

WELCOME
to
The City of Richmond
Budget “Kickoff”
FY2020
Presented by the
Department of Budget & Strategic Planning

November 13, 2018

Budget Kickoff Agenda

- Introduction of Staff
- FY20 Budget Context – Upcoming Forecast
- Budget Process Overview
- Budget Submission Process
 - Instructions and Guidelines
 - Template forms
 - Agency Budget Staff Training
- Budget Checklist
- Calendar of Events – Key Dates to Remember
- Questions & Answers

BUDGET TEAM

Budget & Management Analysts:

Pearl Anderson

Jonathan Fetterman

Kiara Jordan

Lauren Kirk

Management Analyst:

Joe Zhao

Administrative Program Support Assistant:

Michael Nixon-Garrison

City Grants Coordinator:

Chris Johnston

Senior Policy Advisor

Shannon Paul

Budget Manager:

Linda Cheatham

Budget Director:

Jay Brown

Citywide Budget Context

- Utilizing FY2020 approved budget as base budget
- Base budget is the starting point for the upcoming amendments to the approved budget
- Revenue and expenditure outlook will use FY2020 as the starting point
- Agencies will be utilizing base budget as the starting point

Citywide Budget Context

Citywide Revenue

- Early indicators suggest that Citywide Revenues will be trending in a positive direction (against base) – likely to witness moderate growth above what was already projected in the base. ***Keep in mind that there was slight growth (in recurring revenues) already projected in the FY2020 approved budget.....***
- Likely to see growth in Real Estate taxes – Positive trends of increased values in assessments – Probable to continue next year.....***some growth already projected in base.....***
- Continued push to focus on assessments and collection of delinquent taxes
- Continued monitoring of other taxes – particularly ALM category. Emphasis on assessing past collections, aligning revenues with FY18 actuals, and current year projections

Citywide Budget Context

Citywide Expenditures

- Projecting standard growth in general fund non-discretionary expenditures in next fiscal year to include:
 - Health Care (based on trends, likely to increase),
 - Retirement (is projected to increase),
 - Other Non-discretionary costs (utilities, contractual obligations, cash contributions to special funds, etc.),
 - Debt Service (increase is already in base)
- Projected growth in general fund revenues (in total) next fiscal year, **will not outpace the growth in general fund expenditures (noted above) + all of departments' requests.**

Citywide Budget Context

Citywide Expenditures

- Multi-Year Forecast Submissions - \$58m in general fund requests in FY20.
 - Does not include growth in Non-Discretionary items (previous slide)
 - Does not include an increase in funding for vacant positions
- Standard general fund revenue growth can be between \$3m and \$20M (to include revenues earmarked for committed items (ex. meals tax increase))
- Again, there will not be enough resources to fund all requests of agencies

Citywide Budget Context

Citywide Revenues vs. Expenditures

- Challenge:
 - Since resources are limited and agency requests will far exceed resources – how can:
 - We ensure core services are maintained?
 - Requests for additional funding best be considered?
 - We enhance performance/Do more?

Citywide Budget Context FY2020

- **Strategic Priorities (Strategic Plan)**
 - Alignment of departmental requests (and requests for additional funds) to broad, organizational goals
 - Requests not aligned, should not be funded (unless there's a specific requirement/mandate)
- **Performance Based Budget**
 - Making budgetary decisions based on desired and (affordable) performance levels
 - *Begin to move away from context of evaluating line item budgets to evaluating performance/service levels and what it costs*

Citywide Budget Context

FY2020

Strategic Priority Areas

- The Mayor has identified (draft) Priority Areas which will help guide the allocation of resources in FY20. These priority areas have also been aligned with City Council Focus Areas:
 - **Public Education**
 - Aligns with Council Focus Area(s): Strong Futures for Children, Adults, and Families
 - **Public Safety**
 - Aligns with Council Focus Area(s): Safe Neighborhoods
 - **Expanded Economic Opportunity**
 - Aligns with Council Focus Area(s): 21st Century Richmond: Planned Growth, Economic Progress, and Affordable Housing and Strong Futures for Children, Adults, and Families

Citywide Budget Context

FY2020

- The Mayor has identified (draft) Priority Areas which will help guide the allocation of resources. These priority areas have also been aligned with City Council Focus Areas:
 - **Efficient and High-Quality Service Delivery**
 - Aligns with Council Focus Area(s): Responsive, Accountable and Innovative Government and Strategic Infrastructure Investment
 - **Vibrant & Inclusive Communities**
 - Aligns with Council Focus Area(s): 21st Century Richmond: Planned Growth, Economic Progress & Affordable Housing and Responsive, Accountable and Innovative Government
 - **Mobility**
 - Aligns with Council Focus Area(s): Strategic Infrastructure Investment, 21st Century Richmond: Planned Growth, Economic Progress & Affordable Housing

Citywide Budget Context FY2020

Performance Based Budget

- Strategic Management and Performance
- Accountability
- Performance Management and Budget Decisions

Citywide Budget Context FY2020

Performance Based Budget - To What End?

- Local government revenues are becoming insufficient, making effective use of resources imperative
- Promotes the logical tie between planning and budgeting
- Bond sales require indicators of financial condition which are well presented by performance data (AAA Bond rating goal of the City)

Citywide Budget Context FY2020

Performance Based Budget

- Pilot PBB with select departments – Already identified and initiated meetings prior to kickoff
 - 7 departments – from each major governmental category
- Pilot departments will submit a PBB request (separate form)
 - Pilot agencies along with the other departments will align objectives, strategies and performance measures to their FY2020 requests
- Each year we intend to expand the number of agencies utilizing PBB with goal of eventually making this a citywide process

Budget Process Overview

A major focus in this year's budget process will be:

- Continue to utilize a zero-based budget methodology (City Council requirement)
- Alignment of programs and services to strategic priorities
- Continue the pursuit towards a “true” performance based budget (PBB)
 - To this end, we are beginning the transition **from** our current and past approach – ***presentational performance based budget*** – **to** a ***performance informed performance based budget*** whereby performance information plays a role in the budget decision making process.
 - ***Performance information will be used along with other information to make funding decisions.***

Budget Process Overview

- We will be using OpenGov – Agencies to submit requests
- FY2020 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). **All templates are in OpenGov for you.**
 - **OpenGov (Agency Worksheets - Submission Forms)** – Houses and maintains budget worksheets/submission forms for departments to key in requests and detailed justifications and where you can find your departmental instructions.
 - **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 Process – Instructions & Guidelines

- FY2020 Budget Submission Process includes:
 - **General Instructions and Guidelines** – 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
 - Please review All instructions and each tab (template) prior to completing your budget submission

Budget Process – Instructions & Guidelines

- FY2020 Budget Submission Process includes:
 - **Each General Fund Agency will have an Operating Target.** All Agencies must submit their operating requests in OpenGov, at or below their Operating Target. **Failure to comply will result in Budget Office making reductions to bring back to Target**
 - Operating targets are your FY20 approved operating budget
 - There is a process to request additional funds above targeted levels

Budget Process – Template Forms

- FY2020 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**
 - Your FY20 operating targets can be found on the Statement of Compliance
 - Operating targets are your FY20 approved operating budgets
 - **Agency Overview Template Form (Non - Pilot Agencies)**
 - Capture information for your agency e.g., Mission, Overview, Objectives, etc. Much of this has been pre-populated for you
 - 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 FY17, FY18, and FY19 and FY20**

Budget Process – Template Forms

- FY2020 Budget Submission Process includes:
 - **Performance Based Budget Form (Pilot Agencies Only)**
 - This form seeks to identify the connection between the amount of funds requested and the level of service expected to be delivered by documenting performance levels aligned with requested budget dollars
 - **Anti-Poverty Initiative**
 - Form to capture all tasks/programs/services/etc. that your agency is doing to address poverty in Richmond – Now a requirement by City Council
 - **Summary of Enhancement or Unfunded Major Issues Form**
 - This form captures information on operating requests that could not be included within your operating target within OpenGov
 - **North of Broad/Navy Hill Project Form**
 - This form seeks to obtain information on request for funding for all costs associated with or related to the North of Broad/Navy Hill Project in FY20

Budget Process – Template Forms

- FY2020 Biennial Budget Submission Process includes:
 - **New Position Request Form**
 - Form to identify any requests for new positions
 - **Contracts Form**
 - Form to identify ALL CONTRACTS that Departments manage and use which should also be **budgeted in OpenGov in FYY20**
 - 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 Process – Submission Overview

- FY2020 Biennial Budget Submission Process includes:
 - **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 segments within an account string that are currently non-existent to the Chart of Accounts
 - Will require Finance approval first
 - **Requests for Overtime and Temporary**
 - Form used to identify all request for overtime and temporary personnel. All information on this form should be keyed into OpenGov – if worksheet has been set up for you
 - There is a worksheet in OpenGov for agencies that have Overtime/Temps/etc. in their current year budget. For those that have an OpenGov worksheet, requests for Overtime/Temps must also in both places (OpenGov and this form).

Budget (New) Process – Submission Overview

- FY2020 Budget Submission Process includes:
 - **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 Calendar (Reference)**
 - For informational purposes – Lists upcoming tasks and timeframes
 - **Strategic Priorities (Reference)**
 - For informational purposes – Lists draft strategic priorities and descriptions of each

Budget Process – Software/Submission

- FY2020 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.
 - Deadline for submittal is **12/14/2018 (or earlier)**.
 - Pilot Agencies deadline for submittal is **12/28/2018 (or earlier)**.
 - All Departments will submit their requests and their template - forms in OpenGov.

Budget 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 (in OpenGov) is their operating requests with justification**
 - Personnel worksheets with data supplied from September 8th are provided to you, in OpenGov, and are view only

Budget Process – Software/Submission

EXPENDITURES

- Your personnel budget has been supplied on separate worksheets
- Includes funding for ALL positions (permanent filled and vacant) – **AT A POINT IN TIME**
- 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 a separate worksheet – labeled as such - if budgeted in FY20. **If a new request, place on OT and Temp form AND enhancement form**

Budget 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. **Revenues should be keyed into OpenGov as a credit, i.e. a negative number**

Budget 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 14th . Pilot agency submissions are due December 28th

Budget 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 operating expenditure worksheet has “0”s in the FY20 requests columns
- Zero Based Budget – Agencies must supply the cost factors that make up each operating account in addition to justification

Budget Process – Submission Overview

- *Continuation of Last Year's Process for FY20* - 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
- There is a ceiling (operating targets) on your operating budget and any excess has to be placed on the enhancement form TO BE CONSIDERED
 - Requests on Enhancement form must also be justified and cost factors must be provided as well

Budget Process – Submission Overview

- 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 Process – Submission Overview

- Accounts that are not justified will be **NOT** be recommended by Budget Staff
- Accounts that are not fully justified will be **NOT** be recommended by Budget Staff
- Accounts that are partially justified will be **NOT** be recommended by Budget Staff

Budget 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 AND THE TOTAL OPERATING BUDGET MUST BE WITHIN THE TARGET and/or on the Enhancement Form**

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 – request is directly related to the Expand Economic Opportunity strategic priority area.
 - **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**

Budget Process – Training Overview

- **Training (OpenGov and Submission)** – Training on how to use OpenGov, key in and submit your budget requests, and review template forms.
 - Training will be provided beginning today, November 13th to 16th on OpenGov and its features to use in submitting your requests, etc.
 - A User manual will also be made available and is included in OpenGov
 - Training includes a general overview of each submission template that is to be completed as well

UPCOMING TRAINING

DEPARTMENTAL TRAINING

- Tuesday, November 13th to November 16th – 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 of Submittal Requirements = Yes or N/A

OpenGov Items

- ✓ Revenue Worksheet
- ✓ Operating Worksheet
- ✓ Temp/Overtime/Other Personnel Worksheet
- ✓ Org Chart
- ✓ Statement of Compliance

Budget Checklist

BUDGET PREPARATION CHECKLIST:

- Lists Submittal Requirements = Yes or N/A

Budget Submission Documents

- ✓ Agency Overview Template (Non Pilot Agencies)
- ✓ Agency Overview Template - Performance Based Budget (Pilot Agencies)
- ✓ Anti-Poverty Initiative Listing
- ✓ Enhancement and Unfunded Major Issues
- ✓ North of Broad/Navy Hill Project Request
- ✓ 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
 - ✓ Overtime and Temp Request
 - ✓ Telecommunications (radio shop related) submission
 - ✓ HR Background checks/Advertising submission

KEY DATES TO REMEMBER

- **November 13th – 16th** – Budget Software Training (Mandatory)
- **November 26th** - CIP submissions due
- **December 14th** – FY2020 Departmental Operating Budget Submissions Due (Mandatory)
- **December 28st** – FY2020 Departmental Operating Budget Submissions Due for Pilot Agencies (Mandatory)

BUDGET CALENDAR – UPCOMING EVENTS

NOVEMBER

- BUDGET KICKOFF
- CIP BUDGET SUBMISSIONS DUE

DECEMBER

- AGENCY SUBMISSIONS DUE (DEC 14th and 28th)
- COMPLETION OF THE 5 YEAR FORECAST

JANUARY

- BUDGET REVIEW AND **INITIAL** RECOMMENDATIONS OF AGENCY SUBMISSIONS
- AGENCY BUDGET REVIEW SESSIONS (MAYOR/CAO/BUDGET)
- SECONDARY 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

