify

- o the level of service need (use demand measures);**
- o the amount of work to be performed to meet the service need (use quantitative workload measures);**
- o the amount of personnel, equipment, and materials required to perform the work (use efficiency measures and past experience);**
- o the expected schedule of accomplishment during the year;**
- o the special organizational, procedural, or legal conditions to be met and their cost effects;**
- o the cost and service consequences (effectiveness measures) of reducing or increasing the work performed on and level of funding for the activity; and**
- o any alternatives to the current methods of performing the activity as well as their cost and service implications.**

The work plan for each activity then becomes the means by which budget requests are developed and justified. Each activity's work plan is also a device for stimulating debate on service and cost issues.

The budget presentation can also describe any fees that are collected for providing a particular activity and associate such fees with the costs of the activity. Displaying the related fee and cost information together can help determine whether an activity is self-supporting. For an activity to be truly self-supporting, however, the fees must cover indirect administrative costs as well as all direct costs.

Finally, it is important to monitor and evaluate actual performance against the service plan throughout the year. The monitoring effort should ask such questions as

- o is performance on schedule?**
- o are costs higher or lower than anticipated?**

- o what favorable or unfavorable factors are affecting the work plan?

Reports comparing performance to the plan should be prepared at least quarterly and distributed to department heads and the legislative body. The information gathered in the reports can be used to support needed budget and modifications to undertake formal evaluations of departmental performance.

While the model of the service plan does not necessarily lend itself to all budget decisions, it can be used to analyze and budget for many of government's primary services and programs.

Develop Expenditure Requests

Department heads should prepare detailed expenditure requests and submit them to the budget officer for review. The requests should be justified on the basis of the service plans discussed above. Department heads should examine their current activity levels and determine if more efficient alternatives are available to achieve the specified levels. Should program expansion be necessary, a department must be able to demonstrate why additional expenditures for personnel, operating, and/or capital equipment are needed. Department heads should identify priorities as well as issues in their budget.

Departmental expenditures typically fall under the following general categories:

- o personnel services;
- o operating expenses; and
- o equipment.

Personnel Services

Given that personnel costs constitute the largest proportion of most departments' total budget, determining personnel requirements is a major step in formulating budget estimates.

Essential to establishing personnel requirements is a position plan that lists all job titles and corresponding salaries. The cost of personnel services can be calculated once the type and number of personnel required to carry out an activity have been determined and justified by using a personnel services worksheet on the following page.

A personnel services worksheet should be prepared for each activity or department as appropriate. The worksheet should identify all newly requested positions separately from already approved positions. The total cost of personnel services can then be computed by summing the salaries of all positions on the worksheet. In turn, employee benefits can be computed based on the number of positions and/or the amount of the salaries.

Additional personnel service costs may stem from anticipated overtime, extra pay for night or evening shifts, or requirements for temporary help during peak-load periods, such as summer street repair periods. The best guide to appropriating budget levels for additional personnel service costs may be previous-year experience.

Compensation for members of boards and commissions should also be included in the budget request for personnel services. Generally, the cost of compensation is determined by a fixed rate multiplied by the number of meetings held in a year (based on past experience), not to exceed the number of meetings per year allowed by law.

The cost of personnel services should be adjusted by a salary vacancy factor, which is the portion of budgeted salaries that is not expected to be needed because of delays in hiring or positions filled at salaries lower than budgeted amounts. Vacancies, of course, are linked only to regularly scheduled positions. Therefore, the salary vacancy factor should be applied only to the dollar amount represented on the personal services worksheet. The factor can usually be estimated by examining past trends. When using the salary vacancy factor, personnel services are budgeted at less than full position cost.

Basic Personal Services Worksheet

DEPARTMENT: Police

(1) Position Number	(2) Position Title	(3) Employee Name	(4) Current Pay Period Rate (or hourly rate)	(5) No. of Pay Periods/ Year (or hours)	(6) Current Annual Salary (Wages) (4 x 5 budgeted)	(7) Expected Salary Adj/ Pay Period	(8) No. of Pay Periods For Adjustment	(9) Total Adjustment (7 x 8)	(10) Total Budgeted Salary (6 + 9)	Salary Distribution		
										(11) Activity Investigation	(12) Activity Patrol	(13) Activity Youth Services
POSITIONS ASSIGNED TO ONE ACTIVITY												
001	Patrolman I	Tom James	\$423.08	26	\$11,000	\$21.15	14	\$296.16	\$11,296	\$15,269	\$11,296	\$12,208
002	Patrolman II	Mike White	481.54	26	12,000	23.08	9	207.69	12,208	15,269	11,296	12,208
003	Detective Sgt.	Ray Powerhouse	578.92	26	15,000	28.85	10	288.50	15,289	15,289	15,269	15,269
	<u>3 Positions</u>		<u>\$1,481.54</u>	<u>26</u>	<u>\$38,000</u>	<u>73.08</u>		<u>\$792.35</u>	<u>\$38,793</u>	<u>\$38,793</u>	<u>\$11,296</u>	<u>\$12,208</u>
POSITIONS DISTRIBUTED TO MORE THAN ONE ACTIVITY												
001	Patrolman I	Tom James	\$423.08	26	\$11,000	\$21.15	14	\$296.16	\$11,296	\$3,369	\$5,048	\$2,259
002	Patrolman II	Mike White	481.54	26	12,000	23.08	9	207.69	12,208	1,221	2,441	8,546
003	Detective Sgt.	Ray Powerhouse	578.92	26	15,000	28.85	10	288.50	15,289	13,760	0	1,529
	<u>3 Positions</u>		<u>\$1,481.54</u>	<u>26</u>	<u>\$38,000</u>	<u>\$73.08</u>		<u>\$792.35</u>	<u>\$38,793</u>	<u>\$18,370</u>	<u>\$8,069</u>	<u>\$12,334</u>

Operating Expenses

The amount estimated for operating expenses is usually a function of the number of personnel. This category of expenditure is typically broken down into objects of expenditure that may include office supplies, postage, utilities, printing and reproduction costs, contractual expenses, vehicle maintenance, and other expenditures necessary to carry out work activities, as shown in the exhibit on the following page. Typically, historical costs plus an inflation factor are used to estimate expenditures, assuming that the scope of an activity has remained unchanged. It is important to note, though, that historical costs and inflation should not be the only determining factors in estimating various operating cost categories. The magnitude of past expenses should be analyzed and, in some cases, challenged, perhaps resulting in discontinuation of a cost category.

Estimating new contractual service expenditures is somewhat more complex. A detailed justification of the types of needed services should be required before contract expenditures are approved. Local government should make every effort to use in-house staff before incurring contractual expenses--unless contractual services are less expensive or the potential benefits of contracting exceed cost.

Services should be competitively bid when possible. If professional services such as medical or legal services are required, the budgeted cost should exceed the community standard. Essential to contractual services budgeting is a specification of the task to be performed, the identification of outputs (if any), specification of the length of time the service is to be delivered, and an indication of the total cost of the service.

Equipment

Equipment includes capital items that normally last more than one year and cost more than a specified amount. The definition of capital item and the associated dollar amount

Operating Expense Worksheet

DEPARTMENT _____
 ACTIVITY _____

PREPARED BY _____
 REVIEWED BY _____

	Prior Year Expenditure	Current Year Budget	Budget Request	Budget Recom- mendation	Increase (Decrease) from Request	% Change from Current Budget
--	---------------------------	---------------------------	-------------------	-------------------------------	---	---------------------------------------

Code/Object

30 Transportation, Postage.	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>
------------------------------------	-------------	-------------	-------------	-----------	-----------	-----------

Discussion/Justification _____

40 Utilities	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>
---------------------	-------------	-------------	-------------	-----------	-----------	-----------

Discussion/Justification _____

50 Contracted Services	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>
-------------------------------	-------------	-------------	-------------	-----------	-----------	-----------

Discussion/Justification _____

should apply uniformly throughout a local government. These items or equipment types are funded out of the capital budget. Equipment generally includes such items as desks, chairs, typewriters, dictaphones, etc. All items not meeting these criteria should be listed under operating expenses (discussed in Section IV).

The need for equipment items is primarily a function of personnel size. Clearly, the number of desks and chairs depends on the number of people employed by local government. However, some items such as playground and communications equipment are not related to size of the government workforce. Equipment items associated with approved new positions generally do not require extensive justification because such items are essential for the approved position. Other requests for equipment purchases should nonetheless be accompanied by detailed justifications that protect the department to some extent from across-the-board reductions of budget items. In any case, equipment requests should include the following:

- o specification of the item requested;
- o the quantity of the item;
- o the cost of the item; and
- o whether the item is a replacement or an additional item.

Nondepartmental Expenditures

The budget must make provision for expenditures not related to any specific department, such as utilities for common buildings and facilities or the costs associated with miscellaneous boards and commissions. A reserve fund should be established for the purpose of meeting any unexpected emergencies or contingencies. Local government generally uses its discretion in determining the amount of the fund, which depends in part on the government's ability to forecast revenues, and the volatility of local revenue sources.

STEP FOUR: BALANCE THE BUDGET

Article 57 of the Local Self-Government Act of 1990 requires local governments in Poland to operate within a balanced budget. In other words, expenditures cannot exceed revenues. Most governments will doubtless find that the demands for service outstrip the available resources. Consequently, central budget review is necessary to bring the budget requests from the various operating departments into balance with revenues. In addition central budget review provides an opportunity for assigning governmentwide priority to the services to be delivered to the citizens.

It is recommended that central budget review be performed by the budget officer and/or a subcommittee of the legislature before the legislative body as a whole considers the budget. It is the responsibility of the budget officer and/or subcommittee to weed out unnecessary, inefficient, and ineffective activities. Typically, department heads present requests for program expansion based on claims that services must be increased. The budget officer, in reviewing such claims, must first determine whether the perceived need for more resources can be met by altering the mix of existing resources. For its part, a department requesting program expansion must be able to substantiate the perceived magnitude of need. The department must furnish relevant workload data to demonstrate the level of existing activity, the degree of achievement attained, and any remaining work to be completed.

The results of service planning efforts, specifically the objectives and performance measures, should be tied into requests for expansion. The budget officer, however, must determine whether an activity's objectives can be satisfactorily achieved with less than the resources requested. Budget forms with detailed justification of departmental requests should prove useful in analyzing resource requests.

The budget officer is in the unique position of reviewing all requests and must thus be prepared to examine and establish priorities in light of major issues or potential fiscal problems facing the local government. The budget officer must also be prepared to address issues that cross departmental lines.

After the review is completed, the budget officer should assemble the budget requests and recommendations into a document that can serve as the basis for the full legislative body's consideration of the budget.

EXPENDITURE EXERCISE

DEVELOPING MEASURES OF PERFORMANCE

Activity

Measures

- 1. Solid waste collection**
- 2. Fire prevention and suppression**
- 3. Street maintenance**
- 4. Accounts payable**
- 5. Accounts receivable**

CASE STUDY
EVALUATING A LOCAL GOVERNMENT BUDGET

Introduction

Congratulations. You are the newly appointed treasurer of Troublefree, Poland. One of the first duties for which you are assigned responsibility is to manage the preparation and execution of the town's annual budget. Assisting you in this duty is the council budget committee, also newly appointed, who will help you develop and review the budget. You and the committee are given a copy of the town's current year budget, and are asked to make recommendations to the town's governing board and the council regarding changes to both the budget document itself and the process of preparing the budget.

Having experience managing the budget in another town in Poland, you have some ideas about ways in which this town's budget could be improved. You also obtained recently the guidelines of a budget award program in the United States. While you are not sure that all the guidelines would be useful for local government budgeting in Poland, you think it may be worthwhile to review them and determine if they offer suggestions for improvements to the budget of Troublefree.

Instructions

1. First, you read the criteria for the budget awards program. You notice that the criteria are grouped into four areas:

Policy criteria;
Financial criteria;
Operations criteria;
Communications criteria.

In other words, budgets are supposed to function as policy documents, financial plans, operations guides, and communications devices. Given the limited amount of time you have available to do this type of review and analysis, you decide to focus on only two of the four categories of improvements (or only one or two of the criteria from each of the four groups). You also decide to solicit the help of the council budget committee.

2. You and the committee re-read the criteria and the budget, and begin your analysis by using the attached worksheets that you had, with great foresight, already developed to help you and the committee organize your efforts.

3. After completing the worksheets, you and the committee prepare to make a brief presentation to the full council regarding your recommendations for changing the format and content of Troublefree's budget document.

CRITERION:

How Troublefree's budget document currently meets this criterion:

How Troublefree's budget document does not currently meet this criterion:

The research and tasks that need to be done to accomplish the above:

PROGRAMMING AND PLANNING CAPITAL EXPENDITURES

BOOKLET IV

PROGRAMMING AND PLANNING CAPITAL EXPENDITURES

LONG-TERM NATURE OF CAPITAL INVESTMENTS

In addition to making outlays for the day-to-day expenses contained in the operating budget, local government invests in capital facilities that provide services over a long period of time. Such capital investments are often critical for the local government's future growth.

Capital investments share several characteristics.

- o They serve an essential public purpose such as providing waste disposal, a supply of potable water, wastewater treatment, and transportation.
- o They have a long useful life.
- o They represent infrequent and expensive outlays, i.e., "lumpy expenditures",
- o They are fixed in place or stationary, and thus cannot be moved or easily relocated.
- o They are generally the responsibility of local government, especially in the case of most infrastructure investments.

In order to make the best use of limited resources, local governments must develop a long-term capital improvement program for setting investment priorities. This long-term capital improvement program is operationalized each year in the government's capital budget.

WHAT IS A CAPITAL IMPROVEMENT PROGRAM?

A capital improvement program (CIP) is a program of all capital expenditures that a government plans to make over an upcoming multi-year period of time, usually 5 years or more. It is a multiyear planning instrument used by government to identify needed capital projects and to coordinate the financing and timing of improvements in a way that maximizes the public benefits of capital spending.

The first year of the CIP is known as the capital budget. The capital budget is the only year of the CIP in which funds are legally authorized for expenditure on specific facilities, equipment, and improvements. Projects scheduled for the later years of the CIP are approved on a planning basis and do not receive actual expenditure authority until they are part of the first year (capital budget) of the CIP. In this way, the CIP is a "rolling" process whereby projects originally scheduled for the latter years of the CIP move up a year as each annual capital budgeting cycle is completed. Each project must, however, be subjected to thorough review and evaluation when it is incorporated into the annual capital budget. The multi-year CIP is reviewed and updated every year. (See Figure 1).

WHY DOES LOCAL GOVERNMENT NEED A CIP?

Many governments go about the process of considering and approving capital projects in an undisciplined, uncoordinated manner. Such ad hoc procedures inevitably waste public funds, fail to consider available information, and sometimes result in poor project timing.

A capital improvement programming process allows local government to:

- o set priorities among competing projects by considering all projects at one time;

**CAPITAL IMPROVEMENT
PROGRAM SUMMARY**

**CAPITAL
BUDGET**

<u>YEAR 1</u> <u>1993</u>	<u>YEAR 2</u> <u>1994</u>	<u>YEAR 3</u> <u>1995</u>	<u>YEAR 4</u> <u>1996</u>	<u>YEAR 5</u> <u>1997</u>	<u>TOTAL</u>
------------------------------	------------------------------	------------------------------	------------------------------	------------------------------	--------------

**PARKS &
RECREATION**

FIRE

SCHOOLS

(Year 1 planned expenditures are also referred to as the capital budget.)

- o produce a capital improvement program that considers both available financing sources and feasible timing; and
- o measure the impact of capital spending and financing sources on the government's overall financial position.

The CIP process involves citizens in shaping their community's future and helps minimize complaints and after-the-fact objections to major local government projects. Input from community residents and businesses is critical to the success of the capital improvement process. In many communities, increased citizen participation in planning capital improvements has led to an enhanced understanding of the factors involved in building and maintaining facilities.

Businesspersons are offered the opportunity to describe needed public capital improvements that would benefit their businesses. Further, they can better develop long-range business plans when they know the schedule for renovation and construction of the community's public infrastructure.

Investment advisers stress the value of a CIP for governments seeking to borrow funds. A CIP is considered a sign of good management, and governments that develop capital improvement programs often borrow funds at lower interest rates.

Another financial benefit of the capital programming process is the avoidance of poorly timed projects. Far too often governments install capital facilities, only to find them torn up later by other installations. Good planning can ensure that projects are coordinated and costly duplications avoided.

HOW IS A CIP DEVELOPED?

The annual capital planning process involves eight steps

- o establish capital improvement policies;
- o perform an inventory;
- o identify projects;
- o set priorities;
- o perform a financial analysis;
- o assess funding sources;
- o develop and adopt the capital improvement plan;
- o prepare and implement the capital budget.

Each of these steps is described in more detail below.

STEP ONE: ESTABLISH CAPITAL IMPROVEMENT POLICIES

Local government should appoint one person or group to review and coordinate the process of collecting, analyzing, and monitoring capital requests, future needs, and potential resources. The process should specify a schedule for the submission of projects; a procedure for initiating projects generated internally by staff and externally by the public; and a method for evaluating and ranking projects.

Two policy or procedural issues are particularly important. First, it is essential to define clearly the types of items and projects that should be included in the CIP, versus the annual operating budget. As a general rule, items in a local government budget are classified as "capital" or "operating" by cost and frequency.

As for cost, a capital expenditure should represent a significant outlay for the community--something out of the ordinary. Accordingly, smaller communities frequently impose lower minimum dollar amounts for capital expenditures than their larger counterparts. For instance, in a small community, vehicles may qualify as capital expenditures because of their cost in relation to other government supplies; in another jurisdiction, vehicles may represent routine operating expenditures.

Regardless of the dollar level that distinguishes capital from operating costs, local government should always classify any facility or item financed by long-term debt (debt held for longer than a period of one year) as a capital expenditure. It is fiscally unwise to issue debt to finance any item that has a useful life shorter than the repayment term of the borrowed funds.

In terms of frequency, only expenditures that do not occur annually should be considered a capital investment and thus included in the CIP. But each community must make its own decisions regarding the appropriateness of including items (usually maintenance and replacement) that recur regularly but infrequently, i.e., every 10 or 20 years.

The second procedural concern involves decisions as to who should participate in the process. The budget officer or a member of the budget officer's staff should be charged with responsibility for coordinating the process. Generally speaking, the persons who participate in the annual operating budget process should probably be the same ones who participate in the capital improvement program process. Departments that do not manage

or need capital facilities do not need to participate in the process. Staff from the planning department also play an instrumental role in developing the CIP.

This step is critically important for local governments developing a capital improvement program for the first time since the general procedures developed here will impact the long-term success of the entire process. Therefore, it is imperative to give careful consideration to all of these issues during the initial planning process. In subsequent years, the procedural decisions already made should be reviewed, but not as much time will be spent on Step One as is needed in the initial year. The remaining steps, two through eight, are performed every year by the local government.

STEP TWO: PERFORM AN INVENTORY

Local government should undertake and periodically update an inventory of its physical plant. The information in the inventory helps the government track the condition of facilities and forecast replacement needs.

Local government should also conduct an inventory of future demand that, at a minimum, includes

- o an annual review and forecast of population changes;
- o other relevant demographic information;
- o land use patterns;
- o locations for new development; and
- o any changes in the number or type of businesses and industries locating within the jurisdiction.

With both inventories in hand, local government can compare them to the local land use plan and estimate the impact of the changes on the facility requirements already identified.

STEP THREE: IDENTIFY PROJECTS

Once local government has identified its current capital requirements and assessed its community demographics, it should compile a list of potential projects based on best estimates of future needs and past experience with replacement schedules. Usually, each department or division is given the opportunity to prepare and submit requests. All departments should use standard project request forms to ensure that the same information is provided for all requests. Proposals are first evaluated and ranked on a departmental basis and then submitted to the CIP coordinator (the budget officer or a member of the budget officer's staff). It is important to involve the public at this point and to encourage citizens to submit project requests and articulate needs otherwise unknown to staff.

STEP FOUR: SET PRIORITIES

An investment project's social benefits are realized over time. In addition, some project costs may be incurred over the life of the capital facility. In general, then, a distinct time profile of benefits and costs corresponds to each potential investment project considered by local government. The fundamental policy issue facing decision makers is, given a limited amount of resources, which of the potential investment projects should local government adopt?

To compare and choose between dissimilar projects, local government must institute a system to evaluate and rank each project. As a first step in the evaluation process, local governments should perform an economic analysis of each project whenever sufficient data are available.

The first task in performing an economic analysis is to calculate the net benefits associated with each project. The calculation involves determining the annual value of all direct and indirect benefits associated with each investment and then subtracting the annual costs (both capital and operating). Subtracting, for each period, all the costs from all the benefits yields a succession of net benefits to which local government can apply any adopted investment criterion. Two specific criteria are of particular interest: the present discounted value criterion and the internal rate of return criterion.

The present discounted value criterion introduces a time dimension into the evaluation of the stream of net benefits from each investment project. In general, given a stream of net benefits ($B_0, B_1, B_2, \dots, B_n$), the net present discounted value is given by

$$\sum_{t=0}^{t=n} \frac{B_t}{(1+r)^t}$$

In general, the rate of discount (r) determines which among a number of potential investment projects will yield the largest net present value. It is commonly assumed that the correct rate of discount for the evaluation of a government project is the percent rate of return that the resources used to build the project would otherwise generate in the private sector. One proxy for such an opportunity cost is the rate of interest paid on long-term government bonds.

The internal rate of return is another means of evaluating the economic costs and benefits of a project. Like the present discounted value criterion, the internal rate of return introduces a time element into the evaluation of each investment project. However, instead of calculating the discounted present value of net benefits for each project based on a given discount rate, the internal rate of return criterion treats the discount rate as an unknown. It determines the interest rate that would equate the discounted stream of benefits with the discounted stream of costs. In terms of net benefits (annual benefits minus annual costs), the internal rate of return (λ) is given by

$$\sum_{t=0}^{t=n} \frac{B_t}{(1 + \lambda)^t} = 0$$

To decide which investments are more economically sound, the internal rate of return is computed for each potential project and then compared to the social discount rate. Those with internal rates of return higher than the social discount rate should be carried out and those with lower internal rates of return should not.

The information generated from this type of economic analysis is input into the final decision making process which is, by its very nature, a political process. In other words, value preferences and policy choices will drive the final decision. Although some quantitative decision rules for ranking projects may apply, decision makers must ultimately rely on their own knowledge of the community and their confidence in staff. Therefore, it is especially important that project requests are both accurate and complete.

Most public officials find that the development of evaluation criteria and the assignment of priorities represent the most difficult aspect of capital programming. No

matter how well constructed the evaluation system, some officials always disagree with (or ignore) it. In addition to the economic criteria discussed above, other criteria are used to evaluate projects including

- o legal obligations and mandates;
- o fiscal and budgetary impact on the jurisdiction;
- o health and safety effects;
- o community economic effects;
- o extent of facility use;
- o environmental, aesthetic, and social effects;
- o disruption and inconvenience;
- o degree of community support;
- o distributional effects;
- o existing commitments;
- o implications of deferring the project;
- o amount of uncertainty and risk;
- o effects on interjurisdictional relationships; and
- o advantages accruing from relationships to other capital projects.

Department staff submitting proposals are often asked to provide information on the above criteria as part of their submissions to the CIP coordinator.

Some systems rate each project according to urgency of need. For example,

- o **Urgent Projects** meet emergencies or perform work required by state law.
- o **Necessary Projects** eliminate safety hazards, meet contractual obligations, or perform required renovations or repairs.

- o **Desired Projects** replace equipment, extend or enhance service, or match state grants.
- o **Ongoing Projects** continue work in progress.
- o **Deferrable Projects** involve nonessential renovations or improvements, or projects with questionable timing or need.

The CIP coordinator assigns a priority ranking to the projects and eventually submits the several budget requests to the legislative body for review. Most public officials find that the development of evaluation criteria and the assignment of priorities represent the most difficult aspect of capital programming. Although establishing evaluation criteria at the start of the process is critically important, ultimately, the decisions about which capital projects to invest in are value preferences and policy choices for the elected officials making these decision.

STEP FIVE: PERFORM A FINANCIAL ANALYSIS

While the departments assemble and rank their project requests, the budget officer should prepare an analysis of the local government's financial capability. Two questions should be answered as part of the assessment.

- o How will proposed capital projects affect the government's operating budget?
and
- o What level of capital expenditures can the local government afford?

In each case, the government needs to evaluate all existing and potential sources of revenue.

The financial analysis helps identify the most efficient approach to funding capital requirements. Similarly, individual departments should prepare a financial feasibility

327

analysis for each project submitted to the CIP coordinator. The goal is to determine the level of capital investment that government can afford.

STEP SIX: ASSESS FUNDING SOURCES

Capital facilities provide services over long periods of time. Thus, it makes sense to pay for such facilities over a long period of time. A scheme of long-term payment is particularly appropriate for local government because taxpayers benefit from capital investment when they are residents of the local government but relinquish their claim to benefits when they move. Accordingly, the rational response of local officials concerned with satisfying the preferences of their constituents is to match the timing of payments with the flow of services consumed. This is precisely the function served by long-term debt financing. Attempts to pay for facilities "up front" through pay-as-you-go mechanisms are likely to result in a less than optimal rate of public capital formation.

The primary advantages of borrowing are

- o **Acquisition as needed.** The jurisdiction enjoys immediate use and benefit of the improvement. Current revenue financing severely constrains immediate or rapid construction.
- o **Intergenerational equity.** The cost of capital is spread over successive generations of service users or beneficiaries.
- o **Repayment in cheaper dollars.** If the economy is expanding or per capita income increases, then the cost to the individual taxpayer will be less burdensome than would full payment at the time of acquisition.
- o **Enhanced stability.** Because debt service payments are known and predictable, wide fluctuations in required expenditures are avoided.

The main disadvantages of borrowing are

- o **The cost of interest.** The cost for the use of money must be added to the total cost of the acquisition.
- o **Encumbered future revenues.** Potential revenues are dedicated to the repayment of debt and are therefore not available for other uses.
- o **Practical limits on the amount of debt that can be issued.** The issuance of too much debt may compromise the credit standing of the local government's bonds and thereby increase the cost of capital.

Constraints on Investment

The decision to invest in one or more capital projects is constrained by various legal, economic, political, financial, and administrative factors that are frequently interrelated. Thus, financial or economic factors have political consequences and political issues have economic effects. In addition, social issues cannot be discussed outside of the political system. For example, social concerns over "quality of life" issues and the state of the environment are often associated with political pressure on elected officials to slow growth.

Many, if not most, local governments operate under some type of legal restrictions that govern their financial operations. Since these restrictions vary widely, it is impossible to describe more than a few of the major types. The restrictions may be imposed by the local government itself and/or by state government either through the constitution or by an act of the legislature.

The most common restrictions pertain to the total amount of debt that can be issued or remain outstanding at any one time. In a few instances, governments specify the total dollar amount of allowable general obligation debt; more often, though, they use a ratio of the amount of debt to population or taxable wealth in the community. Examples of restrictions on debt include

329

- o debt per capita;
- o debt as a proportion of the market value of property;
- o debt as a proportion of the assessed value of property; and
- o debt as a proportion of personal income in the community.

Some states in the United States require a voter referendum for the approval of all debt issues.

In addition to or instead of limits placed on the amount of debt issued, governments sometimes impose debt limits on the amount of debt service (interest) that can be paid in any one year. Most commonly, the restriction is expressed as a percent of total expenditures or revenues. A restriction on the amount of debt or debt service that can be issued or paid does not prevent a government from using a particular form of debt, it does, however, mean that the total amount of debt that can be issued for all projects must be carefully monitored so that it does not exceed the legal limits.

Other types of fiscal restriction are limitations on tax rates or the amount of tax rate increases. In addition, governments may impose restrictions on the use of special fees or charges, including impact fees. While the various restrictions do not altogether prevent the use of a particular financing instrument, they are intended to constrain the total amount of government spending.

Finance Mechanisms

Despite various legal restraints, several debt financing tools--described below and on the chart on the following page--are available to local governments in the United States for funding capital expenditures. While many of these financing mechanisms are not yet in

widespread use in Poland, the Local Self-Government Act authorizes Polish local governments to issue bonds. Accordingly, your local government may wish to consider using bonded indebtedness and other finance methods that find general application in the United States. The Local Self-Government Act, however, restricts interest payments on outstanding debt to no more than 5 percent of annual spending.

Many governments use notes to provide interim funding for a capital project. Notes are short-term debt, issued in anticipation of revenues to be derived from future state grants or the proceeds of long-term bond financing. For capital financing, the issuance of notes allows local government to identify the final cost of project construction before the sale of long-term debt. In this way, the government avoids issuing more debt than is required to fund the project. In addition, because of the shorter maturity of notes, the government pays lower interest rates during the construction period and can defer permanent financing until more favorable market conditions exist.

Unlimited Tax General Obligation Bonds

Other than bonds guaranteed by a highly rated third party (e.g., bond insurers or letter of credit providers), unlimited tax general obligation bonds (G.O. bonds) are the most secure form of debt that a local government can issue. The security offered to the investor is a pledge that taxes will be levied without limitation as to rate or amount to provide for the repayment of principal and interest. Because these securities carry a pledge of a jurisdiction's unlimited taxing authority, the issuance of unlimited tax general obligation bonds usually requires voter approval.

The advantages of using general obligation bonds to finance capital facilities include

- o Market acceptance.** As the most secure direct debt instrument that municipal government can issue, general obligation bonds are readily accepted by all investor groups.
- o Low interest rates.** Because G.O. bonds carry a pledge of the government's unlimited taxing authority, investors view the bonds as extremely secure instruments and thus readily accept lower interest rates in exchange for limited risk.
- o Structural flexibility.** The ability to levy a tax to pay debt service on general obligation bonds gives an issuer considerable structural flexibility. Unlike revenue bonds whose debt service must match the flow of funds, general obligation bonds may be structured to take advantage of strong investor demand in certain maturities.
- o No reserve requirement.** The security behind general obligation bonds is such that investors do not require the funding of a debt service reserve. As a result, the issuer may reduce the issue size.

The disadvantages of using G.O. bonds are

- o Longer preparation time because of required voter approval.** In many states, voter approval of G.O. bonds is required because general obligation bonds pledge the issuer's unlimited taxing authority. Educating the public about the need for the bond should commence well before the bond referendum is scheduled.
- o Subject to debt limitations.** Almost all governments are subject to some type of general obligation debt limit that is usually expressed as a percent of the assessed valuation of the jurisdiction.
- o Issuer's general credit.** The issuance of general obligation bonds directly influences the credit quality of outstanding debt. As the volume of outstanding general obligation debt increases, investor perception of the security behind the bonds is affected.

Limited Tax General Obligation Bonds

Limited tax general obligation bonds are secured by revenues that will be generated by the application of a fixed tax rate against the taxable property of the jurisdiction. For

332

example, a local jurisdiction might be allowed to levy a tax of \$1.00 per \$1,000 of assessed value without voter approval to secure limited tax general obligation bonds. While these bonds are somewhat less secure than unlimited tax general obligation bonds, they are still considered particularly sound investments.

Revenue Bonds

Revenue bonds are user-based securities that are backed by a pledge of a particular revenue stream from water and sewer fees, electric system charges, or tolls. The security behind the debt depends on the strength of the revenue stream. For systems that provide essential services (e.g., water), the security is fairly strong. If, however, use of the system is discretionary (e.g., toll road), investors must evaluate the reasonableness of the revenue projections. The increased risk associated with a discretionary revenue system may result in investor demand for higher interest earnings.

The primary advantages of revenue bonds include

- o **No requirement for approval.** Because revenue bonds do not pledge the government's taxing authority, voter approval is usually not required.
- o **Not subject to debt limits.** The capacity to issue revenue bonds is limited only by the amount of debt the system can support.
- o **Debt secured by end users.** Revenue bonds are considered the most equitable form of capital funding because they are repaid by the individuals who benefit directly from the improvement.

The disadvantages of using revenue bonds include

- o **Reserve fund.** To protect investors against fluctuations in revenue collections, issuers must fund a debt service reserve. Usually financed from bond proceeds, the reserve increases the size of the issue.

- o **Coverage covenants.** Because annual collections of revenues may vary in any system, investors require rates and charges to be set at levels that provide some margin for error. Most often, issuers must pledge or covenant to maintain rates and charges at anywhere from 1.1 to 1.5 times the maximum annual debt service.
- o **Limited capacity.** Revenue bond debt may be used only if the system is strong enough to support the annual requirements and coverage covenants (described above). To meet additional capital demands, the issuer must either raise rates or defer projects until earlier obligations are repaid.

Taxable Bonds

Once the exclusive domain of the private sector, the taxable bond market is becoming an increasingly common source of financing for local government projects, even though interest earned on taxable bonds is subject to federal income taxation under the Internal Revenue Service Code. Since recent changes in the federal tax code now restrict the types of projects eligible for tax-exempt financing, more and more local governments are being forced to issue taxable debt to finance capital equipment and facilities.

To the extent permitted by the current tax code, local jurisdictions pursue tax-exempt borrowing whenever debt issuance is the most appropriate finance alternative. When the tax exemption is unavailable, local government should carefully consider taxable alternatives relative to other financing options (e.g., pay-as-you-go). The additional cost associated with taxable borrowing may, however, cause some jurisdictions either to defer projects or delete them entirely from the capital plan.

Tax Increment Financing

Local governments have made extensive use of tax increment financing to provide infrastructure improvements in certain areas of their jurisdictions. Tax increment financing requires the creation of a carefully drawn district (usually an area that is depressed or lagging in growth) whose assessed value is "frozen." From that point on, two sets of tax records are kept for the district--one for tax levies and collections on the frozen base and one for levies and collections on any growth in assessed value within the district. Local government continues to distribute the collections from the frozen base to all overlapping tax jurisdictions. The tax on the growth of the district's "incremental" assessed value finances capital improvements within the district. Tax increment districts are similar to special assessment districts except for the means of raising revenue. The former uses a portion of property tax revenues, while the latter relies on a special assessment in addition to the property tax.

To provide the "up-front" financing needed to construct improvements, local government usually issues tax increment bonds secured by the taxes collected on the growth in assessed value. Investors take two fundamental risks when purchasing tax increment bonds. First, they assume that significant assessed value growth will occur in the district and that the tax rate applied to that anticipated growth will generate funds sufficient to repay the obligation. Second, they recognize that the tax increment district has no control over the tax rate. If the overlapping jurisdictions were to reduce their tax rates, the collections of tax increment revenues would likewise decline. For these reasons, tax increment financing is typically used where significant assessed value growth has already occurred and

where the tax rate is stable. In recognition of the inherent risks, most bonds secured by tax increment revenue carry local government's general obligation pledge.

Revolving Loan Funds

Revolving loan funds are permanent sources of funds that can be loaned for a variety of purposes. As loans are repaid to the fund, monies are loaned out again for other projects, thereby multiplying the benefits of the original investment many times over. For local government, revolving loan funds frequently offer the advantage of below-market interest rates, with lengthy repayment periods of 20 years or longer. They also loan funds to local governments that have below-average credit ratings or that are too small to tap the bond market.

While the use of revolving loan funds is not new, the United States federal government as well as some state governments have shown increased interest in the funds. In fact, several states have established revolving loan programs for infrastructure improvements, economic development, or housing construction. Revolving loan programs are most often established for clearly specified purposes and therefore restrict the use of funds. Each local government should carefully evaluate its proposed use of revolving loans funds to ensure that it is spending its resources in a manner consistent with the priorities established in the definition-of-needs phase of the capital planning and budgeting program.

Bond Banks

State governments can assist localities in securing funds for capital projects by establishing bond or infrastructure banks. Participating local governments issue bonds that

are purchased by the bond bank--usually an independent authority established by state statute. Participation in a bond bank usually lowers the costs of issuance for any one jurisdiction by sharing fixed issuance costs among the local governments participating in the bond bank. In addition, state backing in the form of credit assurances and the spreading of risk among more issuers frequently result in reduced interest rates paid on bonds. Further, by pooling several small issues, bond banks can create an issue that is large enough to market nationally, thereby providing borrowers with the benefits of more broadly based competition among underwriters and investors. Bond banks are particularly helpful for small communities that would not otherwise be able to participate in the national bond market because of inexperience, small borrowing amount, or poor credit rating.

Public-Private Ventures

Many projects in a local government's capital plan may be well suited to some type of partnership between the government and a private enterprise. Under such an arrangement, each entity pays for a portion of the total costs of the project. Examples of public-private projects are a toll road or a government office building that includes space for privately operated retail stores and public parking. The different forms of privatization used to finance capital needs include the following:

- o **Contracting out.** Government contracts with a private firm to produce or deliver a specific service.
- o **Franchise agreements.** Government gives a private organization either an exclusive or nonexclusive right to provide a particular service within a specified geographic area.

- o **Grants/subsidies.** Government makes a financial or in-kind contribution to a private organization or individual to facilitate the private provision of a service at a reduced cost to consumers.
- o **Incentives and user fees.** Government uses its regulatory and taxing powers to encourage private firms to provide public services or to encourage individuals to reduce their demand for such services. Government may also improve user fees on consumers for the use of a particular service.
- o **Service shedding.** Government discontinues or relinquishes responsibility for a service. A private organization assumes provision of the service, or government no longer provided the service.

Selected Forms of Current Revenue

Among taxes, fees, and other current revenues used by American local governments, **special assessments** are charges to finance capital facilities that benefit only some, not all, of the citizens in a particular community. Special assessments are levied on property to reimburse government for the costs of providing a particular improvement, such as curbs and gutters or a drainage ditch. The difference between a special assessment and a property tax is that the special assessment revenues can be used only to repay the costs of the capital improvement, not to fund other services of the government.

Impact fees are one-time assessments applied primarily to new housing and commercial developments to help offset the costs of constructing streets, sewer and water systems, and other capital facilities necessary to serve the new development. Impact fee are revenues segregated from the government's other current revenues and must be used exclusively to benefit the development against which the fee was assessed.

STEP SEVEN: DEVELOP AND ADOPT THE CAPITAL IMPROVEMENT PLAN

After projects have been evaluated, rated, and related to potential sources of available funds, local government should determine the timing of each project. Each project must be placed into a time slot that fits both the government's needs and the availability of revenues. Through a trial-and-error process, the result is a sequential listing of projects that can be reasonably designed, financed, constructed, and implemented. The CIP is then submitted to the legislative body as a whole for review, public hearing, and adoption.

STEP EIGHT: PREPARE AND IMPLEMENT THE CAPITAL BUDGET

Once the legislative body approves the capital program, it authorizes the first year of the CIP, which is the capital budget. In most local governments in the United States, the legislative body has authority to appropriate funds for only one year at a time. As a result, the capital program requires an annual update.

After the capital budget has been adopted, the budget numbers are entered into the government's accounting system. Each approved capital project has its own account code, so that all expenditures associated with that capital project can be recorded and monitored. The budget officer and other finance staff should review the progress of all authorized capital projects throughout the year. Project manager's regular reports can help ensure that projects remain on schedule. These reports can also provide the basis for preparing the following year's CIP requests.

INTRODUCTION TO CASH MANAGEMENT

Definition of Cash Management

Cash management consists of all activities undertaken to maximize the amount of cash available and to maximize the amount of interest earnings from investing idle cash.

In order to maximize the amount of cash available a government must decrease the time delay between when it earns revenues and when they are collected as cash, and also by timing expenditures to be made on their due dates, not before or after. If a government pays its bills earlier than they are due, it loses interest income it could have earned on investment of the money. If it pays bills later than due, it often must pay a penalty or extra charge.

Once a government has maximized the amount of cash on hand, it attempts to maximize the amount of interest earned on the cash, through the careful selection and constant monitoring of investments that are safe, high-yielding and liquid. Liquidity refers to the relative speed with which an asset can be converted back into cash.

Objectives of Cash Management

A successful cash management system must meet several objectives

- o support the operations of the government: ensure that sufficient cash is available at all times for the government to perform services, even at the expense of investment yield
- o meet all legal obligations and constraints: American states all place some restrictions on what investment instruments their local governments can use
- o protect the assets of government at all times: there are five forms of risk to assets as listed below-

default risk: the risk that some or all of the principal amount of an investment will not be available due to default by the issuer, securities dealer or bank

market risk: the risk that changes in the financial markets will reduce the value of an investment held

reputational risk: the risk that government will lose its stature by making a mistake, which could result in loss of vendors or businesses willing to locate in the community

safekeeping risk: the risk that government will lose an asset

collection risk: the risk that some of the revenues owed to a government will never be collected by it

- o provide adequate liquidity to meet all expected and unexpected obligations: ensure that enough cash is on hand to meet expected and unexpected expenditures
- o be well-documented and accountable: while an important goal for all government operations, in cash management it is particularly essential, because of the risks inherent in handling cash.

Establishing a Cash Management System

There are five key elements involved in setting up a cash management system. These include:

- o evaluating needs: consists both of defining the goals and objectives of the system and projecting the government's three to five-year cash flow pattern
- o establishing policies: should address investment, cash availability, revenue collection and expenditures
- o establishing annual objectives: should cover four measures of performance-availability, yield, interest earnings, and program efficiency
- o establishing relationships with financial institutions: government is best served by encouraging competition among banks for its business through a formal selection process that includes stating detailed standards for performance
- o establishing accounting systems: cash management requires the use of four accounting systems-the cash accounting system, investment tracking system, the receivables system and the payables system

After its establishment, a cash management system should be reviewed at least annually to determine if the policies, objectives and contracts for service are still meeting the needs of the government.

Implementing a Cash Management System

Like operating and capital budgeting, cash management is a process, or series of steps that must be undertaken over time. These steps consist of the following:

- o forecasting cash flows: identify revenue and expenditure streams over a given period in order to estimate available cash balance and then develop a plan for its investment
- o collecting revenues: develop systems to ensure revenues are received in a timely manner, credited to the proper fund and deposited into the correct bank account as quickly as possible
- o making investments: determine the amount to invest, mix of funds, maturity, type of investment instrument and financial institution, selecting investments with the highest yield that also meet legal, safety, and liquidity requirements
- o tracking investments: monitor the amount of money invested, source of funds, maturity schedule, and yield on each investment, verify that interest is paid accurately and allocated to the contributing funds
- o making disbursements: anticipate upcoming expenditures, track due dates of bills and amount of "float"-time between issuance and clearance of check from bank account, decide on method of payment
- o monitoring, evaluating and auditing: the cash management system must be monitored on a daily basis, including checking on receipts, cash balances, investment balances, and disbursements, to compare actual performance to objectives

Summary

Cash management has steadily grown in importance and complexity, and is now considered by most local governments in the United States and Canada to be an important component of their financial management program. Establishing and maintaining a cash management system that maximizes cash availability and yield is a difficult task that requires both judgement on the part of local government managers, as well as accurate and efficient operations and recordkeeping.

Source: excerpted from Chapter One of Cash Management for Small Governments, Ian J. Allan, editor

INTRODUCTION TO DEBT MANAGEMENT

Principles of Debt Management

The decision to issue debt is complex, involving many different factors and choices among competing priorities. Moreover, it is among the most significant decisions local government officials will make, as it obligates spending on the part of future lawmakers and citizens. Many local governments in the U.S. have adopted formal debt policies that help to guide them in the debt issuance process and as they annually develop their capital improvement programs. Debt policies describe fiscal and management practices that seek to integrate a community's long-term physical needs with available financial resources. Debt policies generally include consideration of the following factors.

- o **Debt policies**

- o Acceptable levels of indebtedness

- o Priorities among types of projects to be funded

- o Use of general tax-supported versus self-supporting debt (from project user fees)

- o Mix between use of current revenues and borrowing

- o Appropriateness and acceptable levels of short-term debt

When selecting among financing methods for a particular project, governments weigh considerations of equity, efficiency and effectiveness.

- o **Principles for selection of financing method**

- o Equity: those that benefit from an improvement should pay for it

- o Efficiency: the relative costs of financing methods as a criterion for selecting among them, and the ability of the proposed project itself to allocate scarce resources by assessing a fee for use of the facility or services

- o Effectiveness: the ability of the financing method to provide the needed funds at the right time and quantity

Steps in the Process of Issuing Debt

The creation of a particular debt issuance and its marketing to potential investors is a lengthy process involving many different persons. Some of the major decisions and steps in the process are briefly described below.

o **Secure Specialized Services**

Bond counsel: provides a legal opinion on the validity of the issue and its tax status, draft the bond ordinance or resolution

Financial advisor: assists in the planning and sale of debt, may also invest bond proceeds and assist in the development of a long-term capital financing plan

Underwriter: purchases the bonds from the issuer and sells them to investors

Fiscal agents and trustees: maintains the funds out of which the interest and principle payments on the bonds are made

o **Decide on the Structure of the Bond**

Types of bonds: decide on the form of bond to issue, including general obligation bonds, in which the full credit resources of the government are pledged as security for the bonds, or one of several types of limited obligation bonds listed below, in which only a portion of the government's resources are pledged as security for the bonds:

enterprise revenue bonds: issued for projects that charge fees for service

lease-rental: issued for facilities that are leased under contract to a government, which pays rent sufficient to pay for the debt

conduit revenue: issued for private facilities such as homes, hospitals and factories in order to promote economic development, the facility is leased or funds are lent to the private sector

special tax: issued for improvements that will be paid for from a special tax, fee or district

Maturity structure: can be designed using one of two major approaches—a bundle of individual maturities, with one coming due in every year the bond issue is outstanding, or one single final maturity at the end of the life of the bond issue

Issue size: varies depending on the estimated project cost, projected interest earnings from bond proceeds prior to their use in construction, whether the costs incurred in issuing the bond are financed from the bond proceeds themselves and whether or not a reserve fund is required by the nature of the bond instrument used

Call provisions: if included in the bond issue, grant the issuer the privilege of paying the bond prior to the stated maturity date

344

o **Coordinate the Marketing Process**

Method of sale: may be through competitive bidding, in which bonds are awarded at auction, or through a negotiated sale, in which the government chooses in advance of the sale an initial buyer for its securities

Basis of award: the lowest cost bid is best calculated by determining the true interest costs of each bid, defined as the rate that will produce a present value equal to the amount of money received by the issuers in exchange for the bonds when it is used to discount all the future debt service payments

Scheduling issuance: the date of sale is particularly important in a competitive sale and is chosen to minimize conflicts with sales of other government debt issuances

Disclosure roles of participants: there are legal obligations on the part of governments to exercise care in providing information about the debt issuance and local government issuer, as investors use this information as a basis for making decisions about the investment of their money

Sales-related documents: consist primarily of the notice of sale, which describes the terms of sale of a planned new offering of debt, and the official statement, which provides a complete and accurate written statement of the terms of the debt issuance and background financial information about the issuer

Rating agencies: for a fee, private rating agencies provide an independent assessment of the relative creditworthiness of the governmental issuer

The sale, reporting results and closing: after the terms of the sale are agreed to, they are reported in newspapers and by independent associations, and the bonds and other sales documents are printed in final form and given to the purchasers, who pay the government for the bonds by check or wire transfer

Summary

The issuance of debt represents a significant financial decision, typically involving large amounts of money and committing the resources and decision-making authority of future lawmakers and citizens. It is best undertaken after careful analysis and deliberation and within the context of an adopted set of debt policies and comprehensive capital improvement program.

345

AWARDS CRITERIA AND EXPLANATIONS

Distinguished Budget Presentation Awards Program

AWARDS CRITERIA AND EXPLANATIONS

The explanations that accompany the budget awards criteria are intended to clarify their meaning and should not be viewed as substitutes for the criteria themselves. The explanations constitute the minimum documentation needed to satisfy the criteria, but do not dictate a particular format or style for budget presentation. A budget may be rated "very weak", "marginal", "acceptable", "distinctive", or "exemplary" for any of these criteria (except those marked "especially notable" only).

A. POLICY DOCUMENT

1. **Criterion:** The document should include a coherent statement of budgetary policies. These may take the form of goals and objectives, strategies or other mechanisms.

Explanation: Budgetary policies may include either financial or programmatic policies. Financial policies include those revenue, debt, spending or other guidelines that are adopted by the organization. Programmatic policies include organizational, functional or service level goals established for the fiscal year.

2. **Criterion:** The document should explain the budgeting process. If not, the attached application materials must.

Explanation: The description of the budgetary process should provide a summary of the phases, responsibilities, timing and legal requirements governing the preparation, adoption and execution of the budget.

3. **Criterion:** The document should describe and articulate basic policy changes. Explain the substantive impact of policy changes on operations, service levels and/or finances.

Explanation: Discuss how the fiscal and/or programmatic policies used to satisfy Criterion No. 1 differ from those policies of the current or prior fiscal year(s), and the impact those changes might have on the organization's operations, service levels and/or finances.

4. **Criterion:** The rationale for the policies should be explained.

Explanation: The rationale should describe the needs, problems or other factors that led to development of the budgetary policies discussed under Criterion No. 1. If this criterion is satisfied, the applicant receives an "especially notable" rating.

5. **Criterion:** The budget document should explain how policies (particularly new policies and revised policies) will be implemented and monitored.

747

Explanation: The document describes those legal, administrative or financial measures that the organization's governing body, officials or managers will have to take to carry out the proposed budgetary policies. If this criterion is satisfied, the applicant receives an "especially notable" rating.

B. FINANCIAL PLAN

1. **Criterion:** The budget should explain the financial structure and operations of the governments. It should explain major revenue sources, how funds are organized, etc.

Explanation: The budget should describe the type of budgeting (e.g. line item, program, performance, etc.) used by the organization, the level of revenue and expenditure detail presented in the budget document, the relationship between budgeting and accounting systems and the fund structure, if any, maintained by the organization. In addition, the document should describe the major revenue sources and types of expenditures.

2. **Criterion:** All operating funds and all resources should be included in the financial plans provided in the budget. This need not mean that all activity be subject to an appropriation budget, but rather should provide for deliberate financial planning of governmental activity.

Explanation: Financial data for all operations under the budgetary control of the organization must be presented in the budget. These include funds or operations that may or may not be subject to appropriations or the normal budgetary process (e.g. internal service funds, enterprise operations).

3. **Criterion:** The budget document should include projections of the government's financial condition at the end of the proposed fiscal year.

Explanation: Unless expressly prohibited by law, the organization should include a schedule or statement of projected year-end fund balances, surpluses or deficits. If the organization is expressly prohibited from presenting projected balances, those restrictions should be described in the document or attachments to the application.

4. **Criterion:** The budget document should explain any conditions, or projected events, that require changes in operations in order to ensure financial stability or solvency.

Explanation: If the organization faces or anticipates a significant change in resources or spending levels from the current year, the document should describe the steps that will be taken to meet those challenges. If this criterion is satisfied, the applicant should receive an "especially notable" rating.

5. **Criterion:** The budget should include projections of current year financial activity, and provide a basis for historical comparisons (e.g., last year, next year).

Explanation: At a minimum, the budget should include schedules of revenues and expenditures for the prior year, current year, and proposed budget year.

6. **Criterion:** The budget should include both an operating and capital financing element. If a separate capital program exists, the operating budget should explain the relationship between the two documents.

Explanation: If a separate capital budget document is prepared, the operating budget must, at a minimum, explain the capital budgetary process and provide a brief summary of the capital appropriations. If capital appropriations are part of the operating budget, the document should highlight those capital outlays/projects in some way and describe the process used to select those items to be included in the operating budget.

7. **Criterion:** The budget should include a consolidated picture of all operations and financing activity, in condensed or aggregated form.

Explanation: The document should present a summary schedule(s) of major revenues, expenditures and other financing sources and uses to provide a glimpse of the total resources budgeted by the organization.

8. **Criterion:** The budget should be prepared in such a way that budgetary performance can be measured and accounted for.

Explanation: Financial data presented in the budget document should be sufficiently detailed and clear to allow the organization and other interested parties to determine its progress towards meeting its budget goals and objectives during the budget year.

9. **Criterion:** The budget should address debt management issues, particularly those that affect current and future operations.

Explanation: In addition to including financial data on current debt obligations, the document should describe the relationship between debt levels or legal debt limits and the policy, fiscal or programmatic implications (impact) for current and future operations.

10. **Criterion:** The budget should explain its basis, whether GAAP, cash, modified accrual, or some other statutory basis.

Explanation: The budget should not only identify but also define the basis of accounting used to prepare the budget document.

C. OPERATIONS GUIDE

1. **Criterion:** The budget should explain the relationship between organizational units and programs, where appropriate.

Explanation: The document should describe those activities, services or functions performed by organizational units (e.g., departments, offices, divisions, agencies).

2. **Criterion:** The budget should include an organizational chart, description of work force organization (e.g., personnel count comparison) and sufficient data regarding past operations to provide a basis for comparison.

Explanation: The document should include an organizational chart(s) showing the organizational structure, a schedule or summary table of personnel or position counts for prior, current and budgeted years, and a description of any reorganizations, if any, planned for the budget year.

3. **Criterion:** The budget should explain how capital spending decisions will affect operations and operating expenditures.

Explanation: The budget should describe if and to what extent capital improvements or other major capital spending will affect the organization's operating budget. The focus is on those additional costs/savings or service impacts that result from the capital expenditures.

4. **Criterion:** The budget should provide specific objectives and performance measures/targets. If appropriate, timetables and deadlines should be included.

Explanation: Performance measures provide indications of whether an organizational unit or program has achieved its goals or objectives. Performance measures include workload indicators, productivity statistics, or efficiency/effectiveness measures. If this criterion is satisfied, the applicant receives an "especially notable" rating.

5. **Criterion:** The budget should describe the general directions given to department heads or line managers. This could be accomplished through:

- . goals and objectives
- . reorganizations
- . statements of functions
- . appropriation or staffing limits
- . delegation of authority or
- . other methods that clarify the responsibilities of managers or supervisors

Explanation: At a minimum, the document must present a description of functions, goals and objectives for organizational units (e.g., departments, offices, divisions, agencies). This description is meant to include ongoing responsibilities not solely related to goals and objectives for the budget year. If this criterion is satisfied, the applicant receives an "especially notable" rating.

D. COMMUNICATIONS DEVICE

1. **Criterion:** The budget should be available to the public in some draft form prior to governing body action.

Explanation: Either the budget document itself or supplemental information presented with the organization's application should explicitly state whether and how the general public has an opportunity to inspect or review the proposed budget before the organization's governing body takes any formal action on it.

2. **Criterion:** The document should provide summary information suitable for use by the media and the public.

Explanation: The document should summarize the policy, financial and operational information presented throughout the document. The objective is to convey this information in a format that is easily understood by the news media and general public.

3. **Criterion:** The document should avoid complex technical language that cannot be understood by the reasonably informed reader.

Explanation: Information should be presented in a clear, simple and readable form.

4. **Criterion:** The document should include a transmittal letter or a budget message that outlines key policies, strategies, etc.

Explanation: The transmittal letter or budget message can contain a summary of the major budget recommendations and is often presented by the chief executive or administrative officer. The focus should be on the major policy changes or initiatives recommended in the budget document.

5. **Criterion:** The document should provide a table of contents and/or an index.

Explanation: A table of contents should provide the reader with an overall sense of the organization of the budget document and allow for easy location of specific sections. Although not required, an index is especially useful if the document is intended to be used as a reference guide.

6. **Criterion:** A glossary of key items is recommended.

Explanation: A glossary should contain key budgetary terms that may be unfamiliar to the lay reader. The glossary should not, however, serve as a substitute for complete explanations of budgetary issues, components and data required by other criteria.

7. **Criterion:** Basic units of the budget, whether they be funds, programs, departments, or whatever, should be concisely explained.

Explanation: The emphasis should be on the classification system that serves as the basis of presentation for the organization's appropriations. A description of these classifications (fund, department, line-item) should be provided.

8. **Criterion:** Simple charts and graphs should be used to highlight key relationships. Interpretation is needed to explain the graphs.

Explanation: The presentation of budget data in graphic form allows the reader to quickly extract the most important information from a set of numbers or a long narrative. Graphs and charts should help the reader to understand budgetary changes or identify problems or issues.

9. **Criterion:** The document should disclose sources of revenue. Explain assumptions underlying the revenue estimates and highlight key revenue trends.

Explanation: This criterion requires that the budget identify revenue sources for the reader, present the level of revenues to be generated from these sources, explain the methods used to determine these levels and show the changes in these levels over time.

10. **Criterion:** The budget document (or the application materials) should explain the procedure to be used for amending the budget during the coming fiscal year.

Explanation: All budgets require some adjustments that allow for shifts in resources between line-items or changes in the overall levels of revenues or expenditures for the organization during the budget year. The process followed to allow those changes should be described in the budget.

11. **Criterion:** Related financial and operational activity should be cross-classified or cross-indexed to assist the lay reader.

Explanation: Budgets that use more than one way to classify revenues and expenditures (e.g., program and organizational) should provide summary tables or schedules to show financial data under those different classifications. If this criterion is satisfied, the applicant receives an "especially notable" rating.

12. **Criterion:** Statistical and supplemental data should be included in an appendix or throughout the text.

Explanation: The budget should present data in addition to the financial, organizational and programmatic information required by the other awards program criteria. This data should help illuminate, reinforce and clarify the document's substantive information.

BIBLIOGRAPHY

BIBLIOGRAPHY

The sections describing budgetary procedures were substantially excerpted from the following publication:

- 1) An Operating Handbook for Small Cities and Other Governmental Units, Philip Rosenberg and C. Wayne Stallings, Government Finance Officers Association in conjunction with Peat, Marwick, Mitchell and Company and the Institute of Government University of Georgia, 1978.

Other reference Materials used include the following:

- 2) Building Together: Investing in Community Infrastructure, Government Finance Research Center of the Government Finance Officers Association, under sponsorship of the National Association of Homebuilders, and National Association of Counties, in association with the Lincoln Institute of Land Policy and the Urban Land Institute, 1990.
- 3) Capital Budgeting: Blueprints for Change, compiled by Girard Miller, Government Finance Officers Association, 1984.
- 4) Effective Budgetary Presentations: The Cutting Edge, compiled by Girard Miller, Government Finance Officers Association, 1984.
- 5) Financial Management Handbook for Local Governments, compiled by Girard Miller, Government Finance Officers Association, 1986.
- 6) A Guidebook to Improved Financial Management for Small Cities and Other Governmental Units, Philip Rosenberg and C. Wayne Stallings, Government Finance Officers Association in conjunction with Peat, Marwick, Mitchell and Company and the Institute of Government, University of Georgia, 1978.
- 7) Linked Deposits: Leveraging for Economic Development, Andrew L. Zehner and George A. Valais, Government Finance Officers Association, 1990.

INSTRUCTOR OVERHEADS

353

OVERHEADS FOR INTRODUCTION TO BUDGETING SECTION

WHAT IS LOCAL GOVERNMENT BUDGETING?

Budget

Budget Process

Operating Budget

Capital Improvement Program

Capital Budget

BUDGET CLASSIFICATIONS

Line item: inputs

Program: outputs

Performance: relationship between inputs and outputs

SAMPLE LINE-ITEM BUDGET

**CITY OF WILSON
DEPARTMENT OF FINANCE
DIVISION OF PRINTING**

BUDGET REQUEST

ACCOUNT NUMBER	NAME	BUDGET BUDGET	
		1980-81	1981-82
204	<u>DIVISION OF PUBLIC BUILDINGS & PRINTING</u>		
204-002	Wages	\$ 20,050	\$ 21,600
204-019	Maintenance of Buildings	14,000	16,000
204-021	Maintenance of Equipment	500	500
204-030	Office Supplies	14,500	14,500
204-032	Janitorial Supplies	1,000	1,200
204-097	Contractual	2,500	5,500
204-099	Capital Improvements	<u>5,000</u>	<u> </u>
<u>2,000</u>			
	TOTAL	\$ 57,550	\$ 61,300

EXHIBIT

CITY MANAGER

Program 3: Budget and Research.....001-513-0530.00

Budget and Research is responsible for the preparation of the annual operating budget and five-year capital improvements program. After adoption, it monitors the implementation of the budget. Budget and Research coordinates all applications for federal and state grants. It also performs research projects as directed by the City Manager.

Personnel: (2.5 full-time)

Administrative Assistant II	(2)
Secretary II	(.5)

Objectives:

1. Submit the Capital Improvements Program to the City Commission no later than March 1.
2. Submit the Annual Operating Budget to the City Commission no later than July 1.
3. Increase the sophistication of the budget document so as to enhance its use as a management tool.
4. Increase the number of dollars received by the City from federal and state grants.

Workload Distribution:

1. CIP preparation	10%
2. Operating budget preparation	45%
3. Operating budget implementation	15%
4. Membership on management and insurance committees	5%
5. Grant applications	10%
6. Special research projects	15%
	<u>100%</u>

Cost Series:

	<u>FY 80-81</u>	<u>FY 81-82</u>
Personnel	43,790	47,160
Organizational	5,176	5,690
Capital	480	-0-
	<u>49,446</u>	<u>52,850</u>

Measurement Criteria:

	<u>FY 80-81</u>	<u>FY 81-82</u>
Capital Improvements Program	1	1
Annual Operating Budget	1	1
Budget transfers	100	110
Budget amendments	9	5
Special studies	5	10

-30-

**LARGO, FLORIDA, Fiscal Year 1982
Department/Program Budget Summaries**

One could argue that this presentation is actually a program budget presentation rather than an activity-based budget summary. It is included here as an example of a departmental subset of a budgeting system that begins with the working unit. This information then is summarized in a generalized departmental budget section. The page becomes a building block in a more comprehensive structure.

This display also includes a number of interesting data series

that might be incorporated in a traditional department/activity budget summary. For example, personnel are expressed in full-time employee terms, and objectives—including deadlines—are provided. Work load distribution is displayed to allow readers to see where staff time is spent. Costs are summarized in general terms only. The summary includes specific performance measurement criteria. Judging from the data on this page, Largo's budget staff has successfully met its third objective.

360

EXHIBIT 6

Program: WATER TREATMENT

Department: PUBLIC UTILITIES

Performance Objectives:

- 1) To operate and maintain 3 water purification plants treating 14,000 million gallons of water at a cost of \$100 m/gallon. \$33 per acre foot.
- 2) To collect, analyze, and record 5,979 water samples to insure compliance with the Safe Drinking Water Interim Primary Regulations 100% of the time.
- 3) To manage 185.7 sq. miles of watershed area, inspect and control 785 sanitary facilities within the watershed area, reduce or keep from exceeding the 1980's coliform count (24,928).
- 4) To eliminate 27% of cross connections and maintain water system integrity.
- 5) To conduct 33 backflow preventer tests per month to maintain water quality and to test, repair, and replace 66% of deficiencies.

Performance Review	1979-80 Actual	1980-81 Budget	1980-81 Estimated	1981-82 Recommended
Demand:				
1) Million Gallons of Water Purified	12,489	13,660	13,660	14,000
2) # Water Treatment Plants	3	3	3	3
3) # Gov. Required Reports	249	249	249	249
4) # Water Samples Collected & Analyzed	5,979	5,979	5,979	5,979
5) # Cabins & Sanitary facilities	785	785	785	785
6) # Cross Connections Found	269	3,215	3,215	893
7) # Backflow Preventers to Test	523	544	544	600
8) Sq. Miles of Watershed Managed	185.7	185.7	185.7	185.7
Workload:				
1) Million Gallons of Water Purified	12,489	13,660	13,660	14,000
2) Gov. Required Reports Completed	249	249	249	249
3) Samples Collected/analyzed	5,979	5,979	5,979	6,000
4) Cabins & Sanitary Facilities Inspected	490	490	490	490
5) Watershed Citations & Warnings Issued	1,000	1,000	1,000	1,000
6) Cross Connections Eliminated	288	236	236	240
7) Backflow Preventers Tested	307	315	315	400
Productivity:				
1) Cost/Million Gallons Treated	103.00	105.00	105.00	100.00
2) Cost/Water Sample Analyzed	2.32	2.88	2.88	2.88
3) Cost/Sanitary Facility Inspection	10.00	10.00	10.00	10.00
4) Cost/Cross Connection Eliminated	48.56	82.17	82.17	92.95
5) Cost/Backflow Preventer Test	31.48	40.23	40.23	26.47
Effectiveness:				
1) % Change in Cost/Million Gal. Purified	40%	2%	2%	(5%)
2) Water Quality Complaints Received	130	125	125	130
3) % Water Quality Samples Comply with Regs.	100%	100%	100%	100%
4) % Facilities on Watershed Inspected	61%	61%	61%	61%
5) % Cross Connections Eliminated	31%	27%	27%	25%
6) % Backflow Devices Tested	59%	54%	54%	66%

291

SALT LAKE CITY, UTAH, Fiscal Year 1982

Performance Measurements

This highly quantitative display is brightened by simple, clean and compatible lines that frame complex, clustered information.

A dynamic element in this presentation is the generation of unit cost measures. This performance data greatly enhances the

productivity section. Likewise, effectiveness measures foster multi-year comparisons and probing analysis of the rate of change in unit costs.

361

WHY DO YOU NEED A BUDGET?

Legal Reasons

Management Reasons

Political Reasons

HOW IS IT DONE?

The budget process involves 7 steps:

- 1) Create a budget framework**
- 2) Identify revenue sources**
- 3) Review operating expenses**
- 4) Balance the budget**
- 5) Prepare the budget document**
- 6) Approve and adopt the budget**
- 7) Implement the budget**

STEP ONE: CREATE A BUDGET FRAMEWORK

Assign roles and responsibilities

Establish the calendar

Design the budget classification structure

Initiate the annual budget preparation process

ASSIGN ROLES AND RESPONSIBILITIES

Policymaking role of legislature or council as a whole:

**set overall budgetary and
programmatic policy**

Administrative role of legislative committees and local government staff:

**explain current fiscal conditions
prepare initial draft of budget
implement budget and monitor performance**

COORDINATIVE ROLE OF BUDGET OFFICER:

manage budget process to ensure that budget materials are accurate,

complete, presented in one format, and accomplished within a defined time period

POLICY GUIDANCE ROLE OF BUDGET OFFICER:

perform an initial evaluation of department budget requests

SUPERVISORY ROLE OVER BUDGET IMPLEMENTATION:

ensure expenditures do not exceed budget

maintain position control

approve some budgetary transfers

Exhibit

BUDGET PREPARATION CALENDAR

<i>Date</i>	<i>Activity</i>
July 31	• Budget estimate forms and instructions are distributed to each department head.
August 1 - 31	• Departments prepare estimates of expenditures and revenues for next budget period. • Completed budget estimates are submitted to budget officer
September 1 - October 14	• Chief administrator or legislative committees and budget officer conduct departmental hearings. They make final determination of the amounts to be recommended to the legislative body. The proposed budget is prepared and reproduced.
October 15	• Budget document and budget message are presented to legislative body.
October 16 - 31	• Legislative body conducts public budget hearings.
November 1 - 30	• Legislative body makes final determination of changes in budget.
December 1	• Legislative body adopts the budget, as amended, and passes an appropriation ordinance and a revenue ordinance.
January 1	• Adopted budget recorded in the accounting records. Budget officer informs all departments of the amounts that have been allotted to them. • Budget goes into effect.

DESIGN THE BUDGET CLASSIFICATION STRUCTURE

Classify all budget and actual expenditures by:

Fund

Organizational Unit

Object of Expenditure

Program and/or activity

Source of Revenue

EXHIBIT NINE

Financial Data Using Simple Classification Structure

EXPENDITURE SUMMARY

FUND: GENERAL DEPARTMENT: PUBLIC WORKS	Budget	Actual This Year	Balance
Objects:			
Personal Services	\$1,200,000	\$320,000	\$880,000
Fringe Benefits	250,000	85,000	165,000
Travel & Transportation	50,000	20,000	30,000
Other Contracted Services	100,000	30,000	70,000
Supplies and Materials	200,000	100,000	100,000
Capital Equipment	320,000	50,000	270,000
Miscellaneous	10,000	1,000	9,000
Total	\$2,130,000	\$606,000	\$1,524,000

EXHIBIT TEN

Financial Data Using More Complex Classification Structure

Department: Public Works

Activity: Refuse Collection

Objects:	BUDGET (000)	ACTUAL (000)	BALANCE (000)
Personal Services:			
Salaries	\$3,200	\$1,000	\$2,200
Wages	900	400	500
Overtime Pay	400	100	300
Premium Pay	600	250	350
Temporary Labor	250	50	200
Fringe Benefits:			
Retirement	200	70	130
FICA	250	60	190
Workmans Comp.	100	10	90
Contractual Services:			
Travel	300	100	200
Transportation	100	50	50
Postage	100	20	80
Utilities Expense	400	100	300
Supplies and Materials:			
Office Supplies	150	50	100
Uniforms	300	0	300
Ammunition	350	50	300
Gasoline and Oil	500	250	250
Auto Parts	250	200	50
Miscellaneous	70	20	50
Capital Equipment:			
Furniture	100	50	50
Weapons	300	250	50
Automobiles	700	500	200
Miscellaneous	30	10	20
Total	\$9,550	\$3,590	\$5,960
Fund Sources:			
General Fund	\$9,300	\$3,450	\$5,850
Special Funds:			
Landfill Fees	250	140	110

370

**INITIATE THE ANNUAL BUDGET
PREPARATION PROCESS**

Develop policy guidelines

Prepare and distribute instructions for budget preparation

STEP FIVE: PREPARE THE BUDGET DOCUMENT

Should serve as a:

Policy Document

Financial Plan

Operations Guide

Communications Device

POLICY DOCUMENT

Budgetary Policies - Financial or Programmatic

Budgetary Process -

Policy Changes -

FINANCIAL PLAN

Financial structure and operations

All operating funds and resources

Projections of current year financial activity

**Projections of financial condition at end of proposed
budget year**

Prior year expenditures

OPERATIONS GUIDE

Organizational chart, personnel count, description of work force organization

Relationship between organizational units and programs

Performance objectives and measures

Impact of capital spending on operations and operating expenditures

COMMUNICATIONS DEVICE

Available to public in draft form prior to enactment

Summary information suitable for use by media and public

Transmittal letter summarizing key issues

Table of contents

Glossary

Procedures for amendment

STEP SIX: APPROVE AND ADOPT BUDGET

Informal Briefings

Formal Presentations

draft budget to Council

public hearings

Methods for Increasing Public Interest

conduct surveys

distribute brochures with water or sewer bills

develop video or slide shows

conduct open forums

conduct tours of community facilities

establish relationships with news media

establish list of volunteer speakers

Appropriation Ordinance

Establishes spending ceiling

Authorizes all financial transactions

Not as detailed as budget

fund, department major object of expense

or

fund, program, total expenditures

STEP SEVEN: IMPLEMENT THE BUDGET

Enter approved budget totals into accounting records

Establish monthly or quarterly spending plans and compare to expenditures

Recommend or approve transfers as needed

EXHIBIT FIFTEEN

**Report of Expenditures
Against Quarterly Plan**

(In Thousands of Dollars)

	1	2	3	4	5	6	7	
DEPARTMENT: Police	ANNUAL BUDGET	PLANNED THROUGH 1ST QTR.	ACTUAL	Over (UNDER) PLAN	% OVER (UNDER)	UNEXPENDED BALANCE OF TOTAL BUDGET	% BUDGET EXPENDED	
Services:								
Patrol	600	137	124	(13)	(9)	476	21.7	
Community Service	200	100	105	5	5	95	52.5	
Total	<u>800</u>	<u>237</u>	<u>229</u>	<u>(8)</u>	<u>(4)</u>	<u>571</u>	<u>28.6</u>	
DEPARTMENT: Public Works				Column 3 minus Column 2				
Services:								
_____	9-9	9-9	9-9		9-9	9-9	9-9	9-9
_____	9-9	9-9	9-9		9-9	9-9	9-9	9-9
Total	<u>9-9</u>	<u>9-9</u>	<u>9-9</u>		<u>9-9</u>	<u>9-9</u>	<u>9-9</u>	<u>9-9</u>

BUDGET AND EXPENDITURE 83

95

1286

EXHIBIT SIXTEEN
Monthly Budget Report
September 30, 19xx

BUDGET CATEGORY	BUDGET	EXPENDED THIS MO.	EXPENDED THIS YEAR	UNEXPENDED BUDGET	% BUDGET EXPENDED	OUTSTANDING ENCUMBRANCES
Department: Police						
Activity: Patrol						
Salaries and Wages	900,000	100,000	500,000	400,000	55	0
Fringe Benefits	100,000	10,000	60,000	40,000	60	0
Contractual Services	100,000	20,000	40,000	60,000	40	12,000
Supplies and Materials	75,000	5,000	50,000	25,000	67	10,000
Equipment	50,000	0	10,000	40,000	20	30,000
Total	<u>1,225,000</u>	<u>135,000</u>	<u>660,000</u>	<u>565,000</u>	<u>54</u>	<u>52,000</u>

EXHIBIT SEVENTEEN

Budget Transfer Journal Entry

Date of Request: _____

Transfer From:

Department: Police
Service/Activity: Community Service
Object(s): Supplies \$350.00

Transfer To:

Department: Police
Service/Activity: Patrol
Object(s): Supplies \$350.00

Requested By: _____

Approved By:
Budget Officer _____

Finance Director _____

Chief Executive _____

Council Action Required Yes No

If Yes, Date Approved _____

Date Disapproved _____

Date Posted _____ Posted By _____

582

Maintain position control

list of jobs (position plan)

standard rates of pay (pay plan)

budget only for jobs on list

hire persons only for jobs on list

regularly update position and pay plan

BB |

EXHIBIT EIGHTEEN

Sample Position Description

Town Clerk and Treasurer

General Statement of Duties: Performs responsible work of both a clerical and supervisory nature in the area of municipal accounting and finance.

Distinguishing Features of Class: Employee is responsible for the preparation of documents, records and correspondence relating to all municipal functions. The work is performed with the help of clerical assistants whom the employee supervises. Work is reviewed annually by an auditor. Otherwise, the employee is under general supervision of the Mayor and legislative body, and thus must exercise a great deal of discretion regarding the planning and performance of work.

Illustrative Examples of Work

Plans, directs and participates in the collection of municipal revenue and in all municipal accounting and bookkeeping activities as follows:

Collects funds including taxes, revenues from the sale of permits, cemetery lots, and fixed assets, fines, water rents, and special assessments.

Disburses funds including payrolls, accounts payable, injury claims.

Prepares budget for each department.

Prepares various financial reports.

Handles investment of municipal funds, as directed by the legislative body.

Closes and balances all accounts.

Receives and relays messages for the police, fire, street and water departments.

Attends meetings of the legislative body and prepares minutes.

Hires, trains and supervises clerical assistants.

Performs related work as necessary.

Knowledge, Skills, and Abilities

Considerable knowledge of municipal accounting and auditing procedures.

Considerable knowledge of municipal ordinances as well as state and federal laws pertaining to municipal fiscal activities, taxing policy and assessments.

Considerable knowledge of organization and functions of municipal government.

Ability to plan and direct operations of municipal accounting with little supervision or guidance.

Ability to make complex arithmetical calculations.

Ability to deal courteously with the public.

Ability to type with moderate speed.

Desirable Experience and Training

At least four years in general municipal bookkeeping work.

College degree in business administration.

Monitor revenue collections against revenue budget

**compare collections to same quarter of
previous years**

apply to annual revenue estimate

Monitor progress toward service objectives

OVERHEADS FOR SECOND HALF OF REVENUES SECTION

STEP TWO: IDENTIFY REVENUE SOURCES

Estimate total funds available to spend in budget year

amount of surplus or deficit in current year

amount of revenues collected in budget year

Revenue and fund balance estimates should be made throughout budget process but particularly at start of process and immediately prior to enactment of budget

Estimate current year surplus or deficit

Project current year revenues

compare collections year-to-date and by month with prior year collections

project trends for rest of year and compare to budget for year

project each major revenue source separately

Project current year expenditures

analyze actual expenditures compared to budget for each activity

compare to expenditures in prior years

**discuss major risks/uncertainties with
each department head**

Forecast budget year revenues

Identify sources of revenue

revenue base

asset

income

transaction

revenue rate

Project revenue collections

- 1. expert judgment model**
- 2. trend analysis model**
- 3. deterministic model**
- 4. econometric model**

1. Expert Judgment Model

relies on experienced local officials who know their government's revenue system and their community's economy

judgment develops over time as actual collections compared to changes in rates and changes in economy

2. Trend Analysis Model

**examines changes in
amounts of revenues
collected over time**

primarily focuses on past

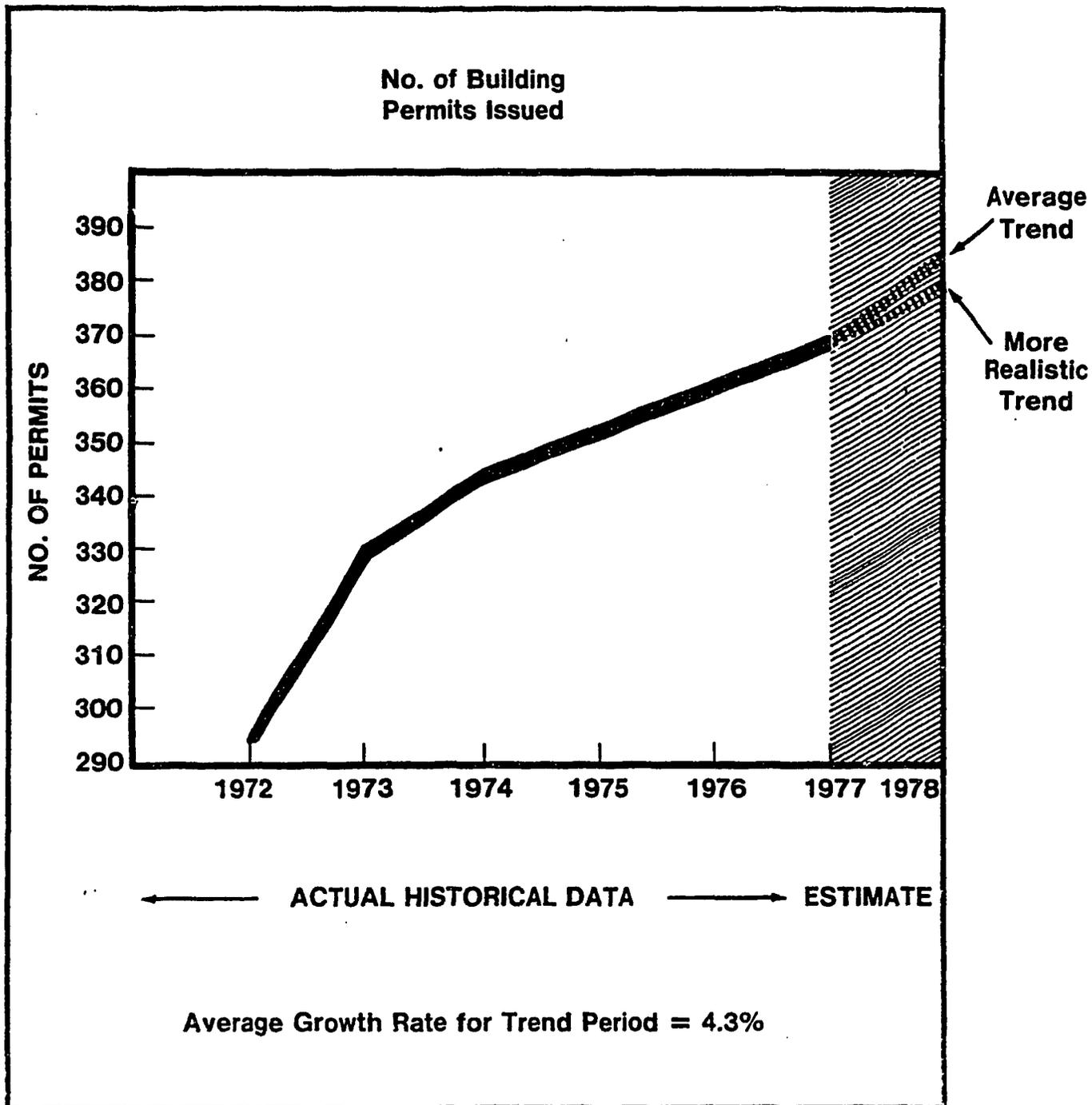
**assumes rate of change in
past will remain same in
future**

3. Deterministic Model

examines both rates and bases of revenues

permits differing assumptions about rates

EXHIBIT THIRTEEN
Graphing the Trend
in a Revenue Base



385

4. Econometric Model

relates revenue collections to economic and demographic variables

identifies elements of local economy that are taxed

describes relationship between economy and tax

projects changes in economic base

projects changes in revenue collections

costly and time-consuming

generally requires use of computer

**economic and demographic variables
commonly used**

population

personal and corporate income

employment

output

inflation

Technical considerations

continuously test model by comparing projected collections to actual collections

conduct sensitivity analyses on major revenue sources

error rates of 1-5 % common for U.S. local governments

adjust size of reserve or restrict spending early in year if uncertain about revenue forecast

review available economic and inflation rate forecasts for your area and consider likely impacts on economy of local government actions

Collecting and managing revenues

Goals:

time revenue collections to disbursements

**improve efficiency of cash management
procedures**

maximize interest earnings

**may use revenues to promote economic
development**

REVENUE EXERCISE I

TREND ANALYSIS: TECHNIQUES AND PROCEDURES FOR ESTIMATING REVENUES

An example of how trend analysis may be used is as follows. Consider the revenue source building permits. A review of the financial records reveals the following collection information:

Fiscal Year	Amount
FY 1972	\$1,000
FY 1973	1,200
FY 1974	1,300
FY 1975	1,500
FY 1976	1,900
FY 1977	2,100
FY 1978	<u> ?</u>

For FY 1978, how much money should be anticipated from this particular revenue source? By using trend analysis, that is, determining the average rate of change in the amount collected over the past six years and applying it to last year's collection.

- A. Organize the collection data on building permits by fiscal year.
1. Compile daily receipts by month.
 2. Add 12 monthly receipts to come up with a fiscal year total.
Fiscal Year 1972 monthly data included receipts for the month of:

Month No.	Month	Year	Amount
1	July	1971	\$ 50
2	August	1971	160
3.	September	1971	90
4.	October	1971	100
5.	November	1971	70
6.	December	1971	65
7.	January	1972	30
8.	February	1972	50
9.	March	1972	60
10.	April	1972	25
11.	May	1972	200
12.	June	1972	100
	Total	FY1972	

B. Calculate the difference in the amount collected between each fiscal year to come up with a rate of change. Over a six-year period as in this example, there should be five rates of change. Referring to the totals for 1972-77, we develop the five rates of change.

1.

2.

3.

4.

5.

C. Sum up all rates of change and compute the average rate of change over the period.

1. _____

2. _____

3. _____

4. _____

5. _____

D. Take average rate of change, and apply it to last year's collection of \$2,100:

E. Add this amount, which represents the estimated growth rate, to last year's collection of \$2,100, to obtain estimated revenue from building permits in FY 1978. Thus:

	average rate of change over past six years
+	last year's collection
<hr/>	
	FY 78 estimated building permit revenue

Using this amount as the FY 1978 anticipated revenue from building permit licenses necessitated making certain assumptions, such as:

- o no change was made in the building permit fee charged over the past six years, nor is any change anticipated in the near future; and,**
- o no anticipated ordinance will exist in the near future that would encourage or discourage people from building new structures or adding to existing ones.**

Simply going through the mechanics of trend analysis is not sufficient. Other factors that would tend to affect revenue should be considered. Depending on these other factors, the calculated estimated revenue could be used as is or increased, or decreased accordingly.

REVENUE EXERCISE II

	<u>Type of Revenue</u>	<u>Base of Tax</u>	<u>Varies with Economy?</u>	<u>Best Method of Projection</u>
1.	Real estate tax Land Buildings			
2.	Transportation tax			
3.	Dog tax			
4.	Marketplace fee			
5.	Tourism fee			
6.	Administrative fee			
7.	Agricultural farming tax			
8.	Inheritance/gift tax			
9.	Turnover tax on small businesses			
10.	Stamp fee on cars, property			
11.	Local share of state income taxes			
12.	_____			
13.	_____			
14.	_____			

OVERHEADS FOR SECOND HALF OF EXPENDITURES SECTION

STEP THREE: REVIEW OPERATING EXPENSES

Budget process offers opportunity to plan and evaluate municipal services

Good budgets should be based directly on service needs

how much service is needed

what minimum and maximum levels of service can be provided

how many resources (people, materials, equipment) needed to deliver each level of service

405

how can resources be used more efficiently in providing services

can any services be provided more efficiently in the private sector

Service planning

program goals

department goals

activity objectives

measures of performance

demand or need

workload

efficiency

effectiveness

EXHIBIT ELEVEN

Goals, Objectives, and Performance Measures

This exhibit illustrates how goals, objectives and performance measures are related to the various levels of the budget structure.

Program:	Public Safety
Goal:	To protect persons and properties against criminal activities and man-made hazards, enforce animal control, and coordinate the municipal response to disaster situations as a result of natural or human causes.
Department:	Police Department
Goal:	To protect persons and property against crime, to uphold the legal rights of all persons, to help in providing a secure and orderly environment, and to respond promptly to a citizen's need for assistance.
Activity:	Night Patrol
Objectives:	<ul style="list-style-type: none"> • To reduce the incidence of burglaries in the downtown business area by 20% during the year. • To reduce response time to 5 minutes for all valid calls for help.

Performance Measures for Activity:

	Prior Year	This Year	Budget Year Estimate
Demand Measures:			
Number of Emergency Calls between hours 7 pm and 7 am	2910	3150	3300
Number of burglaries in downtown businesses	47	52	55
Workload Measures			
Patrol hours	9600	10,400	19,200
Patrol teams	4	4	6
Efficiency Measures			
Patrol hours/Patrolman	1200	1300	1600
Effectiveness Measures			
Average response time	8 min.	7 min.	5 min.
Number of Burglaries	N/A	N/A	42 ²

¹ Estimated without increased patrols

² Projected with increased patrols

408

Use goals, objectives and performance measures to develop an annual work plan for each activity

how much service is needed (demand measures)

how much work must be performed to meet this need (workload measures)

how much personnel, materials, equipment will be required to perform this work (efficiency measures and past experience)

what schedule of accomplishment is anticipated

what special conditions must be met

what is the effect on cost and service (effectiveness measures) of reducing or increasing work performed

what alternatives exist to current methods of performing the activity

Use work plan to develop and justify budget requests

Requires relating resources and costs to products and services

Any fee revenues collected for performing a service should be compared to costs of providing the service

Developing expenditure requests

personnel requirements

operating expenses

equipment and other minor capital outlay

Personnel requirements

Use workload data and previous experience to determine number of and skills of persons needed

Match personnel requirements to position classification plan and to pay plan

Determine salary costs of personnel needed

EXHIBIT TWENTY-FOUR
Basic Personal Services Worksheet

DEPARTMENT: Police

(1) Position Number	(2) Position Title	(3) Employee Name	(4) Current Pay Period Rate (or hourly rate)	(5) No. of Pay Periods/ Year (or hours)	(6) Current Annual Salary (Wages) (4 x 5 budgeted)	(7) Expected Salary Adj/ Pay Period	(8) No. of Pay Periods For Adjustment	(9) Total Adjustment (7 x 8)	(10) Total Budgeted Salary (6 + 9)	Salary Distribution		
										(11) Activity Investigation	(12) Activity Patrol	(13) Activity Youth Services
POSITIONS ASSIGNED TO ONE ACTIVITY												
001	Patrolman I	Tom James	\$423.08	26	\$11,000	\$21.15	14	\$296.16	\$11,296		\$11,296	
002	Patrolman II	Mike White	461.54	26	12,000	23.08	9	207.69	12,208			\$12,208
003	Detective Sgt.	Ray Pomerleau	576.92	26	15,000	28.85	10	288.50	15,289	\$15,289		
Total	<u>3 Positions</u>		\$1,461.54	<u>26</u>	<u>\$38,000</u>	<u>73.08</u>		<u>\$792.35</u>	<u>\$38,793</u>	<u>\$15,289</u>	<u>\$11,296</u>	<u>\$12,208</u>
POSITIONS DISTRIBUTED TO MORE THAN ONE ACTIVITY												
001	Patrolman I	Tom James	\$423.08	26	\$11,000	\$21.15	14	\$296.16	\$11,296	\$3,389	\$5,648	\$2,259
002	Patrolman II	Mike White	461.54	26	12,000	23.08	9	207.69	12,208	1,221	2,441	8,546
003	Detective Sgt.	Ray Pomerleau	576.92	26	15,000	28.85	10	288.50	15,289	13,760	0	1,329
Total	<u>3 Positions</u>		\$1,461.54	<u>26</u>	<u>\$38,000</u>	<u>\$73.08</u>		<u>\$792.35</u>	<u>\$38,793</u>	<u>\$18,370</u>	<u>\$8,089</u>	<u>\$12,334</u>

2/28

Determine benefit costs

Determine amount of temporary or overtime help needed

Determine compensation for members of boards or commissions

Adjust personnel costs using salary vacancy factor

414

Operating expenses

based on

number of personnel

historical costs plus inflation

level of activity

**contractual services should be competitively
bid**

products or services

performance period of contract

cost

4/15

EXHIBIT TWENTY-FIVE

Operating Expense Worksheet

DEPARTMENT _____
 ACTIVITY _____

PREPARED BY _____
 REVIEWED BY _____

	Prior Year Expenditure	Current Year Budget	Budget Request	Budget Recom- mendation	Increase (Decrease) from Request	% Change from Current Budget
--	---------------------------	---------------------------	-------------------	-------------------------------	---	---------------------------------------

Code/Object

30 Transportation, Postage.	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>
------------------------------------	-------------	-------------	-------------	-----------	-----------	-----------

Discussion/Justification _____

40 Utilities	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>
---------------------	-------------	-------------	-------------	-----------	-----------	-----------

Discussion/Justification _____

50 Contracted Services	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>
-------------------------------	-------------	-------------	-------------	-----------	-----------	-----------

Discussion/Justification _____

4/16

Equipment

based on

number of personnel

other

maintenance schedules

requests should specify

item

quantity

replacement or additional

unit cost and total cost

Non-departmental expenditures

utilities

fringe benefits

boards and commissions

reserve fund

STEP FOUR: BALANCE THE BUDGET

Departmental budget requests usually exceed available revenues

Central budget review necessary to compare requests to priorities for service

Departments requesting program expansions should justify requests with workload data, goals and objectives

Budget officer should determine whether program objectives can be achieved using less resources or by altering mix of resources

EXPENDITURE EXERCISE

DEVELOPING MEASURES OF PERFORMANCE

Activity

Measures

- 1. Solid waste collection**
- 2. Fire prevention and suppression**
- 3. Street maintenance**
- 4. Accounts payable**
- 5. Accounts receivable**

OVERHEADS FOR SECOND HALF OF CAPITAL BUDGETING SECTION

THE CAPITAL BUDGETING PROCESS

Capital Improvement Program (CIP)

Capital Budget

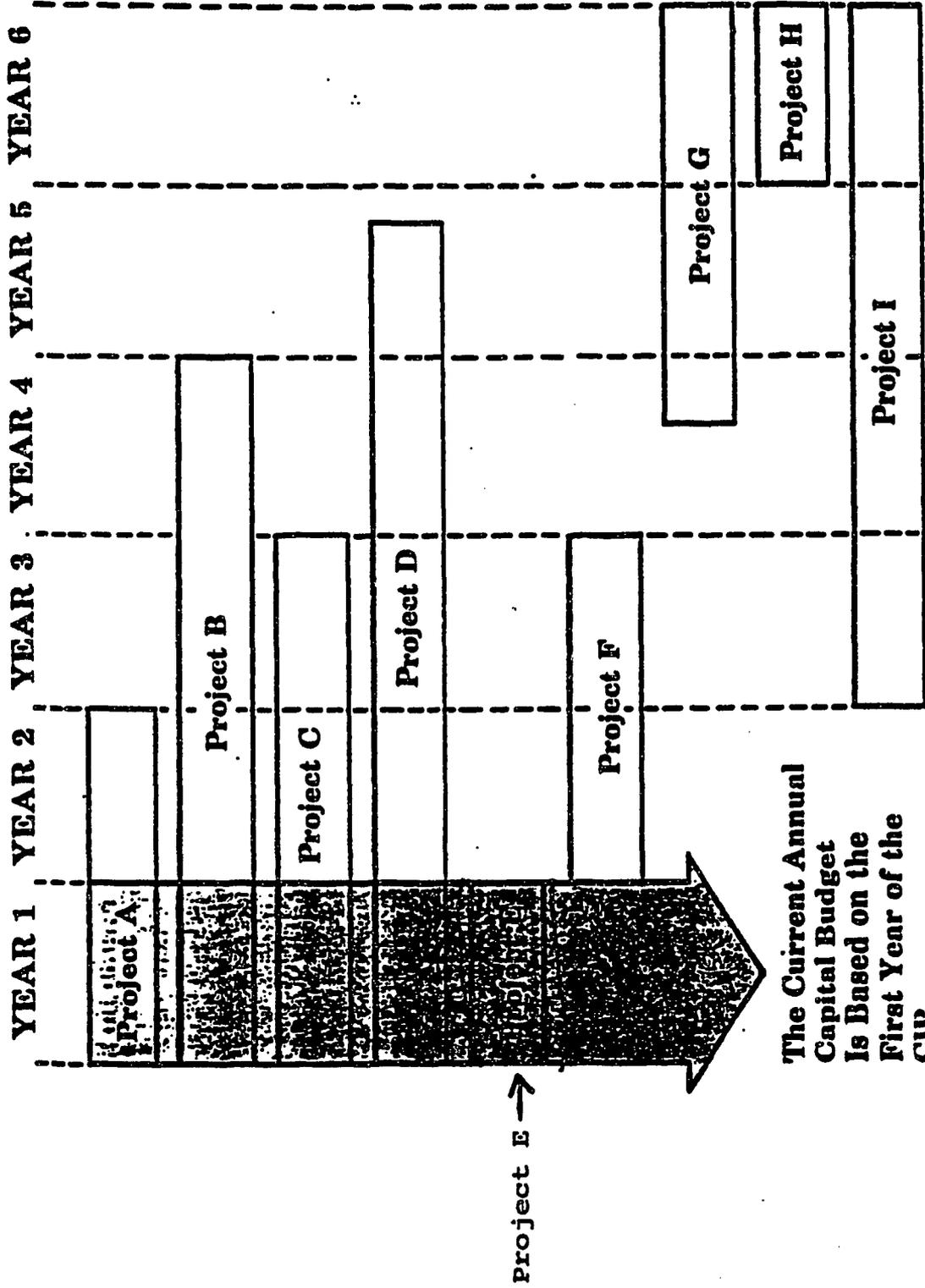
Why do you need a CIP?

set priorities

**produce a planning document that considers
both financial resources and feasible timing**

**measure impact of capital spending on overall
financial position**

**A SIX-YEAR CAPITAL IMPROVEMENT
PROGRAM (CIP) ENCOMPASSING NINE
SEPARATE PROJECTS**



**CAPITAL IMPROVEMENT
PROGRAM SUMMARY**

CAPITAL BUDGET					
YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u> </u>

**PARKS &
RECREATION**

FIRE

SCHOOLS

YEAR 1 PLANNED EXPENDITURES ARE ALSO KNOWN AS THE CAPITAL BUDGET.

How is it done?

- 1. Establish capital improvement policies and procedures.**
- 2. Perform an inventory.**
- 3. Identify projects.**
- 4. Set priorities.**
- 5. Perform a financial analysis.**
- 6. Assess funding sources.**
- 7. Develop and adopt the capital improvement plan.**
- 8. Prepare and implement the capital budget.**

**STEP ONE: ESTABLISH CAPITAL IMPROVEMENT POLICIES
AND PROCEDURES**

**Define what capital projects will be included in the
CIP**

by cost

by method of financing

by frequency

Define length of time of CIP

Determine who will be included in process

budget officer

treasurer

program coordinator or planner

departments

council

CIP coordinating committee

citizens' advisory committee

Specify schedule for submission and review of projects

Design forms and reports that will be used in process

Determine criteria to be used to evaluate projects

Adopt an ordinance or resolution to formally implement capital planning procedures

1/29

SAMPLE ORDINANCE IMPLEMENTING CIP

CAPITAL BUDGET AND LONG RANGE CAPITAL IMPROVEMENT PROGRAM ORDINANCE

AN ORDINANCE AMENDING CHAPTER 8, ARTICLE II OF THE SOUTH KINGSTOWN TOWN CODE ENTITLED CAPITAL IMPROVEMENT PROJECTS

The Town Council of the Town of South Kingstown hereby ordains that Sections 8-2, 8-3, 8-4, 8-5, 8-6, 8-7, and 8-8 of Chapter 8 of the Code of the Town of South Kingstown, Rhode Island are hereby repealed, and Article II is amended as follows:

Section 8-2 - Definition

For the purpose of this Article, "Capital Improvements" are major projects undertaken by the Town that are generally not recurring on a "year in, year out" basis and fit within one or more of the following categories:

- 1. All projects requiring debt obligation or borrowing.**
- 2. Any acquisition or lease of land.**
- 3. Purchase of major equipment and vehicles valued in excess of \$5,000 with a life expectancy of five years or more.**
- 4. Construction of new buildings or facilities including engineering, design and other pre-construction costs with an estimated cost in excess of \$5,000.**
- 5. Major building improvements that are not routine expenses and that substantially enhance the value of a structure.**
- 6. Major equipment or furnishings required to furnish new buildings or other projects.**
- 7. Major studies requiring the employment of outside professional consultants in excess of \$5,000.**

Section 8-3

No later than November 1 of each year all Town departments and agencies shall submit requests for capital improvement projects to the Town Manager.

Section 8-4

No later than three months prior to the final date for the submission of the Town Manager's proposed annual budget, he shall prepare and submit to the Town Council, a six-year Capital Improvement Program, including a capital budget. The Capital Improvement Program shall include:

1. A clear general summary of its contents.
2. A list of all capital improvements which are proposed to be undertaken during the six fiscal years next ensuing with appropriate supporting information as to the necessity for each improvement.

STEP TWO: PERFORM AN INVENTORY

Inventory current assets

List facilities and structures

land

buildings

vehicles

equipment

Appraise current condition

Identify year built or acquired and latest major repairs

Estimate original cost and cost of replacement

Create schedules for replacement or repair

Inventory future demands

Changes in population - number, age

**Changes in land use patterns and locations
for new development**

**Changes in numbers and types of businesses
and industries**

**Compare the two inventories - existing facilities
and future demand**

425

STEP THREE: IDENTIFY PROJECTS

Distribute project request forms to departments

Project name, description, location

Submitting department or person

Project identification number

Estimated project costs - in total and by year

Financing sources

Encourage the public to offer suggestions of capital needs and projects

SAMPLE

INDIVIDUAL PROJECT DATA SHEET

FOR

PUBLIC IMPROVEMENTS PROGRAM AND CAPITAL BUDGET
July 1, 1984 through June 30, 1989

(SEE DIRECTIONS ON REVERSE SIDE)

Department _____ Project No. _____

Submitted by _____ Project Priority _____

Date _____

1. PROJECT DESCRIPTION AND LOCATION:

2. PROJECT JUSTIFICATION:

3. TYPE OF PROJECT: (Check One)

- New
 Maintenance/Repair

4. PROJECT COSTS:

a. Total Project Costs \$ _____
b. Project Costs (expenses prior to June 30, 1984) \$ _____
c. Project Cost (amount remaining to be budgeted in this update of program) \$ _____

5. PROJECT EXPENDITURES BY FISCAL YEARS: (Fiscal Year is July 1 through June 30)

1984-85 \$ _____
1985-86 \$ _____
1986-87 \$ _____
1987-88 \$ _____
1988-89 \$ _____
TOTAL* \$ _____

6. RECOMMENDED FINANCING:

City Aid \$ _____
County Aid \$ _____
State Aid \$ _____
Federal Aid \$ _____
User Charges \$ _____
Other \$ _____
TOTAL* \$ _____

*Should agree with Item #4c.

STEP FOUR: SET PRIORITIES

Evaluate and rank each requested project according to criteria established at start of process

Example One:

Urgent

Necessary

Desired

Ongoing

Deferrable

Example Two:

Asset Enhancement

Budgetary Impact

Community Preservation

Community Welfare

Economic Impact

Facility Use

Level of Reimbursement

Value Enhancement

STEP FIVE: PERFORM A FINANCIAL ANALYSIS

Determine the amount of resources your government has available to fund capital projects

Forecast future revenues from nondebt sources

Estimate future operating expenditures, including costs of maintaining existing buildings

Determine how much debt your government can afford to issue

legal capacity

economic capacity

SAMPLE

EXHIBIT I DEBT PERFORMANCE GOALS

- o The City will limit long-term debt to only those capital improvements that cannot be financed from current revenues.**
- o The maturity date for any debt. will not exceed the reasonable expected useful life of the project so financed.**
- o Thirty percent (30%) of the City's available constitutional general obligation debt limit shall be reserved for emergency purposes.**
- o The total direct general obligation debt shall not exceed five percent (5%) of the full valuation of taxable property.**
- o As a means of further minimizing the impact of debt obligations on the City taxpayers:**
 - a) long-term net indebtedness shall not exceed \$1,000 per capita;**
 - b) these limitations shall not apply to any debt incurred for emergency purposes.**
- o The City will avoid the issuance of Budget, Tax and Revenue Anticipation Notes.**
- o The City will use special assessments, revenue bonds, and/or any other available self-liquidating debt measures instead of general obligation bonds where and when possible and applicable.**

STEP SIX: ASSESS FUNDING SOURCES

Identify sources available to fund each project

Evaluate each according to the efficiency (lowest cost) and equity criteria discussed earlier

Exhibit III-1
Summary of Financing
Source Characteristics
Pay-As-You-Go

FINANCING SOURCE	PROVIDES FUNDS	REPAYMENT	ADVANTAGES	DISADVANTAGES
Taxes	Immediately	By all tax payers immediately	Preserves borrowing capacity; saves interest cost	Funds may be insufficient; may not relate payment to benefits received
Special Assessments and Special Districts	Immediately	By assessed customers at time of construction. If bonded, over 10-30 years	Makes funds available immediately; matches payments and benefit	Requires legislative approval; may seriously impact assessed customers
User Charges	Immediately	By rate payers immediately	Eliminates need for borrowing or reserves	Impractical for large projects; may make rates erratic from year to year
Reserves	In future	By rate payers each year until reserve is adequate	Eliminates need for borrowing; improves financial stability of system	Can be politically difficult; difficult to "protect" reserves for intended use; impractical for large projects
Negotiated Exactions or Impact Fees (hookups, systems development or capital fees)	Immediately	By developers or customers immediately	Requires new customers to pay for impacts they place on system	Political problems (viewed as "anti-development"); ineffective where there is little or no growth; affects housing affordability
Grants	Immediately	No repayment needed	Source of free money	Reporting and administration may be burdensome; may not be in accordance with county priorities
Public-Private Ventures	Varies	By private investors and by taxpayers	Total costs to county government are reduced	Coordination can be complicated and time-consuming

III-2

443

**Exhibit III-1
Summary of Financing
Source Characteristics
Borrowing**

FINANCING SOURCE	PROVIDES FUNDS	REPAYMENT	ADVANTAGES	DISADVANTAGES
General Obligation Bonds—Limited or Unlimited Tax	Immediately	By all taxpayers over 10-30 years	Makes funds available immediately; ties payment to benefits received; potentially lowers interest costs	Increases taxes; competes with other local services for limited resources; separates payment from benefit
Revenue Bonds (or "rate-supported" bonds)	Immediately	By rate payers over 10-30 years	Makes funds available immediately; ties payment to benefits received	Increases rates or fees; interest costs potentially higher than GO bonds
Taxable Bonds	Immediately	By all taxpayers over 10-30 years	Not subject to requirements of Tax Reform Act	Highest interest rates of all bond types
Tax Increment Financing Bonds	Immediately	By taxpayers within subarea of county	Ties payment to benefit received within subarea	Revenues dependent upon growth in assessed value within subarea
Lease Purchase and Certificates of Participation	Immediate use of equipment or facility while being purchased	By all taxpayers over 5-10 years	Provides a means of buying on credit without issuing debt	High interest rates; may not relate payment to benefits received
Revolving Loans	Immediately	By rate payers over 10-20 years	Makes funds available immediately; ties payment to benefits received; potentially lower interest costs	Increase rates; reporting and administration may be burdensome; may not be in accordance with county priorities
Bond Banks	Varies	By taxpayers or rate payers over 10-30 years	Particularly helpful for small communities; lowers cost of issuance	Issuance of bonds may be delayed while sufficient number of communities apply

III-3

444

STEP SEVEN: DEVELOP AND ADOPT CAPITAL IMPROVEMENT PLAN

Determine timing of each project

current physical condition

fit with other, related or nearby projects

availability of financial resources

Prepare draft of document

overview

table of contents

long-term financial forecasts

financial summaries

project descriptions and summary lists

policies

glossary

Solicit public comment

Council review and adoption

STEP EIGHT: PREPARE AND IMPLEMENT THE CAPITAL BUDGET

Council authorizes the capital budget

Budget numbers entered into accounting system

Prepare plan for implementation

list of projects

responsible staff persons

estimated completion dates

448

**Dates for design, land acquisition,
construction or delivery, bond issues,
inspection and acceptance**

**Bond issue schedules and cash disbursement
dates**

Monitor progress through periodic reports

**ROLES, RESPONSIBILITIES, AND RELATIONSHIPS
IN DEMOCRATIC LOCAL GOVERNMENT**

PROFESSIONAL MANAGEMENT IN DEMOCRATIC LOCAL GOVERNMENT

Subcontractor: Institute of Public Administration

Coordinator: Annemarie Walsh

**Trainers: William Cassella
Jerzy Hauptmann and Ted Thomas**

INTRODUCTION FOR TRAINERS AND TRAINING MANAGERS

TWO SHORT COURSES FOR ELECTED AND APPOINTED OFFICIALS OF LOCAL GOVERNMENTS IN POLAND

Prepared by the Institute of Public Administration (IPA)

Introduction for Trainers and Training Managers

The people of Poland are engaged in a difficult transformation of their national political and economic systems toward a market economy and multiparty democracy. Included in this transformation is the development of local self-government, which presently includes some 2,400 local units and more than 55,000 locally elected officials.

Under the Local Self-Government Act, elections were held and local councils created in May 1990. Since that time a number of agencies, both local and international have offered assistance to the new local government system. Included in these is a grant from the U.S. Government through its Agency for International Development to the Warsaw-based Foundation in Support of Local Democracy (FSLD). The grant is administered by the Local Democracy in Poland Project at Rutgers University. The grant program is to strengthen the capacity of the FSLD and to help develop curriculum and materials for local government training by the FSLD and its affiliated regional training centers. IPA is one of three contractors to Rutgers which participated in the project.

IPA's assignments included design, testing and publication of two short training courses for elected and appointed officials of the local governments in Poland. The courses are:

1. **Professional Management in Local Self-Government**
2. **Roles, Responsibilities and Relationships in Local Self-Government**

The two courses have been designed to assist elected and full time staff members of local governments in Poland to improve their methods for analyzing and solving problems, and to strengthen democracy in local government. IPA staff and associates have been invaluablely assisted by Miroslaw Warowicki and Bozena Domagala in the preparation of these courses.

The objectives of the two courses include:

- **Clarifying the respective roles and relationships of council members, commission members, the council executive, the mayor, and managers.**
- **Experiencing basic concepts of teamwork, problem-solving and decision-making in a democratic context.**
- **Learning about analytical approaches to problems in organization and practice of local government.**
- **Understanding both the commonalities and the differences among the gminas and the councils within regions and around Poland.**
- **Understanding basic operational concepts of professional management, such as merit-based personnel, equality in service delivery, standardization in employment practices, responsiveness to the policy bodies and to the citizens.**
- **Developing proactive attitudes toward local community participation for solving problems.**

The Adult Learning Approach

Local officials in Poland are much like their American counterparts in one respect: neither wants to participate in training that resembles school days and teacher dominated classrooms. The training courses in this package are specifically constructed to avoid traditional models of education. They are designed to focus on enjoyable and instructive adult learning experiences which are directly related to the immediate situations and problems which face local leaders. This requires two elements. First is deliberate attention to specialized objectives for the training. These training courses for Polish local government officials are designed to influence immediate, on-the-job behavior by offering clues for more effective group work and for more effective problem-solving -- with the present situation in Poland and the daily problems of running the local government being the primary context. Formal readings and long lectures are avoided.

The second characteristic is the attention given in these courses to the concepts of adult learning where the teacher and learner are alike in age, experience and maturity. (The teacher or facilitator may be younger than the training group.) The traditional school idea that one person, the teacher, knows the questions and the answers while the others, the students, begin in ignorance and wait to be taught fails

when all the participants are adults with substantial experience.

The adult learning approach assumes that all participants come to training as "experts" in some aspects important to the learning process and that the training process is one of sharing this expertise to the mutual benefit of all involved. For this training of local government officials in Poland, the primary subject matter involves the problems of local government. The beginning assumption is that the elected and appointed local officials attending the courses are themselves the primary resource pool of information.

The training design creates dialogue in which all members of these training programs participate actively and equally in analyzing the situation of local government in Poland and in creating new and innovative alternatives for the solving of local problems.

Training adults in the manner suggested here is an activity in which the "trainees" talk as much if not more than do the "trainers," in which problem-solving comes not from external, "expert" solutions but rather from internally generated local action, and in which all participants improve their personal capacities for group action and for problem-solving.

INFORMATION FOR THE MANAGERS OF THE TRAINING COURSES

A. Planning and preparing a training course requires much advance work. A possible sequence of activities is suggested below. Many more items may be entered during the planning/preparation period.

Six Months Before Course Opening

- Clarify the subject or topic of training
- Prepare a learning needs assessment
- Identify suitable physical facilities for planning and delivering the training.
- Determine a budget for the training course and the expected sources of income for the budget.
- Identify trainers and provide them with an opportunity to study materials on adult learning methods, review prior course reports, and work with relevant information sources. (eg., local government laws, management texts and articles).

- **Begin collection of required materials and background documents and make arrangements for translations, if needed.**

Three Months Before Course Opening

- **Initiate the course promotion plan: marketing strategy, advertising, informational brochures, etc.**
- **Assign specific tasks and due dates among the members of the team working on the course: coordinators, support staff, trainers.**
- **Set training design and course syllabus, including length of course, objectives, facilities required and materials needed.**
- **Outline or revise existing outlines of course modules.**
- **Review budget and make necessary adjustments.**
- **Acquire supplies (paper, markers, flip charts, overhead projectors, etc.)**
- **Establish desired number of participants, and set cut-off dates for enrollments and for a cancellation policy.**

Two Weeks Before Course Opening

- **Confirm enrollments.**
- **Check for all materials and supplies, including handouts.**
- **Check promotion campaign (if needed) and initiate desired public announcements on radio, television and in the press.**
- **Confirm reservations for required facilities including hotels, restaurants, training rooms, etc.**
- **Establish plan for informal meetings, social occasions, and other activities for the purposes of welcoming participants, establishing a conducive atmosphere for training, and facilitating their getting to know each other and the training team.**

One Week Before Course Opening

- Check all room arrangements, equipment requirements.
- Check arrangements for "break" times during training, including plans for tea and coffee, for dinners and suppers, toilet facilities, etc.
- Arrange information for required communications, including telephone messages incoming and outgoing, fax transmissions, special information on transportation, including airlines, trains, buses, and local transportation.
- Confirm that the support staff member and/or office responsible for disseminating information to participants and trainers. managing logistics and providing administrative services (photocopying, etc.)
- Make sure that participants and trainers have access to the staff and/or office described above.
- Check contingency plans for sudden changes, emergencies, enrollment confirmations.
- Confirm plans for opening of the course: invitations to local authorities, the press, the welcoming introduction(s), etc.

B. The following statements suggest the requirements for the training facilities to be used in these courses:

1. The primary training room should have easily movable chairs and tables in order that the seating arrangement can be made in a circle, a square or a rectangle with as many as 30 chairs, all on the outside of the tables. The room should be large enough for comfortable seating as well as for moving around the external perimeter of the tables and chairs.

Adequate light, heat or ventilation are important.

Wall space is required on which chart paper (flip chart, or butcher paper) can be displayed with the use of masking tape. The more wall space the better.

Ideally, the tables and chairs should be easily movable in order to adjust the size of the table to accommodate number varying between 10 to 30 participants.

2. Three separate rooms for use for small group discussion and work sessions are required, having tables and chairs for groups of 5 to 10 participants. Quiet space with fresh air and light, as well as either board space or wall space for chart paper are required.

3. Ready and convenient access to coffee, tea and water service is required for break periods. A convenient space large enough for the group to move around and talk to one another during the break is important.

4. Flip chart stands and/or green, white or black boards, or walls on which chart paper can be taped are needed for use during lecturates and discussion periods.

5. A caution to the training managers in setting up the rooms: Some marking pens allow the ink to go "through" some kinds of paper which could make marks on boards or walls. Also some walls will get marked with masking tape especially if the tape is left on the wall too long. Tests should be made of the marking pens, the paper, and the walls prior to the training in order to protect the facilities.

C. The following suggestions are for the trainers (or facilitator):

1. The lecturates provided in the components of these training courses are illustrative only. It is not intended that they be memorized for delivery in exact wording or that they be followed in exact detail. Each trainer, in preparing for delivery of any module in these courses should use the lecturates and any other background material to outline a lecturate for delivery in a way that is comfortable to the trainer and relevant to the participants attending the course.

In particular, the trainer should insert Polish examples of real life situations and Polish examples of the concepts suggested in the modules. It is the trainer on the ground and in the course who is responsible for making the delivery of the modules relevant and useful to the participants. It is the trainer on the ground who must sense the readiness level of the participants for the concepts to be presented and the methods to be used. Changes and reorganizations of the lecturates as well as the exercises, and even the modules themselves, is to be expected.

2. The trainer must also be constantly aware of the "readiness" of the participants for the work to be done and make an effort to facilitate participant communications. Informal approaches, for example the dyad introduction method, are designed to help "break the ice" at the beginning of the course -- to help the participants to relax, to be comfortable in the classroom and with their fellow

participants. Jokes, short games or puzzles are helpful. There are many "ice breakers" available. Trainers should learn a number of different possibilities to be ready for use when needed.

3. The schedule of activities, including the modules themselves, are guides to the activity in the course, not rigid timetables to be followed at any cost. The trainers should be prepared to make changes as necessary. External circumstances may force a later beginning of any day's activity, or an early closing in some cases. Some discussions generated by the reports of small groups may be particularly useful and interesting, and should be allowed to continue beyond the expected time. In contrast, some discussions may be shorter than expected and thus the module is completed early. In each case, some adjustment in the schedule may be useful. The trainer must always be sensitive to the intensity of the interaction among the participants and to the mood of the group.

4. One of the most important roles for the trainer is that of stimulating discussion and encouraging dialogue among the participants. The discussion questions presented at the end of the lecturates and at the end of the modules are designed to stimulate thinking by the participants on the meaning of the activities they have been pursuing. It is not necessary to use these questions verbatim or in the order they are presented, or even to use them at all if the discussion is active and stimulating on its own.

Further, the trainer must often "tease out" some discussion by participants when no one appears ready to speak. If an important point has appeared in the reports from small groups, for instance, but no participant recognizes or comments on it, the trainer might introduce the point in the form of a question to the group. Challenges to the group or to members of the group are often needed to give new or added stimulus to the discussion.

5. The trainer's primary responsibility is that of facilitating the discussion and the learning among the participants. The trainer should be careful not to lead the arguments, or to become too deeply involved in one side of a question, but rather to stimulate dialogue and then facilitate the free and balanced flow of the discussion. But the trainer also must not be so withdrawn as to allow destructive arguments to develop or continue too long. The task of facilitating the discussion is a delicate one; thus, the title "facilitator" is often used instead of "trainer"!

**ROLES, RESPONSIBILITIES, AND RELATIONS
IN
LOCAL SELF GOVERNMENT**

**ROLES, RESPONSIBILITIES AND RELATIONSHIPS
IN
LOCAL SELF-GOVERNMENT**

**Prepared as part of the Local Democracy in Poland Project,
Rutgers University**

**for the Foundation in Support of Local Democracy
Warsaw, Poland**

under U.S. AID grant No. EUR-0018-A-00-2004-00

November 1992

**Institute of Public Administration
New York**

460

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Table of Contents

	Page
<u>Introduction Module</u>	1
Module 1: <u>The Meaning of Local Democracy</u>	4
Module 2: <u>Citizen Access to Local Government</u>	8
Module 3: <u>Decision-Making in Local Government</u>	12
Module 4: <u>Alternative Ways for Providing Local Services</u>	17
Module 5: <u>Intergovernmental Cooperation and National Responsibilities</u>	20
Module 6: <u>Quality Service in Democratic Local Government</u>	26
<u>Conclusion Module</u>	31

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Introduction Module

Welcoming statements by the sponsoring regional training center and the course trainers, describing the purpose and the objectives, introduction of the trainers and the course participants.

Time: One to 1-1/2 hours.

Activity Instructions:

1. The representative of the regional training center (RTC) should call the training session to order and make a few introductory statements of welcome, describe the general programs of the RTC, and the Foundation in Support of Local Democracy (FSLD), and the RTC's hopes for the course.

2. The training team members should introduce themselves to the group with a short explanation of the sponsorship of the training course, including USAID financial sponsorship, FSLD and regional training center organizing support, and the Polish trainers' and IPA's roles in designing the course and participating in the training.

3. The team should also explain to the participants that the objectives of the course are to:

- *introduce basic concepts of teamwork, problem solving and decision making in democratic local government;*
- *identify primary problems in the organization and practice of the gmina council, the council executive and its officers and staff; and in the relationship of the local government with its citizens;*
- *provide opportunities for participants to learn about the ongoing experience in local self-government in their own region;*
- *clarify the respective roles and responsibilities of council members, commission members and council executive in local government;*

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

The intended outcome of the course is that participants will be able to:

- *Identify and analyze problems in local council roles, including: the relationships within councils; between councils and citizens; and between the council and its council executive;*
- *formulate practical, manageable action plans for themselves and their councils;*
- *become familiar with issues of local government and service delivery affecting other gminas in the region.*

4. The training team should introduce the concept of adult learning for the purposes of this course, emphasizing the collegial nature of the effort by making the following points briefly:

- *The seating arrangement is designed to allow each person attending to have face to face contact with all others.*
- *Each participant, including the trainers, is considered an "expert" in his or her own area of experience. Each has something to "teach" the others; each has something to learn from the others.*
- *The course is designed to encourage each participant to participate actively and to share information, opinions, feelings about his or her experience and problems in local government; and for members of the group to help each other understand the nature of the problems of local government.*
- *The course is also designed for each of us to work hard, to learn how to improve the quality of local democracy in Poland, but also to have some fun in the process.*

5. Participants should be introduced individually by use of the "dyad" method:

- *Participants should be paired by two's around the table, ideally with partners they do not know. Since the tendency is for friends to sit beside each other, the pairing may require asking people to choose a partner they do not know.*

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Module 1: The Meaning of Local Democracy

Examining the concept of council responsibility within the framework of national law for making public policies responsive to the needs and desires of the citizens and for providing policy guidance to the council executives and full-time staff for the delivery of needed, efficient, and quality services.

Time: 1 1/2 hours

Activity Instructions:

1. Present Lecturette:

The idea of democracy has gained wide acceptance in our times. Yet the meaning of this concept is by no means clear and definite. Democracy is frequently identified with a certain set of institutional arrangements, but these arrangements differ over time and depending on the culture of a given society. What is required, therefore, is not a specific form of institutions, but rather the development of democratic attitudes. Only when and if these attitudes are present and used can democracy really function.

The basic democratic attitudes may be briefly stated as follows:

a) Officeholders and citizens are equal. This recognition of equality establishes the right or eligibility of any citizen to apply for or to compete for "public office".

b) Openness. Each officeholder must be willing to listen to citizens and to consider their views. This means that the office door must be open, that access to the officeholder must be easy and not restricted.

c) Diversity of ideas. When solutions for problems are considered, the following must be taken into account:

- proposed solutions to existing problems vary widely;*
- different alternatives should be considered;*
- no one person or group of people has an ideological, technical or political monopoly on correctness;*

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

- For eight to ten minutes the members of each the pair should talk to each other informally, finding out something about the other person that will be useful and interesting to the whole group, such as his or her interests and experience, travel, work background, and current concerns.
- After the pairing and the informal conversation, each person should introduce his or her partner to the entire group. There is no need to speak from the front of the room. There is no need to stand to make the introduction. An informal conversation style is the best.
- The best introductions are done informally, without notes, using whatever comes to mind and memory about the conversation. Errors are quite all right, even helpful; humor is helpful.
- Long speeches are not helpful. Formal biographies are not helpful. Two minutes is adequate time for each introduction. The trainers may have to limit time.

6. After the introductions, name plates can be made for each participant. Give each person a single sheet of paper and demonstrate how to fold the paper in thirds to create a triangular shape. Using a marking pen with a broad tip, each person can print the name they prefer to be called on one face of the triangular. Then place the "name plate" on the table facing the other participants in the course.

7. A coffee/tea break for 20 to 30 minutes at this point will help the participants to get to know each other better and provide a smooth transition to Module 1 to follow.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

d) Service equality. Officeholders must be committed to distributing public goods and providing public services equitably to all citizens without regard to special considerations, since all citizens are equal before the law.

e) Accountability. The elected and appointed official must be accountable to the citizens and under law for all actions of official nature. Since officials are representatives of the people, the democratic attitude requires that they provide citizens with an account of their stewardship.

The elected local council is the primary representative institution of the community. It provides a forum for the presentation of problems, ideas and complaints by the citizens. The council has to operate openly recognizing the right of the citizens to express their needs and desires. Some of the methods which may be used, in addition to regular council meetings, are periodic contacts with the constituents, public hearings, and other meetings on special issues. Elections are ultimately the method by which the citizens express their views about the council and its work.

f) Leadership. The responsibilities of the council, however, go beyond responsiveness to the citizens. It is the task of the council to exercise leadership, to set policies, and to monitor the services performed by the executives and the staff. Such a responsibility implies that the council should provide direction for the community's work, suggest a vision for the future, and explore the long-range implications of the activities pursued.

The council's major concerns and responsibilities are local situations and problems. Attention to these is the major task and all other wider range considerations are of importance only if they affect the actual local situation.

A commonly accepted proposition is that democracy is built from the local level (grass roots) upwards. Only as democratic attitudes become generally accepted at the local level is it possible to sustain democracy in the wider society.

2. Discussion Questions:

a) Do the ideas mentioned above correctly reflect the Polish situation? Distribute copies of the Local Self-Government Act. Ask the participants to read Articles 1 and 6.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

b) *In your experience to date, are the citizens in your local gminas helpful to the work of the local council? Are citizens troublesome? Or uninvolved?*

c) *What changes would you like to see occur in the behavior of citizens in your area?*

3. Present Lecturette: The Role of Citizens in Local Democracy

People living in the community, the citizens, form the fundamental building block of local democracy. Democracy begins as these citizens of the community actively participate in the local government -- expressing their wants and needs, voting for representatives to the gmina council, and reacting both positively and negatively to the services provided by the local government.

Elected officials, in a democratic system, depend on the citizens for support in getting elected, and for critiques of the services provided by the government. Sometimes government officials behave as though the citizens should be responsive to the officials, accepting decisions of the council and the local government without complaint. Democratic attitudes require the reverse -- the fundamental responsibility is that of the elected officials to the citizens, their constituents.

Having been elected to office by the residents of the community, officials should serve those residents by listening carefully and regularly to their expressed needs and desires. Based on what is learned, elected officials then have a democratic responsibility to serve those needs as well as possible, considering the whole community's needs within the legal framework (especially the Local Self-Government Act) and the physical and financial resources available to the government.

It is natural that the expressions of need from the citizens will differ in many ways; thus the major role of the elected officials is to balance the interests of different groups, to develop consensus in the community whenever possible, and to resolve conflict and manage compromise in the absence of consensus. The task is to seek the best interests of the community as a whole.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

A fundamental concept of local democracy is that citizens want to be informed, to be welcomed by their government and its officers, and to be provided assistance and service in an efficient manner. Understanding and accepting this concept is a major responsibility of elected officials.

Effective local democracy in Poland depends in part on building effective cooperation between citizens and officials. This cooperation must be characterized by mutual understanding of their respective roles and by mutual respect for each other.

4. Discussion Questions:

a) Do you agree with the statements about democracy in local government which we have just made?

b) If so, are these conditions found in the gminas where you live?

c) If not, why not?

5. Summary

Summarize the discussion sessions just completed. Highlight those comments and suggestions from the participants which are most interesting and most frequently made.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Module 2: Citizen Access to Local Government

Considering the ways in which citizens can apply influence on, appeal to and request service from the elected and appointed officials of the gmina; examining the listening role of local government officials; distinguishing among the roles of council, commissions, executives and staff in their relationships to the public.

Time: 2 hours 15 minutes

Preparation: Acquaintance with the Local Self-Government Act

Activity Instructions:

1. Present Lecturette:

Although elements in local government organization vary somewhat because of the size of the gmina, a substantially uniform structure is provided by the Local Self Government Act. Individual citizens or organized groups of citizens have access to each of the several units of the local government:

a) Council members, who are elected;

b) Commissions into which the council divides itself to consider specific policy and program areas;

c) Council Executive members who are chosen by the council to lead the local government administration;

d) Staff, that is public employees, who actually deliver the local government services and are responsible to the Council Executive.

The relationship of members of the public to these units of local government may be diverse. It is appropriate for citizens to approach a staff member concerning an individual action which the staff is supposed to administer (for example, my garbage was not picked up yesterday; a certain crossroads needs a traffic sign; I wish to apply for a building permit). If the staff does not respond, the citizen can appeal to his or her council person to intercede. Elected council persons can represent openly any constituents' interests within the rules of law either through individual communication, or

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

through more formal proceedings such as public hearings and neighborhood advisory groups. The principle of equitable distribution of services, without favoritism for political or personal loyalties, remains crucial.

(TRAINERS HAND OUT Qualities of a Council Member)

It is more difficult to determine the appropriate relationships of the public to commissions, executives and staffs, which increasingly require expertise and must reconcile the demands of different community groups and community needs, overall budgetary constraints and community-wide factors such as economic development and the environment. What are the appropriate contacts by citizens to these components of local government concerning personal, group or community problems? Local officials cannot say, "yes," to everyone. When they say, "no," they must be able to give a justified explanation.

The objectives of this module are to illustrate the many different access points that may be available to citizens and community groups, to show how these access points differ from one another, and how officials may react to constituents.

2. Role Playing Exercise

a) Divide the participants into five groups as follows:

- 1) four groups to represent the categories of officials -- council members, commissions, executives, and staff;
- 2) one group to represent citizens.

NOTE: With 20 participants, the possible make-up of these groups could be as follows:

- 4 groups of 3 participants each representing officials;
- 1 group (of 8 participants) representing citizens with;
 - citizen sub-groups of 2 participants each approaching each of the official groups.

b) Ask the participants to prepare for the role-playing with the following instructions:

- 1) The official groups: review current concepts and current

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

practice about how officials should respond to citizens based on review of the Local Self-Government Act

- 2) ***The citizen group:*** select an issue to be used for approaching the officials. Decide upon a demand or set of demands to present to local officials.

NOTE TO CITIZEN GROUP: *The issue selected by the citizens should be specific and based on Article 7 of the law; for example if Article 7.9 is selected, the problem to be discussed should not be culture in general, but rather a specific issue, such as the services of a public library. If a transportation issue were chosen, the demand might be location of a road, or road improvement, or bus routes, for example. Avoid single person actions like a building permit or traffic ticket.*

(Approximately 20 minutes)

- c) After the citizen group has agreed to common demands, it should assign each two-person sub-group to approach one of the four different groups of government officials to present their views and requests. Encourage the citizen groups to present special action plans or requests for service.

(Approximately 30 to 40 minutes)

- d) Ask each of the five groups to meet again separately to assess effectiveness of the interchange.

Ask each of the official groups to prepare a summary of its impressions of the citizens' requests, and their reactions to the citizens' visit.

Ask each of the citizen sub-groups to prepare a similar statement concerning the attitudes of the officials.

(Approximately 20-30 minutes)

- e) Reconvene the plenary session.
- f) Reports from each of the sub-groups should be made to the general session. Allow one of the citizens groups to report first, followed immediately

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

by the report of the officials with whom they met. Follow a similar pattern thereafter.

3. Discussion Questions:

a) What were the attitudes of the citizen groups?

b) Were their demands realistic? Did their approaches to the four categories of officials differ? Were any of their demands altered or moderated by the interviews with officials? Were their communications appropriate?

c) What were the responses of the council members? Of the commission members? Of the executives? Of the staff? Did they differ? How? Were these difference appropriate to their formal roles?

d) How could communications be improved? Could expectations be made more realistic?

4. Summarize the discussion.

Qualities of a councilmember

Now that the flush of election victory has faded a little, you're probably asking yourself, "Why did I do this?" and "What do I do next?"

The first question is easy to answer. Surveys that ask this question receive answers like: "I'd like to help solve public problems," and "I'm interested in people and would like to help them."

The second question needs more explanation.

If you asked, "What qualifications should I have to succeed as a public official?" the answer would undoubtedly include such personal qualities as honesty, integrity, intelligence and a genuine interest in people.

These qualities can be enhanced by such skills as:

- 1) being well informed,
- 2) having the ability to listen, and
- 3) knowing how to make decisions.

1) Being Well Informed

The amount of information about community problems that crosses the desks of public officials today—or that is available to them—is enormous. New councilmembers must learn to handle this material efficiently, because there is no real substitute for a thorough understanding of the issues involved, the dates relating to those issues and the national, state, and local laws affecting them.

For starters, you should:

- Read the city charter and related documents.
- Review all reports coming from the city administrator, department heads and citizen boards and commissions.
- Be aware, through the Michigan Municipal League and the National League of Cities, of current legislation, pending court cases and other factors that may affect the solution of local problems.
- Talk to people with differing points of view who have relevant information.

2) Listening

Seventy percent of our waking day is spent in some form of communication. By far the greatest amount of that time is devoted to listening.

We spend at least six hours a day listening to some form of oral communication. We don't always do it well. Yet, it is imperative that you listen actively and accurately if you are to be effective and perceived as a concerned and interested representative.

How can you improve your ability to listen? Dr. Ralph Nichols, of the University of Minnesota, has made a life-long study of the art of listening and makes the following suggestions:

- Be interested in what and who you are listening to. Start with a positive attitude, a feeling that the subject is important, not that it is going to be dull and boring. Ask yourself, "What is that person saying that I can use? What good ideas or information does he have?"
- Concentrate on what is being said, not on the way it is being said or the grammar being used.
- Try not to make judgments immediately about the person speaking. Categorizing people as "stupid," "dishonest" or "antagonistic" simply places a barrier to effective listening.
- Listen actively, work at it, put some energy into it. Don't pretend that you're listening. Do it! Lean toward the speaker, keep your eyes on him, give non-verbal cues to show you're interested. Interest doesn't mean that you necessarily agree, only that you want to hear what is said.

3) Making Decisions

Almost all your activities influence the decisions you make as a councilmember. It is this process by which your constituency judges you.

No government official can make decisions that please everyone. On most non-routine is-

suces, people have different opinions about which solutions should be implemented. You, as a councilmember, must eventually "stand up and be counted." Making decisions is not always easy. It takes hard work and practice.

In making decisions, you should:

- **Be consistent.** Consistency may sometimes be used to hide intolerance or inflexibility but, in general, you should try to apply the same standard, the same criteria, the same set of rules, the same values to each decision.
- **Use a rational system for making decisions.** Nothing is worse than an apparently spontaneous decision, put together by whim or fancy or under urgency of the moment. Instead, try to follow a regular procedure for solving problems.

This procedure could include such steps as:

- **Establishing criteria to determine if a problem requires immediate attention or if it can wait for more routine handling.**
- **Determining if the problem being considered is really the problem, or if it is part of a more serious situation.**
- **Finding and gathering the facts.** Councilmembers may not

have access to all the facts, but fact-gathering—or at least part of it—can be delegated to others. Certain aspects of fact-finding, though, may be best done by you, face-to-face with those directly concerned with the problem.

- **Gathering data from all points of view.** Stories told by people with a problem to be solved should never be accepted at face value. They should be checked against statements by others affected by the same problem. These data should then be put in order of priority with the most significant first and the rest following.
- **Examining carefully the anticipated consequences of the decision.** What other problems might this decision create? Will this action set a precedent? Will some people who are not even part of this problem be affected by the decision?
- **Evaluating the effects of a decision.** After the decision has been carried out, determine if the problem was actually solved. Were there unexpected consequences? Were those individuals who raised the question really satisfied with the solution?

Responsibilities of a Councilmember

In addition to the skills and abilities that councilmembers can develop and improve, you may wonder what responsibilities there are in your new position. What are you supposed to do? A partial answer to these questions is offered here.

Identify Community Needs and Determine Priorities

Each community is unique. Each has its own set of problems and each would arrange those problems differently. How do you discover the needs and how they should be

ranked? Here are several ways to uncover the needs of your community.

Observe

As you go back and forth to work or to city hall, take the opportunity to look for problems that exist or are developing. Use a different route at times to see more than just one area.

Even more systematic, take a tour of the city with the rest of the council and the city administrator, some department heads and perhaps members of the press.

Such a tour is especially valuable for newly elected officials to discover parts of the city never seen before, to determine where the legal boundaries of the city are and to see where major trouble spots are. There is really no substitute for first-hand observation, although additional methods must supplement the visual approach.

Talk with Citizens

Interacting directly with members of your community is both politically and rationally desirable. Councilmembers need to be perceived as accessible, concerned and open-minded—and you will be if you talk not just with friends but with strangers, with people representing various economic levels, professions, occupations and cultural backgrounds.

In talking with citizens, be concerned primarily with listening; avoid arguing or defending. Your attitude should reflect a genuine desire to secure information.

In addition to seeking information in a person-to-person setting of your choice, expect to get unsolicited information and criticism from citizens who seek you out.

Read

As already noted, councilmembers receive a large amount of printed material: minutes, reports, articles, letters, recommendations, proposed state and federal legislation and much more.

Much of this relates to problems and possible solutions, and some of it may help you discover the needs and wishes of your community. A letter or a newspaper article may reveal a problem that had not surfaced previously. Problems in other communities that are spelled out in journals and other printed sources may pose the question, "Do we have that same problem in this community?"

Having defined what the problems and needs of the community are, put these needs in order of priority. Obviously, the human and financial resources of any municipality are limited. Even if they were unlimited, many activities would not—and should not—be engaged in by the local government.

The level of taxes, the demands of citizens, the availability of similar services from other agencies and many other factors influence, first of all, what services and activities are going to be supported and

promoted, and then, what priority the programs are given. How is this done?

We have already discussed gathering facts and opinions. Once your data are assembled, evaluate, analyze and question them. Weigh each need in terms of citizen demand, financial cost, benefit to the entire community and even political expediency. In making your selection, try to maintain a balance between flexibility to re-order priorities when conditions require it and firmness preventing you from constantly changing the program to meet the momentary whims of special interest groups in the community.

Participate in Formal Council Meetings

The council meeting is a culmination of determining community needs and priorities, and gathering and analyzing related data. Here, under public scrutiny, sometimes faced by suspicious and distrustful citizens, the municipal lawmaker must transact the business of the community.

An important element in each council meeting is the agenda. An agenda is an orderly process for discussing business and making decisions. It also protects the council from unproductive use of meeting time. As a councilmember, see that there is a written agenda for each meeting you attend. For council meetings, the agenda should be assembled by the administrator or clerk. Items of business and topics for discussion should be placed on the agenda before each meeting.

In council meetings, it is important to:

- **Look attentive, sound knowledgeable, be straightforward and meticulously honest.**
- **Be familiar with a systematic and efficient way to handle business brought before the council. This includes an agenda which outlines for you and the general public the order in which items will be considered. This agenda, prepared by the city administrator, mayor or council—or any combination of these—should be concise and easily understood and allow the general public and the councilmembers themselves to bring up items of business they would like to see discussed.**
- **Bring all appropriate documents, notes and memoranda to the meeting.**

The material should be arranged in the same order as the agenda so pertinent data can be consulted immediately.

- Have a reasonable knowledge of parliamentary procedure to keep the meeting moving smoothly and efficiently, with clear indication of each item's disposition. However, too much attention to procedure can mire the meetings in complicated rules.

- Eliminate personal remarks intended to ridicule another person. Regardless of the actual relationships between councilmembers, the general atmosphere of any council meeting should be relaxed, friendly, efficient and dignified. Sarcasm, innuendos and name-calling should be avoided in interactions with the other councilmembers, staff and the public.

This does not mean falsehoods, misinterpretations, distortions and challenges to your integrity or honesty should be left unanswered. They should be answered—and sometimes vigorously—but these rejoinders should address the facts rather than the qualities, or lack of them, of the person being addressed.

Public hearings are a type of formal council meeting. Such hearings are mandatory for some business matters. They should be viewed as a serious effort on the part of city officials to secure as much information as possible about a topic before a final decision is made.

Two suggestions for conducting public hearings are:

- Encourage as much participation in the discussion of the issue as possible. Although limits may have to be placed on how long any individual may talk, everyone who wishes to be heard should be allowed "their day in court." Public hearings can be tiring and it is tempting to close discussion before everyone has spoken. Resist this temptation. It is better to err in the direction of permitting "overtalk" rather than "undertalk."

Avoid debating with citizens at a public hearing. Give the appearance—and feel it too—of encouraging the individual to express himself. You can help by looking directly at the person talking, by using nonverbal cues such as nodding affirma-

tion and physically leaning in the direction of the speaker. At the same time, avoid such negative, nonverbal cues as scowling, reading, talking to another councilmember or using facial expressions that suggest ridicule or contempt.

- Avoid being trapped by the idea that the number of citizens who speak on one side of an issue or the other should determine the nature of the decision. Although the number speaking on one side or the other may be one factor influencing a solution, this should not be the only factor. There is no easy way to determine the extent to which speakers represent their claimed constituents; the other side may be far more numerous but far less vocal. Decisions should result from careful balancing of the facts and arguments both from the point of view of those directly concerned and of the community at large, with all citizen input given equal consideration if not equal weight.

Working with the City Administrator

The functions of the council and administration are clearly differentiated—at least in theory. The council is the legislative body which must, within the confines of the city charter and appropriate state and federal legislation, formulate policy by which the city is to be run. The administrator and his staff execute this policy.

The latter don't determine what the policy shall be; the former do not wander through city hall, seeing that tasks are performed or that directives are carried out. But in actual practice, a clear-cut separation is not possible.

Councilmembers do direct the city administrator from time-to-time to follow certain administrative practices; and the city manager does, at times, formulate or influence policy. The council and administrator should discuss this interaction and, wherever possible, establish clear guidelines to help keep these functions separated, but recognize that they will overlap occasionally.

The council is responsible for policy decision-making. This is not always easy or pleasant, but it is necessary. As much as possible—except in routine matters—the councilmembers should make the decisions themselves with as much help from citizens, the city administrator and staff as they can secure. They shouldn't pass this responsibility

to the city administrator by asking him to "take care of the matter" unless a policy acts as a guideline.

The council's responsibility is not usually to implement policies and programs nor to supervise or hire and fire city employees. This is the city administrator's job. This doesn't mean the council is powerless in these areas. It can direct the city administrator to execute its wishes. Noncompliance can result in dismissal of the administrator.

The city administrator acts as the liaison between his staff and employees and the city council. He must see that both are well informed about what the other is thinking and doing. Misunderstandings are far less likely to occur if both employees and councilmembers are well informed.

Interacting with Citizen Boards and Commissions

Citizen participation to answer complex questions facing councilmembers today can be secured several ways.

The most formal and efficient method is by using committees, commissions and boards. Such groups are meant to make recommendations after sifting and analyzing data. Both board members and councilmembers should keep in mind that citizen boards are usually advisory in nature, and that the ultimate decision is the council's.

The council's decision may not always coincide with the board recommendation. Councilmembers must be concerned with the total system, the effect of those decisions on decisions made in other areas. Changes recommended by a planning board, for example, may not have considered traffic problems that would be created. One solution is to send proposed legislation to every possible board. However, this may complicate the decision-making process, slow down and perhaps even increase the relevant costs.

Appointing Citizen Boards and Commissions

Make every effort to secure the best appointees possible for city boards and commissions. You can improve this process by:

1. Selecting people who will have time and energy to devote to the responsibilities assigned to that board.

- Looking for citizens interested in the welfare of the entire community rather than those with a narrow interest or an axe to grind.
- Choosing people, not on the basis of whether they are liberal or conservative or middle-of-the-roads, but whether they have an open mind, are willing to listen and are not afraid to express themselves.
- Avoiding people who would have an immediate conflict of interest by serving on a particular board. Unfortunately, this may eliminate those who are most knowledgeable, e.g., realtors from the planning or zoning board.
- Trying to secure a demographic cross-section of the community on each board.
- Not selecting citizens simply to pay back someone who has done you a favor.

Relating to City Employees

You will reap valuable benefits by investing time getting to know your city employees and their jobs. Public employees are always pleased when an elected official takes time to talk with them, find out what they do, praise them for a particularly good job and thank them for the ongoing day-to-day tasks they perform.

Take care, though, not to interfere with their work. Suggestions for improving skills or public interaction or other job related matters should be taken up with the city administrator and not with the employees directly.

City employees obviously have a great deal of information about city matters that would help councilmembers make decisions. Usually it is best to go through a department head for such information, but using formal channels isn't always necessary.

City employees can be powerful allies and supporters or they can be alienated and create problems. A smile, a nod of the head, the use of first names, a "thank you" or a compliment all help establish good working relations between elected officials and city employees.

Meeting with Citizen Groups

From time to time, councilmembers are asked to meet with citizen groups such as the

PTA, a subdivision association, service clubs or the Chamber of Commerce. Sometimes you may be asked simply to listen; at other times you may be asked to talk or discuss a problem. Although these invitations take time, it is best to accept if at all possible.

One of the most pervasive criticisms of government is that it is too far removed from the people. Any effort you make to meet with citizen groups will help reduce this complaint.

Citizen Interests will be more nearly satisfied if you:

- Find out as much about the group as possible before meeting with them.
- If you are asked to give a speech, prepare thoroughly, be brief (10 to 15 minutes is plenty), and allow enough time for questions from the audience.
- Be forthright and willing to meet issues head-on without dodging or flinching.
- If you don't know the answer to a question, say so; faking it may bring about embarrassing repercussions later.
- Don't promise to take action. It could be dangerous. If the rest of the council doesn't agree, if some legal obstacle crops up, if, after further investigation, it seems that the first set of facts were not accurate, you will find it impossible to follow through, in spite of your best intentions.
- Try to be warm, friendly and genuinely interested in the citizens' concerns. Follow up on requests for action even if it is to inform the group that a requested action is impossible.

Cooperating with Other Governmental Units

More and more of the problems a council must tackle extend beyond the legal boundaries of the municipality. Many—water, health, drugs, waste water, solid waste disposal, and others—cross municipal, township, county or state boundaries and must be solved either at a higher and broader level or cooperatively by several different units.

Working with other units and agencies will be easier if you seek meetings rather than waiting for them to occur. Suggest beginning

such meetings with dinner to allow the inter-governmental committee members to socialize and get acquainted before business.

Communicating with the Media

If you have had little or no experience with members of the press, whether newspaper, radio or television, you may suddenly realize that public figures live in a different world than the rest of us. Anything you say in public—whether seriously or jokingly—can appear in the paper or on the TV screen the same day. An unguarded comment about a person or about someone's idea may be indelibly printed, much to your embarrassment. A poor choice of words, made on the spur of the moment, may be used to distort your opinion on a public issue. But, it won't take long to learn how to work with the press effectively and comfortably.

For the best results when working with the media, remember these simple tips:

- **Be honest.** Covering up, lying and distorting statements and actions are guaranteed to establish poor relations with the press.
- **Be consistent.** Do your best to maintain the same position on public matters from one meeting to the next. If the facts have changed or you have thought through an issue and come to a rational change in opinion, be sure to carefully explain that to the media.
- **Be cautious.** Even though you may trust a reporter, remember that reporters have a story to get and that what you, as a public official, say or think or do is news. If you don't want to be quoted, say so, but indicate this before you start to speak. Most reporters will honor this request.
- **Be positive in your attitude toward the press.** They can help the city and the council communicate the work of the city to the citizens of your community. A good working relationship can be established if the council is open in its dealings with the press. Invite them to meetings—even work sessions—provide them with copies of reports, recommendations and other documents related to the business of the city and initiate contact with reporters rather than waiting until they come to you.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Module 3: Decision-Making in Local Government

Identifying present problems in local government administration, and using group process exercises, analyze problems and identify alternative actions.

Time: 2-1/2 hours

Activity Instructions:

1. Present Introduction:

In interviews and during previous training sessions, council members have reported numerous problems they face. Most complain of lack of money. Many say the Local Self-Government Act requires too many services to be delivered without adequate funding or number of competent staff. Some feel that the authority of the local councils to do their work is not clear; that the central government still maintains too much control over local agencies. Some members indicate that the local councils meet too often and for too long without reaching conclusions, and that there is too much political fighting and too little cooperation among officials in the local councils. These are only some of the complaints we have heard from officials. They may not be true of your council. There may be other problems which you face that have not been mentioned here.

[Trainers' Note: The selection of problems can be modified and updated with cumulation of experience from repeated training series. Records should be kept of participants responses]

This module is designed to help you identify local problems you and your colleagues feel call for change and to help you identify ways that council members and the council executive can work together to solve some of the problems. Please pay attention to the activities we will ask you to do below. At the end of the discussion, we will review the questions, the group actions, and the answers you have given to see whether this work has useful meaning to you.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

4. Reconvene the small groups into a plenary session.

- a) Post on the wall each group's chart paper listing its three highest recommendations.
- b) A representative from each group reports on the discussion within the group and the choices made.
- c) Each item should be discussed by the entire group for clarification of meaning and intention.
- d) After discussion and clarification, each participant should choose his or her personal three top priority problems for the gminas. This should be done individually preferably on a paper ballot as in the small groups. An alternative is for the trainer to count the choices of each person by a show of hands.
- e) Choices should be tabulated quickly and the top three choices marked on the chart paper on the walls.

5. Present Lecturette:

There are several purposes for using the procedure designed for this group discussion. One is to utilize democracy in the classroom, to make sure that each person in the group is able to have his or her opinion or feelings heard. Writing down your own opinion about what should be changed in your local government ensures that your voice (your opinion) is heard in the discussion whether you get the chance to speak or not. Your suggestions for change are actually considered at least three times: once when written and recorded in the small groups, a second time when discussed by the small group, and a third time when a vote or tally is taken to find the three best suggestions for change. Ideally each person should have ample opportunity to speak during the discussion sessions, but usually, of course, some people speak more than others during any group meeting, and sometimes a few people dominate the discussion, leaving little if any time for the less experienced or the less aggressive to contribute ideas. The structured procedure for the group discussion makes each person's contributions to the group somewhat more equal. Your choices on paper make your opinions and your ideas equal to those of others -- experience in speaking in groups, age and superior status, and forceful voices are all reduced to a common denominator in the written word.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

The quality of the opinion or idea appears impersonal written suggestions and in the balloting for the best suggestions.

The special procedure also helps separate matters of fact from matters of evaluation. The ideas judged to be the best in the balloting procedure and reported to the larger group on the chart paper now carry a factual or objective weight -- they have been judged best by several people. Often in groups, one person's opinion when expressed will be immediately judged as bad, poor or wrong by a louder voice or by argument, without a thoughtful and appropriate review by the others. Potentially good ideas and good suggestions are often lost this way. Writing and recording suggestions by everyone; not changing or deleting suggestions unless the proposer voluntarily agrees; ranking choices individually and on paper -- each of these procedures helps to separate ideas, information and individual opinion from the act of choosing the best alternatives (that is, evaluating the ideas, information and individual opinions).

It should be remembered, of course, that the best suggestions for changes in local government as chosen by this group today are really only the best "for this group" and "at this time." If we were to expand the group to other participants or were to repeat this process with this same group tomorrow, the outcome could well be different. The process by which you all have, however, chosen today the three best alternatives for needed changes in your local governments is valuable to keep in mind and to use in future group meetings if you are interested in open and full participation by the members of councils or community meetings. This is one technique for improving the quality of democracy in your local community.

Variations of approach can be used for decision-making within staff, enabling the manager to seek a wide range of alternatives that can be narrowed down to simpler choices through stages of suggestion writing and group discussion.

6. Discussion Questions:

a) In your small group discussions, did each of you feel that your ideas were heard and considered in full?

b) Were you able to contribute as much as you wanted in the larger or plenary group discussion? If not, why not? Was the discussion unbalanced? Did some people talk more than others? Did some people

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

talk "too much"? Did others "listen" carefully to your ideas and those of other members of the group?

c) Were the discussion procedures used during this session useful in your mind? If so, in what ways? If not, why not?

d) How do you think these procedures might work in local council meetings, commission meetings, or among small groups of council members in your local gminas?

7. Close the session with a brief summary of the gmina problems presented and the process used to identify these problems.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Module 4: Alternative Ways for Providing Local Services

Examining different ways of providing services, including direct administration by a department of the gmina, by a public enterprise under control of the gmina, by intergovernmental cooperation, or by public-private partnership.

Time: 2 hours 45 minutes

Preparation: Acquaintance with the Local Self-Government Act^{*}

Activity Instructions:

1. Present Introduction:

Using the Local Self-Government Act, Articles 7 and 9, as the basis for discussion, small groups will choose a local service activity for analysis and for recommending a strategy for local council consideration.

The basic services of local government may be provided by different arrangements: by direct administration through a department, by an enterprise under control of local government, by inter-governmental cooperation, or by public/private partnership (including contracting out).

The questions to be considered include: Which one of these arrangements is best suited to assure effectiveness and efficiency within the budgetary constraints? What methods of oversight, monitoring and control are needed for each?

2. Present Lecturette: Criteria for Selecting Ways of Providing Services

Decisions about how services are provided and financed, and how projects are organized require consideration of how the alternatives affect the people, materials, and money needed for efficient and effective implementations, and what kinds of controls and monitoring are needed to assure that the policies of the council and the

^{*} Refer especially to the Local Self-Government Act, Articles 7, 9, 10, 64-75.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

needs of the citizens are met. Efficiency generally means getting the most service for the least cost. Effectiveness means how well the outputs of the service meet community needs.

1) Direct administration by a department reporting to a council executive depends upon the skills provided by the gmina personnel system, upon local government revenues, and upon gmina purchase of materials and equipment. Monitoring usually is carried out through the normal relationships among staff, council executives, and council, using internal tools of management, audit, and performance evaluation.

2) Municipal enterprises are often used for services that are all or partly financed by fees or charges to the users. User charges can also be collected through direct administration, but municipal enterprises can make this more efficient by keeping businesslike accounts and separating enterprise funds, if that is desired. Imposition of user charges -- such as fees for market space, water use, street improvement and utilities -- is a policy consideration. The management of municipal enterprises is also a policy issue to be considered. Is it more independent of the council and council executive? If so, how should the gmina officials define enterprise objectives and monitor performance. How will the priorities of the enterprise management and the council executive differ? How can the needs of the citizens be protected and how can essential services be assured for citizens with special needs?

3) Intergovernmental cooperation can be organized through joint gmina or regional enterprises, or through contracts and intergovernmental agreements. There may be other means available in your region. Arrangements among several towns may provide for larger scale and more specialized skills and equipment than would be practical for small gmina operations. Considerations of how to govern, manage and finance intergovernmental organizations are important.

4) Public-private partnerships can take many forms, including: gmina contracting to buy goods or services from private firms; gmina contracting for management services from private firms to help operate services financed by local tax revenues; elimination, sale or leasing of selected local government services or properties; voluntary agreements for joint projects--for example, economic development or environmental improvement projects. These arrangements can change the scale, the financing, the incentives, and the efficiency of services and projects, but thinking through how the changes will affect service outputs is complex. Special skills are needed to monitor public-private partnerships, such as writing contract specifications, selecting suppliers, auditing performance, assuring public policy objectives, and controlling costs.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

3. Ask the participants to suggest one of the functions listed in Article 7.1 for the topic to consider. The selected function should be specific, and should not duplicate the one discussed in earlier modules.

4. Small Group Discussions: (Approximately one hour)

a) Divide the participants into four groups. Assign each group one of the alternative arrangements suggested in the introduction (direct departmental administration, local government enterprises, inter-governmental cooperation, private sector options). Ask each group to determine how the assigned arrangement is likely to effect service delivery in the chosen functional area selected in Activity 2 above.

Ask each group to list on chart paper the basic pros and cons which they discuss when deciding the utility of their assigned service delivery method. They also should record their recommendation for or against using this method on the chosen functional role and prepare to report their discussion to the entire group.

b) Reconvene into plenary session.

c) A spokesperson from each group reports to the entire group. A general discussion should follow to determine which of these arrangements can most likely assure service efficiency, effectiveness, and economy of the selected functional area. Place emphasis on a comparative assessment of the alternative ways. The training team should try to summarize the conclusion of the participants.

5. Discussion Questions:

a) *What criteria might the gmina use to determine opportunities for privatization or intergovernmental cooperation? What are the limitations?*

b) *What do citizens need to know about the alternatives for service delivery and about why the local council chooses as it does?*

c) *What different mechanisms might achieve an effective two-way communication on difficult issues such as we have been discussing? How can the public know that the feedback to the officials is useful and appreciated?*

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

d) What are the pros and cons of privatization. What are the different possible ways of privatization (Article 9). Privatization may involve selling off local enterprises, contracting out to a private business, or leasing out facilities, for example. Address the need for some form of regulation or regulatory oversight by the government.

6. Summarize the discussion.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Module 5: Intergovernmental Cooperation and National Responsibilities

Examining the needs and strategies for cooperation by local governments on four different levels: among gminas; with the powiat level if adopted; with the voivodship; and, with the national government. Give special attention to gmina responsibilities for performing national functions.

Time: Approximately 3 hours

Preparation: Acquaintance with the Local Self-Government Act

Activity Instructions:

1. Introduce Discussion: intergovernmental cooperation and its possible utility in aiding the development of local democracy

a) Gminas have some responsibilities for carrying out national law. As part of national administration, these are sometimes called their "vertical" responsibilities. A major feature of local self-government in Poland is the existence of nationally mandated responsibilities which gminas are required to fulfill (see Article 8, among others). These requirements create special demands on local governments, possibly deflecting resources away from the development of effective local services.

b) Local officials have discretionary roles to engage in cooperative intergovernmental relations. In order to accomplish their own objectives, local governments may consider four alternative cooperative arrangements with other governments. They may use a regional association of gminas (Article 84), or the voivodship legislative assembly of gminas (Articles 76-83). To influence the national government, a method of cooperation through a national association of gminas may be useful. Finally, with the establishment of counties (powiats) now being considered, local government will have new opportunities for cooperation in the solving of regional problems.

2. Discussion Questions:

a) How is the performance of self-government functions influenced by the existence of nationally mandated responsibilities?

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

b) To what extent are area-wide associations of gminas and the work at the level of the voivodship assembly effective in assisting gminas in their activities?

c) Do you see the powiat as a local self-government institution, or as a unit of the national government?

d) Is the national association of gminas an effective way influencing of national decision centers?

e) Is the voivodship assembly a possible way to balance the power of national institutions?

3. Small Group Discussions

a) Divide the participants into four groups. Ask each group to spend about 30 minutes assessing the usefulness of one of the approaches: area-wide association of gminas, voivodship assembly, powiats, national association of gminas.

b) Ask each group to report:

1) *the usefulness of methods of intergovernmental cooperation;*

2) *the problems (if any) between the gminas and level of government action which they examined.*

c) Open the discussion to the plenary for general comment

4. Present Lecturette: An Approach to Problem Solving

One of the ways to help solve problems is to use an exercise which assists managers to break down problems into elements for sequential, individual attention. The first step is to convert the "problem" into a statement of need or want -- an objective or desired end state.

if, for example, I say that my problem is that my automobile is broken down, I need to first convert my "problem" to an "objective". This objective may be "to repair the auto". On the other hand, the objective may be that "I must get to Olsztyn for my sister's wedding!" Possible solutions to the

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

problem will be quite different for these two objectives. Both objectives are legitimate but the "problem" in each case is different. Often individuals or even groups will generalize an immediate frustration (such as a broken auto) into the central and overriding problem, when in fact our more urgent or important problem is something different. Our immediate frustration may be unsolvable, but the real objective may be resolved, once identified.

Earlier your groups were exploring various issues of inter-governmental cooperation. This discussion produced problems with other levels of government which keep local governments from accomplishing what they should. These problems can be restated in terms of objectives for a local gmina or group of gminas; thus, rather than beginning with the problem, we can begin with a statement of the goal or objective.

The next step in this problem solving exercise is to separate two different kinds of forces in the environment which influence the chances of reaching the objective. One set is the constraints which hold you back, or stand in the way. If you must go to your sister's wedding in Olsztyn (when you are in Rzeszow), your broken car is one constraint. The absence of money in your pocket may be another constraint. If the most important gmina council meeting of the year is the same day as the wedding, there is a third constraint.

The second set of forces which influence the chances of reaching the objectives is supports. One possible support is your determination to solve this problem (if you are really determined!). Your older brother's willingness to give or lend you money to either fix your car or buy a railroad ticket may be another support. Your sister's insistence on your attending and therefore willingness to change the date of the wedding may be another. A reliable local mechanic may also be an identifiable support.

The task of identifying both types of forces, supports and constraints, is a major step in problem solving. It requires careful thought, and usually requires that a special effort be made to consider the two types of forces separately. Both supports and constraints may be political (groups in favor, groups against, intensity of conflict), physical, financial, technical, and personal.

This analytical task may be helped by creative group work in which members of the group engage in what is called "brainstorming," a process of listing as many ideas as possible, at first without questioning whether the idea is good or bad, logical or illogical, rational or irrational, possible or impossible.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

After a list of all ideas is generated, several different methods can be used to rule out all the impractical suggestions. The practical suggestions can then be analyzed in terms of supports and constraints.

You have a form now (Attachment 5-1) on which an objective can be stated and on which a list of supporting and constraining elements, forces that help you toward or hold you back from your goal, can be entered. You are going to pick a problem that involves intergovernmental relations and translate it into an objective.

With the objective and the supports and constraints identified, the third step is to identify those elements which most likely and most easily can be influenced or changed. Obviously we want to change the supports positively, or to strengthen them. Equally, we want to change the constraints by weakening or eliminating them.

The fourth and last step in the exercise is to develop an action plan by which a strategy to reach the desired objective is devised and made ready for use.

5. Conduct Exercise

a) Ask participants to divide into the same groups used during the first activity of this module. Provide the following instructions:

Consider the discussion of the first activity and choose one objective for the gmina in relation to the inter-governmental area you were discussing. Using the form for analysis of supports and constraints, enter the objective, and then complete the analysis by following the next three steps. As a group, rank each support and constraint factor as strong (1), moderate (2), or weak (3) in impact. Through discussion, select key forces which will be most easily influenced and develop an action plan for reaching the objective. Allow 45 minutes for discussion.

Record your work on chart paper, including the information on the form and the action plan suggestion.

b) Reconvene the plenary session

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

c) Have each group display its chart papers, and report what they discussed and recommended. Initiate a general discussion to follow reports. Allow about ten minutes for each report and another ten minutes for general discussion.

6. Discussion Questions:

a) What have you learned about inter-governmental relations in Poland?

b) What possible use might the problem-solving technique have for your local gmina councils, commissions, and council executives?

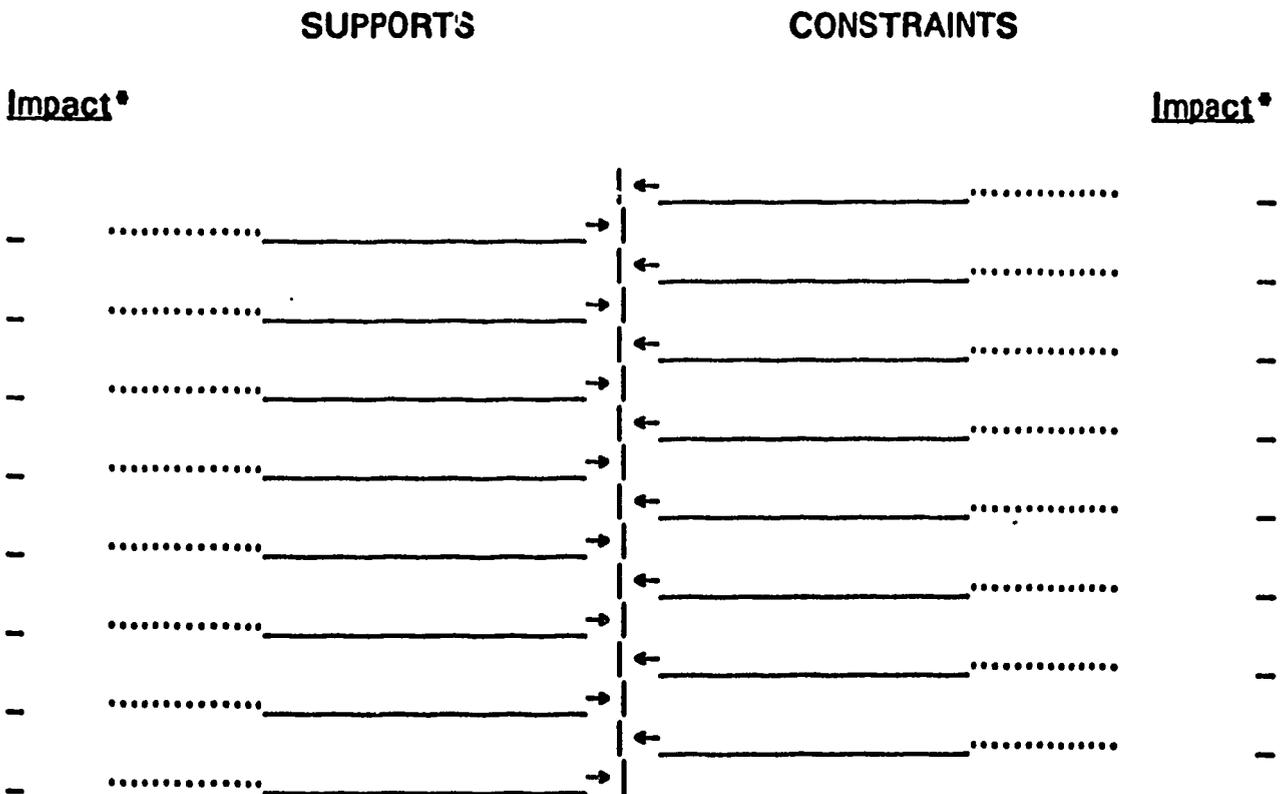
c) What are some of the common constraints and supports that most local governments confront?

d) How might the knowledge of these factors (constraints and supports) help to plan action toward achieving the stated objective?

7. Summarize the discussion.

AN ANALYSIS OF SUPPORTS AND CONSTRAINTS

Objective: _____



Key factors

- Supports
1. _____
 2. _____
 3. _____

- Constraints
1. _____
 2. _____

* 1) Strong 2) Moderate 3) Weak
Adapted from Force Field Analysis introduced by Kurt Lewin.

492

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Module 6: Quality Service in Democratic Local Government

Discussing the dynamics of defining and determining quality service in democratic local government. Examine the primary participants involved in this process. Emphasize the interrelations and tensions among the participants.

Time: 2 hours 30 minutes

Preparation: Acquaintance with the Local Self-Government Act

Activity Instructions:

1. Present Lecturette:

A main objective of democratic local government is to provide quality services which meet the needs of citizens of the local gmina. However, due to the ongoing dynamics of different groups within the gmina, this objective is not easily met.

How are the needs of the gmina identified? What are the major groups, or the primary participants, in the local government service delivery system? What are the roles, relationships and responsibilities of these primary participants?

During this course we have often referred to several readily identifiable groups of participants: the Citizens, the Local Council, the Council Executive, and the Gmina Staff. The roles and responsibilities of these four primary participant groups with regards to the local government service delivery system are as follows:

a) The CITIZENS' responsibility is to communicate the needs of the gmina. Their role is to hold officials accountable to these needs in the LOCAL COUNCIL.

b) The LOCAL COUNCIL's responsibility is to consider the citizens' needs when developing goals and policies for the local government. Its role is to determine policy and to ensure that the goals and policies of the gmina are executed by the COUNCIL EXECUTIVE.

c) The COUNCIL EXECUTIVE's responsibility is to implement the goals and policies of the local council by developing appropriate programs. Their role is to ensure that the programs are implemented effectively by the GMINA STAFF.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

d) The GMINA STAFF's responsibility is to carry out the programs defined by the council executive. Their role is to ensure that quality services are provided to the CITIZENS.

The participants' roles are described above; the relationships among the participants can be seen in Figure 1. Figure 1 illustrates how each participant's actions impact others in the local government service delivery system.

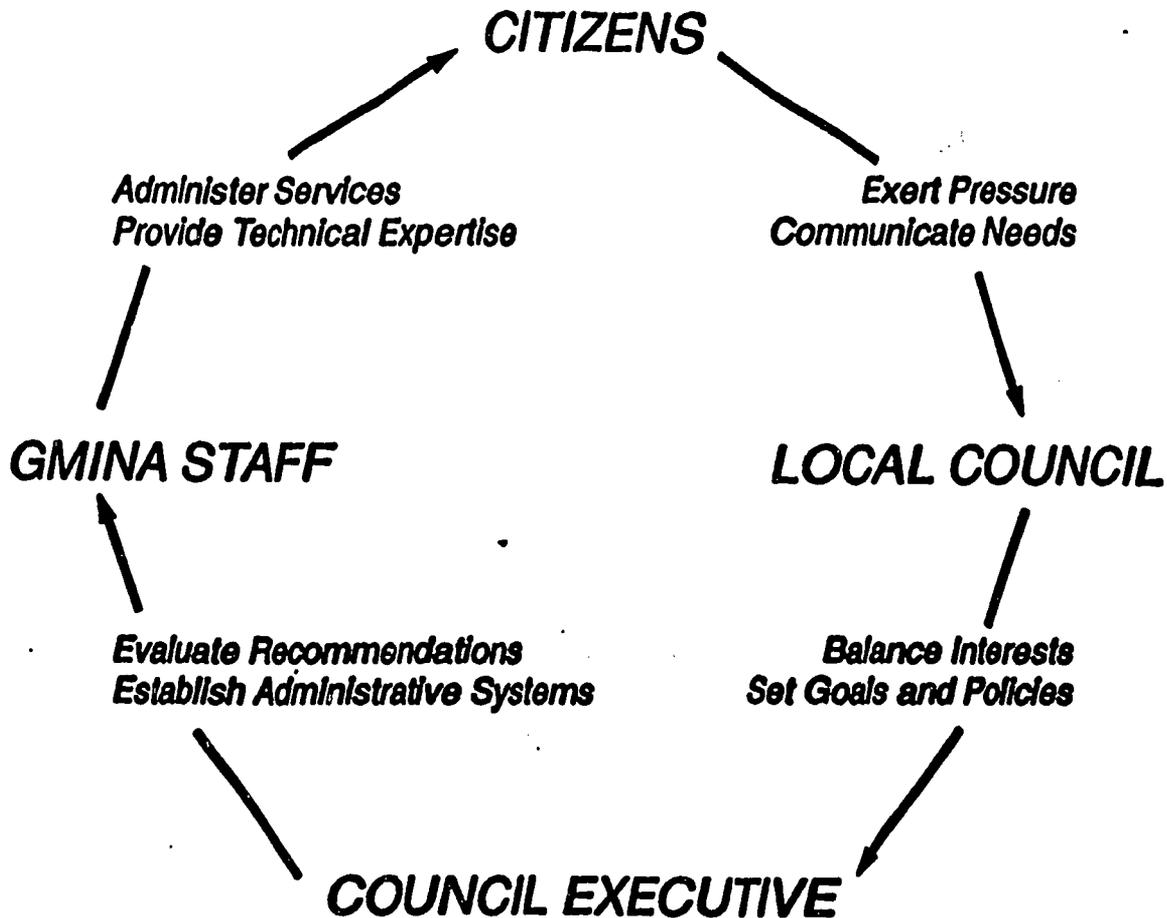


Figure 1

During this course, we have demonstrated some of the practical problems involved in understanding the relationships among the primary participants illustrated in Figure 1. All four groups are directly involved in defining and delivering quality in government service, and their relationships are therefore complicated ones.

The citizens must communicate their needs to the elected representatives. They do this by several methods, including electing and re-electing representatives with agendas similar to their own. Citizens also exert influence through social and political groups in the community; citizen pressures can become more powerful when exerted through a group. Citizens also consume services and respond to rules, thereby determining needs for gmina action.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

The Local Council, when defining goals for the gmina, must consider local conditions and technical factors as well as group pressures. This involves balancing the partisan pressures from political groups and the other expressed interests of citizens in the constituency. When determining how the gmina's goals will be met, the Local Council must find a compromise among popular policies, technical factors understood by the Gmina Staff, and demands from central government agencies.

The Council Executive, when developing programs to meet the goals and policies determined by the Local Council, must compromise between the pressures from community or political groups and the advice of the technical experts on their staff. When evaluating programs, the Council Executive must consider the opinions of citizen groups and the Local Council members as well as those of professional and technical experts.

The Gmina Staff is responsible for administering the Council Executive's program decisions. They are, however, also paid to be experts in assessing the technical requirements of providing government services and "advising" the Council Executive and the Local Council on questions of efficiency and effectiveness of those services.

Decisions made by the primary participants are greatly influenced by strong pressures from both community groups and technical experts. The interdependent nature of the service delivery system in local government ensures that each decision will be influenced by many factors. This system illustrates the many tensions which exist within a democracy.

Consider the following examples in terms of this question: Should the council members listen to the experts hired in local government as well as to the citizens?

- **What trade offs must be made if a neighborhood group opposes a road route that is needed for through-traffic, when the road is considered by the staff to be essential for economic development and the creation of new jobs.**
- **What response is appropriate when technical evaluations suggest that a solid waste dump or incinerator should be placed in a certain community, based on its low density population and appropriate soil conditions; yet the citizens of the local community do not want it located there.**

Understanding the relationships among the primary participants in local government decision-making is complicated. As the above examples suggest, in most instances the tensions among the primary participants will never formally be resolved; therefore, defining quality service in democratic local

government is difficult. The complex roles, responsibilities and relationships of the primary participants are all part of the dynamic of democratic local government.

2. Panel Discussion

a) Divide participants into three groups and assign each a "panel topic" from those identified below. After discussing the questions for approximately 30 to 40 minutes, each group should identify three persons to report their discussion results to the general session. Differences which are not resolved should also be reported for the benefit of the whole group.

b) Panel discussion topics:

Panel I - Gmina Interests vs. Party Loyalty

Are the major issues in managing the gmina helped or hindered by political party loyalty and partisan activity?

Are the alternative policies for serving the needs of the residents divided along the lines of existing party platforms?

Panel II - Decentralization and Gmina Effectiveness

In what ways does decentralization (solectwa, dzielnice) help or hinder the gmina in the performance of its functions?

Panel III - The Role of the Expert vs. Citizen Interests

Who knows best what is good for the citizens of the gmina: the expert who is hired by the gmina government, or the citizens?

Where does the elected representative, whether council member or executive, fit into the question of who knows best?

c) Reconvene into the plenary session

d) Give each panel of reporters 10 to 12 minutes to report the discussion which took place in their group. At the end of each panel presentation, questions and comments from the whole group should be encouraged to engage the panel in a dialogue; allow another 8 to 10 minutes for this.

3. Summary

a) Review very briefly the major points made in the opening lecturette.

b) Review the most important points raised in the small group discussions as reported in the panel discussions.

c) Summarize what has been learned about identifying and delivering quality service in local government during this discussion and what major problems or questions still remain. Ask the participants to assist in making this summary.

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

Conclusion Module.

Time: 1 and 1/2 hours

Activity Instructions:

1. Summary Discussion:

The trainers and the participants should review the modules and the activities undertaken, perhaps in the following sequence:

a) A general review of the course should be made, including the different modules, the subjects and concepts considered, the exercises done, should be made. The trainer can briefly review these elements of the course by walking around the room to point out the exercises and reports represented by the flip chart paper taped to the walls of the training room. The purpose is to prepare the participants for the evaluation by reminding them of all the activities and ideas presented during the course.

b) Participants should be asked to reflect on the activities of the past two days, thinking about

- *what you thought was good and should be repeated in future courses;*
- *what you would have liked to have done more of;*
- *what you would have liked to have done less of or not at all.*

c) Evaluation: The formal written evaluation should be done at this time; distribute the evaluation forms to the participants and allow time for completing them.

d) In an open discussion, ask for comments, suggestions and questions from the participants related to their thoughts on the substance and the procedures for the course. Discussion of the ideas and concepts themselves should be encouraged, not just evaluation of the course and its contents. Questions like the following could be used:

ROLES, RESPONSIBILITIES AND RELATIONSHIPS IN LOCAL SELF-GOVERNMENT

- *Has exposure to the concept of professional management as presented during the past two days been useful to you? Would it be useful to others like you in the future?*
- *Has the time yet come for formal training of gmina staff and/or council executives in management concepts and tools such as policy analysis, management by objectives, problem solving, or personnel administration?*
- *What other kinds of professional training would be valuable for elected officials and appointed staff of the local governments in Poland? For example: budgeting; accounting; financial management; contracting procedures; procedures for recruitment and promotion; procedures for evaluation of staff performance?*

e) Time for this discussion should be approximately 30 to 45 minutes. If the discussion is good and participation with good ideas is very active, then a longer time might be taken if the time is available before closing.

f) Each of the local government participants in the course (excluding any enrolled "potential trainers") should be allowed a minute or two to make final comments and recommendations to the group.

2. Closing:

The training team should be allowed a few minutes to give their personal summing up comments, any recommendations they may have, and their thanks to all involved.

The sponsors, (FSLD or regional center officials) could formally close the course.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

**Prepared as part of the Local Democracy in Poland Project,
of Rutgers University**

**for the Foundation in Support of Local Democracy
Warsaw, Poland**

under U. S. AID grant No. EUR-0018-A-00-2004-00

November 1992

**Institute of Public Administration
New York**

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Table of Contents

Introduction Module	1
Module 1: The Meaning of Professional Management	4
Module 2: Decision-making in Local Government	10
Module 3: Personnel Administration	15
Module 4: Objectives for Local Services	23
Module 5: Program Evaluation in Local Government	27
Module 6: Managing Change in Democracy	31
Conclusion Module	35

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Introduction Module.

Welcoming statements by the sponsoring Regional Training Center and the course trainers, description of purpose and objectives, introduction of the trainers, and introduction of the course participants.

Time: One to 1-1/2 hours.

Activity Instructions:

1. The representative of the Regional Training Center (RTC) should call the training session to order and make a few introductory statements of welcome, describe the general programs of the RTC, and the Foundation in Support of Local Democracy (FSLD), and the RTC's hopes for the course.

2. The Training Team should introduce themselves to the group with a short explanation of the sponsorship of the training course, including USAID financial sponsorship, FSLD and Regional Training Center organizing support, and the Polish and IPA's roles in designing the course and participating in the training.

3. The Team should also explain to the participants that the objectives of the course are to:

- *Introduce basic concepts of professional management in local government;*
- *introduce basic concepts of problem-solving and management team work;*
- *Identify primary problems in the organization and practice of the gmina council executive and its staff;*
- *provide opportunities for participants to learn about practices and issues in neighboring gminas, and;*
- *examine relationships of managers and other career local employees with elected officials and political parties,*

The intended outcome of the course is that participants will be able to:

- *Identify and analyze problems in organizing, managing and delivering services in the gmina;*

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

- *formulate personal as well as organizational plans for action to resolve problems;*
- *understand basic concepts of professionalism in management of local government, and;*
- *be familiar with issues of management and service delivery in other gminas within the region.*

4. The Training Team should introduce the concept of adult learning for the purposes of this course, emphasizing the collegial nature of the effort by making the following points briefly:

- *The seating arrangement in a square or rectangle, is designed to allow each person attending to have face to face contact with all others.*
- *Each participant, including the trainers, is considered an "expert" in his or her own area of experience. Each has something to "teach" the others; each has something to learn from the others.*
- *The course is designed to encourage each participant to participate actively and to share information, opinions, feelings about his or her experience and problems in local government; and for members of the group to help each other understand the nature of the problems of local government.*
- *The course is also designed for each of us to work hard, to learn how to improve the quality of local democracy in Poland, but also to enjoy ourselves in the process.*

5. Participants should be introduced individually by use of the "dyad" method:

- *Participants should be paired by two's around the table, ideally with partners they do not know. Since the tendency is for friends to sit beside each other, the pairing may require asking people to choose a partner they do not know.*
- *For eight to ten minutes, the members of each pair should talk to each other informally, finding out something about the other person that will be useful and interesting to the whole group, such as his or her interests, experiences, travel, work background, and current concerns.*

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

- After the pairing and the informal conversation, each person should introduce his or her partner to the entire group. There is no need to speak from the front of the room. There is no need to stand to make the introduction. An informal conversation style is the best.
- The best introductions are done informally, without notes, using whatever comes to mind and memory about the conversation. Errors are quite all right, even helpful; humor is helpful.
- Long speeches are not helpful. Formal biographies are not helpful. Two minutes is adequate time. The trainers may have to limit time.

6. After the introductions, name plates can be made by each participant. Give each person a single sheet of paper and demonstrate how to fold the paper in thirds to create a triangular shape. Using a marking pen with a broad tip, each person can print the name they prefer to be called on one face of the triangular. Then place the "name plate" on the table facing the other participants in the course.

7. A coffee/tea break for 20 to 30 minutes at this point will help the participants to get to know each other better and provide a smooth transition to Module 1 to follow.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Module 1. The Meaning of Professional Management

Introduce basic practical concepts of professional management including responsiveness to policy bodies and to citizens; and competence in leading staff to accomplish policy objectives.

Time: Approximately one hour

Activity Instructions:

1. Distribute Local Self Government Act of 1990 and other timely informational materials on gmina responsibilities.
2. Present Lecturette:

Management is frequently defined as the activity of coordinating people, money and materials to achieve common objectives. These key words and phrases offer challenges of understanding, of interpretation, and of gaining acceptance by all those who work in government.

Common objectives for local governments in Poland are set out in the Constitution, in the acts of Parliament, and particularly in the Local Self Government Act of 1990. But at the operational level, many more objectives and priorities must be defined within the gmina, by its citizens, its leaders and its managers. Defining objectives in concrete terms and with specific action programs can be very difficult for local citizens elected to gmina councils.

Materials used in carrying out the job of the local council must be identified, acquired, and handled. Where does the money come from to buy materials (for example, paper and word processors, buses and trucks, asphalt and concrete)? Which materials should be used? Are there sufficient materials to meet the services demands of citizens and the council? How can we schedule the buying, shipping, distributing, storing and using in the most efficient fashion?

The process of purchasing materials through orders or contracts must be organized to assure fairness and efficiency, using computer bids, comparative estimates, open advertisement, or evaluation of past performance, for example.

People, the elected leaders and appointed staff in the local government, are also a challenge for decision makers and managers. Does the gmina have

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

the right number of the right kind of persons working for it? How can the gmina remove unnecessary or unqualified employees? How can we improve performance? How can we find and hire good, qualified persons? How can we make local government careers attractive to bright people? How can we schedule their time on the job and motivate them to meet the objectives of the citizens and the council? What training is needed and how should it be provided? These issues are all part of the process of managing human resources.

Coordinating people and materials is its own challenge. It requires leadership to influence and motivate people to cooperate. Most important, how can gmina leaders define mission and priorities that will inspire people to "pull together" to accomplish objectives. And then how do leaders use the major management functions -- planning, organization, budgeting, accounting, personnel, and procurement (purchasing) -- to achieve objectives? How does the leader or the manager balance the personal desires and personal needs of the human beings who work for the gmina with the needs of the citizens and consumers of local service? How can the manager motivate people who work for the local government to keep their minds on the work tasks of the gmina government (and avoid or minimize the use of official time for personal, family and political party purposes). Both people and materials take money; how can adequate revenues be obtained and allocated to the various activities through the budget? How can activities of different departments be coordinated (so, for example, roads are not repeatedly torn up for water systems, drainage, repaving, etc).

Professionalism is a term which means, in the context of this course, the application of specialized knowledge and skills to the solution of public problems. Professionals are people who have learned and who apply such specialized knowledge and skills in their work.

Professional management, in the context of this training course, means applying special concepts, principles and tools to the activity of management. (Examples to be used in this course include management by objectives, program evaluation and problems solving techniques. The managers, staff persons, and elected officials who learn and apply these concepts, principles and tools in the process of coordinating people and materials toward the goals of the gmina government can be said to be practicing professional management. This short course of two and a half days is designed to introduce you, or in many cases, merely remind you in a systematic way of some of these concepts, principles and tools.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

3. Lead Discussion:

a) Ask the course participants to take a moment to think back over their lives from childhood to the present. Ask them to think about some of the admirable people they have known -- parents, teachers, friends, colleagues from school and from work, and leaders, and write down on a piece of paper some of the characteristics of these people which made them admirable.

b) Ask the course participants to share some of their ideas with the whole group. Record words or phrases on chart paper as they are mentioned or described. Perhaps some of the following words will be mentioned:

hard working	intelligent	compassionate	foresight
systematic	consistent	creative	careful time use
understanding	organized	accurate	fair
diplomatic	well educated	knowledgeable	experienced
technically skilled	expert	honest	
others?			

c) Ask the following discussion questions:

1) Which of these characteristics are important for officers of the gmina, for those who have authority and responsibilities for managing government offices?

(2) Do you believe people can be trained to be better or more effective in having and using these characteristics?

Spend only about 15 minutes on this exercise. The object is to get participants thinking about what makes some people better managers than others. Do not attempt to reach agreement on any characteristics. Avoid long statements on "histories" of admirable people. Look for quick, single word descriptions.

4. Present Lecturette:

The professional manager may be a mayor, secretary to a council executive, appointed administrator or department head. He or she has important roles in the democratic process, to carry out policies set by the governing body elected by the people, to provide information and ideas that help the governing body develop policies, and to assure responsiveness to

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

citizen/consumers in the process of service delivery. The effective manager causes the local government organization to achieve goals and objectives efficiently and on schedule.

The members of the council executive in the local gmina and the staff members of the gmina are expected to be accountable, to implement the established policies of both the national government and those of the elected council of the gmina. The members of the council executive and the gmina staff should be accountable to those authorities, that is, should follow in so far as is feasible and fair the directives or policies decided on by the council and established by law.

There are several issues involved in responsiveness and accountability.

Sometimes council policy may violate law or principles of fairness, interfere with efficient provision of services or exceed gmina financial and technical capabilities. The professional managers must raise these issues, not blindly follow. They need to know the law and have convictions about proper administration of the programs they lead.

Managers must also contribute to policy making. Usually, the executive and the staff must provide information and advice to the council to assist the council in making a policy. This can be a key role in influencing policy. The staff must decide how much information, what kinds of information, and in what form to present information to the council. These are often not easy tasks; yet, good performance by the council executive and the gmina staff in these matters is an important part of professional management.

Professionalism is a term which suggests that employees of government and managers of government, whether elected or appointed to their jobs, should behave in certain constructive ways. They should be honest, fair, hard working, intelligent, expert -- probably some of the characteristics we were describing during our discussion earlier. But what does "honesty" mean? How does one be "fair"? How does the gmina government measure "hard work"? How does the government reward hard work? How does the government punish or penalize poor work? How is intelligence measured, and how does the government find intelligent workers? How is expertise judged, and how does the government find and retain "expert" workers? These are the questions which council members, council executives and gmina managers must deal with regularly. Professionalism represents progress in the gmina toward dealing effectively and democratically with questions such as these.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

The merit principle is one of the mechanisms used for ensuring professionalism in government. Hiring and promoting staff members on the basis of educational qualifications and experience relevant to the tasks expected of them, rather than for personal, family, or political party reasons, is the essence of the merit concept. While this principle may already be law in Poland, a serious problem of using objective qualifications instead of subjective or personalistic criteria continues to exist in many countries and governments. It is a difficult task, but an important one in achieving professional management.

Another "tough to administer" concept is that of equal services by government to each citizen, without respect to wealth, status, position or influence. The surface quality of each street and sanitation services should be the same in a poor neighborhood as in front of the house of the president of the council. Schools should have comparable quality of teachers and buildings and facilities in poor and richer neighborhoods. A poor man from the outskirts of the town should have equal access to information and services at the town hall. The exceptions to equal services, of course, are services deliberately targeted to certain segments of the population, such as neighborhood projects or special service for the poor, and services dependent on technical factors, such as traffic density and pollution control.

Is equality of service the actual practice in your gmina? Is that a problem? Could or should anything be done about it?

Another feature of a professionally managed town is that of equal salaries and status for equal or comparable work throughout the town government. Directors of departments with similar work loads (which may be measured by the size of the budget managed or the number of employees supervised) should carry similar rank in the government and similar salaries. Secretaries, accountants, and others doing similar work with similar responsibilities should have similar salaries.

Finally, written public records should be kept reflecting major activities of gminas -- purchases, contracts, personnel actions, administrative rulings, budgetary and accounting transactions, and rules and ordinances.

These are some of the concepts, principles and tools which distinguish professional management from personal, non-professional or amateur management; but having these principles in law or the concepts in theory does not mean that town management is actually professional in practice. The

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

questions for us are in what ways do our own gminas fail to exhibit the characteristics of professional management and how serious a problem is this? Your analysis of these issues is our primary concern during this course. Some new or fresh ideas on how to deal with them is our hope for the outcome when we finish!

5. Discussion Questions:

a) Do you know of any instances, or cases, in which the members of the council executive or gmina staff have disagreed with decisions of the Council? How was that resolved?

b) Does your council get enough information in a timely fashion from the council executive and the gmina staff in order to make good decisions? If not, what do you think could be done to improve the flow of information?

c) How can we organize the work in the gmina to encourage honest, fair, hardworking, intelligent work by the staff?

d) Are special efforts needed to develop or improve the basic management systems of local government -- budgeting, procurement (purchasing), personnel, and accounting?

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Module 2. Decision-making in Local Government

Identifying present problems in local government administration, and using group process exercises, analyze problems and identify alternative actions.

Time: 2-1/2 hours

Activity Instructions:

1. Present Introduction:

In interviews and during previous training sessions, council members have reported numerous problems they face. Most complain of lack of money. Many say the Local Self-Government Act requires too many services to be delivered without adequate funding or number of competent staff. Some feel that the authority of the local councils to do their work is not clear; that the central government still maintains too much control over local agencies. Some members indicate that the local councils meet too often and for too long without reaching conclusions, and that there is too much political fighting and too little cooperation among officials in the local councils. These are only some of the complaints we have heard from officials. They may not be true of your council. There may be other problems which you face that have not been mentioned here.

[Trainers' Note: The selection of problems can be modified and updated with cumulation of experience from repeated training series. Records should be kept of participants responses]

This module is designed to help you identify local problems you and your colleagues feel call for change and to help you identify ways that council members and the council executive can work together to solve some of the problems. Please pay attention to the activities we will ask you to do below. At the end of the discussion, we will review the questions, the group actions, and the answers you have given to see whether this work has useful meaning to you.

2. Give each participant four pieces of note paper and ask each to answer in writing the following question: "What are the three biggest problems facing the gminas in Poland at this time?", describing each problem on a separate piece of paper.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

3. Assign each participant to a group of 5 to 7 persons, give each group at least two pieces of flip chart paper and some masking tape, and give the following instructions:

a) When the group begins work, each member should offer his or her three "problems" to the group for consideration. A recorder (one member of the group) could list each problem on the chart paper or a white board -- the best way is for each person in sequence around the group to give the first problem to the recorder. After the first round, the sequence should be repeated until all suggestions from each member have been recorded. An alternative method is for each person to tape his or her three notes on the flip chart or on a board that all of the group can read.

b) Still in the small group session, discuss each of the suggestions taped or written on the large paper or board. Ask questions, express opinions, suggest changes; but only make changes when the person who first offered the suggestion agrees to the change.

c) Rewrite the statements and consolidate like suggestions, if desired, but only as the proposers agree.

d) Add new suggestions if all members agree. Organize the final list and identify each suggestion by number or letter.

e) On the fourth piece of note paper, each group member should choose from the total list of problems three that he or she now considers most important. The paper ballots should be collected and tallied.

f) The top three desired changes should be recorded in large letters on a new sheet of chart paper. One person should be chosen to report the discussion and the choices to the plenary session.

4. Reconvene the small groups into a plenary session.

a) Post on the wall each group's chart paper listing its three highest recommendations.

b) A representative from each group reports on the discussion within the

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

group and the choices made.

c) Each item should be discussed by the entire group for clarification of meaning and intention.

d) After discussion and clarification, each participant should choose his or her personal three top priority problems for the gminas. This should be done individually preferably on a paper ballot as in the small groups.

An alternative is for the trainer to count the choices of each person by a show of hands.

e) Choices should be tabulated quickly and the top three choices marked on the chart paper on the walls.

5. Present Lecturette:

There are several purposes for using the procedure designed for this group discussion. One is to utilize democracy in the classroom, to make sure that each person in the group is able to have his or her opinion or feelings heard. Writing down your own opinion about what should be changed in your local government ensures that your voice (your opinion) is heard in the discussion whether you get the chance to speak or not. Your suggestions for change are actually considered at least three times: once when written and recorded in the small groups, a second time when discussed by the small group, and a third time when a vote or tally is taken to find the three best suggestions for change. Ideally each person should have ample opportunity to speak during the discussion sessions, but usually, of course, some people speak more than others during any group meeting, and sometimes a few people dominate the discussion, leaving little if any time for the less experienced or the less aggressive to contribute ideas. The structured procedure makes contributions to the group discussion somewhat more balanced. Your choices on paper make your opinions and your ideas equal to those of others -- experience in speaking in groups, age and superior status, and forceful voices are all reduced to a common denominator in the written word. The quality of the opinion or idea appears impersonal written suggestions and in the balloting for the best suggestions.

The special procedure also helps separate matters of fact from matters of evaluation. The ideas judged to be the best in the balloting procedure and reported to the larger group on the chart paper now carry a factual or objective

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

weight -- they have been judged best by several people. Often in groups, one person's opinion when expressed will be immediately judged as bad, poor or wrong by a louder voice or by argument, without a thoughtful and appropriate review by the others. Potentially good ideas and good suggestions are often lost this way. Writing and recording suggestions by everyone; not changing or deleting suggestions unless the proposer voluntarily agrees; ranking choices individually and on paper -- each of these procedures helps to separate ideas, information and individual opinion from the act of choosing the best alternatives (that is, evaluating the ideas, information and individual opinions).

It should be remembered, of course, that the best suggestions for changes in local government as chosen by this group today are really only the best "for this group" and "at this time." If we were to expand the group to other participants or were to repeat this process with this same group tomorrow, the outcome could well be different. The process by which you all have, however, chosen today the three best alternatives for needed changes in your local governments is valuable to keep in mind and to use in future group meetings if you are interested in open and full participation by the members of councils or community meetings. This is one technique for improving the quality of democracy in your local community

Variations of this approach can be used for decision-making within staff, enabling the manager to seek a wide range of alternatives that can be narrowed down to simpler choices through stages of suggestion writing and group discussion.

6. Discussion Questions:

a) In your small group discussions, did each of you feel that your ideas were heard and considered in full?

b) Were you able to contribute as much as you wanted in the larger or plenary group discussion? If not, why not? Was the discussion unbalanced? Did some people talk more than others? Did some people talk "too much"? Did others "listen" carefully to your ideas and those of other members of the group?

c) Were the discussion procedures used during this session useful in your mind? If so, in what ways? If not, why not?

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

d) How do you think these procedures might work in local council meetings, commission meetings, or among small groups of council members in your local gminas?

7. Close the session with a brief summary of the gmina problems presented and the process used to identify these problems.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Module 3. Personnel Administration

Introducing concepts of a merit-based personnel system. Effective management of people in local government requires recruitment and promotions based upon qualifications of education, training, skill and work experience suitable for the work to be done. It also requires fair and equitable reward systems, and objective judgment of performance on the job.

Time: 3 hours

Activity Instructions:

1. Present Lecturette:

When we talk about getting good performance in a professionally managed local government, the tough questions arise in identifying what is meant by "good." Can we identify some characteristics of good work that all of us can agree to and by which we can make decisions on hiring new people or promoting the present staff? How should the local government evaluate the performance of its staff members. What criteria should be used?

Personnel Administration (or Human Resources Management, as it is often called) is one of the most important functions in professional management, both in government and the private sector.

Merit-based personnel systems (also called civil service) are widely used today in Western Europe and the United States. They have been firmly established in local government in Germany, France, and Great Britain since the 19th Century.

The central characteristic of merit-based personnel systems is that they produce decisions based on:

- 1) the qualifications and the performance of employees and,*
- 2) consideration as to how to best serve the needs of the citizens.*

Merit-based personnel systems are designed to protect public employees from being judged on factors other than competence in their jobs (like political affiliation or personal favoritism).

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Merit-based personnel decisions are supposed to be managed fairly, with even treatment for all groups, and with open public records of important decisions made. The chief executive (mayor or council executive) is responsible for the merit system. Tasks may be delegated to a personnel officer. The personnel officer may be the secretary or some other administrative officer in a small local government, or a personnel management professional in a large local government.

This approach means that personal friendship and political party affiliation do not dominate personnel decisions. In merit-based systems, it is important that the personnel officer have no direct loyalty to any political party or keep any records on personal or political activity of public employees. Usually in merit-based systems it is not appropriate for elected councillor to become involved in specific personnel actions. These characteristics require major changes in a transition from political patronage systems to civil service systems.

In the United States local governments moved gradually from political patronage to civil service systems after 1935, when federal government law first required merit-based systems in local governments that receive federal grants. Political parties are still influential in many local personnel affairs. Sometimes political intrusion into civil service affairs causes scandals. A mayor often must deal with pressures from political groups, whose support he needs to get things done and to stay in office, and with countervailing pressures from citizens who want parks, streets, and garbage collection managed well and without political intrusion.

An effective merit-based personnel system includes the following elements:

- 1) Employees are hired on the basis of their qualifications (experience, training and education, prior performance or in some cases, competitive tests).**
- 2) New job openings are publicized and all applicants are considered on their merits.**
- 3) Promotions are based upon performance in prior jobs. All qualified employees can be considered for new positions that open up, together with outside applicants where appropriate.**

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

- 4) ***Salaries and wages are equitable and adequate to attract the skills that local government needs.***
- 5) ***In so far as possible, public employees have access to training to improve their performance and their promotion opportunities. Training opportunities should be distributed equitably among employees.***
- 6) ***Employees are fired only when inadequate performance cannot be corrected.***
- 7) ***Employees are treated fairly, without regard to political affiliation, private opinions, or personal background, with regard for their rights to privacy and rights as citizens.***
- 8) ***Employees are prohibited from active involvement in local elections (except voting).***
- 9) ***Rules and procedures dealing with recruitment, hiring, promotion, pay, performance, and dismissal are formulated, publicly distributed, and simple and clear.***

2. Lead Discussion: Polish Law on Gmina Personnel

- a) **Distribute copies of the law**

[Trainers' Note: Trainers should know the content of the law and insofar as possible be prepared to answer questions about its application. A guest participant with special knowledge could be used, but should not dominate the discussion.]

- b) **Discussion Questions:**

- 1) ***What changes in practice from the past does the law require?***
- 2) ***What difficulties will be encountered in trying to meet the objectives of the law?***

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

- 3) *What are the distinctive responsibilities of the mayor, council executive, secretary, council president?*
- 4) *How does the law meet the nine general elements of a merit-based system listed in the Lecturette?*

3. Case Studies Exercise

a) Divide the participants into three groups. The easiest method is to give each person a number 1, number 2 or number 3 (or ask them to count off around the room). Assign each group to one of the small discussion group rooms, asking them to complete an assigned task within 45 minutes.

b) Give each group one of three case study statements prepared, which they will analyze and report on. (Three case examples are attached. New ones could be formulated for future training sessions.)

c) Ask each group to prepare answers to the following questions:

- 1) *What alternative actions are possible for the key actor in your case? List them on flip chart paper.*
- 2) *What action does the group recommend for the key actor in the case? Describe the action on the flip chart.*
- 3) *What procedures could be adopted by the council executive or by the local council to prevent future situations like the one described? Record the recommendation on the chart paper.*

[Trainers' note: The third question is particularly important and relates to the elements of a merit-based system outlined in the opening lecturette. It may be useful to distribute a copy of that list at the end of the discussion.]

d) At the end of the 45 minute small group session, call the groups back to the training room. All three case studies should be distributed to all participants at this point. Ask each group to tape its report to the wall in the main training room. Ask one representative from each group to explain the report they are making and how the group reached its decision.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

e) Allow 10 to 15 minutes for each group to make its report and for the others to ask questions or make comments about the cases. Be careful to manage the discussion by enforcing a rule that only one person speaks at a time and that no one speaks for more than one minute (except, of course, for group reporters!)

f) Conclude the session by asking each participant to record a vote of agree or disagree with the recommended actions reported by the three groups. Take the vote by a show of hands, or by a secret ballot on a small piece of paper. Record the results on the chart paper beside each group's recommended action. Provide for concluding discussion.

4. Summary

Summarize the discussion, including the actions recommended by the small groups and the whole group. Relate the discussion and the proposed actions to the concepts of the merit system presented earlier; for example, professional qualifications for employment and performance appraisal for promotions.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Case #1. The head of the finance department of the local gmina has been awarded a fellowship for studying at the london school of economics and has resigned his position with the gmina. The mayor has asked to speak to a deputy mayor, who is the mayor's friend, and to the secretary of the council executive. The mayor reports that the chairman of the local council has recommended a person to be named to the position of head of the finance department. The recommended person is the chairman's daughter-in-law, presently a sales clerk in a large department store in the center of the city. She graduated from secondary school but has had no further formal training, and is active in the political party to which the chairman and the deputy mayor belong.

You are the secretary of the council executive. What would you say to the mayor at this meeting?

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Case #2. Anna is a young, attractive woman who has worked as an assistant to the secretary of the gmina for the past one year. She is regarded as a pleasant person but only moderately competent and is often thought to be working less diligently than others around her. Most of the others working for the gmina have several years more experience and many are regarded by the members of the council executive as being more competent and more effective in their work than Anna. At the same time, Anna is known to be a friend of the chairperson of the council.

You are the mayor of the gmina but of a different political party than the chairperson of the council. You have just learned that the chairperson has asked the secretary to increase Anna's salary to a significantly higher level than that of the other more experienced and more competent staff.

What should you do?

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Case #3. Piotr has been the manager of the refuse collection and street cleaning department of the gmina for the past two years. Recently citizens have been complaining to the mayor and other council executives that the garbage has not been picked up regularly and that the streets are getting dirtier and dirtier. It is common knowledge that Piotr has been putting on much weight, has been absent from work on frequent occasions, and has been seen drinking (too much) almost every night.

Piotr has many friends on the council and is known to get angry easily and to get into fights, which he frequently wins.

The mayor, in response to complaints from the citizens, wants something done about the garbage collection and street cleaning, and believes that Piotr should be fired and replaced.

You are the secretary of the gmina council executive. The mayor is asking your advice. What should you tell him?

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Module 4. Objectives for Local Services

Introducing the concept of management by objectives for defining desired targets for government services and a procedure for identifying the positive supports for and the constraints against achieving those targets.

Time: Approximately 3 hours

Activity Instructions:

1. Present Lecturette:

A useful and simple approach to managing local government is the concept of management by objectives. This requires definition of objectives -- what services government should perform, at what levels; what new projects should be undertaken at what cost and schedule; what improvements should be made, and so forth. Then it should be possible to measure whether or not each objective has been reached. This approach to management assumes that if managers know what the objectives are, they should be able to coordinate the people, materials and money necessary to meet them; in other words, to manage by objectives.

In the analogy of travel, we can plan the destination or objective, deciding where we want to go, and then we should be able to recognize the destination when we arrive. When traveling, we can plan the destination, chart our progress as we travel, and recognize the objective when we arrive. Is it possible to do something of this order in providing government service to the citizens of the gmina?

The Local Self Government Act (LSGA) of March 1990 provides a listing of fifteen different subject areas of service to be provided by the gmina government offices. Management by objectives in its simplest form merely suggests that policy makers and managers should identify objectives (or descriptions of destinations) for those services to be provided by the gmina government and then measure the progress toward each destination or objective.

This apparently simple concept, however, is much more complicated when we try to translate a geographical "destination" into a definition of a "good government service." Ask the question this way -- How will we recognize the destination or the objective of a good government service when

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

we think we have arrived? Or, we might ask, how will we know when we get there?

One of the services which gminas are required to provide, according to LSGA, Article 7, is "markets and market halls." How will we recognize good "markets" when they have been provided? For a good service by the gmina in markets and market halls, how many markets will have been provided? Where are they located? Are they used by large numbers of people? Do vendors pay good rent to the gmina? Do the markets cause congestion or traffic problems in the gmina during the busy hours? Do the markets contribute to waste problems, odor problems or cleanliness problems in the gmina? If any of these, or other, questions are important, how can the managers of the gmina define objectives for the development of the markets to cover these issues before the market is to be built or improved?

Garbage collection, for a second example, is a public service provided by the gmina. We all want garbage collection to be done regularly, quickly and efficiently; but does quick and efficient service mean collection of refuse at each building once each day, twice each week, once each week, or some other schedule?

The local council may decide and approve a budget for collection once a week, but many citizens may demand collection every day. In this kind of situation, how will the management team in the gmina determine what the appropriate objective is for good garbage collection service?

Where will the garbage be dumped? The Council may want to use a large vacant area in the middle of the town while some citizens may want the garbage taken several miles outside the town. How can the choice be made in these cases about what is good and efficient service by the Government? How should citizens be asked or required to handle waste to assure cleanliness and minimize environmental damage?

Difficult though it may be, the first management task is to formulate the objectives for good government service; that is, to draw the road map for the staff of the gmina to follow in preparing and delivering good service. This process requires interaction between managers and councils.

Another task to consider is the balancing of the multiple objectives which the gmina staff will develop in responding to many if not all of the fifteen areas of responsibility laid out in the Local Self-Government Act. Is there enough

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

time, is there enough money, is there enough staff to meet all the tasks presented in the Act? If not, which ones come first? What improvements are most important (establishing priorities). Do some projects or services have to be eliminated? Reduced? Moved off the gmina budget (through user fees or privatization??) Should the quality of some service be lowered in order to improve some other service? In other words, priorities must be set, and again, interaction with the council will be involved.

Management by objectives suggests a sequence of activities for the management team to accomplish:

- a) setting objectives;*
- b) determining priorities;*
- c) developing projects and designing operations to do the work and reach objectives;*
- d) allocating resources;*
- e) implementing the projects and operations; and,*
- f) monitoring progress toward the objectives.*

You can practice part of this management concept by considering one area of responsibility assigned to the gminas in the Local Self-Government Act and working your way through the first three steps in the sequence just described. In small groups you should choose one of the functions of the gmina as listed in Article 7 of the Act to work on during this exercise.

2. Divide the group into 3 or 4 small groups of 5 to 7 persons each, and assign each group to one of the small group meeting rooms. Give each group 3-4 sheets of chart paper, some masking tape and at least two marking pens. (If there is no board extra sheets may be needed for a first draft and changes.)

3. Assign the following set of tasks for the groups:

a. From the list of functions of the gmina in Article 7 of the LSGA, choose one to work on during this session. Be careful, to choose only one function from among those listed.

b. Define the objectives of a gmina government in providing this service in terms of practical, concrete statements of what the service should look like

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

when delivered effectively. The task is to write objectives which citizens, members of the council, and the staff of the gmina will recognize and agree to, as specifically as possible.

c. Rank the objectives in order of priority. Which are the most important, which are less important?

d. For the highest priority objective, outline a program of activities for achieving that objective -- what activities have to be done, who will be expected to do them, when can the work be expected to be finished (that is, when can we expect that the objective will be reached?). Will changes in budget and personnel resources be needed (money and people)?

e. Record the results of your discussions on chart paper, listing the objectives selected, the priorities assigned, and the outline of the project for achieving the objective.

f. Choose one person to report your discussion to the full group; carry the chart paper with your report back to the training room to display on the wall.

g. Use about one hour for this work.

4. Reassemble the full group and ask each of the groups to report on the work they did and the conclusions they reached. Allow questions and comments from the members of other groups, with perhaps 10 minutes allocated to each group report and discussion.

5. Conclude the session with a discussion of some or all of the following questions:

a. What are the biggest problems in attempting to describe what the good government service really looks like in operation?

b. Who should be involved in setting the objectives for the delivery of government services in your gmina? Is it feasible to do so?

c. Is this approach to defining objectives, setting priorities, designing projects to achieve objectives, and checking to see whether the "destination" has been reached of any potential help in the management of your gmina?

15 Areas of Gmina Responsibility

Chapter 2, Article 7.1 of the Local Self-Government Act

Art. 7.1 A gmina's local tasks shall include the satisfaction of the collective needs of the community. In particular, the local tasks shall concern matters of:

- 1. spatial organization, land use and environmental protection,**
- 2. gmina roads, streets, bridges, squares and traffic organization**
- 3. water, mains and water supply, collection and treatment of municipal sewage, environmental, health and sanitary facilities, municipal refuse dumps and waste recycling, energy and heat supply**
- 4. local public transport**
- 5. health service**
- 6. welfare, including care facilities**
- 7. municipal housing construction**
- 8. education, including primary schools, kindergartens and other educational facilities**
- 9. culture, including public libraries and other cultural facilities**
- 10. physical culture, including recreational grounds and sports facilities**
- 11. market place and shopping malls**
- 12. municipal parks and wooded areas**
- 13. municipal cemeteries**
- 14. public order and fire prevention**
- 15. the maintenance of gmina premises and public facilities and administrative buildings**

529

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Module 5. Program Evaluation in Local Government

Exploring the question of whether targets of government service are being met and whether democratic local government is being achieved.

Time: Approximately 2 hours

Activity Instructions:

1. Present lecturette:

Remember the six steps suggested earlier for the management by objectives approach: setting objectives; determining priorities; developing projects and designing operations to do the work and reach objectives; allocating resources (money, materials, people); implementing projects and operations; and monitoring progress toward the objectives. In addition to setting objectives and carrying out the work programs, the final step is to monitor progress toward achieving the defined objectives of government service. To monitor or to assess progress of work is an initial phase of evaluation. Evaluation is also checking up on whether the "path chosen," or the means undertaken have led to the intended goals, as well as on what unintended side effects may have occurred.

Program evaluation in local government is the activity of deciding whether the actual services provided by the gmina in Poland are what the local council and the citizens want those services to be. Management's task (that is, the Council Executive and the full time staff) is to identify some concrete indicators of intended output, product or service which one can objectively recognize at the time of delivery; thus making it possible to measure whether delivery of services is successful.

We might say, for example, that citizens want clean streets, and that the Local Council approves this objective by maintaining a street cleaning department with equipment and personnel. But can we identify in concrete terms what a clean street is? How clean is clean? Can we define clean by how many pieces of rubbish or other debris are found on the street? Or by perceived improvement? Can clean be defined simply by ordering the streets swept once or two times a week? How can a street cleaning department determine how much money and how many people are needed to keep the streets clean?

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Setting objectives for government service attempts to provide answers for these questions. Evaluation is the process of measuring actual outcomes or actual service against the objectives which were set at the beginning in the policy making process.

Several problems are evident in trying to evaluate programs to the satisfaction of managers, the Council Executive and the Local Council:

- **Can we distinguish between outputs and inputs? Inputs include the number of people involved, the equipment involved, the number of times the streets were swept, the amount of money spent, etc. Outputs on the other hand are the actual work accomplished. Are the streets clean? Have the wishes of the citizens and the Council been met? In measuring efficiency it is important to know what the inputs have been; but, to evaluate progress toward objectives, it is equally important to identify the outputs.**
- **Have we defined the objectives or the expected outputs in terms which all relevant people understand and can agree to? Are the objectives stated in terms which other people who are important to the work (e.g., the Council Executive and members of the Local Council) understand and to which they will agree? Here the concepts of objective indicators and standards are important. Good government, efficiency in work, and clean streets represent universally acceptable goals, but ones which can generate sharp differences of opinion when detailed standards are established which describe these goals in practical terms. For effective program evaluation, the real task is to establish standards of service known and agreed to by all. Setting the standards is the most critically important task in evaluation. Can the standards be specific enough so an inspector could determine what streets do not meet them?**
- **Finally, the process of establishing agreement on concretely stated objectives is a neglected and often forgotten element in program evaluation. Receiving affirmation of agreement from those who will eventually judge the quality of government service is the key factor. Is it likely, for example, that objectives written by the Street Cleaning Department and sent in a written report to the Council Executive will be satisfactory? Will the Local Council understand and agree? Will the citizens of the gmina understand and agree? If so, things should go well.**

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

If not, then the question becomes how to get understanding and agreement. This activity when neglected causes major problems in evaluating government programs.

Sometimes there may be conflicts among objectives that require balancing. At what point will frequent street cleaning interfere with traffic flow and vice versa? How should balance be achieved between revenue earnings and health standards in markets?

These issues become more complex when local government objectives are more qualitative than quantitative, such as local economic development goals or environmental improvement. Nevertheless, it is important to go through the process of asking whether the activities have actually contributed to reaching objectives and whether these objectives satisfy the community.

Does the Council Executive in your gmina have an adequate statement of objectives for government service so that the staff, the Council and the citizens can evaluate the service performed in the fifteen areas of responsibility listed by the Local Self Government Act? We want you to test some of these questions today with a practical exercise reviewing your own experience. As with the "management by objectives" exercise, small groups will select one of the functions of the gmina as designated in the LSGA in order to outline an evaluation strategy.

First, definition of a set of objectives is required. Second, a statement of indicators is needed -- concrete standards which are measurable or recognizable by those who will evaluate and by those who are interested in the evaluation. Then a time line specifying when the objectives should be met, either in final form or in progress, is required. The following sequence of action steps is a possible way to organize program evaluation:

- ***Review the objectives***
- ***Define the indicators of effective service delivery***
- ***Set a time line for when indicators should be evaluated***
- ***Agree on the method or the persons who will assess progress***

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

2. Divide into three or four groups of 5 to 7 persons each, assign the small group meeting rooms, provide each with chart paper and marking pens.

Allow one hour for the small group work. Ask each group to choose one of the functions required of a gmina and to devise a program evaluation plan following the four steps identified above. Ask each group to record the results of their work on the chart paper to facilitate the reporting to the full session. Post the results of the small group work on the walls of the training room. Allow each group up to 10-15 minutes to present their results with primary emphasis on the indicators of success for the various government programs examined in this exercise. Permit general discussion with questions and comments from any members of the course.

3. Discussion Questions:

a) Are the outputs (targets) described by your groups reasonable in terms of the available inputs (money, personnel, equipment, etc.)? If not, what could be done to adjust the outputs to the available resources, or alternatively, to "adjust" the inputs to produce the desired outputs?

b) Were the service indicators selected useful and practical?

c) What do you see to be the biggest challenges in implementing good program evaluation in your gmina?

d) How can these suggestions regarding program evaluation can be useful in protecting the environment around the gmina or in promoting greater equity in service for all citizens?

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Module 6. Managing Change in Democratic Local Government

Suggesting five methods for putting into practice the concepts of democratic local government responsive to local citizens and delivering wanted, useful and cost efficient services.

Time: Approximately 2-1/2 hours

Activity Instructions:

1. Present Lecturette:

The essence of democratic government is responsiveness to citizens and accountability to elected officials. In democratic governments, citizens are expected to elect representatives to councils and parliaments. Representatives are expected to formulate policies and guide the managers of government agencies in line with the needs and desires of the citizens.

Representatives are also expected to act in the long term interests of citizens, setting policies and establishing programs which may require sacrifice in the short term in order to gain desired benefits in the long term.

Democratic responsiveness requires that elected officials inform the citizens of these long term government needs which individual citizens may not easily understand. Establishing and maintaining democracy in local government as well as in national governments requires a continuing dialogue between elected representatives and the citizens. In democracy the government responds to the needs and wishes of the citizenry; equally, citizens need to be aware of the long term as well as short term implications of government's responses to their expressed preferences.

A third major group is involved in this democratic equation -- the executive. In Poland's local government system this third group is the council executive and the permanent staff of the gmina or local government unit. The executive, or management function works between the legislative units and the citizens in planning, designing and delivering the services. Thus, it is not enough that councils be responsive to citizens; council executives and permanent staff employees of government must also be accountable to both the elected councils and to the citizens. The complications in achieving democratic government become a bit more obvious as one tries to follow the

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

lines of authority and accountability.

Democracy, it might be said, depends on a three way pattern of interaction among citizens, elected officials and management teams.

Making changes in government in order to improve the quality of local democracy thus involves communication linkages among these three elements of the political system. We now want to share with you five recommended action programs intended to enhance the quality of service delivery in democratic government. These five action programs all involve examining and changing the communication patterns among the three primary groups identified above.

1) Communication with citizens and users:

Providing citizens with access to elected officials, holding public hearings, encouraging expression of opinions, and organizing meetings between town and local enterprise employees and community groups. This approach can help shape the objectives of local governments, provide employees with a new perspective on the services they provide, inform decision makers about policy feasibility and generate ideas for change.

2) Employee participation:

Asking employees to identify problems and suggest improvements and encouraging discussions among groups of employees. This approach can utilize the knowledge and skills of people who actually deliver services, strengthen incentives for them to work more effectively, and generate ideas for change. Productivity and performance improvements may result.

3) Increasing Discretionary Authority:

Delegating authority from the council so that executives (mayors, commission members and department heads) can make meaningful administrative decisions, authorizing "street level" employees to act responsibly in practical situations, and avoiding interference in details of daily operations by council members. If it is not involved in day-to-day operations, the council can better exercise the role of "oversight", periodically considering performance and policy implications of town management.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

4) Partnerships:

Seeking advice from and entering into practical arrangements with enterprises, private business and university sources, and other governments. This approach can greatly expand the skills and ideas available to local government and provide improved alternatives for delivering services. Methods include conferences, contracts, intergovernmental agreements, encouragement of special advisory groups (task forces), and volunteer activities.

5) Risk Taking and Experimentation:

Trying out new programs, sometimes on a limited "demonstration" basis and suggesting new policies and programs are important for stimulating change and improvement. "How it has always been done," is not necessarily how it should be done in the future.

These five approaches are part of management leadership. Effective leaders explain issues and listen carefully to citizens, government employees, and other local organizations. They actively seek support and try to overcome constraints to achieve needed change. And they are willing to take carefully calculated risks in the name of the public interest. Change in local government in Poland toward improving democracy can be advanced through action programs such as the five outlined above.

In order to test the usefulness of these five ideas in Poland, we want you to apply one of the five proposed actions to some specific area of gmina government.

2. Divide participants into five small groups of 3 to 7 persons each. Choose one functional area (from the Article 7 listing) to be assigned for consideration by all groups. Assign each group one of the five suggested categories of action for generating and managing change within the gmina.

Ask each group to make two practical recommendations for local government action in the category assigned to it. Include implementation plans, the what and how of proposed action.

Allow 30 minutes for the groups to discuss and design a suggested action program.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

When the five groups return to the general session, ask someone from each group to describe the recommended action step and to assess how useful such a program might be for gmina governments in Poland.

Allow general discussion, comments and recommendations from the other participants. Record the results of the discussion on chart paper so that the recommendations of the participants in this course can be written up in a final report.

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

Conclusion Module.

Time: 1 and 1/2 hours

Activity Instructions:

1. Summary Discussion:

The trainers and the participants should review the modules and the activities undertaken, perhaps in the following sequence:

a) A general review of the course should be made, including the different modules, the subjects and concepts considered, the exercises done, should be made. The trainer can briefly review these elements of the course by walking around the room to point out the exercises and reports represented by the flip chart paper taped to the walls of the training room. The purpose is to prepare the participants for the evaluation by reminding them of all the activities and ideas presented during the course.

b) Participants should be asked to reflect on the activities of the past two days, thinking about

- *what you thought was good and should be repeated in future courses;*
- *what you would have liked to have done more of;*
- *what you would have liked to have done less of or not at all.*

c) Evaluation: The formal written evaluation should be done at this time; distribute the evaluation forms to the participants and allow time for completing them.

d) In an open discussion, ask for comments, suggestions and questions from the participants related to their thoughts on the substance and the procedures for the course. Discussion of the ideas and concepts themselves should be encouraged, not just evaluation of the course and its contents. Questions like the following could be used:

PROFESSIONAL MANAGEMENT IN LOCAL SELF-GOVERNMENT

- *Has exposure to the concept of professional management as presented during the past two days been useful to you? Would it be useful to others like you in the future?*
- *Has the time yet come for formal training of gmina staff and/or council executives in management concepts and tools such as policy analysis, management by objectives, problem solving, or personnel administration?*
- *What other kinds of professional training would be valuable for elected officials and appointed staff of the local governments in Poland? For example: budgeting; accounting; financial management; contracting procedures; procedures for recruitment and promotion; procedures for evaluation of staff performance?*

e) Time for this discussion should be approximately 30 to 45 minutes. If the discussion is good and participation with good ideas is very active, then a longer time might be taken if the time is available before closing.

f) Each of the local government participants in the course (excluding any enrolled "potential trainers") should be allowed a minute or two to make final comments and recommendations to the group.

2. Closing:

The training team should be allowed a few minutes to give their personal summing up comments, any recommendations they may have, and their thanks to all involved.

The sponsors, (FSLD or regional center officials) could formally close the course.