



February 4, 2022

To: Sam Anselm, City Administrator

From: Earlene Rich, Finance Director

Re: Agreement with Resource Exploration (ResourceX) for Priority Based Budgeting (PBB) Tools and Implementation

Executive Summary

The Finance Department, with the support of other departments, recommends implementation of Priority Based Budgeting (PBB) for the Fiscal Year 2023 budget process and recommends contracting with ResourceX to complete the transition in 2022.

Discussion

During the Proposed Budget work session for the fiscal year ending December 31, 2022, the department outlined the benefits of transitioning to a priority based budgeting model for future budgets.

Priority based budgeting takes a line-item budget (which is used for internal purposes) and transforms that data into the cost of services provided to customers which are called programs. The programs are then scored based on how well they align to community values and other program attributes such as cost recovery and percentage of population served. Once all programs are scored, decision makers can see how well the resources of the community are aligned to its values. Overall, this level of data provides the opportunity for a comprehensive budget discussion, essentially taking a single-faceted (cost) discussion and turning it into a multi-faceted decision-making tool.

The city faces an ongoing \$2 million operating deficit if current five-year projections hold true. This level of deficit must be met with strategic and sustainable decisions. Our current method of line-item budgeting does not allow the public or decision-makers to see the link between current programs provided and the goals of the community. In order to bring our community into the future, we need to re-shape our operating plan. Priority based budgeting will be a great tool to help us leverage all the data at our disposal and make the best decisions for our community.

Priority based budgeting is a government budgeting best practice backed by industry leaders including the International City/County Managers Association (ICMA) and the Government Finance Officers' Association (GFOA). The founders of ResourceX have been leaders in the priority based budgeting world for over a decade and have helped many communities transform their budgeting process. ResourceX has assisted more than 250 organizations in implementing priority based budgeting for their communities.

Fiscal Impact

The implementation cost for Online Priority Based Budgeting is \$40,000 which would be payable upon signing of the agreement with ResourceX. Annual payments of \$25,000 would begin in March 2023 which provides access to the ResourceX online PBB platform for data analysis as well as ongoing professional assistance from the team at ResourceX. The cost for PBB has been added via the budget amendment for FY22A and was included as part of the budget for FY22B. Both items are on first reading for the February 22nd meeting.

BILL No. _____

RESOLUTION No. _____

A RESOLUTION OF THE CITY OF WEST PLAINS, MISSOURI AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE AN AGREEMENT WITH RESOURCE EXPLORATION FOR PRIORITY BASED BUDGETING TOOLS AND IMPLEMENTATION.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF WEST PLAINS, MISSOURI AS FOLLOWS:

Section 1: The City Administrator is authorized and directed to execute an agreement with Resource Exploration, Priority Based Budgeting Tools and Implementation.

Section 2: This Resolution shall be in full force and effect from and after the date of its passage and approval.

PASSED AND APPROVED THIS _____ DAY OF FEBRUARY, 2022.

CITY OF WEST PLAINS, MISSOURI

BY: _____
MAYOR MICHAEL TOPLIFF

ATTEST:

CITY CLERK ALLISON SKINNER



Priority Based Budgeting Tools and Implementation

Document Overview:

- I. Agreement Summary and Contact Information
- II. Scope of Work
- III. Contract Terms, Setup, Renewal Period and Signatures
- IV. Timeline and Work Plan + Taking Action on the Data
- V. Appendix A: End User License Agreement

I. Agreement Summary, Contact Information, and ResourceX Specialists

BASIC INFORMATION	
Organization name:	West Plains, Missouri
Project Lead:	Earlene Rich, Finance Director
Telephone number/email:	Earlene.rich@westplains.gov
Start Date	March 2022
Target Completion Date	June 2022
Total Project Cost Year 1.	\$ 40,000.00
Subsequent Annual Support Cost	\$ 25,000.00
ResourceX Implementation Specialist:	Santina Reichow, sreichow@resourcecx.net
ResourceX Support:	Brad Steckart, bsteckart@resourcecx.net
ResourceX VP of Client Success:	Eric Keck, ekeck@resourcecx.net

II. Scope of Work

CHOOSE FROM SEVERAL IMPLEMENTATION OPTIONS + BUNDLE YOUR SOFTWARE

WHICH PBB IMPLEMENTATION IS RIGHT FOR YOU?

A. Project Preparation, Data Loading, and Kick-off		Fiscal Health	Program Budgeting	Full PBB
<input checked="" type="checkbox"/>	Virtual Project Kick-off (including project prep, data loading)	Free w/ Project	X	X

B. Ongoing Support and Training		Fiscal Health	Program Budgeting	Full PBB
<input checked="" type="checkbox"/>	<i>50-hr Package of On-going Support*</i> Bi-weekly project implementation support meetings, user training and access, training webinars and implementation support	\$15K	X	X
	<i>Additional 50-hr Package of On-going Support</i> Bi-weekly project implementation support meetings, user training and access, training webinars and implementation support	\$	X	X
<input checked="" type="checkbox"/>	<i>On-going Webinars + Slack</i> Classroom Style Group Webinars of Ongoing Training & Quarterly Contact	Free w/ Project	X	X

C. Software Tools**		Fiscal Health	Program Budgeting	Full PBB
	Fiscal Health Diagnostic	\$	X	
<input checked="" type="checkbox"/>	Online Priority Based Budgeting	\$ 25K	X	X
	Bundle: Fiscal Health + Online Priority Based Budgeting	\$	X	X

D. Additional Software Applications		Fiscal Health	Program Budgeting	Full PBB
	OpenPBBData	\$		X
	Program Metrics	\$	X	X

E. Optional Consulting Engagements		Fiscal Health	Program Budgeting	Full PBB
	On-site Visit for Staff, Council, Citizens (per day)	\$	X	X
	Advanced Consulting: Partnerships, Rate Evaluation, Sourcing	TBD***	X	X

* 50 hours of support is recommended for full PBB implementation. Additional support packages available.

** Ongoing annual renewal rates are offered at the rate of your software subscription

*** Advanced consulting quotes may be developed for your organization upon request.

III. Contract Terms, Setup, Renewal Period and Signatures

COST SUMMARY	
Implementation Set-up Total – Breakdown described in section II	\$ 40,000.00
Software Renewal Rate – Fixed for 3 renewals	\$ 25,000.00
Subscription Period – Reoccurring annually	March 1 st
Initial Invoice Amount – Software + one-time set up.	\$ 40,000.00
Initial Invoice Date – Due net 30 Days	March 1st, 2022
Renewal Invoice Amount	\$ 25,000.00
Renewal Invoice Dates – Due net 30 Days	March 1 st 2023 March 1 st 2024 March 1 st 2025

Initial Setup & Ongoing Management: Initial implementation can be divided into two parts, the setup and ongoing management. Both efforts are detailed below.

ResourceX Obligations

As part of the setup, ResourceX will:

- A. Discussing the project scope and overall plan;
- B. Assisting with the creation of the project charter;
- C. Uploading annual budget and personnel data to the online tools;
- D. Provisioning users in the online tools;
- E. Provisioning users into custom priority based budgeting interactive Learning Management Systems (LMS) training software;
- F. Providing standardized community results and definitions (with opportunity to customize).

As part of ongoing management, ResourceX will provide training and LMS (Learning Management System) software support in the development of the following deliverables:

- A. Creating program inventories;
- B. Allocating costs to programs;
- C. Scoring programs against results and definitions;
- D. Peer reviewing program scores;
- E. Validating costs and scores;
- F. Training staff on how to utilize the analysis tools.

LAUNCH PREPARATION

Phase	Task	Description	Milestone	Deliverable
Launch Preparation	Planning Meeting	Discussion of project scope, Project Charter, Communication Plan, and implementation schedule.	Scope and schedule are established	Project scope, schedule, Project Charter and Communication Plan are created
Launch Preparation	Super User 101	High level overview of the tools and methodology for Super Users.	Super User team trained	Training specific to the Super User team
Launch Preparation	PBBi 101 & More	Overview of the Program Based Business Intelligence (PBBi) methodology and introduction to the concept of a program inventory.	Program Inventory created	Training on PBBi as well as the creation of program inventory. Insights will also be introduced.

DATA CREATION

Phase	Task	Description	Milestone	Deliverable
Costing	Program Costing Workshop	Introduction to Cost Allocation and how to allocate costs to programs.	Organization trained on the allocation of costs	Training will enable the organization to allocate costs to their program inventory. Insights created for the cost allocated programs
Scoring	Program Scoring Workshop	Introduction to Program Scoring and how to evaluate programs against results and additional descriptors.	Organization trained on the scoring of programs	Training will enable the organization to create scoring of programs. Insights created for the scored programs
Peer Review	Peer Review	Training is split up into two sections, one meeting on how to create teams, and the other on the process of peer review.	Organization trained on peer review	Training will enable the organization to complete the peer review of all programs

POST LAUNCH

Phase	Task	Description	Milestone	Deliverable
Post Launch	Final Review	Training will be provided on how to review program data to ensure data reasonability.	Organization trained on data fidelity	Training will enable the organization to ensure that data and programs entered are accurate
Post Launch	Next Steps	Organizations will discuss next steps on how to use the analysis tools.	Next Steps Discussion	The organization will now have the complete picture on how to move forward with the methodology and tools
Post Launch	Post Implementation Check-in	ResourceX staff will check in with the organization to assess health and direction of implementation. A review of charter goals, troubleshooting of issues, addressing concerns and the identification of renewal goals will occur.	Post implementation Check-in	The organization will have the opportunity to share wins and seek advice and strategies for challenges. Establishment of renewal year goals

Client Requirements

Client agrees to the following terms for delivery and review of materials.

- A. Client shall complete the ResourceX Project Charter.
- B. Client shall provide budget and personnel data for the implemented fiscal year.
- C. Client shall provide a list of employees that will need access to the online tools.
- D. Client shall commit to adhering to mutually agreed upon implementation schedule.

Communications

Client agrees the communication is to be via email or Xpress support through Slack only. If the Client wishes to speak on the phone, the Client should send an email to ResourceX stating that you would like to schedule a phone call and ResourceX will work with the Client to arrange a time. ResourceX typically responds to email within 24 hours excluding weekends and standard public holidays.

Annual Renewal Terms: Annual renewal rate of \$25,000.00 will be set for 3 years. Each year an invoice will be sent February 1st (1st renewal invoice will be sent in 2023) for continued access to the Online Priority Based Budgeting tools. Either party may terminate this agreement, at any time, with a minimum of a written 30-day notice (with the ability to re-subscribe again at any time, subject to the current subscription rates at that time).

THIS AGREEMENT is made and effective as of **February 22nd, 2022**, between **West Plains, Missouri and Resource Exploration**. The parties agree as follows:

Resource Exploration

West Plains, MO



_____ Date: 1-31-2022

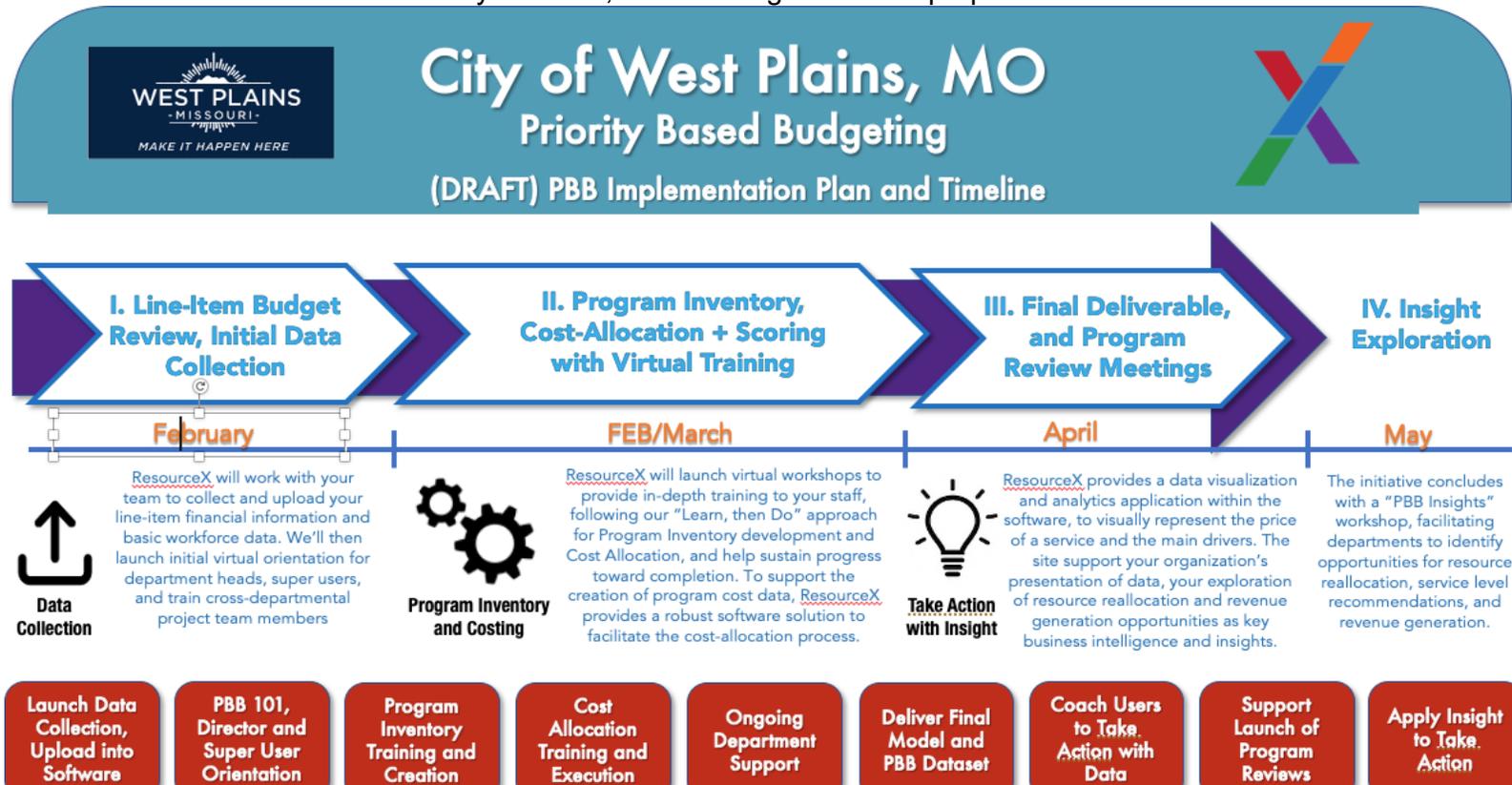
By: Chris Fabian
Co-Founder

IV. Timeline

Timeline Considerations

Your organization’s timeline for implementation is in your control. ResourceX will help you design your timeline to meet the needs of the organization. Overall, your PBB training and roll-out can be completed in a 3-month period, from beginning to end. If you have a more pressing need to implement PBB in less time, please let us know and our team will help design a path that will accommodate your schedule.

Ideally, your organization will want to set a goal for Model Completion that synchs with your budget process. ResourceX will begin our timeline discussion by asking: “by when do you want your PBB model complete, in order to influence budget decisions?” Based on conversations with your team, the following timeline is proposed:



Identifying Super Users

One of the key objectives of our first meeting will be to identify the “Super User(s)” in your organization who will be the primary resource to coordinate with our team for the management of the project. The Super User(s) will gain the benefit of being trained on all aspects of the OnlinePBB software, and achieve mastery of Priority Based Budgeting concepts, sufficient to lead the process in future years.



Milestone Review:

Identification of Programs/Services – in PBB, the organization identifies its individual programs and services. In its unique database, ResourceX has identified over 220,000 individual government programs. Programs are the foundational unit for decision-making, and every program has a “future” – a future where the plan for the organization is either to increase investment in the program, to divest itself of support for the program, or perhaps status quo.

Costing of Programs/Services – for every program, a price for delivery is determined. PBB software integrates data from the organization’s financial systems and human resources systems (or ERP) and allows for resource allocation of budget and actual data, to programs and projects. Personnel costs are allocated based on the amount of time that the organization’s human resources support the program, and non-personnel line-item costs are also allocated for a true cost of doing business.

Integration of Results and Result Definitions – the software integrates the organization’s PBB Results and Result Definitions. In its unique database, ResourceX has accumulated key Result areas from over 250 organizations, as well as the key performance metrics that help an organization define their Results.

Scoring Evaluation of Programs/Services – the software facilitates a unique evaluation process whereby programs are numerically scored relative to the organization’s Results, as well as key “Basic Program Attributes” (degree of mandate, size of population served, cost recovery, reliance upon the organization by its citizens, etc).

Prioritization Ranking Algorithm – the software applies a unique scoring and ranking algorithm that places programs in priority levels (four specific “quartile rankings”), based on the programs influence on societal objectives and basic program attributes.

Resource Alignment Diagnostic (RAD) Modeling – the software facilitates exploration of the data based on unique analytics drawn from the scoring process, allowing the organization to understand and act upon insights such as: which programs are ideal for public/public partnership; which programs are ideal for public/private partnerships; which programs are charging a fee, where the fee is less than the true cost of providing the program; which programs are best served by another source; which programs are the organization’s most influential to achieving Results, etc.

Work Plan Overview:

Program Inventory and Program Budget Development

ResourceX provides a “starter program inventory” for the departments to work from and a training on how to identify “programs” at a level most effective for PBB. The “starter program inventory” is built from the PBB Database of over 220,000 programs, customized to match with their department, and significantly easing the workload for departments to complete this first task. Each department will be responsible for refining and completing their Program Inventory through LMS training and support and submitting this to ResourceX.

Program Inventory

Edit Program Inventory | Add a Program from SEARCH | Combine Programs

Search from a list of programs used by others in the PBB community. Then select programs to add to your inventory. The Program's name and description will be added to your Inventory where you may further update the program fields. Scores listed here will NOT be transferred to your organization.

Add highlighted Programs to selected User Group

18th General District Court [Add Programs]

Show 100 entries Search:

Org	RX_Dept	Department	Division	Program	Description
Joplin, MO	Finance	Finance	Accounting Services	1099 Processing	Prepare and balance 1099's annually.
Battle Creek, MI	Parks and Recreation	16 - P&R	7050 - Bailey Park	13's World Series	Provide facilities to AABC for the 13 and under age group World Series.
Kenmore, WA	Capital Projects	CAPITAL PROJECTS	Sidewalk	181st Sidewalk 65 - 67th Streets	none
South Bend, IN	Citizen (Public) Engagement	Community Investment	Administration	1st Time Homebuyer Assistance Program	Assist first time homebuyers with mortgage financing as directed by Community Homebuyers Corporation Board
Plano, TX	Non Departmental	Non-Departmental	None	2012 Texas Utilities (TXU)/Oncor Standing Committee-	A group of cities which monitor rates and rate increases made through Oncor.
Cary, NC	Legal	Legislative	4130-Town Clerk	2013 Staff Development Project ('And, yes')	none

Differentiating programs and services offered by the organization to the community, as opposed to drawing only a comparison between each of the individual departments that provide services to the community, builds a common understanding of exactly what the entire organization offers to its constituents (and what those programs cost) and leads to a more effective means of making discrete resource allocation decisions through the Priority Based Budgeting process.

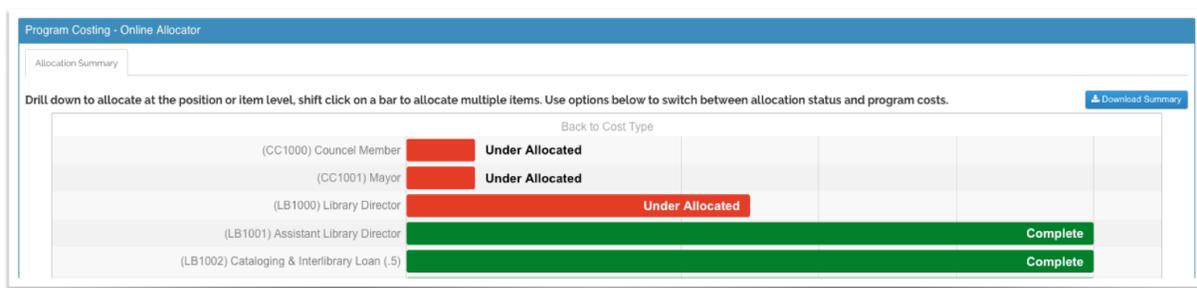
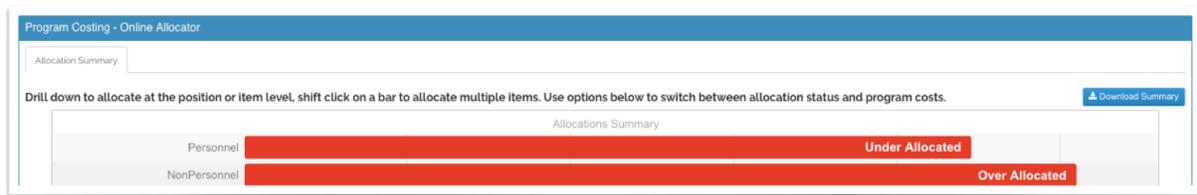
One of the key objectives that your organization will achieve with this process is the identification of programs and services it offers, as well as the cost for these programs. The “Program Inventory” will clarify the breadth of services provided by your organization, and highlight key characteristics of each program (e.g., the full cost of providing the program and level of revenues that program directly generates to support its operations). The inventory is a tremendously valuable tool in and of itself, but is also the basis for discussion of prioritizing resources – programs are prioritized based on their influence on Results.

Many organizations attempt to “prioritize” their spending by comparing one department or division against another rather than determining which of the typically hundreds of programs and services offered across the organization are more highly valued than others. By developing a comprehensive list of programs offered by the organization and identifying the costs of those services, your organization will be able to better understand at a more discrete level what programs it provides and how much it costs to provide them.

ResourceX wrote the guidelines for developing a “Program Inventory”, as published by the Government Finance Officers’ Association (GFOA) white paper on Priority Based Budgeting, entitled “Anatomy of a Priority Based Budgeting Process” (GFOA, 2011). These guidelines form the basis for developing a “Program Inventory”. Critical to this process is finding the right level of detail when identifying discrete programs. If a program is too big or encompasses too much, it will not provide sufficient perspective and information – that is, it will be very difficult to describe the precise value the program creates, or to use program cost information in decision making. However, if program definitions are too small, decision makers can become overwhelmed with detail and be unable to see the big picture. ResourceX will work with your organization to establish the right level of discretion in the creation of “Program Inventories”.

With respect to identifying costs for each of the programs identified, ResourceX will provide LMS training and support in order to train staff on how to derive these program costs, as well as serve as an ongoing resource to staff in providing assistance in the estimation of these costs. ResourceX will provide LMS guidance and coaching that will offer your organization techniques and methodologies used in calculating indirect and direct program costs and identifying the number of staff associated with each program offered.

ResourceX will provide customized Program Costing templates for each of the organization's departments (or divisions).



The "Program Cost Allocation" engine is an online allocator, designed to make the generation of your Program Inventory, and Program Costs easy, efficient and accurate.

Lansing 2020 - Final All Available MODEL EDITOR Edit Program Inventory resourceX

Complete Program Costing using the Online Allocator or Downloadable Template.

Select User Group for Program Costing
All Available

Programs shown: FIRE, HUMAN RELATIONS, INFORMATION TECHNOLO..., PUBLIC SERVICE, ECONOMIC DEVELOPMENT..., FINANCE. All show 100.0% allocation.

Programs shown in detail: PUBLIC SERVICE, ECONOMIC DEVELOPMENT..., Personnel. All show 100.0% allocation.

Allocate Personnel

Selected	Current Allocation	Position Description	Employee ID	Cost Center	Obj4	Name	Account
<input checked="" type="checkbox"/>	100.00	0 BUILDING INSPECTOR SUPERVISOR	0 14838	0 2492610	0	STEVEN SWAN	2492610

Update Personnel Allocations. For multiple selections the average allocation is show

Programs to Include: Check All Uncheck All

Allocations Methods: Current Reset Evenly

Include additional programs

Include	ProgNum	Program	Allocation	C	N
<input checked="" type="checkbox"/>	75	Abatement of tall grass and weeds on residential and vacant lots in the City	0		N
<input checked="" type="checkbox"/>	128	Act 285 Reviews	0		N
<input checked="" type="checkbox"/>	205	Administer and enforce state construction codes, including Building, Electrical, Plumbing and Mechanical	70		N
<input checked="" type="checkbox"/>	107	Brownfield Remediation Fund Administration	0		N
<input checked="" type="checkbox"/>	101	Business Retention Program with Ingham County	0		N
<input checked="" type="checkbox"/>	90	CDBG Grant Administration & Program Delivery	0		N
<input checked="" type="checkbox"/>	71	Chair the Demolition Board for the removal of distressed properties in the City	0		N
<input checked="" type="checkbox"/>	212	Citizen Interactions	0		N
<input checked="" type="checkbox"/>	87	City Licensing Inspections	0		N
<input checked="" type="checkbox"/>	120	Comprehensive Planning	0		N
<input checked="" type="checkbox"/>	118	Downtown resident parking program	0		N
<input checked="" type="checkbox"/>	207	Economic Development assistance	0		N
<input checked="" type="checkbox"/>	85	Enforcement of City Sign Ordinance as required by City Ordinance (Chapter 1440)	10		N
<input checked="" type="checkbox"/>	86	Enforcement of Floodplain regulations as they pertain to building construction	10		N

Allocate NonPersonnel

Selected	Current Allocation	Cost	Account Description	Object	Account
<input checked="" type="checkbox"/>	100.00	3,000	0 TRAINING	0 101172601.747000.00000	101172601.747000.00000
<input checked="" type="checkbox"/>	100.00	25,000	0 TRAINING	0 101172610.747000.00000	101172610.747000.00000
<input checked="" type="checkbox"/>	100.00	0	0 TRAINING	0 101.343535.747000.00000	101.343535.747000.00000
<input checked="" type="checkbox"/>	100.00	7,500	0 TRAINING	0 249.172610.747000.00000	249.172610.747000.00000
<input checked="" type="checkbox"/>	100.00	20,000	0 TRAINING	0 585.453640.747000.00000	585.453640.747000.00000

Update Expense or Revenue Allocations. Check Programs to include, then select an allocation method.

Programs to Include: Check All Uncheck All

Allocations Methods: Current Reset FTE Evenly Percent

Include additional programs

Include	ProgNum	Program	FTE	Alloca
<input checked="" type="checkbox"/>	75	Abatement of tall grass and weeds on residential and vacant lots in the City	2.35	1749.73
<input checked="" type="checkbox"/>	128	Act 285 Reviews	0.1	74.4561
<input checked="" type="checkbox"/>	205	Administer and enforce state construction codes, including Building, Electrical, Plumbing and Mechanical	10.77	7944.5
<input checked="" type="checkbox"/>	107	Brownfield Remediation Fund Administration	0	0
<input checked="" type="checkbox"/>	101	Business Retention Program with Ingham County	1	744.561
<input checked="" type="checkbox"/>	90	CDBG Grant Administration & Program Delivery	7.85	5509.7
<input checked="" type="checkbox"/>	71	Chair the Demolition Board for the removal of distressed properties in the City	0.05	37.228
<input checked="" type="checkbox"/>	212	Citizen Interactions	0.75	558.42
<input checked="" type="checkbox"/>	87	City Licensing Inspections	0	0
<input checked="" type="checkbox"/>	120	Comprehensive Planning	0.85	632.88
<input checked="" type="checkbox"/>	118	Downtown resident parking program	0.45	335.05
<input checked="" type="checkbox"/>	207	Economic Development assistance	0	0

Cost allocation methods are built-in to the tools, to facilitate ease for allocating personnel (demonstrated on the left), and non-personnel line-item costs (on the right). FTE can be grouped by common positions and allocated all at once, or one by one. Non-personnel costs can be distributed pro-rated based on a per FTE basis, a percentage basis, directly, or evenly. Costs can be distributed across department and division lines, and all tie out completely to your budget, exactly as they were extracted from your financial system.

Specifically, ResourceX will help your organization IDENTIFY and COST ONGOING PROGRAMS and SERVICES by:

- Providing LMS training and support to help department heads and other identified staff gain a better understanding of how to define and identify the individual programs and services that are offered by each individual department and to provide guidance in distinguishing between a task (too small to be considered a program) and a department/division (oftentimes too large to be considered a program).
- Sharing access to the Program Inventory data-mine, with program examples gathered from other organizations that have worked with ResourceX to use in developing and/or refining its own "Program Inventory".
- Providing LMS training to help department heads and other identified staff utilize the [OnlinePBB](#) cost allocation software to determine program costs.
- Training the organization to perform revenue allocation within [OnlinePBB](#) software for all fees, charges for service and even grants in order to measure cost recovery and evaluate the degree to which any program is subsidized by general government resources.
- Providing LMS guidance and coaching to department heads, division directors, managers and/or supervisors to train them on techniques and methodologies used in calculating program costs (including direct and indirect costs) and identifying the number of staff associated with each program offered.

Results Setting and Result Definitions

ResourceX will provide standardized results and result definitions (with a customizable option), or to validate "Results" that the organization has already established. Priorities establish the foundation for Priority Based Budgeting.

Results help to identify the very fundamental reasons that a local government exists – articulating all the ways it serves the needs of the community (*as opposed to a list of specific projects or initiatives that need to be considered during the next budget cycle*). They are meant to answer the questions, "**Why do we, as an organization, exist in the eyes of the community**" and "**What are we in business to do?**" *Results* are more overarching in nature and will "*stand the test of time,*" as opposed to more short-term needs or tasks that normally have a targeted "*finish-line.*" Finally, *Results* are truly unique to your community, in that they attempt to determine the role of your local government to determine "**why**" it exists and "**why**" it offers the types of unique services it does to the community.

As *Results* are identified, there is a distinction made between "**Community-oriented Results**", which help define why certain programs are offered directly to the community, and "**Governance-oriented Results**", which help define why internally focused programs are offered by various support functions such as Finance, Human Resources, and Information Technology. Through its research and work with other local governments, **ResourceX** has

found it imperative in achieving the best outcomes from its **PBB** process that an organization distinguish between “*Community Programs*” (i.e. programs that directly serve the community) and “*Governance Programs*” (i.e. programs that are more internal in nature and generally support the administration, elected officials and departments within the organization). In order to understand the relevance of *Governance Programs*, we need to evaluate them against different *Results* than *Community Programs*, because *Governance Programs* exist within the organization for fundamentally different reasons than do the *Community Programs*. Even though the scoring criteria might be different for each of these two types of programs, the process allows you to ultimately look at all offered programs from an overall Organization-wide perspective in the eventual program prioritization array.

The main deliverable includes the identification and articulation of *Results* for both “*Community-oriented*” programs and “*Governance-oriented*” programs, which will be fully utilized as the **Priority Based Budgeting** process unfolds. **ResourceX** will review the **Organization’s** existing strategic documents included its Vision, Mission and Values Statements, Strategic Plan, Strategic Council Goals and/or Community Survey Responses to determine how to leverage these efforts in identifying *Results* for the **PBB** process.

Specifically, ResourceX will help your organization IDENTIFY and DEFINE RESULTS by:

- Determining both a “starting place” for its Results and the most appropriate way to validate those Results with its elected officials.
- If determined to be the best approach, conducting a “Results Validation” exercise to confirm that the organization believes the Results that have been identified are complete, comprehensive and clearly articulate “why” the organization exists and “what” it is there to accomplish for it’s residents, businesses and visitors.

Program Scoring and Peer Review

With the right Results, and with clear definitions of those Results, the organization is then ready to more accurately place a value on individual programs (and potentially one-time initiatives) relative to its influence on achieving the organization’s stated Results.

In *Program Evaluation or Scoring* phase, it is essential to give departments the opportunity to first score their own programs, relative to your organization’s *Results* and demonstrate why they believe their programs are influential in achieving those *Results*. This gives departments the chance to provide their own unique intelligence on their own programs which no one else but the program providers would have known. Not only does this help solidify organizational buy-in but at the same time provides a more thorough and complete understanding about everything the organization does and how those programs help achieve the identified *Results* (i.e. “why” we offer the program).

The *Peer Review* phase then provides for an authentication process to validate (*and perhaps question*) the department's belief that their programs are indeed relevant to your organization's *Results*. Several organizations have commented that, unlike other more conventional approaches to performance measures, *Peer Review* provides a forum for a far better discussion that leads to a clearer understanding of how programs truly influence *Results*. Furthermore, departments gain an organization-wide perspective about programs being offered across your organization, which has led to the uncovering of program redundancies. This step in the process has led to cross-departmental collaboration, as departments find out that they provide similar programs to other departments. This process has also contributed to changes in organizational culture as departments are tasked with the duty of objectively analyzing programs that aren't their own (i.e. a "*jury of their peers*").

The effect of *Peer Review* has been remarkable, not only for the purposes of *PBB*, but for bringing an organization together to look at the programs they offer in the context of how they collectively achieve the *Results* that citizens find meaningful. In a sense, *Peer Review* begins to break down the old departmental "*silos*" and lets staff see the world from a more global perspective. Ultimately, it is through this step that more accurate *program* scores emerge, that a better understanding of *programs* is developed, and an assurance that the outcome of the entire process is objective and valid. For the long-term, this phase in the process sparks the discussion of how to determine what measure or metric will substantiate the fact that a program's desired outcome is achieving that objective.

Specifically, ResourceX will help your organization VALUE ONGOING PROGRAMS BASED ON RESULTS by:

- Providing LMS training and support for department heads, division directors, managers and/or supervisors to train them on the how to evaluate programs against the identified Results and Basic Program Attributes in the Program Scoring phase.
- Training on scoring in the [OnlinePBB](#) software platform, to facilitate the organization's effort to score programs based on the program's influence on Results and on the identified "Basic Program Attributes".
- Providing coaching and support to the departments as program scoring is completed.
- Providing guidance and assistance in the development of Peer Review Teams to ensure they are cross-functional in nature and maintain the level of objectivity needed to make this phase of the process successful. This is another part of the process where including elected officials and/or external stakeholders from the community is a potential area of interest.
- Providing coaching and support to the Peer Review Teams in the evaluation of program scores, encouraging them to interview program managers to hear evidence that justify assigned program scores, and then recommending program score adjustments where appropriate.
- Provide training to Peer Review teams to enter final recommendations into [OnlinePBB](#) software.

- Offering suggestions as to the incorporation of existing performance measures as an evaluation criteria in the Peer Review process as well as the development of key indicators for use in future years.
- Developing an “Impact of Peer Review Report” in the tools to identify the impact of changes to the department’s initial program scored made by the Peer Review Teams.

Final Model Delivery

Ultimately, the Results identified and defined by the organization and the programs that are the most highly valued in terms of achieving those Results become clearly articulated in the budget through a process in which resource allocation decisions are linked to the prioritization of those individual programs and services.

Once programs have been scored against the *Results* and a relative value determined, the entire list of your organization’s offered services can be arranged in order of “highest priority” (those programs most relevant in achieving the organization’s stated *Results*) to “lowest priority” (those programs that are less relevant in achieving those *Results*). The programs are then grouped into four “**Quartiles**” based on the similarity of the scoring ranges, with *Quartile 1* representing those programs of the highest priority and *Quartile 4* including those programs of the lowest priority.

Individual costs are then associated with each program in order to develop a final “*Spending Array by Quartile.*” **ResourceX** takes this information and develops a customized “**Resource Alignment Diagnostic Tool**” that can be utilized by the Organization in 1) assessing its spending profile in terms of aligning resources with identified priorities; 2) developing “*target budgets*” for departments based on their individual prioritized spending profile and 3) analyzing programs using the “**Resource Alignment Diagnostic Tool’s**” unique filtering capabilities.

With the “**Resource Alignment Diagnostic Tool**”, your Organization will have a “*unique lens*” to see your programs not only in terms of their relevance to *Results*, but also in light of mandates, fee structures, citizens’ reliance and community partnerships. This *unique lens* allows staff to efficiently analyze programs and gain insights into areas such as:

- Programs supported by specific user-fees **VS.** those funded through general government revenues (taxes)
- Stringently mandated services **VS.** programs without any legislative requirement
- Programs that the community depends exclusively upon the local government to provide **VS.** programs offered by other entities in the community (private, non-profit, etc.)
- Programs that are benefit the majority of the community’s stakeholders **VS.** programs that serve only a small constituency
- Programs that are experiencing an increase in demand from the community **VS.** programs that are experiencing a lesser demand than before
- Programs that highly achieve one or more of the local government’s stated Results **VS.** those programs that do not help to achieve any of those Results.

In addition, the “**Resource Alignment Diagnostic**” portal provides staff and the organization’s elected officials with a way to engage in more powerful and meaningful discussions that address questions such as:

- What services are truly mandated to be provided by the local government, and how much does it cost to fulfill those mandates?
- What programs are most appropriate to consider a discussion about establishing or increasing user-fees?
- What programs are most appropriate for discussions about partnerships with other service providers in the community?
- What services might the organization consider “getting out of” the business of providing altogether?
- Where are there apparent duplications in services offered across the organization that might lead to a meaningful efficiency discussion?
- How can succession planning be incorporated to focus on training staff providing lower priority programs to fill the positions left vacant in higher priority programs?

The screenshot displays the ResourceX interface with several key components:

- Decrease Service Level:** A table listing programs identified for service level decrease, including Administrative Fines and Administrative Hearings (10,127), Car Seat Safety (156,711), Community Outreach, Engagement & Education (28,680), Police time & attendance support (45,136), Records Management (11,369), Single Alarm Program (141,242), and Specific Projects & Program Rollouts (22,369).
- Administrative Fines and Administrative Hearings:** A detailed view showing a total cost of 10,127, FTE of 0.1, and personnel count of 725. It includes a description and a comment regarding program discontinuation.
- Program Cost Summary:** A table showing personnel allocation for Administrative Info Specialist (5) and Assistant City Clerk (5).
- Allocate Personnel:** A tool for allocating personnel to specific programs, showing a list of selected programs and their allocations.
- Update Personnel Allocations:** A control panel with buttons for Confirm, Reset, Every, and Update.
- Programs to Include:** A table listing programs to be included in the analysis, such as Administrative Fines and Administrative Hearings (5), Agenda and Meeting Administration (75), Agenda Preparation (5), Alcohol Licensing (2.5), Boards, Commissions, and Committee Support (5), Boards & Commissions Support (5), and Business Licensing (0).

Specifically, ResourceX will help your organization **ALLOCATE RESOURCES BASED ON PRIORITIES** by:

- Calculating final program scores and developing the quartile rankings for all the organization’s programs and services based on their relative score.
- Associating program costs and associated FTE counts with the scored programs to develop a final calculation of the organization’s total budget by quartile ranking (the “Spending Array by Quartile” – a summation of program costs by quartile ranking).

- Providing the organization with an interactive “Resource Alignment Diagnostic Tool” that will guide all resource allocation decisions based on the prioritization of programs (allowing allocations to be summarized by Fund, Department, Division etc.).
- Training staff on how to use the “Resource Alignment Diagnostic Tool”, providing them with the ability to more effectively analyze programs by way of the filtering capabilities of the “Tool”, offering a unique perspective on the organization’s programs, which leads to more powerful and meaningful discussions about how resources can be effectively utilized to achieve the desired Results for the community.
- Offering guidance in using the “Resource Alignment Diagnostic Tool” to identify which of the organization’s highly relevant programs should be evaluated in terms of effectiveness and efficiency and how to use the PBB process to continuously refine performance metrics to ensure the identified Results are being achieved.
- Providing a high level interpretive analysis of the data available in the “Resource Alignment Diagnostic Tool” and identifying opportunity areas for discussion related to programs and their continued relevance to the organization.
- Offering suggestions on how to use the “Resource Alignment Diagnostic Tool” in the calculation of departmental “target budgets” based on the availability of ongoing revenues and the individual department’s prioritization profile.
- Recommending ways to incorporate PBB into the Organization’s current budget development process as well as providing “Budget Transmittal Form” templates to



guide departments in communicating their recommended program level budgets within the context of PBB and to demonstrate the allocation of general government resources is being focused on higher-priority programs. (if desired).

Taking Action on the Data: the 4-Levels of Mastery

As your organization begins to put its PBB data to use, ResourceX has developed a means to recognize an organization's mastery in taking action on PBB data. The program is designed to accelerate mastery in programmatic decision-making and resource optimization, advancing expertise in applying the uniquely insightful data produced throughout PBB, to attain any or all among four specific levels of ambition that we call **"the 4-Levels of PBB Mastery."**

ResourceX believes that in order for local government leaders to succeed in a data-driven era, we're going to need to create more insightful data, and we're going to need new skills and clear ambitions to most prosperously put data to use. This is what the 4-Levels of PBB Mastery are all about: *what data will we need to create, and what ambitions must we strive for as we apply the data?*

The blunt challenge is that most organizations have plenty of new programs and services they wish they could launch, and they have absolutely no shortage of phenomenal ideas and innovations to initiate in order to create a brighter future for their communities; but they perceive that they don't have the people nor the money to launch anything substantial or ambitious.

Compounding that challenge, for many, is that the cost of providing current services continues to increase, putting additional strain on the resources available to achieve the Results that matter most to their citizens.

This is why the status quo persists in most organizations — not because of a lack of great ideas, and not because of a lack of drive to tackle their community's most pressing challenges, but because of a limiting and debilitating belief that there's just not enough money to fund new programs.

Most excitingly, organizations who are mastering the 4-Levels are showing that resources are more readily available than we might have believed. Applying PBB to master each level, organizations are discovering solutions to optimize their current resources, and exploring opportunities to attain new resources in order to successfully launch the new programs and bolster the highest priority programs required to create the best future they can.

The purpose of the 4-Levels, therefore is to create a practical vehicle to discover and take advantage of every opportunity to free-up and reallocate resources, as well as to maximize new revenue, in order to fund the programs required to produce a better future.

**Specifically, ResourceX will present the 4-Levels framework to introduce your organization to a multitude of measurable and attainable ambitions, demonstrating the best in applied PBB. Achieving mastery in any or all of the 4-Levels is up to your organization and its goals.*

4 Levels of PBB Mastery CERTIFICATION PROGRAM



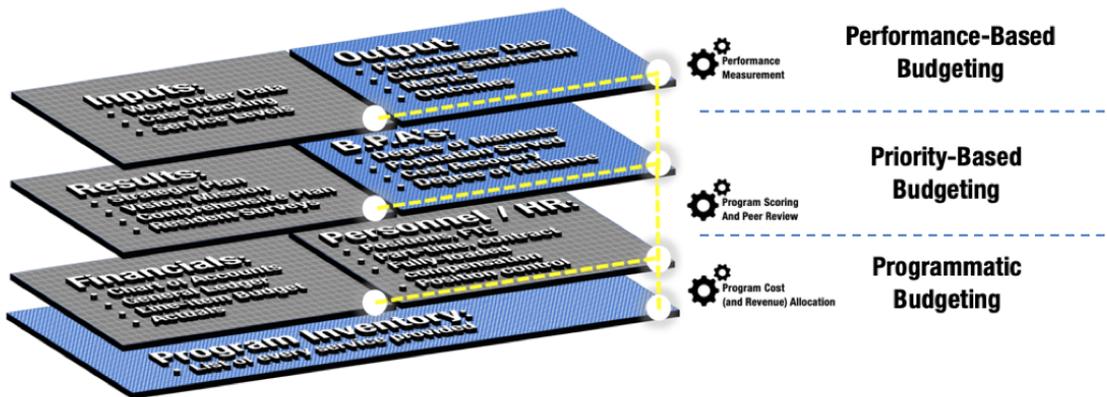
Level 1: Data Creation and Communication

First, get the data. Mastery at the foundational level is about getting data and learning to use data routinely in decision-making. Identify the programs you offer and the price for delivering each program.

Further layer data such as community outcomes, and even performance metrics to add insight as to the alignment (or lack thereof) of your organization's resources with the results you're striving to achieve.

Communicate this information. Use it as the basis for budgetary decisions. Use data as the basis for any decision — within the budget process and/or outside the budget process. Mastering data-driven communication and applying data in routine decision making is the foundational goal of Level 1.

DATA LAYERING TECHNIQUES TO PRODUCE MORE ACTIONABLE INSIGHTS



FOR CERTIFICATION, COMMUNITY DEMONSTRATES EVIDENCE SUCH AS THE FOLLOWING:

DATA CREATION AND COMMUNICATION

- Create Fundamental Business Intelligence at the Program Level: Name, Description, Costs, Revenue
- Apply Program Data to Drive Decisions
- Communicate and Share Data
- Create and Link Additional Data Layers: Prioritization, Relevance, Performance

Level 2: Master Resource Re-allocation and Maximization

Take action on the data produced via program-based, priority-based and/or performance-based budgeting.

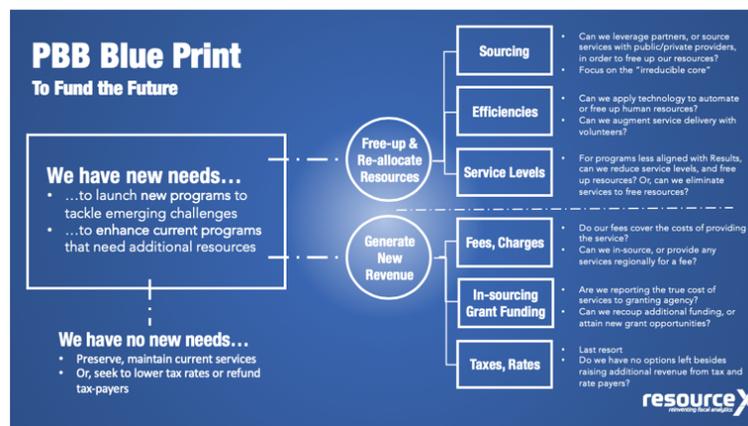
Repurposing: Shift resources away from programs that can be provided more efficiently for the same outcome, programs that are less relevant and could be provided at a lower service level (or sunset), programs that are performing poorly, or programs that could be provided with a partner, and repurpose those resources towards new programs that need to be launched, or current programs that need enhancement.

Maximization: seek to maximize incoming resources through cost-recovery opportunities shown in the data, regionalization and in-sourcing opportunities, grant funding, opportunity zones, economic development, philanthropic commitments, and taxation.

During the 2019 PBB Summit, 7 organizations were honored as the first to receive Resource Optimizer and Resource Maximizer Awards, including: Washington County WI, City of Shawnee KS, City of South Jordan UT, City of Branson MO, Scott County MN, City of Plano TX and the City of Kalamazoo MI.

Level 2 is about mastering the simplicity of two techniques: divesting resources away from programs (people’s time, as well as non-personnel expense), and becoming adept and generating new revenue (in all ways beyond tax), and therefore mastering the framework for action on the right side of the PBB Blue Print.

PBB BLUE PRINT TO OPTIMIZE AND MAXIMIZE RESOURCES



FOR CERTIFICATION, COMMUNITY DEMONSTRATES EVIDENCE SUCH AS THE FOLLOWING:

RESOURCE REALLOCATION AND MAXIMIZATION

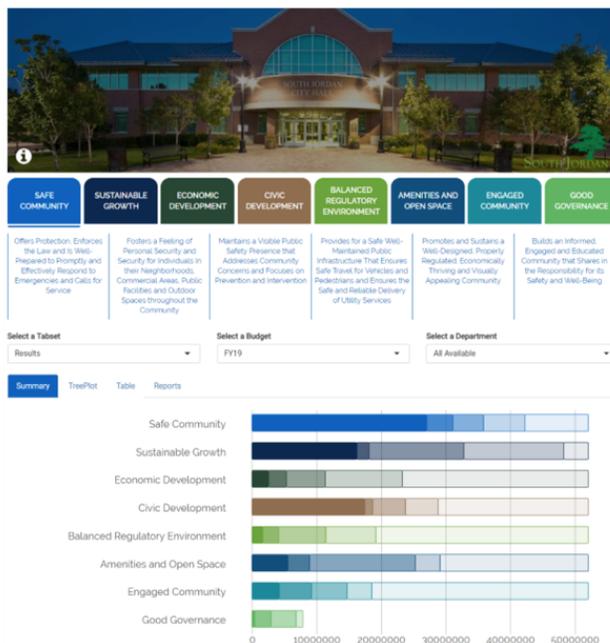
- Apply “PBB Blue Print” and the 5 Policy Questions
- Optimize Resources through Reallocation, Repurposing
- Maximize Incoming Resources through Cost Recovery
- Fund New Initiatives and Program Enhancements
- “Every Program Has a Future” – Designate the Fate
- Frame Trade-off Decisions

Level 3: Master Result Setting — Tackle Massive Challenges

With mastery over resource reallocation techniques, re-imagine what outcomes you'd set out to achieve if resources weren't the limiting factor.

Freed from the restriction of the perception "we don't have the money" or "we don't have the staff" or "we don't have the partners" to launch the programs you'd desire to launch to create a better future, what programs would you launch? What outcomes would you seek? Seek to establish ambitious goals that provide for a higher quality of life for everyone, and drive your organization's resources towards the programs you need to get into.

LEVEL 3: FUEL RESOURCES TOWARDS THE RESULTS OF TOMORROW



Kalamazoo to spend \$10M to break poverty cycle, uplift youth

POSTED 2:36 PM, APRIL 11, 2017, BY BOB BRENZING



KALAMAZOO, Mich. (AP) — The city of Kalamazoo is setting aside \$10 million of the \$70.3 million given in local donations for aspirational, community-building projects mostly centered on addressing the cycle of poverty and uplifting youth in the city.



1.) Results

What is it you're striving to achieve?

BUDGETING FOR "X"

2.) Programs and Policies

If we eliminate the restriction of resource scarcity, how would you go about achieving your Results?

**Economic
Inclusivity,
Opportunity,
Prosperity**

3.) Resources

How will you amass the resources required to deliver the programs, and enact the policies you have identified?

FOR CERTIFICATION, COMMUNITY DEMONSTRATES EVIDENCE SUCH AS THE FOLLOWING:

FUEL RESOURCES TOWARDS RESULTS OF TOMORROW

- Pursue Ambitious Results and "Big Hairy Audacious Goals" Vital to Your Community's Future
- Apply "Brave New Government" O/S Canvas
- Determine New Programs Relevant for the Future
- Reallocate to Fund New Programs
- Measure Program Success and Impact on Results

Level 4: Master Regional Resource Optimization

The only limitation of “Level 2” and “Level 3” is that your organization will reach a limit: a state of optimization where there are no more advantageous trade-offs left to consider. Not that an organization has to wait until this point of optimization to pursue “Level 4” whatsoever, but the idea here is to leverage and partner with other service providers who are aligned in their work with the results your organization is striving to achieve, and take advantage of their efforts, their resources, as if your organization and theirs were one and the same.

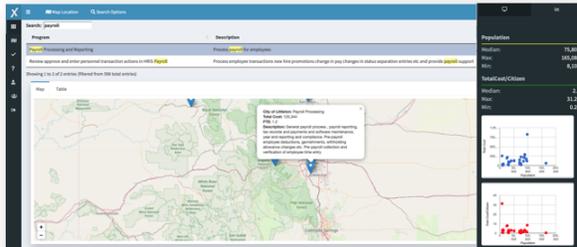
Massive regional resource optimization can be achieved via Program Mapping and entails understanding what other organizations provide, and where it would be advantageous for your organization to opportunistically outsource various programs (leveraging other entities who can provide them just as well, or retire them altogether), regionalize to jointly provide programs together (public-private partnerships, or merged services provided more efficiently together), or entrepreneurially in-source programs to maximize incoming resources.

Program Mapping is our way to facilitate Level 4 mastery, which aims to help your organization master 2 skills:

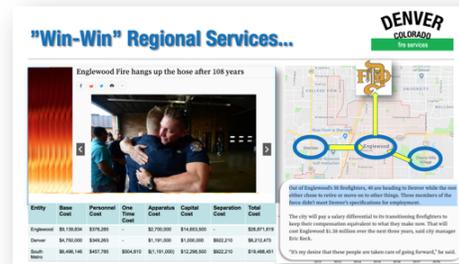
- 1.) **Entrepreneurially**, is there an opportunity to in-source programs entirely to provide to the other partner, as a more efficient model of service delivery where one of the cities is positioned better to provide the service regionally. This would be a revenue generating opportunity to the in-sourcing city, and ideally an efficiency (resourcing the service, for less) to both entities given the economy of scale that could be produced.
- 2.) **Opportunistically**, is there an opportunity for advantageous out-sourcing — where one could imagine getting services off of their plate, reducing the need for their own city to provide a service if it could be provided by their neighbor. And in turn, allowing their city to “free up and reallocate” their own resources towards the high priority pursuits (new programs they need to launch, or current services that need enhancement) that they may not be able to fund today.

LEVEL 4: LEVERAGE ALL OF YOUR COMMUNITY'S RESOURCES

PROGRAM MAPPING PLATFORM



Colorado State-wide Program Mapping Initiative Phase II: "Regional Hot Spots"



FOR CERTIFICATION, COMMUNITY DEMONSTRATES EVIDENCE SUCH AS THE FOLLOWING:

LEVERAGE ALL OF YOUR COMMUNITY'S RESOURCES

- Identify Other Service Providing Agencies
- Share Data, Benchmark
- Conduct "Program Mapping"
- Apply "Government as a Platform" Regional Approach to Solutions
- Entrepreneurially In-source, Opportunistically Out-Source
- Managed Competition

The 4-Levels of Mastery is also designed to help your organization track it's progress, by submitting evidence so that ResourceX may recognize/"certify" your mastery at each and every one of the 4-Levels. This may help your elected officials, citizens and leaders at all levels of the organization who are wanting to know: ***"how will we be accountable for using the data, how will we know we're making progress, how will we measure if PBB is actually taking hold and gaining traction?"***

Summary

Taken together, each of the resource mastery levels entails a focus on programs, the resources you are willing to allocate, and the outcomes you're striving to achieve. The purpose of mastering each level is to become adept at determining the programs and services your organization should launch to achieve the outcomes that matter most for your future, programs that need enhancement to improve your community, programs you can leverage partners to provide, programs you can provide more efficiently, programs you can provide at a lower service level or retire all together, and programs you can bring in more resources with.

Appendix A

End User License Agreement

V. Appendix A: End User License Agreement

ONLINEPBB® LICENSE AND HOSTING AGREEMENT

IMPORTANT - BY UTILIZING ONLINEPBB SOFTWARE, YOU ARE ACCEPTING THE TERMS AND CONDITIONS OF THIS AGREEMENT. PLEASE READ THE FOLLOWING CAREFULLY BEFORE PROCEEDING.

This Agreement is a legal agreement between you (West Plains, MO) and Resource Exploration, LLC, the licensor of OnlinePBB software and associated on-line documentation that you access using this internet website (together referred in this Agreement as "OnlinePBB").

1. OnlinePBB License. Subject to the terms of this Agreement, Resource Exploration, LLC, grants you a non-exclusive, non-transferable license to access OnlinePBB remotely via browser on the server used by Resource Exploration, LLC, to operate this website (the "Server") solely for purposes of creating and maintaining on the Server any interactive website developed using this website and with respect to which all required fees payable under this Agreement have been paid by you (each, a "Website").

2. Restrictions. You may not download or otherwise copy all or any portion of OnlinePBB software. You may not sell, rent, license, lend, transfer or otherwise grant access to OnlinePBB to any other person or entity except as contemplated by the license granted to you above. You must comply with all applicable laws and regulations in your use of OnlinePBB. You may not modify, translate, reverse engineer, decompile disassemble or otherwise attempt to obtain or derive source code from all or any portion of OnlinePBB.

3. Proprietary Rights. Resource Exploration, LLC and its supplier's reserve all rights to OnlinePBB not expressly granted in this Agreement. Resource Exploration, LLC and its suppliers own OnlinePBB and all associated patent, copyright, trade secrets and other proprietary rights in OnlinePBB. No title or ownership of OnlinePBB or any associated proprietary rights are transferred to you or any other person by this Agreement.

4. Disclosure and Ownership of Data. a.) All written and oral information not in the public domain or not previously known, and all information and data obtained, developed, or supplied by your organization or at its expense, will be kept

confidential by Resource Exploration, LLC and will not be disclosed to any other party without your organization's prior written consent. b.) The materials used by Resource Exploration, LLC for work performed under this Agreement are specific and unique methods of fiscal management and budget prioritization. As such, these materials are protected by copyright. You agree and understands that these materials and all methods, models and applications resulting from the use of said materials are the sole, complete and absolute property of Resource Exploration, LLC. As such, any use, future use or application or any publication (either oral or written) of these materials by your organization will be at the discretion of Resource Exploration, LLC and in any event will not occur without the express and prior written permission of Resource Exploration, LLC. All legal rights and protections afforded by copyright and Resource Exploration, LLC's ownership of all the underlying intellectual property associated with these fiscal management and budget prioritization materials are retained and reserved exclusively by Resource Exploration, LLC, reserving all legal rights and remedies incident to its ownership of these materials. It is understood that your organization may utilize these methods, models and applications for their own specific use but are not free to share these methods, models and applications with other individuals or entities. Nothing herein precludes disclosures required by law.

5. U.S. Government Restricted Rights. If OnlinePBB is accessed or used by any agency or other part of the U.S. Government, the U.S. Government acknowledges that (i) OnlinePBB and accompanying materials constitute "commercial computer software" or "commercial computer software documentation" for purposes of 48 C.F.R. 12.212 and 48 C.F.R. 227.7202-3, as applicable, and (ii) the U.S. Government's rights relating to OnlinePBB and accompanying materials are limited to those specifically granted in this Agreement.

6. Data - Data Security. The OnlinePBB web-application provides data security via SSL encryption, and is accessed via https - this protects and secures the client's data from outside the organization, protecting the client and ResourceX. Additionally, data is protected within the client's organization by way of individual user accounts and user passwords, and varying levels of permission and access, to give the client control over data accessibility.

7. Data - Data Storage. The OnlinePBB web-application utilizes Amazon Web Services (AWS) for best-in-class data storage.

8. Data - Data Protection/backups. Resource Exploration performs complete back-ups of all OnlinePBB data at a frequency of once per night.

9. Service Availability - Disaster recovery/business continuity. To support the organization in the case of disaster, Resource Exploration performs complete back-ups of all OnlinePBB data at a frequency of once per night. The organization may also download their own data files on a more frequent basis, in order to perform complete data restoration - restoring from any point in time, from previously saved data, completely in control of the City. Data files are stored in DropBox, as well as Resource Exploration headquarters to provide additional redundancy.

10. Service Levels - System Availability / performance. The OnlinePBB web- application is provided and available 24 hours per day, 7 days per week. Resource Exploration reserves the right to perform regularly scheduled updates and maintenance, during which time the organization may experience brief periods of downtime for server restarts to make updates available. Scheduled updates take place after 6pm EST Monday-Friday, and the organization will be made aware ahead of schedule, to the greatest extent possible. It should be noted that Resource Exploration reserves the right to restart the web server at any time, but will provide the organization as much advanced awareness as possible. Resource Exploration uses all reasonable business means to ensure the application is available for the organization's use.

11. Insurance - Vendor insurance and liability. Resource Exploration agrees to procure and maintain in force during the term of this Agreement, at its own cost, cyber insurance coverage.

12. Mutual Indemnification - From third party claims. Each party will indemnify and hold harmless the other party from any and all claims, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees) caused by the other party's negligence, breach of warranty or contract or wrongful conduct.

13. Independent Contractors. The parties agree that Resource Exploration, LLC, is an independent contractor as that term is commonly used and Resource Exploration, LLC's employees are not and shall not be considered subcontractors or employees of the City and has no authority to bind the City in any manner. Contractor shall be solely responsible for the withholding and reporting of all federal, state, and local income and employment taxes. Contractor acknowledges that it is not insured in any manner through the City for any bodily injury, personal injury, or property loss whatsoever.

14. Limitation of Liability. Except for indemnification and those matters required to be insured pursuant to this Addendum, neither party shall be liable to the other, or any of their respective agents, representatives, or employees for any lost revenue, lost profits, loss of technology, rights or services, incidental, punitive, indirect, special or consequential damages, loss of data, or interruption or loss of use of service, even if advised of the possibility of such damages, whether under theory of contract, tort (including negligence), strict liability or otherwise.

15. Liability Insurance. Resource Exploration, LLC, shall obtain and maintain in full force and effect during the entire term of this agreement a policy of comprehensive general liability insurance, including an acknowledgement of and coverage for the indemnity provision of this Addendum, with limits of liability of not less than \$1 million and workers disability compensation insurance in compliance with Colorado's statutory limits, and shall provide a certificate of insurance to the City naming the City as a certificate holder, which certificate shall provide that the City shall receive at least 30 days prior written notice of cancellation or nonrenewal of such insurance. Said insurance shall cover any claims arising out of, occurring during, or accruing during the term of this agreement and shall survive the term and termination of this agreement and shall be primary without right of contribution against the City.

16. Non-Assignment. The parties agree that there shall be no authority on the part of Resource Exploration, LLC, to subcontract, assign, or otherwise dispose of any portion of the services to be performed herein without the prior written approval of the City. In the event that the City approves a subcontract, assignment, or disposition, Resource Exploration, LLC, solely shall be responsible for managing, directing and paying the subcontractors or assignees, and the City shall have no obligations whatsoever toward said subcontractors or assignees. Consent to subcontract, assign, or otherwise dispose of any portion of this Agreement shall not be construed to relieve Contractor of any responsibility for the fulfillment of this Agreement.

17. Remedies. The Parties acknowledge that the Proprietary Information exchanged is valuable and unique and that disclosure in breach of this Agreement will result in irreparable injury to the adversely affected Party, for which monetary damages, on their own, would be inadequate. Accordingly, the Parties agree the adversely affected Party shall have the right to seek an immediate injunction enjoining any such breach or threatened breach of the Agreement.

18. Handling of Disputes. The Parties agree that any dispute regarding this Agreement, and any claim made by Client for return of monies paid to ResourceX, shall be handled in accordance with applicable State and Federal laws.

19. Severability. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this

Agreement, the remaining provisions of this Agreement shall remain in full force and effect.

20. Interpretation and Enforcement. The parties understand and agree that the construction and interpretation of this Agreement is governed by the laws of the State of Colorado. In the event that either party must initiate legal action to enforce this Agreement, the Parties agree that the proper venue for such action shall be the courts of the State of Colorado.

21. Completeness of Agreement. This Agreement constitutes the entire agreement between your organization and Resource Exploration regarding OnlinePBB, the hosting of the Website and your use of the website. Resource Exploration will not be bound by any provision in any purchase order, receipt, acceptance, confirmation, correspondence or otherwise unless Resource Exploration specifically agrees in writing to such provision.