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Flagstaff Reframes Its Budget Process to Invest \$2M Towards Carbon Neutrality Plan



AT A GLANCE

Challenges

- Funding Climate Action
- Tracking Organizational Investment in Climate Action

Benefits

- Creating Program Level Budget Requests
- Communicating Funding Needs to Elected Officials
- Accurate Tracking of Organizational Investment in Climate Action

OBJECTIVES

The City of Flagstaff set hopeful, ambitious, and necessary goals for climate action in their Carbon Neutrality Plan (CNP), knowing that achieving success would require strong leadership, bold action, perseverance, and creativity. Flagstaff needed to modify its process to ensure department budget requests were supporting the goals of the CNP.

SOLUTIONS

Creating a connection between the budget team and the sustainability efforts was central to the Carbon Neutrality Plan's success. With strong leadership from

the top, City Manager Greg Clifton placed the Sustainability Director on the budget team to help understand the budget development process through the lens of the CNP.

Through OnlinePBB's Budgeter functionality, Flagstaff created a fully developed and prioritized program data set with customized program budget requests centered around the advancement of the Carbon Neutrality Plan while maintaining alignment with all of the city's most important priorities. The result included over two million dollars in new CNP investments.

BENEFITS

One

\$2 Million in new Carbon Neutrality Plan investments, funding almost 25% of initial action steps for the first three years of the plan

Two

All budget requests were made at the program level tied to priority based budgeting data

Three

Flagstaff successfully built and delivered its FY 2022-2023 budget as the city's first programmatic budget

Four

Elected officials could accurately track how proposed programs would impact the organizational investment in the Carbon Neutrality Plan and maintain alignment with the city's top priorities

Five

The new program-based budgeting process helped staff feel participatory in making a difference and accountable for the plan's advancement



BUILDING A BUDGET FOR THE BIG PICTURE

The risk and cost of inaction will be far greater than the cost of action

CNP New Investments

CNP Target Area	27 Requests
Emissions Reductions	1
Community Resilience	6
Equitable Systems	6
Decreased Dependence on Cars	7
Electric Mobility	3
Clean Electricity	0
Fuel Switching	0
Reducing Building Energy Use	1
Sustainable Consumption & Waste	2
Carbon Dioxide Removal	1
Total CNP New Investments	\$ 2,063,297

PROBLEMS ADDRESSED

Flagstaff needed to modify its process to ensure department budget requests supported the CNP's goals. The path to the effective application of the CNP required systemic change and broad strategies from the entire community. The city leaders knew that all departments within the organization needed to understand their current and potential contributions and that the budget is a powerful lever for communicating and activating those contributions.

With every plan of great magnitude comes the issue of where to begin. How does an organization begin to prioritize the action steps for the first phase of the plan? Flagstaff needed city leadership to incorporate climate action into the budget process, procurement decisions, strategic planning, and facility management.

Most important to the success of the Carbon Neutrality Plan was determining how the city would fund it so the planned climate actions could take place. The funding for implementation will need to come from within the City budget, agency grants, and new revenue sources. Some activities will require new capital investment in infrastructure. Others will require increases in annual operating budgets.

The city needed to apply the CNP lens to each incoming budget request to ensure that each department within the organization was making progress; however, its current budget process wasn't well-suited to support this need."

SOLUTIONS

The use of their priority-based budgeting data was crucial in their ability to:

- Reframe the budget process through the lens of the Carbon Neutrality Plan
- Find the right questions to ask about each budget request
- Because Climate Action is broad, give staff the context to understand how they are making a difference
- Provide a programmatic language relevant to how residents and elected officials experience city services

Utilizing this programmatic budget process, departments could effectively identify how their proposed programs would impact the Carbon Neutrality Plan. The staff felt participatory, aligned and accountable for the plan's advancement by providing the lens through which each request was created.

With the right people on the team, Flagstaff created custom questions on their program budget requests framing the concepts of the Carbon Neutrality Plan. Utilizing these questions, departments identified programs aligned with the CNP, or that, through new investment, could be better aligned.

These investments provide funding for almost 25% of initial action steps identified for years one through three of the plan in areas such as:

- Decreased Dependence on Cars
- Electric Mobility
- Clean Electricity
- Reduced Building Energy Use
- Sustainable Consumption and Waste Management

And advance impact in the three areas:

- Adaptation: Increased resilience of the homes, the community and the energy infrastructure to withstand shocks
- Mitigation: Reduce energy demand, leading to reduced emissions
- Equity: Improvements in affordability for the occupant, through greater comfort and lower monthly operating expenses