

WELCOME

to

**The City of Richmond
Budget “Kickoff”**

**Presented by the Department of Budget &
Strategic Planning**

Fiscal Years 2019 & 2020

November 14, 2017

Budget Kickoff Agenda

- Introduction of Staff
- FY19/20 Budget Context – Upcoming Forecast
- Budget Process Overview
 - Old vs. *New Process*
- Budget Submissions Process
 - Instructions and Guidelines
 - Template forms
 - *New Budget Software*
 - Agency Budget Staff Training
- Budget Checklist
- Calendar of Events – Key Dates to Remember
- Questions & Answers

BUDGET TEAM

Budget & Management Analysts:

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Citywide Budget Context

Citywide Revenue

- Early indicators suggest that Citywide Revenues may either be relatively flat or may reflect a very nominal increase over the next biennium.
- Likely to see growth in Real Estate taxes – based on assessed values – Trend has been positive.
- Continued push to focus on assessments and collection of delinquent taxes.
- Continued monitoring of other taxes – particularly ALM category. Emphasis on assessing past collections and aligning revenues with FY17 actuals and current year projections.

Citywide Budget Context

Citywide Expenditures

- Projecting standard growth in general fund expenditures in FY2019 – FY2020 to include:
 - Debt Service,
 - Health Care,
 - Retirement,
 - Other Inflationary Costs (utilities, etc.).
- Projected growth in general fund revenues in total (if any) in FY19 and FY20 will not outpace the growth in general fund expenditures (noted above) + all of departments' requests.
 - Multi-Year Forecast Submissions - \$47m and \$36m (FY19 and FY20) in general fund requests.

Budget (Old) Process Overview

- Past several budget cycles, City has used excel spreadsheets to obtain, review, and analyze departmental submissions.
 - Excel files included multiple tabs with data, to include multiple forms that were linked.
- This was not a sustainable approach – inefficient and ineffective. Left room for numerous errors, extended time for simple reviews, and made decision making more challenging.
- With support from Administration – which heard the many concerns during last year’s budget process -
 - Took action to eliminate our reliance on archaic tools and invest in a more modern technology.
- City now has partnered with OpenGov, to provide a cloud based budget and reporting software to streamline budget development and increase transparency, among other improvements over past methods.

Budget (New) Process Overview

- Moving forward we will be using OpenGov to review and make budget submissions
- FY2019/2020 Biennial Budget Submission Process includes:
 - **General Instructions and Guidelines** – Guide to assist you in completing your submissions.
 - **Templates – Forms** – Forms to capture departmental overview data and other mandatory information that will aid you in completing your submissions (separate from submission worksheets).
 - **Software (Agency Worksheets - Submission Forms)** – Houses and maintains budget worksheets/submission forms for departments to key in requests and detailed justifications by fiscal year.
 - **Training (OpenGov and Submission)** – Training on how to use OpenGov, key in and submitting your budget requests.
 - Training includes a general overview of each template form that is to be completed.

Budget (New) Process – Instructions & Guidelines

- FY2019/2020 Biennial Budget Submission Process includes:
 - General Instructions and Guidelines – Guide to assist you in completing your submissions.
 - Instructions are provided for you, by agency, in **OpenGov**. Please review these instructions very carefully, prior to completing departmental requests.
 - Instructions provide general guidance on how to complete each template form that will be a part of department's total, final submission.
 - Instructions list each template form and describes them.

Budget (New) Process – Template Forms

- FY2019/2020 Biennial Budget Submission Process includes:
 - **Templates – Forms** – Forms to capture departmental overview data and other mandatory information (if applicable) that will aid you in completing your submissions. Forms include:
 - **Validation Checklist and Statement of Compliance**
 - **Agency Overview Template Form**
 - Capture information for your agency e.g., Mission, Overview, Objectives, etc. Much of this data is supplied in past budget documents – Easily obtainable.
 - Upload via OpenGov a current Organizational Chart.
 - **Per City Council – Must provide performance measures for each Program/Cost Center. Identify EACH program by fund, the core activities for each program, and performance measures (for each program) for FY16, FY17, FY18, and FY19 and FY20.**
 - Budget staff will fill in all financial data (\$\$\$\$) after you've completed your submissions.

Budget (New) Process – Submission Overview

- FY2019/2020 Biennial Budget Submission Process includes:
 - **Templates – Forms** – Forms to capture departmental overview data and other mandatory information that will aid you in completing your submissions.
 - **Planned Initiatives for FY2019/2020 Form**
 - Form for agencies to identify initiatives, that have new funding requests (above adopted FY18 levels), performance measures, and the account segment in which the new funding has been requested.
 - **Agency Submission** – To be completed in OpenGov.
 - **Vacant Position Priority Rank and Justification Form**
 - Form for agencies to rank all vacant positions – in priority order. These vacancies have been provided for you. Agencies should NOT list multiple priorities – unless positions have multiple allocations.

Budget (New) Process – Submission Overview

- FY2019/2020 Biennial Budget Submission Process includes:
 - **Templates – Forms** – Forms to capture departmental overview data and other mandatory information that will aid you in completing your submissions.
 - **New Position Request Form**
 - Form to identify any requests for new positions.
 - **Contracts Form**
 - Form to identify ALL CONTRACTS that Departments have AND budgeted in FY19 and FY20.
 - Agencies should ensure that they have budgeted (and explicitly justified) funds appropriate for ALL of their respective contracts.
 - **Departmental Fees Form**
 - Form to identify all fees, revenue generated by departmental fees, and to propose any rate increase (and justification).

Budget (New) Process – Submission Overview

- FY2019/2020 Biennial Budget Submission Process includes:
 - **Templates – Forms** – Forms to capture departmental overview data and other mandatory information that will aid you in completing your submissions.
 - **Special Revenue Submission Instructions (Reference)**
 - Provides instructions for those that request special funds.
 - **Special Revenue Request Form**
 - Form to identify all requested special funds (and funding sources).
 - **New Account Segment/s Request Form**
 - Form to request any new account codes that are currently non-existent to the Chart of Accounts.
 - Will require Finance approval first.

Budget (New) Process – Submission Overview

- FY2019/2020 Biennial Budget Submission Process includes:
 - **Templates – Forms** – Forms to capture departmental overview data and other mandatory information that will aid you in completing your submissions.
 - **Departmental IT Submission Request Form**
 - Form used to identify all requested IT (hardware/software/etc.) requests by account segment.
 - **Departmental Telecommunications (Radio Shop) Submission Request Form**
 - Form used to identify all requested Telecommunications (radio shop related) requests by account segment.
 - **HR recruitment/advertising/background checks Request Form**
 - Form used to identify all requested recruitment cost (advertising, background checks, etc.) requests by account segment.

Budget (New) Process – Submission Overview

- FY2019/2020 Biennial Budget Submission Process includes:
 - **Templates – Forms** – Forms to capture departmental overview data and other mandatory information that will aid you in completing your submissions.
 - **Budget Calendar (Reference)**
 - For informational purposes – Lists upcoming tasks and timeframes.

Budget (New) Process – Software/Submission

- FY2019/2020 Biennial Budget Submission Process includes:
 - **Software (Agency Worksheets - Submissions)** – Houses and maintains Budget Submission Instructions and Template – Forms and budget worksheets/submission forms for departments to key in their requests and detailed justifications by fiscal year.
 - Departments will submit FY2019 first. **Strict deadline is 12/8/2017 (or earlier).**
 - Departments will submit FY2020 after FY2019. **Strict deadline on 12/21/2017.**
 - **FY2019 data will be “cloned” for you after 12/8/2017 to assist you in completing FY2020 – All fiscal years can be viewed on one form in FY2020.**
 - All Departments will submit their requests and their submission forms in OpenGov.

Budget (New) Process – Software/Submission

EXPENDITURES

- Departments will have access to expenditure worksheets by cost center – Key in submissions by cost center.
 - Worksheets/Submission Forms have been created for each department.
 - As in past years, all agencies need to complete is their operating requests **with justification**.
 - Personnel worksheets with data supplied from September 8th will be provided to you and are view only.

Budget (New) Process – Software/Submission

EXPENDITURES

- Your personnel budget has been supplied on the separate worksheets.
- Includes funding for ALL positions (permanent filled and vacant) – **AT A POINT IN TIME.**
- Vacant positions budgeted at the **mid range salary.**
- Reflects payroll data from the September 8th pay date and reflects (approved) changes that were submitted from agencies.
 - Departments can request funding for OT, Temps, and other specific personnel accounts (not associated with a permanent full or part time position) on their operating worksheets.

Budget (New) Process – Software/Submission

REVENUES

- Departments will have access to revenue worksheets for their specific agency in OpenGov.
- Like past years, all agencies need to key in revenue submissions at the agency, cost center, and account level.

Budget (New) Process – Submission Overview

RECAP

- Like past years, all agencies need to complete their operating and revenue requests via submission forms via OpenGov.
 - **All requests must be justified on the Submission Form.**
- Personnel worksheets with data supplied from September 8th are view only.
- Departments will have the opportunity to request new revenue sources or increases to existing sources – **We encourage and look favorably on this.**
- You will “submit” your worksheets in OpenGov.
- Submissions due on December 8th for FY2019 and December 21st for FY2020.
- FY2020 OpenGOV forms will become available after December 8th with data cloned from your FY2019 forms

Budget (New) Process – Submission Overview

- Departments, as in prior years, will need to key in their budgets at the fund, agency, cost center, natural account, and service code level.
- Each expenditure worksheet has “0”s in the FY19 and FY20 requests columns.
- Zero Based Budget to include cost factors – Now a requirement by City Council.

Budget (New) Process – Submission Overview

- Past (prior to FY18) Process - Incremental Budgeting - Use prior year's budget or actual expenditures as a “starting point” and “incrementally” build on it.
 - Assumes that there is a guaranteed budgetary base i.e., the previous year's level of appropriation and the only question is how much of an increment will be given.
- *Continuation of Last Year's Process for FY19/20* - Zero Based Budget – Process in which agencies build budget from ground up, starting from “zero”.
 - Build a case for request/spending as if no baseline existed – to start at zero.
 - Resources/requests are not necessarily allocated in accordance with previous patterns and consequently each existing item of expenditure has to be annually re-justified.
- As you rebuild budget from ground up – explicitly, justify every single line item.

Budget (New) Process – Submission Overview

FY19 and FY20 Agency Submission Process

- All departments will need to build their “operating” budgets starting from “zero”.
 - This means you need to **detail the full requested amount** in the description column for **every single operating account**.
- Space provided for agencies to justify **every** account with a requested budget.

Budget (New) Process – Submission Overview

- Accounts not fully justified will be NOT be recommended by Budget Staff.
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Budget (New) Process – Submission Overview

- Zero-based Budget = Opportunity for departments to submit requests of needs....
- A thorough justification **detailing** how you came up with the request for each account. **Providing Cost factors ARE A CITY COUNCIL REQUIREMENT**
- Example: Agency requests \$20,000 in training natural account:
 - **Good Example** 😊 Request includes \$10,000 for registration fees for 20 staff at \$500 each, \$5,000 for training materials for 20 staff at \$250 each, and \$5,000 for travel expenses for 20 staff at \$250 each to attend sessions. Request for training is necessary to enhance employee skill sets, minimize non compliance issues, and address audit findings (See audit 2016-XXX).
 - **Extremely Poor Example** 😞 Request is for staff training: **WILL BE REJECTED (REGARDLESS OF WHAT YOU SPENT IN PAST AND WHAT YOU HAVE BUDGETED IN CURRENT YEAR).**
- Departments can request as much (or as little) as the Director deems necessary – **But it MUST BE JUSTIFIED.**

Budget Process Overview

- Example: Agency requests \$50,000 in temporary (operating) account:
 - **Great Example** 😊 Request includes \$50,000 for additional temps, an estimated 25 staff to supplement existing operations within the DPW solid waste division. Staff will be paid an estimated \$2,000 for a total of 2 months (Each staff to earn an estimated \$13.25 per hour, for 5 hours a day, on average of 15 days per month). Temp staff is needed to supplement full time staff and to work during peak hours in order to minimize and control overtime. Not having this funding will result in existing staff utilizing additional overtime and may result in employee burnout. This recommendation will also help employ city residents thus improving and expanding the city's workforce and aid in reducing poverty.
 - **Very Poor Example** 😞 Additional funding for temps in the amount of \$50,000 is needed in Solid Waste to help with services: **WILL BE REJECTED (REGARDLESS OF WHAT YOU'VE SPENT IN PAST AND WHAT YOU HAVE BUDGETED IN CURRENT YEAR).**
 - **Does not describe specifically what funds will be used for nor justifies request**
 - **Does not identify the cost factors used in determining the requested amount = CITY COUNCIL REQUIREMENT**
- Departments can request as much (or as little) as the Director deems necessary
 - **But it MUST BE JUSTIFIED.**

Budget (New) Process – Submission Overview

- **Training (OpenGov and Submission)** – Training on how to use OpenGov, key in and submit your budget requests.
 - Training will be provided beginning today, November 14 to 17th on OpenGov and its features to use in submitting your requests, etc.
 - A User manual will also be made available.
 - Training includes a general overview of each submission template that is to be completed as well.

UPCOMING TRAINING

DEPARTMENTAL TRAINING

- Tuesday, November 14th to November 17th – in DIT training room.
- Training Objectives Include:
 - Review of OpenGov and its features for use in submitting requests
 - How to key in your expenditure requests – for all funds
 - How to key in your revenue requests – for all funds
 - Review how to prepare a zero based operating budget
 - Demonstrating editing, sorting, and filtering data by accounting fields
 - Overview on how to complete template forms (will need to be downloaded and re-uploaded in OpenGov)
- All submissions are now cloud based – **NO MORE SPREADSHEETS.**
- Only personnel, who have been granted access, will be able to review and submit their budgets.

Budget Checklist

BUDGET PREPARATION CHECKLIST:

- Lists Submittal Requirements = Yes or N/A
 - ✓ Revenue Worksheet
 - ✓ Operating Worksheet
 - ✓ Org Chart
 - ✓ Agency Overview Template
 - ✓ Planning Initiatives for 19/20
 - ✓ Vacancy Position Ranking and Justification
 - ✓ New Position Request
 - ✓ Contracts
 - ✓ Departmental Fees

Budget Checklist

BUDGET PREPARATION CHECKLIST:

- Lists Submittal Requirements = Yes or N/A
 - ✓ Special Revenue Fund Request
 - ✓ New Account Segment/s Request
 - ✓ Information Technology (DIT) submission
 - ✓ Telecommunications (radio shop related) submission
 - ✓ HR Background checks/Advertising submission
 - ✓ Signed Statement of Compliance

KEY DATES TO REMEMBER

- **November 14th – 17th** – Budget Software Training (Mandatory)
- **November 27th** - CIP submissions due
- **December 8th** – FY2019 Departmental Operating Budget Submissions Due (Mandatory)
- **December 21st** – FY2020 Departmental Operating Budget Submissions Due
- **December 15th and 21st** – Non Departmental Applications due

BUDGET CALENDAR – UPCOMING EVENTS

NOVEMBER

- BUDGET KICKOFF
- NON-DEPARTMENTAL APPLICATIONS MADE AVAILABLE
- CIP BUDGET SUBMISSIONS DUE

DECEMBER

- AGENCY SUBMISSIONS DUE (DEC 8th and 21st)
- COMPLETION OF THE 5 YEAR FORECAST

JANUARY

- BUDGET REVIEW AND INITIAL RECOMMENDATIONS OF AGENCY SUBMISSIONS
- AGENCY BUDGET REVIEW SESSIONS (MAYOR/CAO/BUDGET)
- INITIAL RECOMMENDATIONS ON BUDGET REQUESTS DEVELOPED
- MAYORAL BUDGET REVIEW SESSIONS

BUDGET CALENDAR – UPCOMING EVENTS

FEBRUARY

- CONTINUATION OF OPERATING AND CIP BUDGET RECOMMENDATIONS
- ADDITIONAL BUDGET REVIEW SESSIONS
- ADDITIONAL MAYORAL REVIEW SESSIONS
- FINAL RECOMMENDATIONS DEVELOPED

MARCH

- PRODUCTION OF OPERATING AND CIP BUDGET DOCUMENTS
- PRESENTATION OF MAYOR'S PROPOSED BUDGET (MARCH 6TH)
- CITY COUNCIL BUDGET REVIEW SESSIONS

APRIL

- CITY COUNCIL BUDGET REVIEW SESSIONS continued
- CITY COUNCIL BUDGET AMENDMENT SESSIONS

BUDGET CALENDAR – UPCOMING EVENTS

MAY

- FINAL AMENDMENT SESSIONS
- ADOPTION OF SCHOOLS AND FEDERAL FUNDS
- ADOPTION OF REMAINING BUDGETS

JUNE

- AMENDMENT REVISIONS TO THE BUDGET DOCUMENT
- PREPARATION OF LOADING FINAL BUDGETS INTO RAPIDS

JULY

- BUDGET IMPLEMENTATION

Budget and Strategic Planning Website & Intranet

Download all current Budget Books (Biennial/Capital Improvement Plan), etc.

www.richmondgov.com

QUESTION & ANSWER SESSION

