



Rethinking
Budgeting **10**

Fostering an
Inclusive
Small Business
Ecosystem **14**

Youth
Participation
in Local
Government
Spending **30**

Sarah Brown
Treasurer, Office of
Financial Services
St. Paul, Minnesota
Read more on page 45

BUDGETING, FINANCE & ECONOMIC DEVELOPMENT

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FEATURES | »

10

Rethinking Budgeting in Local Government

By adopting these modern budgeting practices, local governments can better align resources with strategic priorities and more effectively serve their communities.

Chris Fabian

14

North Carolina after the Pandemic: A Model for Creating a Successful Business Ecosystem for All

Using a place-based approach to foster an inclusive entrepreneurship and small business ecosystem

James H. Johnson Jr., Jeanne Milliken Bonds, and Wendell M. Davis

22

Open for (Home-based) Business

Updating local zoning to encourage microenterprise

Dr. Sue E. S. Crawford, Ph.D.

26

Engaging the Public on the Budget in a Whipsaw Economy

Local governments benefit from two-way communication with residents, especially in a recession.

Chris Adams

30

Participatory Budgeting as a Way to Reach Young People

From Boston to Brazil, municipalities around the world have demonstrated the positive impact that young people can have on the budgeting process.

Pooja Bachani Di Giovanna and Celeste Benitez

34

Don't Let a Shaky Economy Derail Your DEI Efforts: Seven Ways to Keep the Momentum Going

In economic downturns, organizations may be tempted to abandon their DEI initiatives (and sometimes it just happens by default), but any workplace that wants to thrive and stay resilient needs inclusion more than ever.

Amri B. Johnson



DEPARTMENTS | »

2 Ethics Matter!

Thriving in the 24/7 World of Politics

6 Letter from the CEO/Executive Director

Economic Development Demands Solid Local Government Leadership Skills

8 Inside ICMA

ICMA Engages with the Dalai Lama

38 Women in Leadership

Reno #SheLeadsGov Watch Party Fosters Real Change

40 Assistants and Deputies

Radical Listening in Leadership

43 Professional Services Directory

45 Member Spotlight

Sarah Brown



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Thriving in the 24/7 World of Politics

Practical advice for you and your staff

BY MARTHA PEREGO, ICMA-CM

Do you remember the days when there was a defined campaign season? In the not-too-distant past, electing candidates for public office was akin to the rotation and tilt of the Earth. Both had defined seasons with the caveat of course that politics, like mother nature, can be unpredictable. With each, we had our equinoxes and solstices. A time for activity and a time for rest.

The predictability of seasons gave local government managers and their staff clarity. During the campaign season, astute staff kept their heads down, avoided meetings with elected officials designed as campaign photo ops, and curtailed their social activities. An annual community picnic once regularly attended would be off-limits during campaign season when all the candidates make an appearance.

Between the swearing in and the next primary, that period of détente provided all parties with the opportunity to focus on the actual work of serving constituents. While ever vigilant of course for the off chance of getting drawn inadvertently into politics, this period did provide the manager and staff with needed breathing room. Parked for a moment were the concerns about ulterior motives of an elected official

who sought a meeting with constituents or convened a meeting with elected officials and community leaders to talk about an issue. The focus during this period is on issues, not campaigns.

Those days are gone. The campaigning is now a 24/7 proposition. Perhaps influenced by the culture at the federal level where both newly sworn officials and incumbents alike seem fixated and focused on prevailing in the next election, the season for politicking at the local level seems far less defined as well. In this new environment, managers and staff are advised to be on guard and ever vigilant in

recognizing and managing the candidate politics. To that end, here is some advice that applies to all ICMA members working for a local government. It is sound advice to share with all your staff so that they can avoid the pitfalls of politics.

Voting: ICMA members share with their fellow citizens the right and responsibility to vote. If you live in a state with closed primaries, you are permitted under the ICMA Code of Ethics to register with a political party for the purpose of exercising that right.

Candidate Endorsements: To be effective in doing your work on behalf of your local government, do not endorse any candidates

Members may advocate for issues of personal interest only when doing so does not conflict with the performance of their official duties.



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Public Management (PM) aims to inspire innovation, inform decision making, connect leading-edge thinking to everyday challenges, and serve ICMA members and local governments in creating and sustaining thriving communities throughout the world.



organizations provide everyone with the opportunity to learn more about the candidates and their positions. For that reason, you can attend as a private citizen or staff member. What's important is to keep a low profile and be prepared to respond if someone at a local event tries to draw you into the debate. Practice this response: "I am just here to learn more about the issues and have no comment."

Candidate Rallies: While political, there is a valid argument that they are an opportunity to hear more about the candidate's position on the issues. Sitting on the dais behind the candidate is not a good idea. Keeping a lower profile in the back of the venue is the best option. Attending a single event is a learning opportunity. Attending multiple events is crossing the line into a show of support and endorsement for the candidate.

Issues: The guideline on personal advocacy of issues makes it clear that ICMA members do not lose their right to express their opinion. Members share with their fellow citizens the right and responsibility to voice their opinion on public issues. Members may advocate for issues of personal interest only when doing so does not conflict with the performance of their official duties.

running for any city, county, special district, school, state, or federal offices. Activities to be avoided include public statements of support, yard signs, and bumper stickers, as well as more subtle signs of support, such as appearing on the dais of a campaign rally with the candidate or posting a selfie on social media wearing the candidate's campaign gear. These activities constitute an endorsement.

Financial Support: Whether it is for an individual seeking elected office, an incumbent running again, a political party, or another organization that makes direct donations to candidates, members should not make a financial donation. All donations, regardless of how modest, are a matter of public record with both names

and occupations listed. While the donation may be tiny in the grand scheme of things, you are publicly stating your support for the candidate.

What about other fundraising events, like private parties hosted by supporters or going as a guest to an event? All these efforts, whether a direct appeal or not, are intended to generate financial support for a candidate. For that reason, they should be avoided. The election guideline in the ICMA Code of Ethics states that members shall not make financial contributions or participate in fundraising activities for individuals seeking or holding elected office.

Candidate Debates: Forums or debates sponsored by independent



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If you want to advocate for a position, you can do so. First, make it clear that the opinion you offer is your own. Second, don't use public resources, including your official title, to support a personal stance. Third, focus on the issue not the candidate. Lastly, you can join and/or make a financial contribution to an issue-oriented advocacy organization. You can march in a protest or rally or participate in a campaign designed to raise awareness. You can put a bumper sticker on your car (just not on a city-issued one).

In the current climate where every issue is highly politicized and partisan, taking a stance can seem very political. For that reason, it's very wise to consider the consequences of speaking out. It's not a reason to stand down or stay silent. Just a critical factor to consider.

Family Activities: What do you do if your kids want to put up a yard sign? Or protest? Or your spouse wants to make a financial donation? The ICMA Code of Ethics only applies to the conduct of the member. Your spouse can make a campaign donation, even from a joint account, if they sign the check. The yard sign or bumper sticker on the family car are stickier issues to address: how would

**To be effective
in doing your
work on behalf
of your local
government,
do not endorse
any candidates
running for any
city, county,
special district,
school, state, or
federal offices.**

anyone else know that it is your spouse or child who supports the candidate and not you? Best to have that candid discussion with family about how their political activity can affect you.

On a personal level, you have the right to vote for the candidate of your choice. On a professional level, whether the elected official was your choice or not, consider your obligation to work effectively with all elected officials on behalf of your community. That county commissioner, state representative, or congressman that represents your local government and the residents will be your ally in bringing needed support during a natural disaster or assistance on legislation. Publicly engaging on behalf of or in opposition to an elected official will impair your ability to serve your official position. Some may respond, "But I live in a city or state that is dominated by one party so what's the harm in engaging?" Just because it is nonpartisan or dominated by a single party, doesn't insulate the process from party politics or party factions. In every campaign, there are winners and losers. Don't bet that you will always select the winner. Best to exercise your right to participate in the democratic process while observing a politically neutral stance. **PM**

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Economic Development Demands Solid Local Government Leadership Skills

BY MARC A. OTT

In every community, growing the local economy becomes one of the most high-impact ways to directly enhance the living conditions of residents.

In the hundreds (probably now thousands) of conversations I've had with local government leaders around the world, there is an amazing convergence in answers to the question, "Why this profession?" While they may use different phrases, examples, even languages, it boils down to the desire to make a difference, to improve the lives of the people they serve. As a boy growing up on the outskirts of Detroit, I knew I wanted that. I just wasn't sure how to go about doing it until I encountered the profession of local government management.

Leadership Strategies for Economic Growth

Like most of our members, it wasn't until I went through my MPA program and got some experience working in the office of the city manager that I had the tools to begin to put the vision of improving my community into practice. As leaders, one of the key tools in our arsenal is economic development. In every community—large, small, wealthy, impoverished, urban, suburban—attracting jobs and growing the local economy becomes one of the most high-impact ways to directly enhance the living conditions of residents. I have found that the underlying strategies for building the local economy mirror the leadership strategies required in other key areas of the role of city manager:

- Stay constantly connected with residents across all demographics and sectors. Be seen and listen to their needs and the obstacles preventing them from thriving, as well as what is working.



Photo by Jeanette Gass

- Nurture the local government staff. Help them to see that in every role there is an economic development component, from uncovering new ideas to removing roadblocks that diminish successful commerce.
- Help elected officials make the best policy decisions possible by sharing the information learned from residents and staff members.
- Innovative practices and ideas can come from anywhere regardless of geographic and societal boundaries, so it's important to look beyond and have a broad vision.
- Find ways to include rather than exclude, to tap into the potential that lives within each individual resident if they are given the chance to participate.
- Look at economic development decisions through the lens of its impact on the environment as well as the local culture. This in particular takes courageous leadership. I have found that sometimes we local government managers underestimate the influence we have in negotiating with the private sector. Business sector CEOs,

**MARC A. OTT**

is CEO/Executive Director of ICMA, Washington, D.C.



Photo by Jeanette Gass

like public sector CEOs, face the challenge of not only balancing the priorities of multiple stakeholders, but also addressing a broad array of environmental, social, and governance issues. Finding areas of common ground can take time and creativity.

ICMA's Work in the Philippines

I was fortunate enough this past month to travel with the ICMA Executive Board and our International Committee to the Philippines, where ICMA has been working for several decades to help build capacity in local government best practices. One of our longest running projects, which wrapped up just last year, was to promote broad-based and inclusive growth through secondary cities outside of Manila that can serve as engines of economic expansion.

I am extremely proud of the work our staff and ICMA volunteer members have done in the region over the years. But I have to say I am truly astounded by the work of the local leaders in the Philippines who have demonstrated



Photo by Jeanette Gass

creativity on every level—from finding cost effective ways of dealing with wastewater treatment to making advances in the development permitting process that would be the envy of any American city. These and many other changes have been made in a relatively short period of time, often less than five years.

At Binuatan Creations, we were able to see firsthand how ICMA, through the USAID-SURGE project, supported women to improve their capacity for entrepreneurship, enabling them to enhance their technical and entrepreneurial skills, access new markets and business practices, and pivot their businesses to the digital space. The success stories are too numerous to mention, but many achievements have come in the face of rising seas resulting from climate changes. ICMA Florida members have partnered with their Philippine counterparts to share climate mitigation strategies that have benefited both regions.

Our experience in the Philippines reinforced the message that has come from every international trip I have taken over the past seven years. We operate in a totally integrated world economy and to bring prosperity to our hometowns, we benefit immeasurably when we connect and exchange ideas with local government professionals outside of our perceived geographic boundaries.

This April 2023 issue of *PM* is focused on Finance, Budgeting and Economic Development and there are a significant number of resources on our website and in our bookstore on these topics as well. In terms of building our local economies in a responsible, inclusive, and inspiring way, the local government leader can be the quintessential difference-maker. **PM**

**AS LEADERS, ONE
OF THE KEY TOOLS
IN OUR ARSENAL
IS ECONOMIC
DEVELOPMENT.**



Photo by Infinite Digital Media & Techmart Solutions

ICMA Engages with *the Dalai Lama*

The chance meeting occurred as ICMA staff supported activities for an international project aimed at strengthening the economic and cultural resilience of Tibetan communities in India and Nepal.

BY DAVID LANG

Shortly after arriving in India for a two-week project trip, ICMA staff Shraddha Kharel-Pandey and David Lang were surprised to learn that they were invited to meet with one of the most influential leaders of the twentieth century: the Dalai Lama.

Early on a Friday morning, Shraddha and David trekked to the Dalai Lama's personal residence in the foothills of the Himalayas, passing through the entry way to Namgyal Monastery, a popular pilgrimage site for Tibetans and Buddhists around the world. They were joined by staff from ICMA's India field office as they progressed through security checkpoints before finally meeting face-to-face with the 87-year-old spiritual leader of the Tibetan people.

Since October 2021, ICMA has worked with the National Democratic Institute (NDI) and U.S. Agency for International Development (USAID) to assess and strengthen the capacity of the Central Tibetan Administration (CTA), which represents and delivers services to the Tibetan diaspora. The five-year project

helps advance USAID's special objective of strengthening the economic and cultural resilience of Tibetan communities residing in India and Nepal.

After exchanging pleasantries, the Dalai Lama thanked everyone personally for the work of ICMA on the project, which to date has consisted of assessing the CTA's institutional capacity in terms of data management and human resources, drafting global information systems (GIS) maps of Tibetan settlements through ICMA's project partner Urban Management Centre (UMC), and redeveloping key institutional curriculum and trainings.

In the near future, ICMA-led activities will strengthen the CTA's capacity for facilitating local economic development and public-private partnerships across the Tibetan diaspora, and support digitizing and streamlining key operations.

For more information on ICMA's role on the USAID-funded Central Tibetan Administration Capacity Building and Sustainability Initiative (CTA-CBSI), visit icma.org/cta-cbsi. **PM**



DAVID LANG

is a program manager on ICMA's Global Programs team. He currently helps manage two USAID-funded programs: Indonesia ERAT (Local Governance Enabling Environment) and India CTA-CBSI.



(Left to right): Anil Prakash, institutional strengthening advisor; Shraddha Kharel-Pandey, director of international technical assistance; David Lang, program manager; His Holiness, the 14th Dalai Lama; Pema Wangmo, program operations coordinator; Atul Panday, data manager; Vivek Sharma, curriculum development and training specialist.



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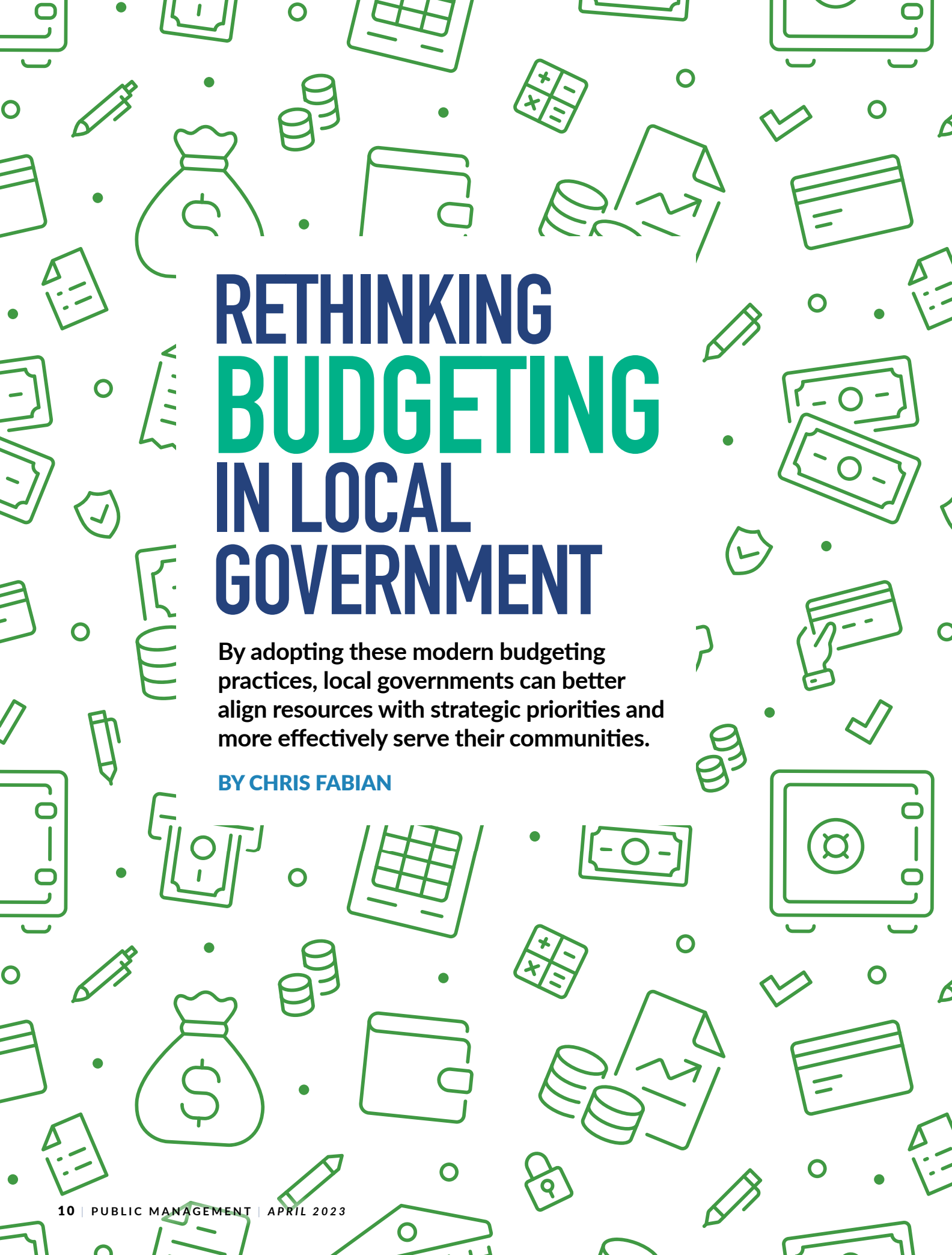


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RETHINKING BUDGETING IN LOCAL GOVERNMENT

By adopting these modern budgeting practices, local governments can better align resources with strategic priorities and more effectively serve their communities.

BY CHRIS FABIAN

It is more important than ever to rethink budgeting practices. The economic environment is uncertain and volatile. Political differences seem magnified. Our ambitions—from sustainability to equity to public safety and beyond—require more resources and fresh solutions, and all the while local government is depended upon to provide essential services to communities. However, with limited resources, inflationary pressures, and a shrinking workforce, budgeting for the services we need in order to deliver on the results we’ve committed to seems daunting if not impossible.

The traditional budgeting approach is not up to the task of today’s challenges. And in response to these circumstances, in 2022, the International City/County Management Association (ICMA), the Government Finance Officers Association (GFOA), and the National League of Cities (NLC) launched the Rethinking Budgeting initiative (icma.org/rethinkingbudgeting) to modernize budgeting practices in local governments and make them more responsive to community needs. The initiative emphasizes innovative budgeting practices to better align local government resources with strategic priorities instead of allocating funds based on historical spending patterns.

This collaborative Rethinking Budgeting initiative involves key players from ICMA, GFOA, NLC, influential local government leaders, academics, and private sector entities

dedicated to supporting local governments. The resulting data from an extensive exploration of budgeting processes and practices led to a recommendation for a shift from traditional line-item budgeting to program and priority-based budgeting. When governments budget programmatically, they can better challenge the status quo, improve efficiency, and address real needs by basing budgets on priorities rather than the previous year’s numbers. Done well, a program-based or priority-based budget serves as a strategic plan with dollar values associated with achieving the identified priorities. This new budget document is an accountability and decision-making tool that can drive growth and ensure the community’s highest priorities receive the necessary resources.

Unlike traditional line-item budgets that base new budgets on past decisions—regardless of their continued relevance or success—taking a priority-based approach to preparing and implementing your budget puts current community needs and requirements front and center. ResourceX, a key contributor to this initiative, has developed breakthrough approaches to budgeting at a program level to drive decision making directly linked to the funding of strategic priorities. Packaged in modern budgeting software, the methods are made simple for local government and public sector practitioners moving away from traditional budgeting practices. Organizations can use the ResourceX software to develop, propose, and adopt a budget built on programs supported by budget data. This software scales the program data creation process to increase

The traditional budgeting approach is not up to the task of today’s challenges.

the adoption of program and priority-based budgeting. The faster organizations can produce reliable program data, the easier it is to promote transparency in the budgeting process and increase awareness of issues of fairness in the budget.

“ResourceX is contributing actively to GFOA’s Rethinking Budgeting efforts. Central to ‘rethinking’ is the shift from the line item decision-making unit to a program decision-making unit within the budget process. That is the key, simple, practical, and breakthrough step to ensure resources are strategically aligned with results and outcomes for the benefit of residents and the community,” says Chris Fabian, CEO and co-founder of ResourceX. “That’s how we move the needle to address society’s biggest challenges.”

Shayne Kavanagh, the director of research at GFOA, along with Chris Fabian, have been working closely together to promote program-based budgeting and published a paper, “The Promise and Challenges of Program-Based Budgeting,” in 2015.¹ This article discusses the benefits of program budgeting for decision-makers as this methodology and set of tools clarify what government does and how much it costs. This approach emphasizes aligning local government resources

with strategic priorities instead of allocating funds based on historical spending patterns. By adopting this approach, local governments can better address community needs and maximize resources.

Program-based Budgeting

Program-based budgeting defines the programs and services a local government provides in terms that are digestible to residents and decision-makers. When discussing budgets, it is more significant to all stakeholders to focus on topics like police patrols and tree services rather than expenses related to salaries, benefits, goods, and contractual services in the budgets of departments such as public works and law enforcement. Budget resources are then allocated to those programs to clearly show the cost of providing each program. This approach provides a clear understanding of how local government resources are being utilized in a language accessible to cross-departmental staff, residents, and decision-makers.

Priority-based Budgeting

Priority-based budgeting takes the programmatic approach to the next level.² It involves identifying the programs most aligned with community priorities through a scoring exercise carried out by department staff and leaders. The data tied to each program in the priority-based budgeting approach illustrates alignment to goals, such as a safe community, climate, a thriving economy, a sound infrastructure, equity, and access to cultural and recreational services and areas. Additional



data points such as levels of mandate, demand, cost recovery, and reliance on the organization to provide the service enable data-driven decision-making. Priority-based budgeting enables local governments to allocate resources according to priority alignment and the community's goals.

Transparency

Transparency is critical to building trust with the community. Financial transparency tools can allow residents to interact with their community's financial information and foster greater understanding. Many municipalities have successfully translated the priority-based budgeting purpose and potential by way of their budget book, their website, community-facing data visualizations, and interactive resident dashboards.

When governments budget programmatically, they can better challenge the status quo, improve efficiency, and address real needs by basing budgets on priorities rather than the previous year's numbers.

The 2022 *ResourceX Impact Report* highlights many of these organizations, including Beach Cities Health District and the cities of Flagstaff, Arizona; Rowlett, Texas, and Pittsburgh, Pennsylvania.^{3,4,5,6}

Social Change

Rethinking Budgeting also highlights the power the local government budget has to enact social change. The budget is one of the most influential policy documents a local government produces, and equity is an important consideration in the budgeting process. Looking at the budget through an equity lens can open eyes to more positive outcomes for each community member.

Tools like the budget equity tool in San Antonio, Texas, can help guide city departments and offices to assess how their budgets can support or hurt each part of the community. Cities like Salt Lake City, Utah, used the priority-based budgeting scoring process to identify equity opportunities. When dealing with complex public and community issues, leaders need to see the full impact of every budgeting decision across all departments. This level of granularity isn't possible with traditional budgeting approaches.

The Rethinking Budgeting initiative is an excellent example of how collaboration among local governments, leading academics, and private sector companies can drive innovation and change. By adopting these modern budgeting practices, local governments can better align resources with strategic priorities and more effectively serve their communities. Rethinking Budgeting helps local government leaders better meet these needs by introducing improved approaches to budgeting, such as priority-based budgeting, new technologies and budgeting software, and best practices that support successful community outcomes. **PM**

ENDNOTES AND RESOURCES

¹<https://www.gfoa.org/materials/challenges-and-promise-of-program-budgeting-gfr>

²<https://www.resourcex.net/essential-guide-to-priority-based-budgeting>

³<https://bchd.blob.core.windows.net/docs/bchd/finance/FY21-22%20BCHD%20Priority%20Based%20Budget.pdf>

⁴<https://openpbdata.net/Flagstaff/>

⁵<https://www.rowletttx.gov/DocumentCenter/View/23371/FY22-PBB-Adopted-Book?bidId=>

⁶<https://budget.pittsburghpa.gov/>

CHRIS FABIAN is CEO

and co-founder of ResourceX. For over a decade, Chris has been invested in solving the problems associated with resource scarcity in local government. Through ResourceX, his team provides the software solution for priority-based budgeting (PBB) using data and evidence to transparently and exponentially improve results for citizens and the community. PBB is now practiced and applied by over 250 organizations across North America.



ResourceX

ResourceX ([resourcex.net](https://www.resourcex.net)) created the original priority-based budgeting (PBB) framework and software to enable local governments to strategically align resources with community outcomes. This alignment between resources and priorities accelerates data-driven decision-making and provides a platform to fund critical initiatives to ensure a fiscally sustainable future for the community. ResourceX believes in the purpose of government and its potential to lead the charge in tackling some of the world's most significant challenges, such as equity and climate action. As thought leaders and budget software innovators, we can support local governments in their vital work.

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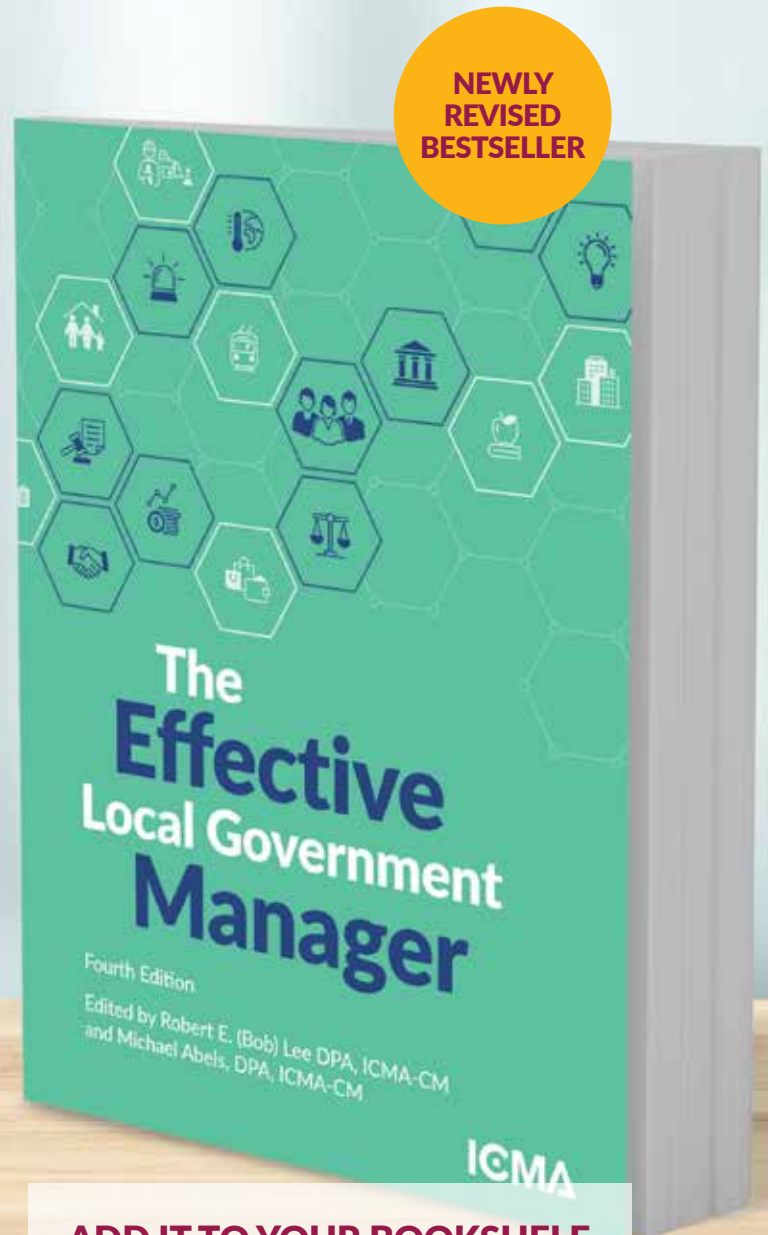
In an environment of contemporary "disruptions," strategic thinking incorporates not only a long term perspective on priority setting, but also a willingness to identify, prioritize, and deal with what is most important in the here and now and help create meaning in an environment of uncertainty.

From Chapter 1: The Profession of Local Government Manager: Evolution of Leadership Style

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What's Inside

- Building a bridge between the traditional role and responsibility of the manager with the transformational change managers are experiencing.
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NORTH CAROLINA AFTER THE PANDEMIC

A Model for Creating a Successful Business Ecosystem for All

BY JAMES H. JOHNSON JR.,
JEANNE MILLIKEN BONDS,
AND WENDELL M. DAVIS

Using a place-based approach to foster an inclusive entrepreneurship and small business ecosystem

As a magnet for both population and employment growth, North Carolina has a propitious opportunity to create an inclusive and equitable entrepreneurial and small business ecosystem to support the state's newfound prosperity. Leveraging qualitative insights from key informant interviews with government officials, community leaders, and minority entrepreneurs in one of the state's hot spots for growth, we outline the major parameters of a place-based approach to creating an inclusive entrepreneurship and small business ecosystem that generates shared prosperity, eliminating in the process longstanding inequities in community economic development in the state.

North Carolina: A State on the Rise

North Carolina has emerged as one the nation's premier destinations for both population growth and business development. The gains are impressive both in terms of talent and business recruitment.

During the first 15 months of the pandemic, according to post-2020 Census population estimates, North Carolina was the nation's fourth most attractive migration destination. An estimated 253 net newcomers arrived in the state daily between April 1, 2020 and July 1, 2021. Notably, this was a sharp increase over the 190 net newcomers who arrived in the state each day between 2010 and 2020. Three fourths of the newcomers are people of color—African American, Asian, Hispanic, and mixed race—creating a diverse pool of talent to propel the state's economy forward in the years ahead.

At the same time, North Carolina has earned the reputation as the best place in the country to do business—underscored by recent business recruitment successes across multiple economic sectors. Seven major firms—Apple, Boom Sonic, Federal Express, Google, Toyota, VinFast, and WolfSpeed—have agreed to build new facilities in the state, bringing in the process an estimated 18,000 new jobs to the state by 2030.

The Need

The state's attractiveness as a destination for both business and diverse talent has created huge demand for new residential and commercial spaces that

align with the consumer tastes and preferences of recent transplants, as well as infrastructure investments that accommodate the needs of the companies building new facilities in the state. To meet the supply chain demands undergirding plans for expanded residential, commercial, retail, and industrial development, there is an urgent need to reassess the capabilities of local entrepreneurial and small business ecosystems to ensure that the state's diverse population of aspiring entrepreneurs and small business owners have equitable access to business opportunities supporting the state's newfound prosperity.

For one of the counties that will host several of North Carolina's newly recruited businesses, we recently completed a minority entrepreneur and small business needs assessment. We interviewed elected officials, county and municipal government staff, entrepreneurial support organization leaders, as well as small business owners and nonprofit leaders in the African American and Hispanic communities.

Commenting on the opportunities for minority entrepreneurs and small business owners in the county's large-scale economic development projects, one local economic development professional enthusiastically stated:

There's going to be opportunity that we don't even know about.... It's going to create a whole new economy, basically,

and...we need to take some time [and figure out] how we reach [minority entrepreneurs and small business owners] and... position them for success. They're going to be small businesspeople that are going to come [into the county] from...all over and be real successful as a result of [these development projects]. I would like to figure out how we can help some of the people that are already here and position them to also be successful in that...same realm.

However, we identified several major hurdles or barriers that, if left unaddressed, will prevent aspiring minority entrepreneurs and small business owners from being able to take advantage of contracting and procurement opportunities in the supply chains of not only the large scale business developments, but also the anticipated residential and commercial development projects that will be launched to support and serve the needs of employees that will fill the newly created jobs in the county.

The Challenges

Opposition to growth and costly policies and procedures put into place to manage and regulate growth in this county are major barriers to minority entrepreneurship. As one local government official stated:

There's a battle against everything.

If it's a residential development, the residents who moved in will shut the door. If it's business trying to move into a particular area that's residential, it's even more heightened that people who have moved in do not want to see a business close to them.... They're fine if it's somewhere else and they can take advantage of the services, but they don't want it [the actual business] anywhere close to them. It's just the changing expectations of the residents moving into the county, and there are a bunch of them.

And this individual added:

If you're trying to open a small business, we're going to process it as if you were trying to open up an asphalt plant or a \$300,000 shipping terminal or something. It's the same process. And if you don't have the resources and if you're a small business—a one-person operation—trying to start a business, it's going to be impossible.

This individual elaborated on the process by stating:

From a regulatory standpoint, if you've got money, it works, you can make it work, but if you don't have

money, good luck. It's not going to be set up to help you as a small businessperson to get up and running. And I'm being quite frank about that.

And the individual concluded with the following observation.

I'm not sure we have the resources to help small businesses really navigate the [regulatory] processes and complete the necessary applications and to get them submitted in the format for approval by the planning board or the board of county commissioners.

Distrust of governmental entities and entrepreneurial support organizations was another major barrier we identified. One key informant in our study was quick to assert that one of the main obstacles or barriers to minority entrepreneurship and small business development "would have to be racial history, or tensions, and misconceptions, or fear." Echoing a similar sentiment, another individual we interviewed stated:

It's...a challenge for minority businesses here given the racial tensions that the county has in its history and just seeing that many individuals who grew up [in], I guess, the dark eras in America, [like] Jim Crow and segregation...they're

still here and their children are here so that notion still sticks with a lot of individuals today.

This person continued by stating:

I feel like an individual who grew during the [Jim Crow] period they'll probably...raise their children to be more cautious around other [types] of groups.... It's just the notion of being more cautious and really taking care of their... children, and passing that experience forward. I don't think it is them wanting to shut the doors but...more like them being more cautious. They...don't seek those resources when they're available [out of] a fear of how things would turn out, if they join the majority white institutions in [the] county.

Most likely reflecting the distrust that exists, a local government official we interviewed said:

We rarely hear from minorities who want to start a business in the county.... Most of the people that we are interacting with who are starting businesses are going to be white. Just... honestly to be frank with you about that...from a small

Several key informants said the county's entrepreneurial ecosystem was under-developed and difficult to navigate, especially if you are a minority entrepreneur or small business owner.

business standpoint, it is...rare that we ever encounter minorities who are reaching out to the county for starting businesses.

Following the entrepreneurial playbook was yet another challenge for minority entrepreneurs in our study. An African American community leader asserted:

I think African American businesses suffer the most by not having the expertise, especially in the early years of development, and even after they've started a business—things like business plans, some type of marketing plan, and having accountants—people who can work with them to manage the money and keep the books for them. They just really don't have that and so many of them kind of shoot themselves in the foot right up front because they either

are under-capitalized or they don't have the technical resources to help them in the areas that they need assistance.

And while resources existed to assist minority entrepreneurs, our needs assessment revealed that difficulty accessing existing resources, gaps in the resource network, and distrust of governmental officials and entrepreneurial support organizations were major hurdles. Several key informants said the county's entrepreneurial ecosystem was under-developed and difficult to navigate, especially if you are a minority entrepreneur or small business owner. One county government official specifically stated:

Our regulatory framework...is an impediment. We don't have an organized process for engaging with... minority businesses. Walking in the door is going to be completely confusing and I think that is a disincentive for home businesses trying to navigate how to start. We really need to do a better job of trying to figure how to set up a process for somebody [to] navigate how to become successful.

If minorities aspiring to start or expand a business consulted the county's website, the official stated emphatically:

...they'd be overwhelmed. We need...to reformat

everything. We have a ton of information, but we don't... have it set up to navigate. Nothing's connected—planning department, building inspections, fire marshal, central permitting, water department...our websites are not interconnected. There's no one stop where they can go to the website and [find what you need to do] to start a business.

This individual elaborated by stating:

You might find something that says how to start a business but it's only going to get you to a certain point... Trying to navigate how to actually go through that process, it's not going to help you... It's almost like it would be better if we had [dedicated] staff that would be the one go to [for small business assistance].

Finally, while enormous entrepreneurial opportunities exist in this county, lack of knowledge of the opportunities was a major concern, as expressed by one minority community leader we interviewed—a long term advocate for minority businesses—who said:

What worries me is that our folks [may not] be prepared and ready for [those opportunities].... If

they're not, what will happen is folks from surrounding communities... will get those jobs, will get those sub-contracts, will get the opportunity because our folks aren't prepared for it.

This minority community leader continued by stating:

I don't even think they [minority entrepreneurs and small business owners] understand the magnitude of [an ongoing project]. I don't think they understand the magnitude [or] are even thinking about [another] plant [that is] coming.... What contractors and subcontractors are they going to need? I don't think they are aware of the subcontracting needs. They're not doing...proposals because they don't know what the needs are.

Another minority community leader we interviewed agreed, stating,

I think...they're not savvy.... They don't know what they don't know and so they miss opportunities that are right there that they just aren't aware of.... I think there is an opportunity for somebody to [create] a list of what

A place-based approach strives to develop supports for all types of businesses, including historically underutilized or marginalized enterprises, but also communities suffering from a history of neglect and disinvestment.

the opportunities [are] and who can meet the needs.... I have to believe that people aren't getting work because they don't know the opportunity is there.

Our key takeaway from our interviews is that this county desperately needs an inclusive and equitable entrepreneurial and small business ecosystem. Given the historical legacy and contemporary manifestations of a stark racial divide within the county, we recommend that local officials embrace a place-based approach to creating such an ecosystem.

The Opportunity

A place-based approach strives to develop supports for not only all types of businesses, including historically underutilized or marginalized enterprises in various stages of development, but also communities suffering from a history of neglect and disinvestment. To paraphrase the National League of Cities, the place-based approach creates accessible spaces (i.e., makers' spaces,

incubators, accelerators, coworking spaces, etc.) with open doors for historically marginalized groups and communities who need connections to knowledge and intellectual capital assets, as well as financial capital to launch, grow, and sustain successful business enterprises. In jurisdictions with a historical legacy of hyper-segregation, these and other types of entrepreneurial supports, as defined in Figure 1, are strategically dispersed in historically disenfranchised communities to ensure equitable access to needed resources.

To commit to a place-based approach to developing an inclusive entrepreneurship and small business ecosystem, the county, according to best practices research, must take the following actions:

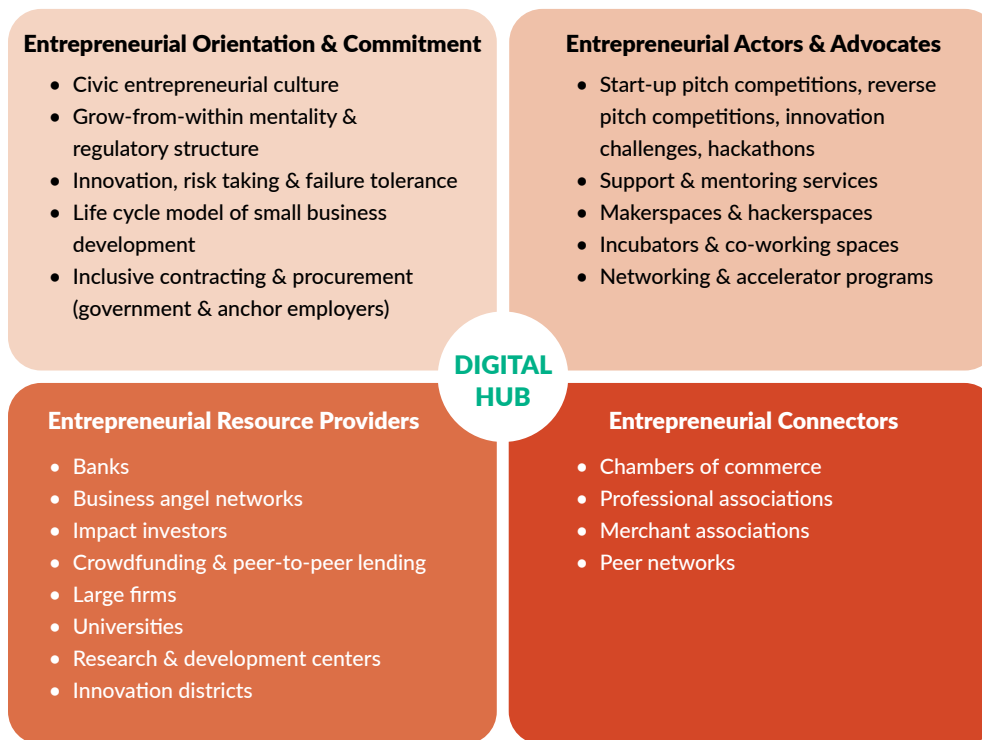
1. A Full-scale Audit

Conduct a comprehensive audit of existing government policies and regulations. This will help to identify any barriers to entrepreneurship and small business development, as well as any inequities in the ways policies and regulations are enacted and implemented that specifically disadvantage historically under-represented entrepreneurs and small business owners in the local community.

2. A Network of Support

Develop an inventory of existing entrepreneurial support organizations. Use their influence and resources to break down any silos and build connections among existing entrepreneurial support organizations, as well as fill revealed resource gaps in

Figure 1: Entrepreneurial & Small Business Ecosystem Framework



Source: Adapted from Mazzarol (2014).

the local entrepreneurial and small business ecosystem.

To achieve this goal, invest in a dedicated website—a one-stop digital entrepreneurial hub—that provides local entrepreneurs, small business owners, and local community leaders with digital access to the network of entrepreneurial support organizations and other resources, including diverse sources of capital needed to create, grow, maintain, and sustain thriving businesses and communities (see Figure 1). The goal in having such a website is to enable local entrepreneurs and small business owners to “access support and resources without having to be fully dependent on municipal efforts.”

3. A Mission-driven Approach

Adopt a mission-driven innovation approach to

minority entrepreneurship and small business development (see Figure 2). Rather than relying solely on minority

entrepreneurs to come up with their own venture ideas, the mission-oriented approach proactively stimulates and

facilitates market-driven innovation by directing aspiring entrepreneurs and small business owners to specific opportunities and challenges that require small business solutions.

4. Forecasting

Capitalize on this approach by using contracting and procurement forecasts to provide minority entrepreneurs with keen insights into where propitious entrepreneurial and business development opportunities exist in the county. Lead by leveraging the county’s government procurement and contracting opportunities to grow minority businesses and encourage existing anchor employers, as well as newly recruited businesses, to leverage their supply chains to facilitate homegrown minority business development. Sponsor start-up pitch competitions,

Figure 2: A Mission-Driven Innovation Model of Minority Business Development

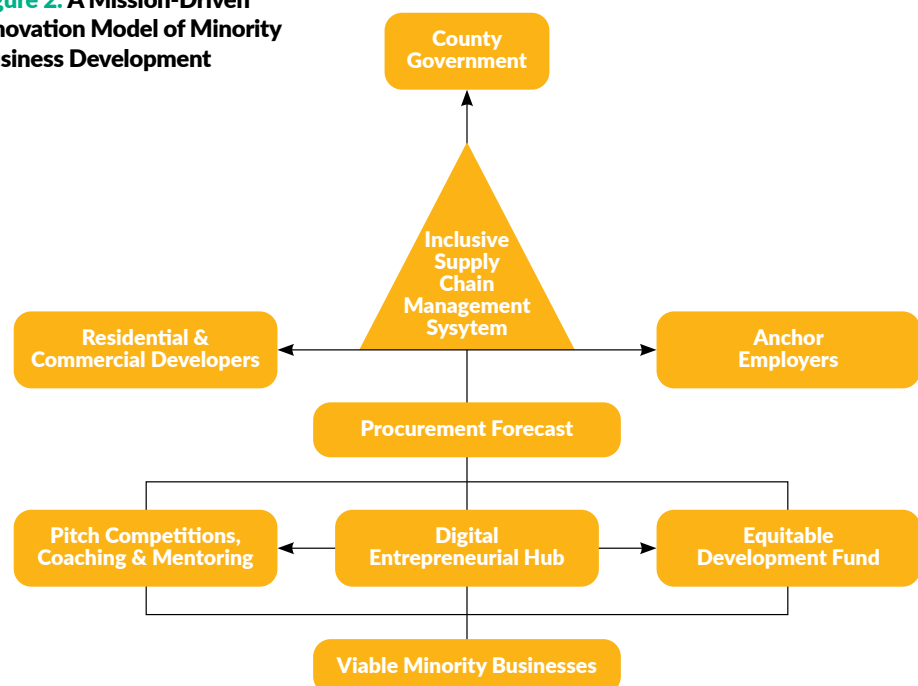


Figure 3: Supplier Diversity Management E-procurement Platforms

E-Procurement Platform	Website
ConnXus	www.connXus.com
Supplier Gateway	https://www.suppliergateway.com/
Tealbook	https://www.tealbook.com/
Supplier.io	https://www.supplier.io/
AdaptOne	https://www.adaptone.com/
IQuantum diversity	https://www.iquantum.ai/
Arkesto	https://arkestro.com/
Bentley Systems	http://www.ebidsystems.com
graphiteConnect	http://graphiteconnect.com
PowerAdvocate	https://www.poweradvocate.com

Source: Spend Matters Almanac available at <https://spendmatters.com/almanac/category/supplier-management-vendor-management/supplier-diversity-management/>.

reverse pitch competitions, and/or innovation challenges in historically marginalized communities to market and generate minority interest in forecasted contracting and procurement opportunities.

5. An All-in-One Platform

Invest in an inclusive supply chain management system, that is, a best-in-class e-procurement platform, to connect minority entrepreneurs and small business owners with education, training, and networking, as well as access to government and private sector contracting and procurement opportunities (Figure 3). Populate the platform with resources that will enable informal businesses to transition to formal businesses, thus allowing them to access resources that will further enhance the growth and development of their enterprises.

6. An Equitable Development Venture Fund

Consider supporting this mission-driven innovation approach by launching an equitable development venture fund—an investment vehicle that would provide start-up and growth capital to support minority-owned, mission-driven entrepreneurial ventures and small business enterprises. As Figure 4 shows, several U.S. jurisdictions pursuing place-based equitable development have created such funds, including two larger-scale rural funds developed by intermediaries for broader regions. Invite banks and other financial institutions, as well as foundations, to match county investments in the equitable development venture fund.

7. Partnerships

Partner with trusted-messenger organizations in

the African American and Hispanic communities and develop a multi-channel communications strategy and plan to ensure that information flow regarding available entrepreneurial supports and resources, as

well as business opportunities, is disseminated via a trusted messenger system. Such a system will go a long way toward eliminating longstanding distrust of existing institutions and facilitating the formalization of entrepreneurs in the informal economy.

8. Local Government Staff

Invest in impact investment training for county government staff and invite staff from other local entrepreneurial support organizations to participate. This will help ensure all of the stakeholders in the county entrepreneurial ecosystem have a keen understanding of the diverse pools of capital and the equity tools that can be leveraged to promote and facilitate minority business development—and inclusive and equitable, place-based community economic development, more generally.

Conclusion

Adopting and successfully implementing these recommendations should create

Figure 4: Impact Investment Innovations

Name of Fund
Invest STL
Reinvestment Baltimore Democratizing Development
NFG Chicago Community Loan Fund
Invest Atlanta
Invest Detroit
Propeller Fund—New Orleans
Inclusive Innovations Incubator, Washington, DC
Bay Area Investing
Southern Impact Investing Alliance
Cornerstone Capital (Rural)
LISC Impact Notes (Rural)



equitable opportunities for African Americans, Hispanics, and other historically marginalized groups to leverage their entrepreneurial desires and acumen in the county's booming marketplace, thus making the county a more inclusive place to live, work, play, and do business. To succeed, however, the county must devise an implementation logic model and exploit its convening powers with other key stakeholders in the community and beyond to forge the mutually beneficial strategic alliances required to create and sustain an inclusive and equitable entrepreneur and small business ecosystem. **PM**

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OPEN FOR (HOME-BASED) BUSINESS

**Updating
local zoning to
encourage
microenterprise**

BY DR. SUE E. S.
CRAWFORD, PH.D.

Technology advances and COVID-19 pandemic work-from-home experiences now encourage an unprecedented number of people to work from home and to start new home enterprises.

Home-based businesses as microenterprises, start-ups, and side hustles make up an important part of economic development in our communities. However, zoning regulations in communities often fail to match this new era of home-based businesses. The eye opener for the city of York, Nebraska, came when we discovered that many of the kinds of micro-businesses that we want to encourage in our community were technically illegal. According to a recent study of home-based business regulations by The Center for Growth and Opportunity at Utah State University, York was far from alone in needing to update our home occupation zoning rules.¹

It's difficult to assess the current scope of home-based businesses. A study in 2018 found that home-based businesses represented nearly one in six businesses in 2014.² Post-COVID, communities have seen dramatic increases in



Raúl Arcos Hawkins, business development specialist from the Center for Rural Affairs, presenting on Nebraska cottage food regulations for the York Home-Based Business Workshop. The session also provided training on marketing and sales tax compliance.

new business starts and in the number of people working from home in all types of businesses. Recent advances in cottage food laws and in technology open up even more opportunities for home-based businesses. According to the U.S. Census, annual applications for business starts increased by almost 20 percent from 2021 to 2022 in Nebraska alone.³ Home-based businesses likely represent

Home-based businesses as microenterprises, start-ups, and side hustles make up an important part of economic development in our communities.

many of these new business starts across the nation.

The inadequacies of York residential zoning for home enterprise came to light in 2022 when our county economic development director (Lisa Hurley, York County Economic Development Corporation) sat down with a York resident to set up a business plan for a small wood-working business





Tucker Gosselin of Monarch Woodworking operates out of a shed on his property.

that he planned to start in his garage. As a law-abiding, responsible entrepreneur, he asked her about the legal requirements for such a business in the city. A quick check of city zoning rules revealed that the business of interest was clearly not allowed by York's current zoning rules.

York did not have code enforcement officers roaming the streets checking for out-of-compliance home enterprises. However, the fact that home-based businesses were not legally allowed by existing zoning codes still posed barriers. The economic developer could not ethically say, "Don't worry about it, they don't enforce it anyway." A neighbor or competitor could challenge a non-conforming business under the old codes and the city would be pressed to enforce the out-of-date rules. A lender might ask for evidence from an aspiring entrepreneur that their business plan meets city zoning rules. To his credit, the entrepreneur did not want to start a business that violated city rules, so the out-of-date rules clearly posed an immediate barrier to him.

Shortly after her conversation with the woodworker entrepreneur, the economic developer emailed me a copy of our city's zoning restrictions on businesses in residential areas and recommended that we work together to update them. The definitions of occupations allowed in residential areas were clearly out of step with current business and microenterprise realities. We set out to change the zoning rules to make sure that York was supportive of home-based businesses in a way that was consistent with other

The zoning updates in York needed to reduce barriers while still protecting quality of life expectations for residentially zoned areas.

residential zoning codes in our rural community.

York prides itself on a small-town quality of life with the added economic opportunities that come from its interstate location and industries. The zoning updates in York needed to reduce barriers while still protecting quality of life expectations for residentially zoned areas. Key considerations to protect the residential nature of these areas included restrictions against parking congestion, junky-looking yards, and large business signs. At the same time, to meet the aim of reducing barriers, we eliminated any lists that restricted the types of business that could locate in a residence and established home-based business as a permitless use in residential areas. If the home-based business meets the listed zoning standards, the city does not require a permit. The entrepreneur just jumps in and starts the business.

Figure 1 outlines the main components in the York home-based business zoning rules for our residential zoning areas. The zoning regulations

define this use and then assign this as a permissible use in our R-1, R-2, and R-3 areas.

Discussions with the planning commission and the city council to request the passage of these new zoning rules went smoothly. The recent example of a resident wanting to start a business in his home was compelling for them. Reminding the officials of the context of other city codes that regulate noise, sexually oriented businesses, and health and safety considerations helped them to keep the zoning codes as simple as possible.

The conversations between the city and the economic development corporation about encouraging home-based businesses in York started with the conversation about zoning, but have not ended there. The city and the economic development



association collaborated to host a home-based business workshop after the zoning regulations passed. This workshop included sessions on the cottage food rules in the state of Nebraska, marketing for

microenterprises, sales tax rules, and resources available through the economic development corporation to help home-based businesses thrive.

While business statistics have yet to adapt to adequately

count home-based business, municipalities can adapt to this new reality in our communities by reducing zoning barriers. Updating zoning regulations not only serves our residents who begin their own home-based business, but also protects our residents who work from home for larger enterprises. **PM**

Figure 1: York Home-based Business Ordinance Components

- (a) No more than three nonresident employees may be on site at once.
- (b) No more than three clients or customers may be on site at once. Section (b) does not apply to the use of a residential property for parties of up to four hours organized in a home to sell a particular type of good.
- (c) The Home-Based Business must operate exclusively within an enclosed structure on the property.
- (d) The operation of the Home-Based Business cannot be visible from the street.
- (e) The Home-Based Business must remain a secondary use to the site's primary (residential) use.
- (f) A single sign may be attached to the structure in which the Home-Based Business is operated, which sign must be 32 square feet or less. A single detached sign may be placed on the property on which the Home-Based Business is located, which sign must be 3 square feet or less.
- (g) Materials or products associated with the home occupation on the premises must be stored within an enclosed structure.
- (h) The operation of the home occupation shall be consistent with permitted residential uses, shall not create any conditions that amount to a public nuisance, and shall not be detrimental to the residential neighborhood by causing increased noise, traffic, lighting, odor, or by violating any applicable ordinances or laws.
- (i) The Home-Based Business must operate in compliance with all City, State and County health and safety regulations.

ENDNOTES AND RESOURCES

¹ A Survey of Home-Based Business Regulations, The Center for Growth and Opportunity at Utah State University, <https://www.thecgo.org/research/zoning-for-opportunity-a-survey-of-home-based-business-regulations/#history-of-hbb-regulation> (accessed November 26, 2022).

² Kevin Kane and William A. V. Clark, "Mapping the Landscape of Urban Work: Home-Based Businesses and the Built Environment," *Environment and Planning A: Economy and Space* (2018).

³ United State Census Bureau. 2022. Annual Business Applications by State and County. <https://www.census.gov/econ/bfs/index.html> (accessed November 26, 2022).

DR. SUE E. S. CRAWFORD, PH.D., is city administrator of York, Nebraska; and a professor emeritus at Creighton University.



Engaging the Public on the Budget **IN A WHIPSAW ECONOMY**

Local governments benefit from two-way communication with residents, especially in a recession.

If we've learned anything from the pandemic-era whipsaw economy, it's that local governments function better when they establish two-way communication with their constituents, no matter the conditions.

After two years of years of dramatic fiscal downturns from the COVID-19 pandemic, followed by rebounds from once-in-a-generation federal support through American Rescue Plan Act (ARPA) funds and increases in sales and property tax revenues, local governments now face inflationary pressures and a possible economic downturn. In the 2022 City Fiscal Conditions report by the National League of Cities,¹ nine out of 10 finance officers surveyed expressed optimism in their ability to meet financial needs in 2022 compared with the previous year, but looming fear of a recession led many municipal

BY CHRIS ADAMS



governments to implement conservative approaches to their 2022 budgets.

The Benefits of Communication and Engagement

Following the Great Recession of 2007 to 2009, research showed that cities that invested in public engagement were best able to weather the challenges. One research paper using ICMA data found that “in participatory cities, nothing is off the table when dealing with a fiscal crisis.”² When a local government invests in the ability to have fact based, two-way communication with

residents, it has more options to deal with the crisis, including unpopular ones such as cutting services or raising taxes.

Likewise, cities, counties, school districts, and other public entities that leaned into public engagement during the pandemic now have strategies in place to prepare for the impact of a recession and any tough tradeoffs required to balance future budgets.

For those that haven’t increased engagement efforts, it’s not too late to strengthen the conversation with constituents. Education and engagement strategies can be institutionalized in budget and planning

Recessions aren’t good for anyone, but when they happen, strong communication can help local governments get in front of community concerns before they become community crises.

processes, especially as more residents come to expect more than two minutes at the mic.

What does that look like? In the simplest terms, residents must hear from their local government about its budget and priorities; and the local government must listen to

residents about theirs. This communication is most effective when technology is used to broaden outreach and deepen input in a regular cadence that builds understanding—even empathy—for the difficult tradeoffs inherent to local government.



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Talking and Listening Through Economic Ups and Downs

The local government of Phoenix, Arizona, is an example of the benefits of established two-way communication with residents through budget simulations, interactive online tools that the city can use to inform residents and gather input. The city has used these approaches across a wide spectrum of fiscal conditions. In 2020, a time when the U.S. economy appeared headed for a recession, Phoenix launched “FundPHX - The Dollars and Sense in Phoenix’s Budget” to educate and engage residents on its annual operating budget.³ This helped the city reach residents unable to attend in-person budget hearings and/or who did not connect with the city through email or social media.

Not only did the simulation help increase outreach, but it also functioned as a vital educational tool, allowing residents to dig deeply into the city budget, voice their preferences, and think critically about the tradeoffs required in budgeting. The city has now launched several versions of the simulation and residents have spent more than 2,100 hours learning about and providing input on spending and revenue.

The effort is an ongoing part of Phoenix’s budget process. Simulations in both English and Spanish also collect information such as number of submissions, demographic data, average change made to each spending/revenue category, average change between submittals and the original budget, and resident comments.

In summer 2022, the city expanded its use of simulations when Phoenix’s mayor and

city council proposed a \$500 million general obligation (GO) bond program to help fund critical infrastructure and rehabilitation of city parks, libraries, fire, police stations, affordable housing, streets and storm drains. Voters will decide during a November 2023 special election whether to adopt the program. With its GOPHX Tool, a simulation in both English and Spanish, the city is inviting residents to choose their priorities for the \$500 million by selecting projects and submitting their plans and comments.⁴ In its first three months, users spent a collective 493 hours on the site, with 1,809 page views, 16 minutes of average time on site, and 168 total submissions.

Why Budget Simulations Should Be Hard

Recessions aren’t good for anyone, but when they happen, strong communication can help local governments get in front of community concerns before they become community crises. This is especially so

Establishing a regular cadence of two-way communication on the budget raises expectations of local government transparency and community problem-solving.

with the budget, which is complex and challenging to make understandable.

The most common feedback from the public on budget simulation tools is that they are hard. But they should be hard. This is what makes them a worthwhile exercise. They build understanding and empathy by putting individuals in the shoes of local government officials tasked with weighing what are often limited resources against unlimited needs.

Getting the public to engage in something that is hard has value in other ways. The standard approach by local governments is to check the box on public engagement by holding a public meeting. While meetings are an adequate way to participate for some members of the public, they are typically poorly attended or serve to amplify the concerns of a few individuals rather than provide a balanced representation of community input.

With simulations, more residents can participate and give input using their computers or smartphones at a time that works best for them. As the digital divide continues to narrow, more citizens are growing comfortable with digital tools and demanding processes that use them.

Simulation tools are also an instructive and constructive way to maintain public engagement during economic headwinds. Establishing a regular cadence of two-way communication on the budget raises expectations of local government transparency and community problem-solving.

Residents who are against something, if using a simulation, can still be against it, but they must be

for something to submit their proposed budget. This effort to co-create a solution can be very powerful. It results in more durable solutions that move more quickly through a process.

Conclusion

It’s a simple fact: government budgets are hard. But community involvement in the budget process enables local governments to be transparent about funding and meeting community needs, especially if it becomes an expected part of the process, just like the standard, yet ineffective, in-person budget meeting.

We may one day look back on this whipsaw economic era as a transformative time in local government—a time when transparency increased, constituents participated more, and rather than erode further, trust grew. **PM**

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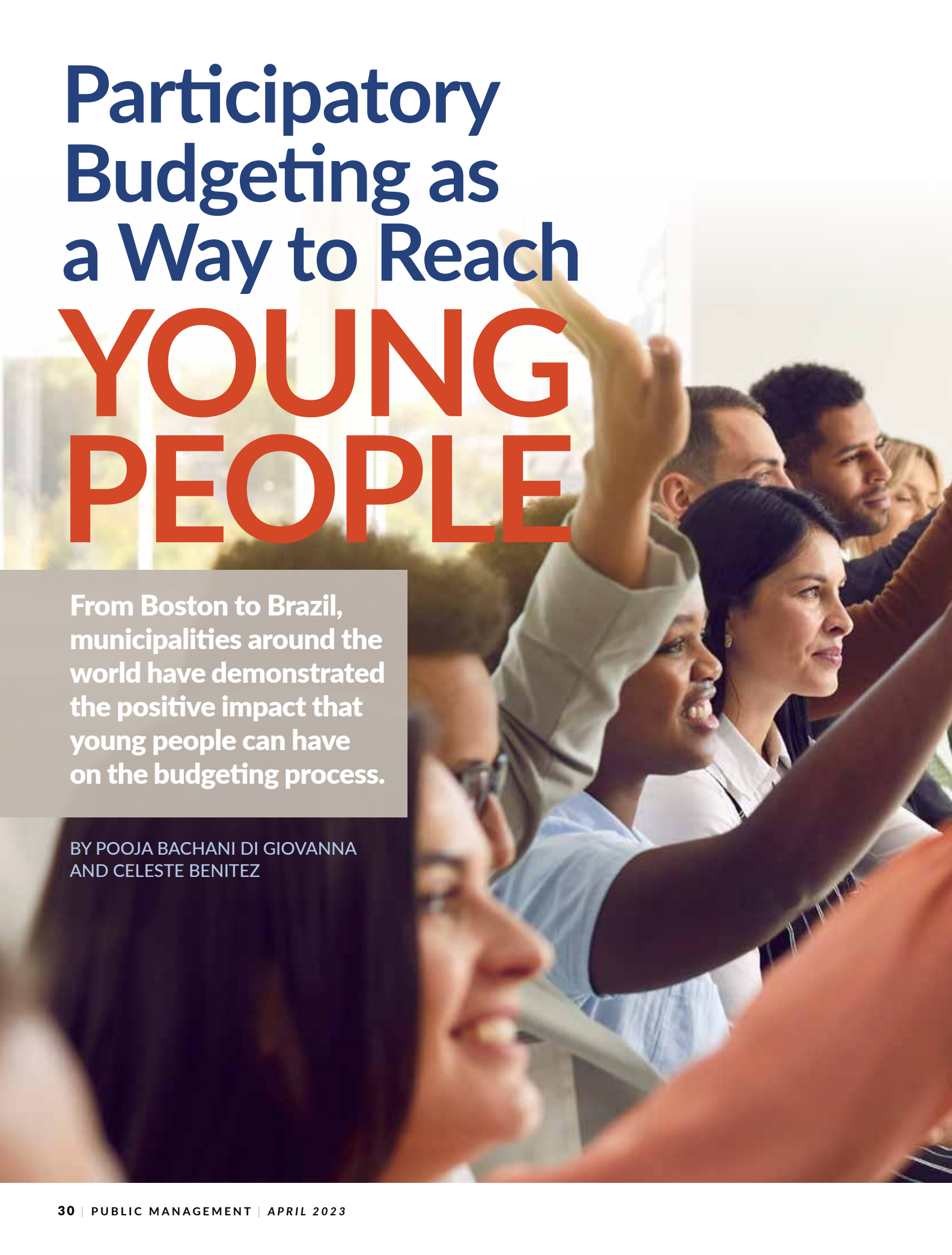
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CHRIS ADAMS is president of Balancing Act by Polco, a provider of simulation-based public engagement tools for government. He is a senior fellow at the University of Colorado School of Public Affairs.



A diverse group of young people, including men and women of various ethnicities, are shown in profile or three-quarter view. They appear to be in a meeting or workshop, with some raising their hands as if participating in a discussion or voting. The background is bright and out of focus, suggesting an indoor setting with large windows.

Participatory Budgeting as a Way to Reach **YOUNG PEOPLE**

From Boston to Brazil, municipalities around the world have demonstrated the positive impact that young people can have on the budgeting process.

BY POOJA BACHANI DI GIOVANNA
AND CELESTE BENITEZ



A city's budget should be reflective of shared priorities and goals. *How* a city determines budget priorities is reflective of the city's commitment to the role of public participation and collaborative governance. Policy decisions, especially those pertaining to budgeting, have the potential to shape communities for generations, and it is crucial for local governments to incorporate their communities in that process. Furthermore, participatory budgeting can be one avenue to more inclusive public engagement overall.

One group that is often overlooked during public engagement are young people ages 15 to 24 who constitute about 14 percent of the population.¹ There are various reasons why young people may be overlooked, whether it is because they can't vote, are susceptible to moving frequently during this time in their lives, or because they do not own property yet. Whatever the reason may be, young people are still a vital part of the community and are the next generation of community leaders. Many local governments are attuned to the significance of young people in public engagement, and despite prevalent challenges, we have seen a shift in how local government and the public interact with one another.² Creative solutions designed to incorporate more inclusive tools have allowed local governments to reach the larger community, including young people.

Local governments have an opportunity to think outside the box and incorporate creative, digital methods of collaborative governance and public participation. Many cities have found that opportunity in the subject areas of municipal budgeting and spending. Participatory budgeting is an initiative that began in Brazil to give people direct decision-making control over an allotted portion of public funds. Since it began in the late 1980s, various communities around the world have started incorporating participatory budgeting in their public engagement processes. Simply put, participatory budgeting is public collaboration in the budget process that allows the community to determine how to spend a part of the public budget.

Participatory Budgeting

In Boston, Massachusetts, young people are guiding the way in participatory budgeting efforts through a campaign called Youth Lead the Change.³ The Boston city mayor's office created this initiative with the goal of empowering young residents ages 12 to 25 in the local government budgeting process inclusively and interactively. Over the course of two years, youth throughout the city can collaborate, create, and vote on projects to be implemented

by their local government. In an effort to increase outreach, residents across the city can submit their project proposals through public events hosted by the city, representatives from the Mayor's Youth Council, digital platforms, social media, or text messages.⁴ Since its implementation in 2014, this youth-led effort has resulted in projects to tackle policy issues such as sustainability, homelessness, and supporting small businesses.⁵ Initiatives like participatory budgeting not only encourage young people to participate in this area of local government but also promote transparency in municipal spending and build trust.

Other cities that have successfully used participatory budgeting to increase comprehensive public engagement include New York City⁶ and Denver, Colorado.⁷ In New York City, the Civic Engagement Commission implemented a citywide

initiative to allow community members as young as 11 years old the power to propose and vote on how \$5 million of their mayoral expense funding is spent. In Colorado, constituents also deliberated, suggested, and voted on \$2 million of Denver's infrastructure allocations for projects ranging from pedestrian safety to homelessness.

Public Engagement on Budgets

Engaging young people in pressing issues is valuable for community development and for government officials to better understand constituents and the services they want to be funded. Research shows that encouraging young people to participate civically increases their likelihood of participating in civic life as they enter adulthood.⁸ With the creation of accessible digital tools, city budgets are available for those with access to the internet. Accessible

Participatory budgeting not only encourages young people to get involved in this area of local government, but also promotes transparency in municipal spending and builds trust.

digital tools in the budgeting process can empower young people and allow them to influence government spending directly according to their community's needs.

Today, a majority of young people use and frequent online platforms and social media.⁹ Many use the internet to stay connected, but the aftermath of the pandemic has shown us other significant ways the internet can encourage engagement. Technological advancement and the impact of the COVID-19 pandemic have altered how we engage with one another and the digital tools available to everyone with internet access.

With online engagement being a major tool for local governments to reach out to younger community members, some local governments have successfully and equitably employed the use of digital tools that would lend themselves well to participatory budgeting.¹⁰ Many cities have successfully been using digital platforms to engage with their communities on budgeted projects. For example, the city of Norfolk, Virginia, uses a combination of accessible digital platforms to provide and gather information about budgeting priorities.¹¹ This creative mix of interactive tools invites and allows community



Norfolk, Virginia



Roseville, California

Participatory budgeting is an initiative that began in Brazil to give people direct decision-making control over an allotted portion of public funds.

members to be involved in the city's budget, from public services to taxation on properties. The digital platform developed by Norfolk also gives residents a breakdown of municipal spending, which promotes transparency in the budgeting process.

Amanda Kostusiak, Norfolk's senior budget and policy analyst said, "The city gives residents the opportunity to provide input and try their hand at balancing the city's one-billion-dollar budget. When the city received \$154.1 million in American Rescue Plan Act (ARPA) funds, we allowed residents to choose and rank projects for allocating the relief funds. The ARPA relief funds were a once-in-a-generation investment into the city, we wanted to make sure residents could register their opinions on this investment plan. Norfolk values hearing from

residents on services they view as important."

Roseville, California, also used a digital platform in a creative way to meet the needs of their specific community. For a public engagement initiative that put residents in the role of city manager, the interactive tool allowed residents to increase and reduce funding for city services and programs, with the caveat that they could not raise taxes. Brief descriptions of each service and the consequences of budget cuts were included.

What Roseville saw next was the highest per capita participation rate. They found that when given this opportunity residents spent significant time making their budgeting decisions and providing feedback on areas such as ways to close the budget gap. These digital tools give residents a depth

of knowledge to develop municipal budgeting feedback for local government officials. Like many cities across the country, Roseville continues to face challenges reaching young people and hopes accessible digital platforms can help them reach young people. Megan Scheid, Roseville's Deputy City Manager, states, "In the era of busy lives and pandemic recovery, the expectation to engage has shifted. . . . Any time we can facilitate participation through technology, we can encourage people at any age to participate."

The last few years have shown us the power of digital tools for public engagement. However, digital tools are not a one-size-fits-all approach. When adapted to specific community needs, digital tools can prove incredibly useful in the public engagement process. In the case of budgeting, many local governments have found digital tools to be a way to reach their communities, particularly young people.

Budgeting decisions made by local governments touch the lives of everyone in a community for several

generations. Incorporating young community members in the budgeting process can lend perspective to community issues and empower young people in decision-making spaces. From Boston to Brazil, municipalities around the world have demonstrated the positive impact that young people can have in the budgeting process, and research has shown us how encouraging civic engagement in this area of local government can lead to more informed and engaged community members. **PM**

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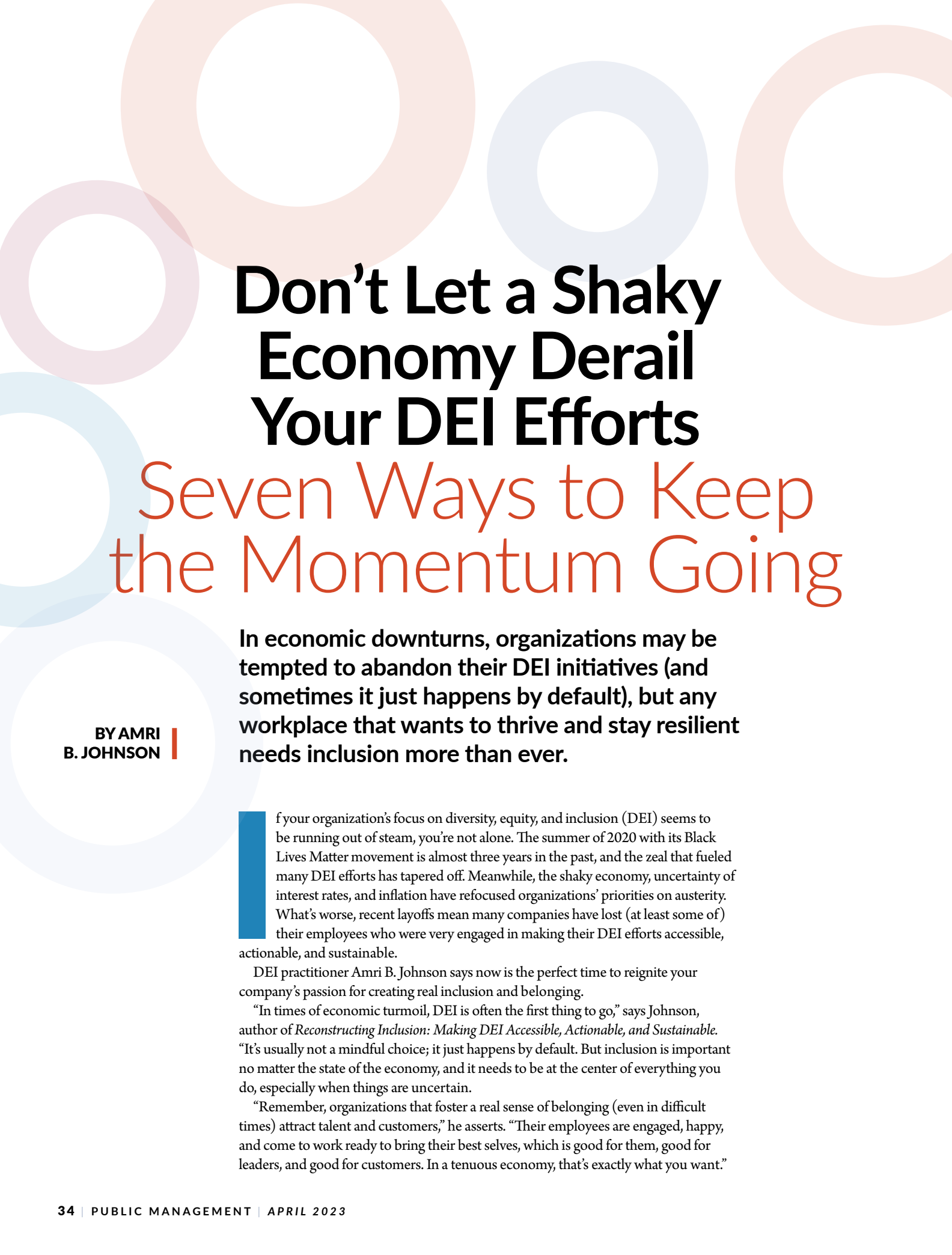
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Don't Let a Shaky Economy Derail Your DEI Efforts

Seven Ways to Keep the Momentum Going

BY AMRI
B. JOHNSON |

In economic downturns, organizations may be tempted to abandon their DEI initiatives (and sometimes it just happens by default), but any workplace that wants to thrive and stay resilient needs inclusion more than ever.

If your organization's focus on diversity, equity, and inclusion (DEI) seems to be running out of steam, you're not alone. The summer of 2020 with its Black Lives Matter movement is almost three years in the past, and the zeal that fueled many DEI efforts has tapered off. Meanwhile, the shaky economy, uncertainty of interest rates, and inflation have refocused organizations' priorities on austerity. What's worse, recent layoffs mean many companies have lost (at least some of) their employees who were very engaged in making their DEI efforts accessible, actionable, and sustainable.

DEI practitioner Amri B. Johnson says now is the perfect time to reignite your company's passion for creating real inclusion and belonging.

"In times of economic turmoil, DEI is often the first thing to go," says Johnson, author of *Reconstructing Inclusion: Making DEI Accessible, Actionable, and Sustainable*. "It's usually not a mindful choice; it just happens by default. But inclusion is important no matter the state of the economy, and it needs to be at the center of everything you do, especially when things are uncertain.

"Remember, organizations that foster a real sense of belonging (even in difficult times) attract talent and customers," he asserts. "Their employees are engaged, happy, and come to work ready to bring their best selves, which is good for them, good for leaders, and good for customers. In a tenuous economy, that's exactly what you want."



So, how do you get back on track? These tips will help you renew your DEI efforts and stay the course no matter what.

1

Do a quick check-in.

Employees are likely feeling just as uneasy these days as senior leadership is. This is a good time to check in with them, see how they are doing, and remind them that you want to hear their voices. Do people enjoy coming to work daily? Do they feel free to speak up if they disagree with leadership and coworkers? Are they allowed

to share their honest opinions? Everyone, especially employees from historically excluded groups, needs to feel that they will not be punished, interrupted, or criticized when speaking up.

“True inclusion can happen only when all employees feel safe to share their perspectives,” says Johnson. “When fear holds people back, they suffer, but so does the organization, because it misses out on their gifts and talents. Extend care and let people explicitly know that you understand their needs and you consider those needs when decisions are being made.”

2 **Be sure you're taking a humanity-centered approach.**

True inclusion is not about lifting up any group or identity above others (that's what got us into this mess to begin with!). Rather, focus your efforts on how to best uplift everyone. Of course, you still support employees who hold identities that have been marginalized in the past, such as Black, Latinx, LGBTQIA++, neurodivergent, and differently abled employees. But also recognize that the "us and them" paradigm is harmful and counterproductive, regardless of which people are part of the "out group."

3 **Recommit to building a culture of curiosity and perspective-taking.**

Encourage employees to approach inclusion efforts with an open mind and heart. Remind everyone that while they may not understand the lived experiences of all individuals they work with, all experiences are valid. Encourage them to move forward with curiosity and perspective-taking—especially when they don't understand or don't agree. Curiosity helps us seek and be receptive to other points of view. Perspective-taking is an extension of curiosity that allows us to connect by exploring, with care and thoughtful questions, what another person is experiencing. You can't always relate to what someone is feeling, but you can gain a deeper understanding through listening, along with thoughtfulness and curious questions. When these forces align, employees can begin bridging the differences that may have prevented collaboration and engagement.

4 **Shake things up.**

Bring people from different "groups" together. To break down stereotypes and biases, foster relationships between people who may otherwise not interact. Focus on an environment of collaboration and ensure that every team is made up of diverse people from varying backgrounds and experiences.

5 **Reeducate everyone on the most common forms of bias.**

We all have unconscious preferences that can negatively impact our actions and behaviors. Organizations committed to inclusion must educate employees on bias and address ways to prevent bias from negatively impacting individuals or groups. And if it's been a while since you talked about bias, this is a great time to remind people. "It begins with recognition and awareness," says Johnson. "When we know that our implicit biases might be influencing our decisions and behaviors, we can become more aware of the assumptions or beliefs driving our actions and build the skills and capabilities that allow us to effectively question and challenge them." One caveat to this is that limiting such education to a single training is incomplete and could actually be counterproductive. Create opportunities to bring awareness and then learn to apply approaches to mitigate the dysfunctional impacts of cognitive biases.



6 **Keep dismantling the meritocracy.**

Meritocratic-oriented systems are not as fair as they might seem at first glance. In fact, they can be harmful to an organization's most vulnerable employees. Why? Because the "best" people who rise to the top have often had greater opportunities than those who have historically been underexposed to things that some might take for granted. Johnson asserts that top performers are not the only people who deserve to thrive at work. And, who we identify as "top performers" often benefit from being part of in-groups where they have had greater access to information, emerging insights, or power.

"Meritocracy's myth resides in the erroneous notion that someone who has historically been advantaged is inherently more advanced than someone with less advantage," he says. "Allow everyone to develop and grow."

7 **Reexamine your talent pipeline.**

Are you hiring and retaining talent from all backgrounds? Be sure to cast a wide net. If you notice that many or most of your employees attended the same category of universities (e.g., your state schools, alma mater of influential leadership, Ivy League schools, etc.), it's time to branch out. And, of course, make sure you have designed your talent attraction/candidate experience to attract talent from and across a broad spectrum of identities and lived experiences.

"It's especially crucial to look at your talent pipeline if you've recently laid off people," says Johnson. "Many companies have been focused on increasing underrepresented talent over the last few years, but since layoffs are often done on a 'last-in, first-out' basis, these employees may have been the first to be let go. Often, that means their DEI 'champions' are gone as well."

Conclusion

The bottom line? Most companies have come a really long way in the last few years, says Johnson, and it would be a shame to lose the progress they've made. "It's never too late to revive your efforts to make belonging a reality," he asserts. "Is it always easy? No. Is it always worth it? Absolutely." **PM**

AMRI B. JOHNSON is the author of *Reconstructing Inclusion: Making DEI Accessible, Actionable, and Sustainable*. As CEO/founder of Inclusion Wins, Johnson and a virtual collective of partners converge organizational purpose to create global impact with a lens of inclusion. For more information, visit www.inclusionwins.com.



New city-level data uncovers the toll of gun violence and offers **solutions.**



City-level data available on the City Health Dashboard, through a partnership with Everytown for Gun Safety, reveals the impact of gun violence in cities as well as factors leading to the rise of gun suicides and homicides, such as:



Cities in states with the strongest gun violence prevention laws have about **half the rate of gun suicides** as those in states with the weakest laws.



Cities with the most gun shops experience nearly **four times higher gun suicide rates** than those with the fewest



Cities with the most parks or walkable neighborhoods have **half the gun suicide rate** of cities with the least.

With the City Health Dashboard, city leaders and advocates can:

- ▶ **Make data-driven decisions to reduce gun violence and bolster community connection**
- ▶ **Explore the factors that shape health, and the drivers of health equity**
- ▶ **Use data to focus resources and enlist partners to allow all communities to thrive**

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CITYHEALTHDASHBOARD.COM

Reno #SheLeadsGov Watch Party Fosters Real Change

BY REBECCA VENIS

How **collaborative experiences** can enhance virtual events to bring women together

Over the past few years, the city of Reno has put forward a concerted effort in supporting diversity, equity, and inclusion within our organization. In September 2021, we implemented a monthly speaker series—“One City, Many Voices,” where speakers shared their lived experiences, along with group discussion, to help foster a stronger understanding of the community we serve.

As the series continued, staff was looking for additional opportunities to open discussions within our organization around the critical topic of inclusion. Upon hearing about ICMA’s Second Annual SheLeadsGov Virtual Forum on Resilience 2.0: Redefining Resilient Women in Local Government, we saw an opportunity. We planned a forum watch party to open up critical conversations about women in government. We also saw an opportunity to use technology to bring together employees from a variety of departments to experience the virtual forum, to network with one another, and to offer some in-person components as well.

An Engaging Hybrid Event

Once the #SheLeadsGov virtual forum’s schedule was available, we invited employees to participate in an in-person watch party at Reno City Hall, filled with thought-provoking and motivational speakers while also getting an opportunity to network with other employees. To enhance the experience, we added a networking breakfast, in-person mindfulness and wellness breaks, a facilitated discussion about what we heard from the speakers, and a networking lunch. Other ways we encouraged participant involvement included:



- Creating stickers for the event that combined the city of Reno flag with the #SheLeadsGov hashtag.
- Partnering with the Northern Nevada International Center to give out flowers to women who attended in honor of International Women’s Day.
- Painting a chair purple—the official color of International Women’s Day—for people to sign.



Employee Interaction and Connection

In today’s world, many conferences and training sessions are now being held virtually. While they provide a convenient option for participants, oftentimes attendees are distracted as they multi-task with work responsibilities. We felt the content being provided in the SheLeadsGov program was important, so we wanted to provide an in-person opportunity to participate, allowing staff the chance to interact with coworkers on these critical topics.

Overall, we had 84 employees participate in the event from a variety of departments, including police, fire, public works, administration, municipal courts, civil service, information technology, development



REBECCA VENIS is director of communications for Reno, Nevada.

services, and even a couple of our city councilmembers participated! Approximately half of the participants were in-person and half of them virtual—and a quarter of the participants were men.

The Purple Folding Chair

One of the engagement ideas we had was to bring in a purple chair for people to sign. We were inspired by the “A Seat at the Table” exhibit (bringyourownchair.org) that was inspired by Congresswoman Shirley Chisholm’s words: “If they don’t give you a seat at the table, bring a folding chair.” We set the chair up and asked participants to sign it or put quotes on the chair related to the topic. The chair now sits in the lobby of city hall to provide a reminder of the importance of giving everyone a seat at the table.

The Future for Women at the City of Reno

We closed the program with a facilitated discussion about how we as an organization could better support women working in government. From that, we got a lot of great feedback from employees. This included everything from childcare support to guilt-free time off for wellness visits to

changing the stigma about gaps in service time women may have due to starting a family or caring for a loved one.

The feedback was so meaningful that we have developed an internal group that meets on a regular basis to work on solutions to some of the issues raised and find better ways to support the careers of women in our organization. **RM**



Reno City Manager Doug Thornley

Following the hybrid event, we asked three attendees to share their insight and takeaways from the day:

What was your favorite experience of the SheLeadsGov Virtual Forum?

Paula Hlade, Reno police department, victim services unit: I loved the motivation of the likeminded women who are all passionate about their jobs, but also passionate about creating a space for women to be seen, heard, and valued in the workplace. The speakers presented on relevant topics (pay differences, COVID, remote work) which was engaging and created great conversations after the event.

Grace Whited, associate planner, development services department: My favorite part of what I experienced was all the women who were there supporting other women. It was empowering to hear other women share their experiences and be able to relate to them.

Dawn Danen, management assistant, communications: The chair activities on the breaks, the discussion piece, and the networking lunch were all my favorites. The speaker content was absolutely amazing and it’s a close second. (Okay, I liked the whole thing but particularly the “local” pieces.)

How did the Reno SheLeadsGov watch party help you learn from and connect with women in your organization?

Hlade: It was great connecting with other successful women in roles of power in our organization who support others rather than competing against their female teammates.

Whited: It was empowering to see all the women there from the city of Reno who are passionate about women’s rights, and women in the workplace.

Danen: I had an opportunity to speak with people in depth that I had only previously spoken to in passing. We not only got to know each other better but also spoke about the conference and what touched us or had an impact.

Why is it important for organizations to support and promote women-focused events?

Hlade: Women thrive on support and validation more so than males. Events like this improve relationships among women leaders and help all of us see what is possible and know that the city supports our endeavors.

Whited: I think women have a unique challenge. Women have been violated, excluded, underestimated, and misrepresented. It can be exhausting to feel this way in your place of work, and so it is important to communicate to women in the workplace that they are valued and that their experiences are shared.

Danen: I have always thought that organizations should support all different walks of life. Not only for women, but awareness of lifestyles, cultures, and genders. I think it’s important that each person be able to see the perspective of others. It leads to a better environment and team all around when we can see “clearer.”

Radical Listening in Leadership

In local government, **listening** is an essential skill. | BY JUSTINE JONES

You've probably heard the quote by Greek philosopher Epictetus, who said, "We have two ears and one mouth so we can listen twice as much as we speak." Listening is difficult to master no matter the industry. In local government, listening is an essential skill for developing relationships, making and executing decisions, resolving conflicts, effectively communicating, and shaping culture. Admittedly, it can be hard to know where to start, especially with the intensity of daily operations, the fast pace we are often required to move, and the efficiency we strive to strike.

Deputies and assistants regularly interact with individuals in very different roles in our workplaces. Because we are in a time when local governments are highly scrutinized, recruitment

In my experience as a new town manager who was a newcomer to both the organization and to the community, listening was incredibly important.

and retention rates are low, employees are leaving in record numbers, and we have suffered a loss of trust in public agencies, we can no longer afford to miss prime opportunities to address the significant barriers we are confronted with. In essence, deputies and assistants can use their positions to give time and space to allow those we interact with to express their story wholly and without interruption by listening empathetically, which is dually beneficial to the speaker who feels genuinely understood and the listener who holistically understands what was conveyed.

Deeper, more intentional, and mindful listening is known as radical listening. The concept was first introduced in the late 2000s, when Joe L. Kincheloe, a professor



JUSTINE JONES is a manager in transition (MIT).

Radical listening is silencing your thoughts, removing the internal filters we typically use, and exercising self-control to resist the instinct to interrupt.

at McGill University, introduced it to his students and colleagues as a strategy for tuning into others' voices without inserting one's own ideas and perceptions into the conversation. Radical listening is silencing your thoughts, removing the internal filters we typically use, and exercising self-control to resist the instinct to interrupt. Instead, we honor the experiences, thoughts, and feelings of others when we work to understand rather than being understood, as referenced in Stephen Covey's book, *The 7 Habits of Highly Effective People*. It demonstrates respect, builds empathy, allows us to be open to learning others' perspectives, and provides opportunities to strengthen relationships and ultimately develop better approaches to challenges.

We should strive to remain objective, nonjudgmental, and have no preconceived notions while we radically listen so speakers feel safe in sharing their perspectives in a manner reflective of their culture, experiences, and identity. This creates the foundation for an inclusive environment that recognizes and welcomes the value of diverse thought and opinion in our workplaces.

By understanding the importance of relationships and how to leverage them so we can execute our jobs more effectively, radical listening enables us to become trusted partners who are self-aware, open, vulnerable, and genuinely curious to learn from what others have to say. It is an equally vital skill to master, although admittedly easier said than done, particularly when we are expected to understand and accurately represent the interests of those we work with. When working with various parties with dynamically different perspectives, radical listening is valuable in finding the common denominator, which helps with problem solving. Practicing this skill could be the key to successfully building cooperative working relationships, working effectively with other key departments and stakeholders, and fostering innovative solutions.

In my experience as a new town manager who was a newcomer to both the organization and to the community, listening was incredibly important. My highest priority in the first 30 days was to meet individually with each councilmember, my direct reports, business owners, community leaders, and stakeholders and simply listen. In full transparency, I clearly stated my intent to learn what kept them up at night; what aspects of the organization were operating effectively and which areas needed attention; what the community really needed and ideas about possible solutions; what motivated and inspired the staff; and explored opportunities to collaborate geared to move the town to the next level.

The feedback received was a blend of concerns, frustrations, and disappointments, as well as their hopes, dreams, and aspirations. I reiterated what I heard by reflecting their responses back to them. In some instances, the speakers had to clarify. I was committed to ensuring that I understood accurately what was being conveyed so I could utilize the responses to help inform my future work. Through focused listening, evaluation, and observation, it became clear that there was a need for operational improvements and

accountability in several areas. I began modeling transparency and accountability by proactively providing monthly performance metrics; improving the safety and security of town offices; introducing departmental financial forecasting in preparation for upcoming projects; and drafting a purchasing policy designed to expand economic opportunities, increase parity and equity, and better control costs by expanding pricing competition.

It takes time to establish trust and respect. However, by genuinely listening, I demonstrated that their opinions mattered and their perspectives were valued. Not only did I gain better insight into operational strengths and weaknesses, but I also established positive relationships in the community right from the beginning.

After I completed my listening campaign and began the real work of how best to make operational improvements, deliver efficient and effective services, promote transparency and accountability within each department and decrease the propensity for fraud, waste, and abuse, I attempted to emphasize that I had truly heard them, genuinely cared about issues that were most important to them, and that I was doing my best to ensure my work was a direct reflection of the honest insight they had entrusted to me. As a manager, the risk of not genuinely listening may mean you put yourself in jeopardy of not being listened to, which can create the risk of losing touch with the organization's realities and opening up yourself and the organization to stagnancy at best and failure at worse.

As stated by Lainie Heneghan, "When people have a true understanding of what the organization is endeavoring to do and how they fit in, they can own their actions and results in a very powerful way." Although I am a work in progress, I espouse the skill of radically listening and am committed to working to improve it every day in my work. **PM**

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A Career Highlight

One of the biggest highlights for me was being appointed to one of GFOA's national committees early in my career. People on those committees are typically managers and directors, so being appointed when I was still a treasury analyst was a big step.

A Challenging Start to a New Beginning

When I became treasurer of St. Paul, we were dealing with a lot of turnover. As a new manager, I was more familiar with the debt side of things rather than the cash side, which made it exceptionally challenging to bring on new staff, backfill my old position, and train them in a field that I wasn't as comfortable with. The other thing I inherited was a bit of a financial backlog. I'm happy to announce that we're only about a month and a half behind now. I'm definitely beginning to see the light at the end of the tunnel.

The Importance of Mentors

My "mentor for life" is a former boss who brought me into public finance, and to this day, I call her all the time. It's good to have someone who can give you both professional advice and life advice. There were times when, as a woman of color, I was really looking for somebody who looked like me and had walked in my shoes, so I reached out to a woman in San Diego who luckily took my phone call. She was able to answer a lot of my questions about public finance and just being a woman of color in the field as well.

ICMA and GFOA

I really value the partnership between ICMA and GFOA. Both organizations have been an extreme value add for my professional career. I'm a fellow in the 2022-2023 class of ICMA's Leadership Institute on Race, Equity, and Inclusion, but I wouldn't even be a part of it had GFOA not alerted me to the opportunity.

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