

Realizing the Resilience Dividend Workshop Takeaways

Background

In October 2017, the City of Boulder, in partnership with 100 Resilient Cities, convened eleven cities for a workshop tackling the intersection of budgeting, finance, and resilience. Municipal budgeting sits within public policy and program implementation and serves as a representation of a community's priorities and values. Given limited resources, city officials must choose among competing priorities at scales that range from daily project implementation and service provision to multi-decadal investments in infrastructure and social programs. These choices are determined by a variety of processes and evaluation criteria that are used to prioritize and rank expenditures. However, with the relatively recent emergence of resilience as a public policy priority, there is a new opportunity for cities to channel investments in ways that achieve multiple benefits, reduce risk to lives and property, encourage a thriving and just economy, and allow resilience value to grow over the lifetime of an initiative.

In a novel approach to exploring these opportunities and producing meaningful and actionable outcomes, workshop participants included Chief Resilience Officers (CROs) and their financial counterparts, as well as subject matter experts. After grounding presentations on best practices and common language, participants spent the bulk of the workshop working to solution specific, real-world challenges brought forth by peer cities in Norfolk, Boulder, Pittsburgh, and Miami and the Beaches. The workshop culminated in surfacing shared themes from workshop learnings and the Chief Financial Officers (CFOs) and CROs defining a path forward.

Workshop Objectives

1. Create a shared understanding of the challenges and obstacles to funding resilience.
2. Explore the intersection of resilience and the annual budgeting process, as well as the institutionalization of resilience in budgetary processes.
3. Identify mechanisms for success including ROI methodologies, data and modeling capabilities, metrics and indicators, and process improvements.
4. Identify intervention points and possible solution sets.

Defining the Path Forward: Chief Financial Officers

In order to integrate resilience into the budgeting process, CFOs identified communication and demonstration of resilience impact as critical to success. CFOs highlighted metrics as one of the most important tools to demonstrate tangible resilience impact. They also suggested internal resilience trainings to help the concept gain traction. CFOs suggested storytelling around resilience to help internal and external stakeholders understand its value, which in turn can be translated into budget dollars. Every city breakout during the workshop touched on the importance of communication and the language of translating impact and value.

Budget prioritization was also a theme across all city breakouts. CFOs acknowledged the challenge of budget reprioritization in times of growth. Downturns present opportunities to reconsider priorities as they force cities to make the hard decisions around cuts. Although this may be the current narrative in some organizations, a few CFOs acknowledge that this state of 'business as usual' should be reconsidered and saw the value of the resilience lens to aid in prioritization. As a result of the workshop, the City of Norfolk intended to develop a scorecard incorporating resilience values to inform budget

prioritization. Other cities such as San Francisco, New Orleans, Minneapolis, and Miami already have similar processes in place or intended to explore the notion.

Much of what the CFOs identified to integrate resilience into the budgeting process was echoed by CROs in defining the path forward.

Defining the Path Forward: Chief Resilience Officers

Institutionalization of resilience in cities requires bold culture change. Resilience is a new systems-based approach for managing thriving cities in the future. CROs have lofty ambitions for their cities. These visions strive for new levels of city coordination and proactive outside-of-the-box frameworks for addressing city challenges. One of the biggest challenges facing CROs is effectively communicating the value of this emerging concept to city leadership as well as community members.

After spending a day and a half working with their financial counterparts to explore the intersection of resilience and budgeting, the CROs in this session identified key performance indicators (KPIs) as an important tool to convince department heads of resilience value and embed resilience in the budgeting process. KPIs create a common language of value across CFOs and CROs. The CRO group qualified that resilience value cannot be sold purely in terms of KPIs. Values-based decision making is necessary when breaking new ground.

Other communication tools were identified by the CROs, such as the importance of champions. These champions are mayors, city manager's, community members, and partner organizations. CROs are seeking ways to convene these groups and build partnerships. Building champions in the community requires more than KPIs. Residents do not always see themselves in a number and instead find resilience value in how they engage with the concept. Building social capacity and connection is often hard to quantify but crucial to a resilient community. Better storytelling around these qualitative metrics will demonstrate the impact KPIs are unable to capture. Both these quantitative and qualitative tools will be necessary to make the case to finance teams to fund resilience priorities.

Concluding Themes

Resilience remains a novel and emerging concept in local government. In order to gain the traction to develop adaptive and thriving city systems in the face of future uncertainty, resilience must be supported by city budgeting processes. The Realizing the Resilience Dividend Workshop created the opportunity to close the gaps in mutual understanding between CROs and CFOs. It also created the opportunity for CROs and CFOs to collaborate to solve city challenges. Both groups walked away recognizing the mutual benefits that can be derived from fostering the relationship. The following themes were identified to pave the way for a shift in how cities budget with a resilience lens and fund projects that lead to resilient cities.

- **Communication:** Prior to the workshop many CFOs did not fully understand the work of their CRO counterpart. While the workshop aided in closing that gap, CFOs acknowledged there was still work to be done. This theme resonated in all of the workshop sessions. The bottom line of communicating resilience value in the realm of budgeting and finance is key performance indicators. Participants acknowledged that key performance indicators should be one tool in a suite of tools that included storytelling around successes and developing champions.

- **Coordination:** Realizing co-benefits of any project is a cornerstone of resilience work. Any project undertaken should take into account all the places it touches and opportunities for coordination of resources and realizing multiple benefits. Traditional city budgeting presents a challenge to meaningful coordination as it divides the pot between departments creating competition in place of alignment. CFOs acknowledged the opportunity for new ways of thinking in this area. Workshop participants discussed the potential to budget around an outcome instead, where budget was devoted to delivering that outcome instead of to a singular city department. Coordination is necessary for alignment and robust solutioning to city challenges.
- **Broadening stakeholder base:** Champions are crucial to institutionalizing resilience. CFOs highlighted the importance of internal and external buy in for resilience to gain traction as a budget priority. CROs similarly made this connection. CROs must take every opportunity to give ownership of resilience work to both the community and department heads to be successful. This enables stakeholders to understand the benefits to their work and champion it through the rest of the organization.
- **Be bold:** CROs are working to create a new practice of urban system management. This practice is forward thinking and shifts to looking at the city as an adaptive system poised to meet community vision and goals. Resilience integrates environmental, social, and economic realms, breaking down traditional government silos. It requires taking leaps and identifying partners who are willing to push the boundaries on traditional ways of thinking. With a global shift to cities as agents of change, it presents the opportunity to consider new frameworks for meeting city visions. By the end of the workshop, many CFOs recognized the opportunity this shift in thinking presented to reconsider budgeting process and consider what is possible. To begin this shift cities were challenged to consider the one thing they should stop doing and the one thing they should start doing.