

**Answers to Stimulus Package Questions: The Letter vs. the Spirit of the Law***CivicUS Strategic Spending Survey of Senior Managers Focuses on Local Spending Challenges*

**Can local government leaders quickly invest stimulus funds to improve productivity given current procurement and personnel management practices? Can vendors master procurement practices in time to meet aggressive stimulus plan timetables? In short, can local governments really serve as the nation’s economic recovery engine?**

Markets that can turn roughly a trillion dollars of investment into useful long term improvements over one or two years take time to develop. The commercial and federal government markets have had decades to work out how to absorb huge investments, but it remains to be seen whether the state and local government market can do the same. As the CivicUS Strategic Spending Survey (S<sup>3</sup>) of senior local government managers indicates, the “buy” side of the market faces significant challenges not just in dealing with the cumbersome procurement practices common to governments the world over, but also in being able to realize the benefits of the investments that the stimulus package will enable them to make. As for the “sell” side, vendors who attended a recent debrief based on S<sup>3</sup> results universally bemoaned the difficulties in reaching and selling to state and local prospects.

Besides cumbersome procurement practices and tight budgets due to shrinking tax revenues, local government buyers now face unique challenges that arise from the need to quickly spend stimulus funds without much guidance, but under the well-publicized threat that they’ll be held accountable at a later date using standards that go beyond mere compliance with procurement rules and regulations. They’ll also be judged on the effectiveness of their spending. One major survey finding is that most government leaders are undeterred by concerns about “facing the music” for their decisions at some future point. Thousands of local governments thus are trying to figure out how they can spend money both quickly and wisely, without the benefit of ever having had to go through any such experience in the past. Another major survey finding is that they’re uniformly underestimating what it will take, especially in terms of organization, to realize the benefits of stimulus investments.

From the vendor or sell side perspective, the state and local market resembles the commercial market in geographic span, size of accounts, and structure, where a few dozen of the largest accounts present roughly the same revenue opportunity as thousands of the smallest accounts. Over time this has led to layered marketing and sales strategies that range from Direct Marketing and Direct Response at the lowest end to dedicated account teams at the highest end. Even the largest commercial account teams, though, are dwarfed by the size of teams vendors assemble for the largest federal bids, which represent huge revenue opportunities that warrant such gargantuan, frequently multi-year marketing efforts. These bid teams are big enough to accommodate dedicated specialists in two areas that are unique to government sales at both federal and local levels. One involves understanding and dealing with rules and regulations aimed at ensuring fairness, transparency, and compliance with any number of government objectives and programs. The other has to do with securing and maintaining the funding for the program, which frequently happens outside of the normal operating budget of the department or agency charged with seeing the program through.

## CivicUS Strategic Spending Survey of Senior Government Leaders – A Special Report

Sales to local government entities thus combine the worst aspects of federal and commercial approaches. As in the commercial market, vendors need to address thousands of accounts of various sizes that are scattered throughout the United States, and, as in federal sales, regardless of size of account, they must comply with myriad local and state regulations as well as frequently secure funding that doesn't come out of operating budgets.

The combined sell and buy side dynamics set up an interesting dilemma for all involved. Is there a conflict between the letter of the law, or, rather, the many laws that pertain to procurements at the local government level, and the spirit of the American Recovery and Reinvestment Act of 2009? The former slow down local government purchases to ensure honest dealings and fair play, while the latter aims to kick-start the economy by retooling state and local governments so they can “do more with less” for years to come.

CivicUS recently held its inaugural Quarterly Briefing and Teleconference for government leaders in public safety and environmental management, and asked them the survey questions that comprise this Strategic Spending Survey. The questions were asked in the context of presentations around the theme of doing more with less, and were mapped to the new and unique challenges that local government leaders face in light of the special circumstance created by the stimulus package.

In the public safety field, 19 senior managers attended the March 26 in-person briefing in Washington, DC, and 28 more attended the April 2 teleconference. The events were attended primarily by police chiefs, fire chiefs, sheriffs, homeland security directors, and emergency management coordinators from several local governments. All participants were asked about how they plan to spend their stimulus money, how they plan to address budget cuts, and the strategic value of various technologies.

In the environmental management field, 13 people attended the March 26 in-person briefing in Washington, DC, and 22 more attended the April 2 teleconference. The events were attended by directors of local environmental agencies, sustainability coordinators, city planners, and environmental directors from metropolitan planning organizations.

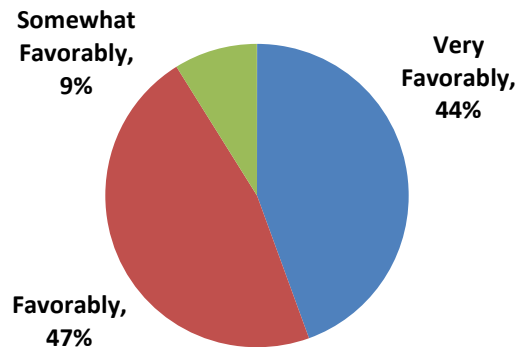
To encourage participation and candid responses, CivicUS did not ask participants to identify themselves on the survey sheets. Below is the combined list of jurisdictions that registered for either the briefing or one of two teleconferences:

State of Alabama	Howard County, MD	Commonwealth of
Alexandria, VA	Jacksonville, FL	Pennsylvania
Arlington County, VA	Kansas City, MO	Philadelphia, PA
Baltimore County, MD	Los Angeles, CA	Prince George's County, MD
Cheshire, CT	Luzerne County, PA	San Jose, CA
Chicago, IL	State of Maryland	Savannah, GA
DC Water and Sewer	Mecklenburg County, NC	Toledo, OH
Authority	Montgomery County, MD	Virginia Beach, VA
Fairfax County, VA	New Castle County, DE	Washington, DC
Gaithersburg, MD	State of New Jersey	
Hamilton, NJ	Orange County, CA	

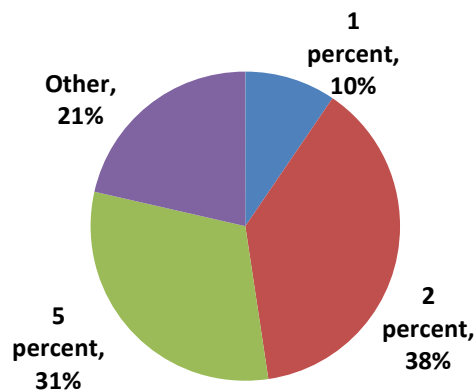
In order to get results out to briefing and teleconference attendees, we've chosen to present the results below without further analysis and commentary. We will perform and present additional analysis after we've had the chance to edit and publish the CivicUS 1<sup>st</sup> Quarter Briefing Summary by the end of April, 2009. At that time, we plan to incorporate the S<sup>3</sup> questions and answers into the places in the text of the Summary where the questions were actually asked during the course of the briefing and the teleconferences. We will issue Public Safety and Homeland Security (PSHS) service as well as Environmental Quality and Sustainable Practices (EQSP) service versions of the Quarterly Briefing Summaries to members of each service. In this regard we should note that questions one through six were identical for attendees of both audiences, and the results combine the answers of both.

**All participants in the CivicUS Quarterly Briefing and Teleconference answered the following questions:**

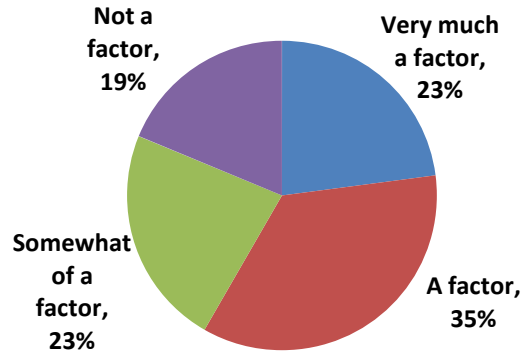
1. How favorably will equipment and services vendors be viewed if they propose performance measurement and evaluation approaches for their wares that are sufficient to substantiate your decision?



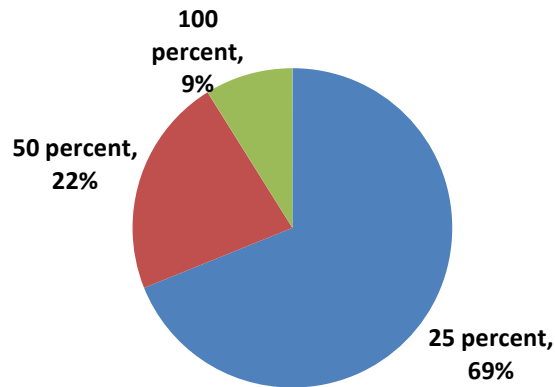
2. How much would you trade off in cost against a vendor's system to help you evaluate such performance?



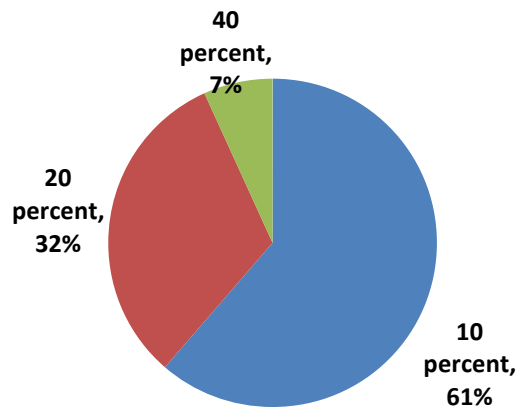
3. Will the prospect of being judged at some future point on the basis of effectiveness be a factor in your decision to pursue a grant funded by the stimulus?



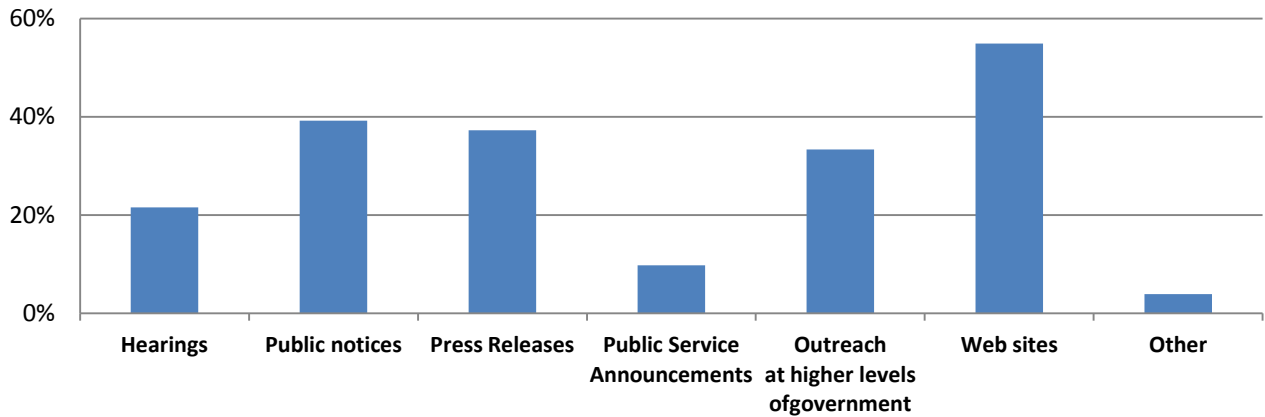
4. As a percentage of purchase price, how much do you believe you will spend on internal and external implementation costs for systems bought with stimulus money?



5. As a percentage of purchase price, how much do you believe you will spend on training costs for systems bought with stimulus money?

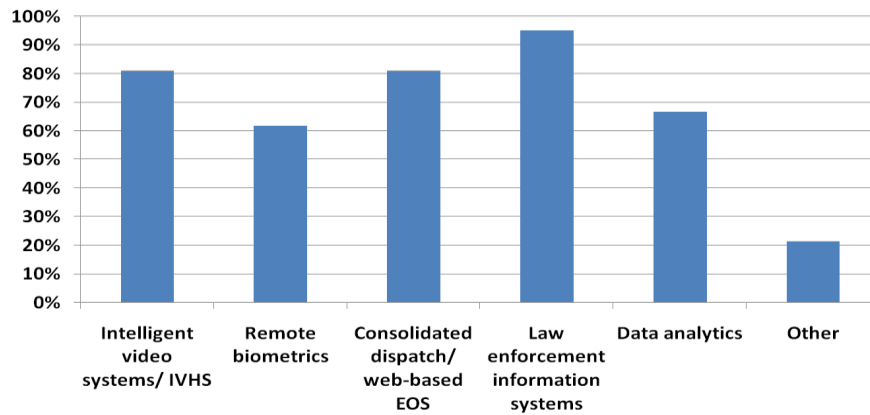


6. How will you inform your citizens of your vendor choices?

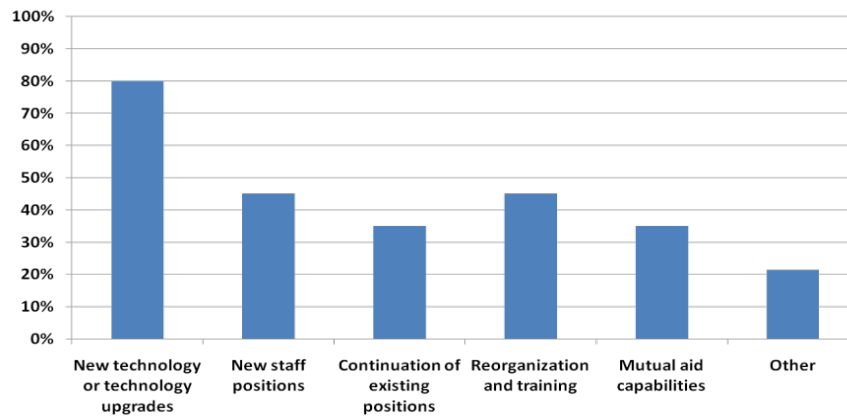


**Public Safety and Homeland Security officials answered the following questions:**

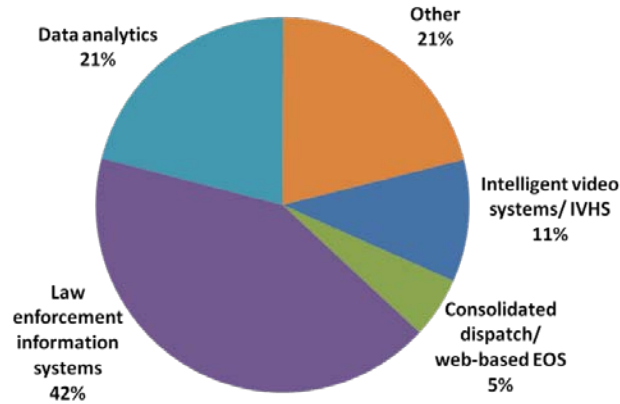
7. Which of these systems will require joint planning, vendor selection, and ongoing governance?



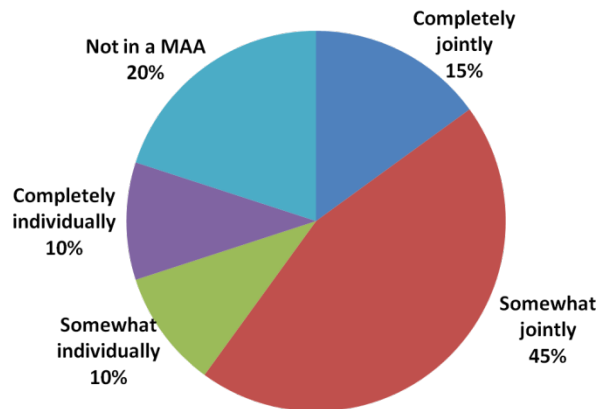
8. For what projects are you seeking federal stimulus funding?



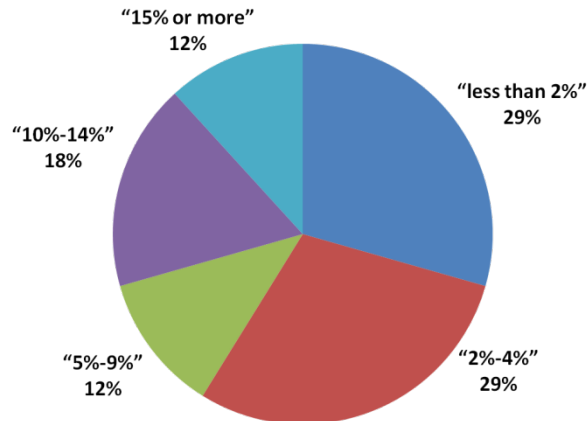
9. Which of these systems provides the greatest economic return?



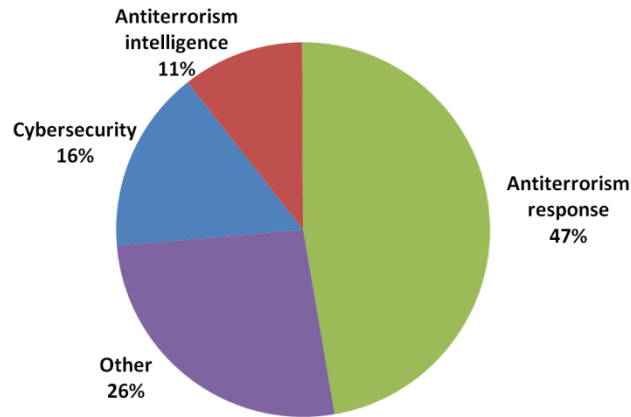
10. To what degree is the purchasing of equipment to be made available to the jurisdictions within a mutual aid agreement a collective exercise including all participating jurisdictions?



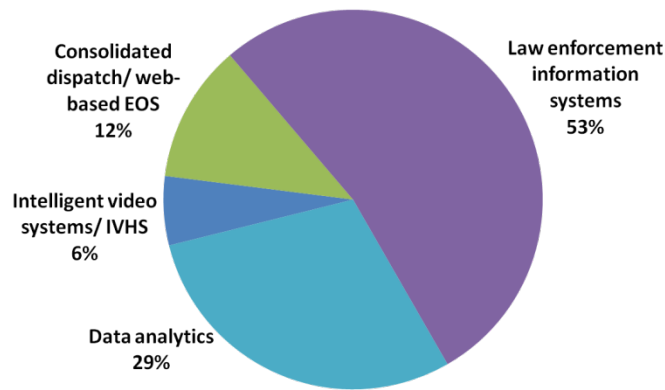
11. By what percent is your operating budget from local sources being cut this year?



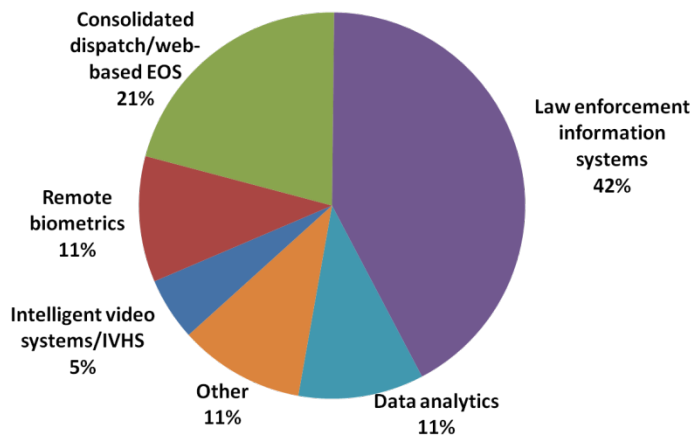
12. What areas outside your department's traditional domain are you most concerned about?



13. Which of these systems best addresses headcount price performance?

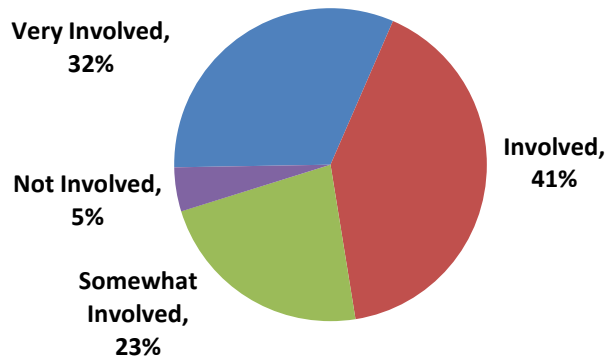


14. Which of these systems will improve public safety the most?

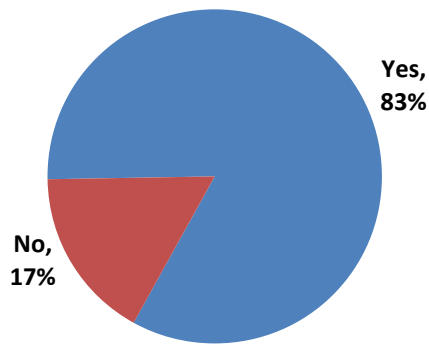


**Environment, Public Works, Energy and Transportation officials answered the following questions:**

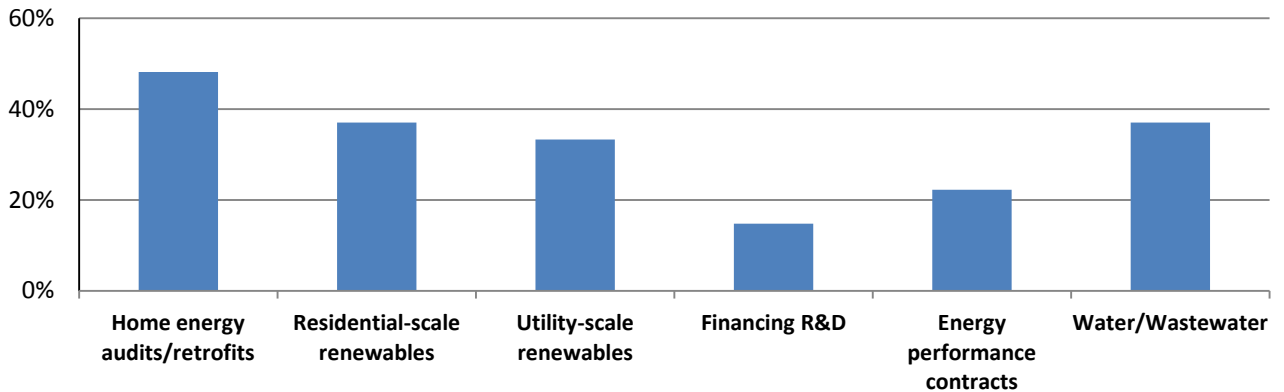
7. Should environmental protection agencies be involved in efforts by other government departments (DPW, DOT, DOE, Water and Sewer Authorities, etc.) to measure the effectiveness of stimulus-funded programs implemented with the equipment and services of vendors?



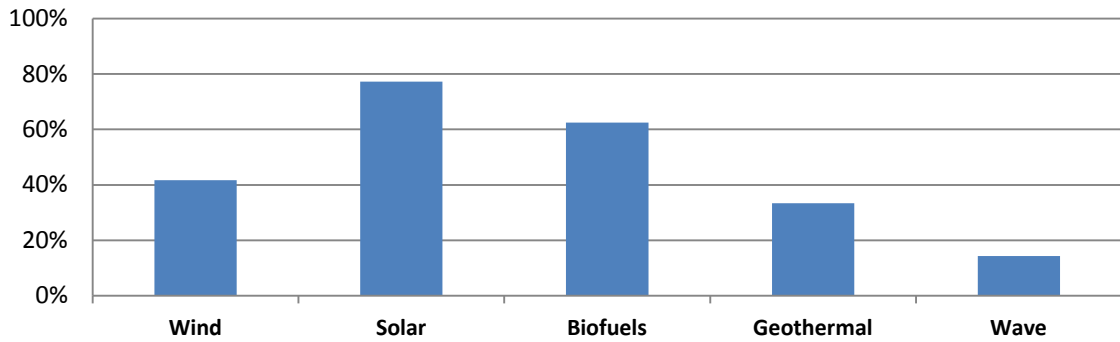
8. Do you plan to apply for grants funded by the economic stimulus package?



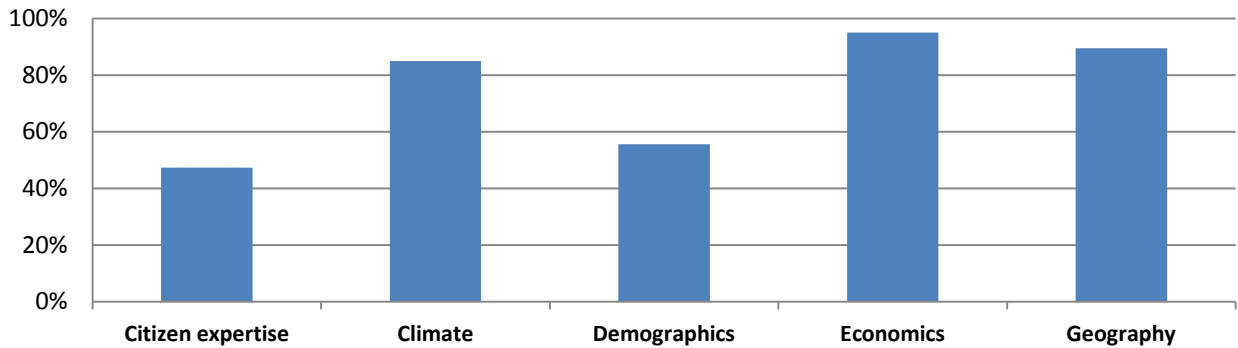
9. On which programs do you plan to spend your economic stimulus funds?



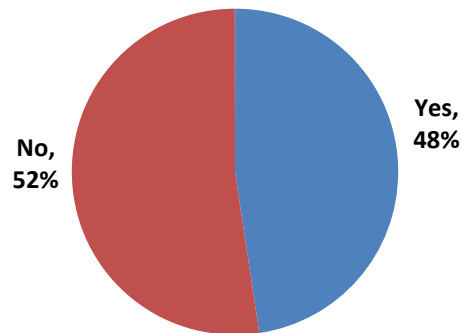
10. Which alternative energy source(s) do you believe will be most viable in your jurisdiction?



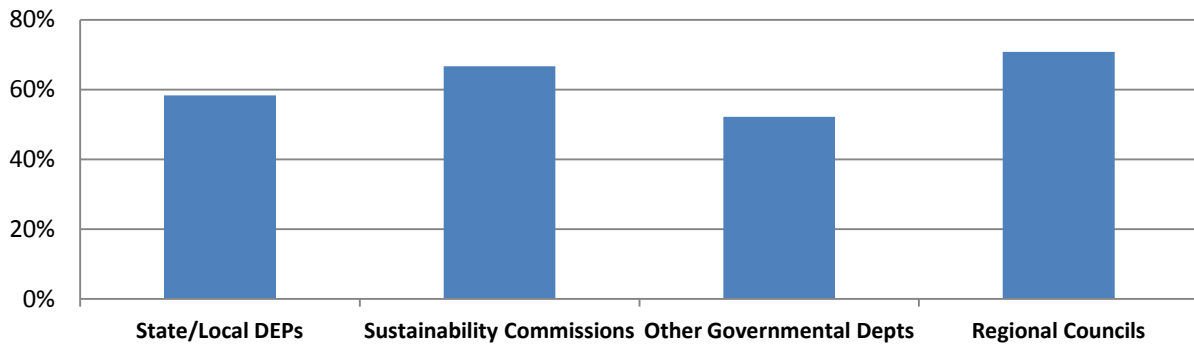
11. How important are the following criteria for selecting alternative energy sources?



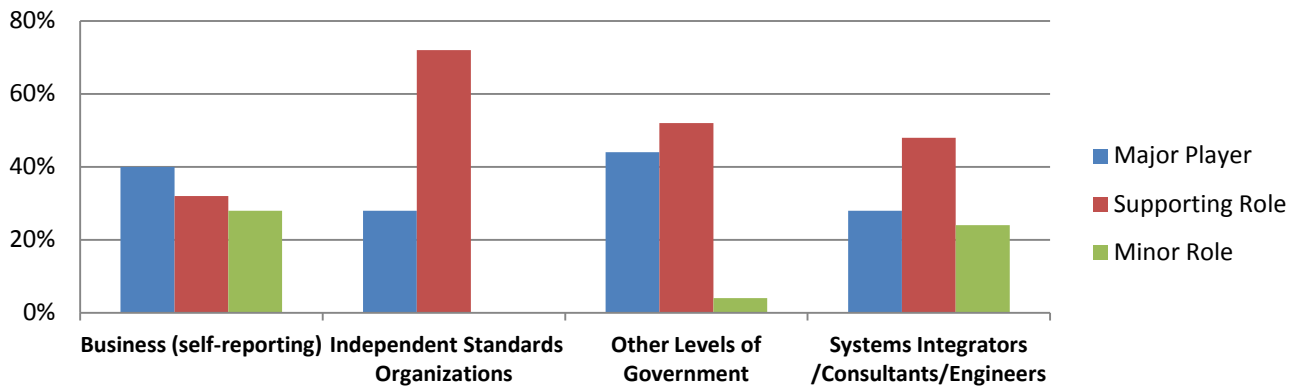
12. Can Environmental Protection Departments be effective if they take the position that other entities should determine how to meet Federal, state and local regulatory requirements?



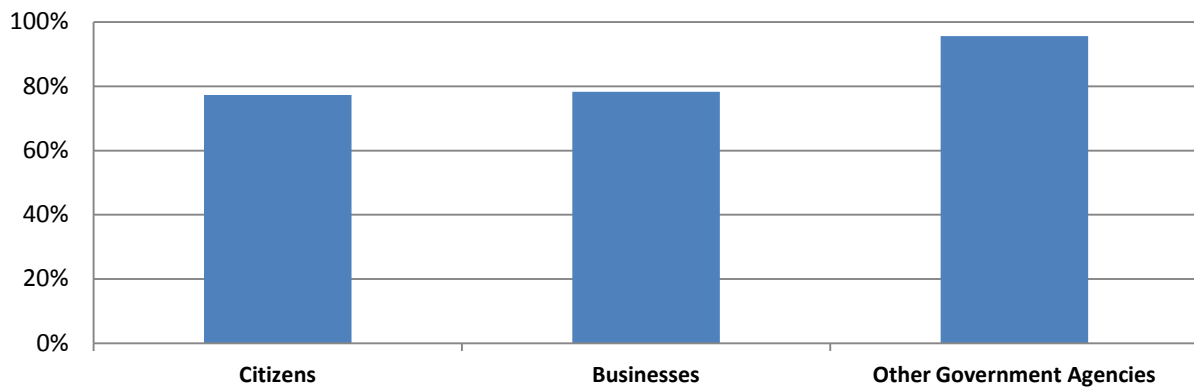
13. To what degree should the following groups act as vendor information clearinghouses for governments, businesses and citizens?



14. What kinds of organizations could function as primary enforcers of environmental regulations in the future?



15. Please identify the constituencies for which state and local environmental agencies should become involved in vendor selection activities.



16. Check the vendor selection activities that environmental protection agencies should perform for each constituency.

