

HURON

Zero-based budgeting for Panama City

Building the budget from the ground up so every dollar
supports a City priority

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WHY WE ARE HERE

Panama City can rebuild its budget from the ground up, **ensuring every dollar is evaluated and prioritized** within a consistent, transparent decision-making framework.

What we are asking

Today, we will review zero-based budgeting, how the process would be executed across approximately 12 City departments, and **the available three options** for Huron support.

We are asking the Commission to evaluate which level of support is most appropriate given the **City's objectives and organizational capacity to execute this initiative.**

City leadership needs a clear, ground-up view of what each department requires to deliver services



Understand cost drivers

Determine why each department spends what it does, and the rationale behind current spending patterns across personnel, operating, and program costs.



Separate mandated from discretionary

Identify which expenditures are required and which are choices, so leaders know where real flexibility exists.



Realign to City priorities

Find where resources can shift toward operational needs, strategic priorities, and long-term financial sustainability.

The shift: rather than starting from last year's budget or actual spending, each department rebuilds and justifies the resources it needs to deliver its services.

Zero-based budgeting informs leadership decisions; it is not an exercise for across-the-board cost cutting

What it is

- A collaborative review that brings transparency to all available financial resources
- A structured way to inventory and rationalize expenses against the City's mission and services
- A chance to surface restricted funds and staffing sources before new allocations are made
- A foundation for better-informed, department-level resource decisions

What it is not

- A top-down reallocation imposed without department input
- A substitute for leadership judgment; it informs decisions rather than making them
- An across-the-board cost-cutting exercise; it prioritizes resources based on operational need and strategic value

Zero-based budgeting delivers results only with commitment across the organization

Zero-based budgeting can transform efficiency and effectiveness when facilitators are patient, departments have clear avenues for input, and **leadership sustains momentum.**

What it requires

- More participation from department leaders than a traditional budget cycle
- Willingness to challenge the status quo, not simply justify current spending levels
- Patient facilitation and clear channels for department input
- Sustained momentum to build consensus for meaningful change
- A periodic cadence of review, often targeted to selected departments, rather than every year

The engagement gives City leaders better budget information, and gives residents a clearer view of how tax dollars fund services

For the City



Clarity on what each department needs. A data-driven view of the resources required to deliver services, including which spending is mandated and which is discretionary.



Resources aligned to priorities. Funding realigned toward operational needs and strategic priorities, rather than carried forward from historical levels.



A framework that lasts. A sustainable approach to future resource allocation, with stronger financial stewardship and department accountability.

For residents



Dollars directed to the services residents rely on. Budgets built around what each service requires, so funding follows the services residents depend on most.



Transparency into how and why the City spends. A clear rationale behind spending decisions, making budget choices easier for the Commission to explain.



Steadier long-term finances. A focus on long-term financial sustainability that supports reliable City services over time.

What the City walks away with: department budgets rebuilt and justified from the ground up, a findings report for leadership, and under Option 3, a performance dashboard the City keeps for future budget cycles.

A five-step approach pairs the technical budget build with preparing the organization for change

1

Establish governance

Stand up a coordination team so progress is transparent and goals are shared.

2

Build cost visibility

Collect and understand historical spending patterns and available funding sources.

3

Challenge how work is done

Open dialogue across teams on staffing size, spans and layers, automation, and shared services.

4

Set credible targets

Determine operational minimums and strategic investment needs, then build toward them.

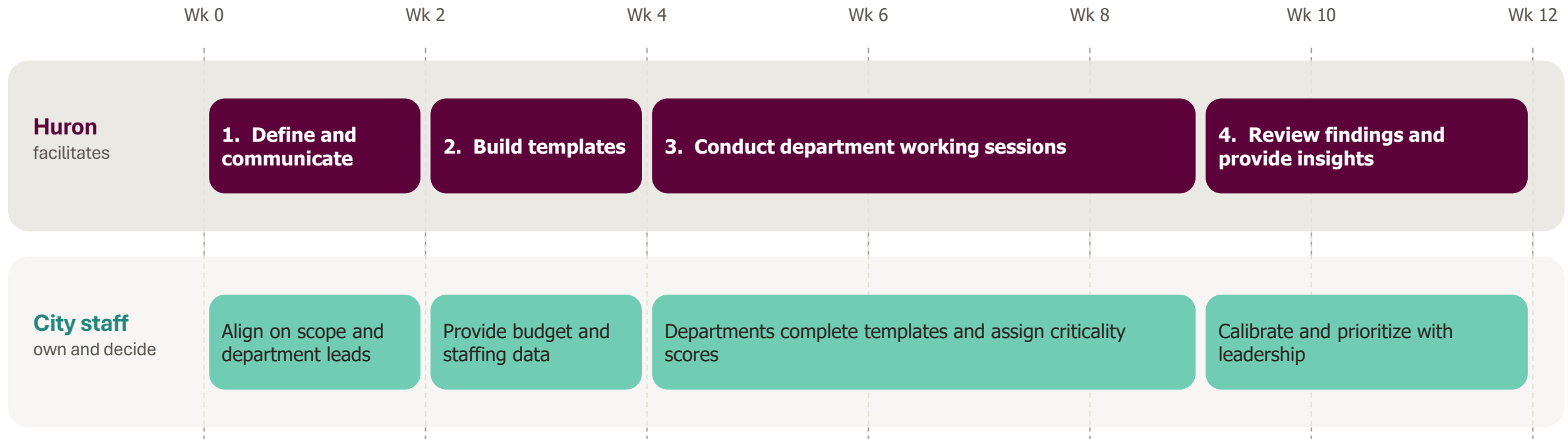
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Stress test before go-live

Vet new levels with leadership, with feedback channels for each budget manager.

How it works in practice: each step pairs Huron facilitation with the department owners involved, so departments know what is expected of them and when.

The core exercise runs about 12 weeks, with clear roles for Huron and City staff in every phase



How the options change this picture: under Option 1, City staff lead facilitation with Huron advising. Option 3 adds independent assessment and decision support, extending the timeline to 13 to 14 weeks.

Timeline drivers include the number of funds and departments in scope, data availability, stakeholder engagement, and the pace of leadership decisions.

Three engagement options exist, anchored to how much Huron support is desired



OPTION 1

Advisory services only

City leads, Huron advises

Huron sets the methodology, builds templates, and reviews work at checkpoints. City staff run sessions, consolidate results, and prepare deliverables.

10-12

weeks

2

consultants

300-360

hours

Professional fees \$110,000-\$135,000

Travel (2 trips) \$5,000

Total \$115,000-\$140,000



OPTION 2

Huron-facilitated exercise

Huron leads execution

Huron leads data validation, templates, kickoff, working sessions, analysis, leadership calibration, the findings report, and program management.

10-12

weeks

2-3

consultants

800-1,000

hours

Professional fees \$275,000-\$320,000

Travel (6 trips) \$36,000

Total \$311,000-\$356,000



OPTION 3

Facilitated exercise with independent assessment

Huron leads, plus an outside lens

Everything in Option 2, plus independent testing of criticality ratings, service impacts, and assumptions, and a tailored performance dashboard in Excel.

13-14

weeks

2-3

consultants

1,100-1,300

hours

Professional fees \$350,000-\$375,000

Travel (7 trips) \$42,000

Total \$392,000-\$417,000

All options cover the same core exercise for about 10 to 12 departments. Fixed fees are invoiced monthly. Travel is billed at actual cost, estimated at \$2,000 per trip per consultant (3 nights per stay), with cadence set with the City's executive sponsor. Source: Huron proposal to Panama City, September 23, 2026.

The schedule and fees depend on four commitments from the City



A defined scope

Roughly 10 to 12 departments, each with a named lead, confirmed at kickoff.



Timely data

Budget and staffing data delivered on schedule through the pre-work data request.



Department participation

Department leaders complete templates, assign criticality scores, and take part in working sessions.

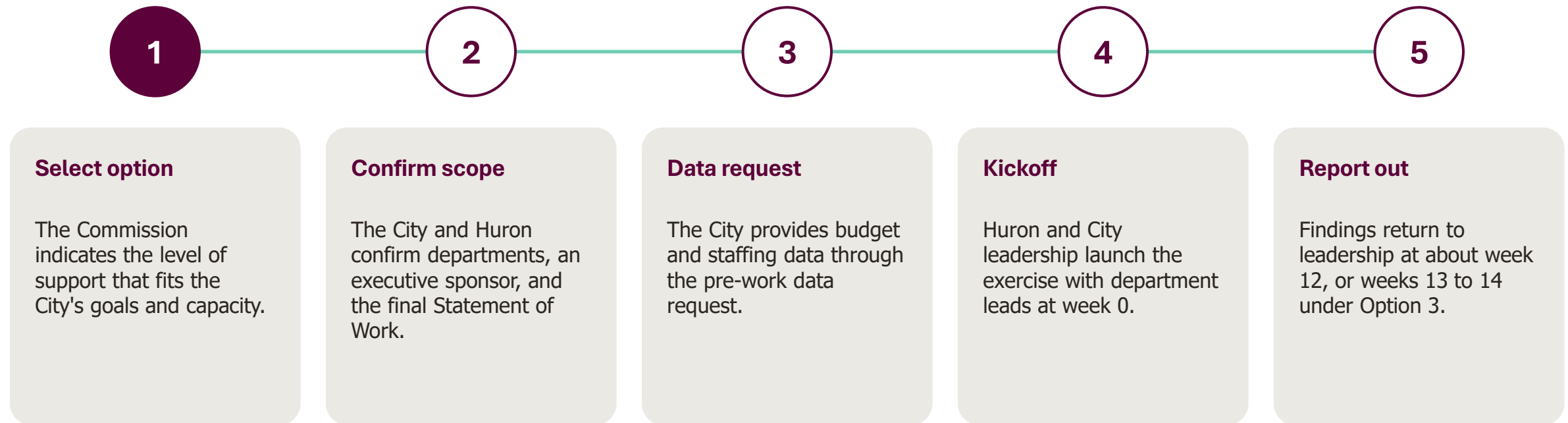


Executive sponsorship

A City executive sponsor who coordinates with Huron and keeps leadership decisions on pace.

If circumstances change: if progress is materially delayed or the scope grows, the City and Huron would assess the impact together and agree any change to timeline or fees in writing.

Commission direction on the level of support is the first step toward launching the exercise



Direction requested today: indicate the preferred level of support (Option 1, 2, or 3) and direct staff to finalize the Statement of Work with Huron.

HURON

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