

WELCOME

to

The City of Richmond

Budget "Kickoff"

FY2022

Presented by the

Department of Budget & Strategic Planning

October 26, 2020

Budget Kickoff Agenda

- Introduction of Staff
- FY22 Budget Context
- Budget Process Overview
- Budget Submission Process
 - Instructions and Guidelines
 - Template forms
 - Software/Submission
 - Training
- Budget Checklist
- Calendar of Events – Key Dates to Remember
- Questions & Answers

BUDGET TEAM

Budget & Management Analysts

Pearl Anderson

Allyson Beetham

Jonathan Fetterman

Kiara Jordan

Lauren “Captain” Kirk

Management Analyst

Katrina Murray

Administrative Program Support Assistant

Michael Nixon-Garrison

Budget Manager

Jason May

Budget Director

Jay Brown

Citywide Budget Context

Citywide Budget Context

WE ARE IN A PANDEMIC.....

Citywide Budget Context

.....STILL IN A PANDEMIC.....

Citywide Budget Context

WE ARE STILL IN A PANDEMIC.....

There is no definitive timeline on when pandemic will end....

Whenever it ends, no one knows if (or when) people will go back to their pre-COVID-19 behaviors....

What will be the impacts of COVID-19 in FY2022 (and in FY2021)?

Citywide Budget Context

WE ARE STILL IN A PANDEMIC.....

Some media sources indicate...that in order to bring the virus under control.....

- People still wear masks all next year (FY21 and FY22)
- Social distancing will continue to be encouraged/enforced all next year (FY21 and FY22)
- Personal hygiene will still be encouraged/enforced all next year (FY21 and FY22)
- A vaccine

Citywide Budget Context

WE ARE STILL IN A PANDEMIC.....

- (Effective) Vaccine likely available by early next year
 - Production and distribution likely result in many not receiving vaccine until mid / late 2021 (FY2022)
- By November of 2021 (FY2022) – hopefully most Americans would have received at least 2 doses of a vaccine
- However, “getting the shot will not be your cue to take off your mask and run free into a crowded bar”
- Some feel that society could see pre-COVID “normal” within two years.....
- But the precise timing is uncertain.....
- ***“Though experts can make their best guesses, there is no certainty about COVID-19’s future”***

Citywide Budget Context

WE ARE STILL IN A PANDEMIC.....

- Currently, COVID cases are **NOT** on the decline.....in the US
- Numbers are not expected to improve even as it gets colder and people opt to stay inside
 - Warnings of a “surge” this fall.....Are we realizing it now?
- Preventative measures will continue for the foreseeable future
- But.....knowing this, how will this impact the (national, state, local economy)
- How will this impact Richmond in FY2021 and FY2022?

Citywide Budget Context

- **For FY2021:**

- The adopted budget was reduced (by \$38.5M) to reflect the potential impacts of COVID-19 to the City budget
- Reductions were made to just about every department
- A work group of City Council and Administration staff are meeting monthly to review financial data on the FY2021 budget
- However, COVID-19 (and its impacts) will likely be around for the next year or more.....
 - Creates uncertainty as we head into FY2022

Citywide Budget Context

- **For the FY2022 budget:**
 - Utilizing FY2021 adopted budget as **base budget**
 - Base budget is the starting point for the upcoming annual budget
 - Both revenue and expenditure outlook will use FY2021 as the starting point which we will build upon
 - Access to prior and current year data - as a guide

Citywide Budget Context

Citywide Revenue

- All revenue sources will need to be scrutinized.....
- Still too early to determine the implications of COVID-19 to FY2021 and FY2022 revenues – Again much uncertainty
- However, emphasis continues to remain on assessing and collecting delinquent taxes and assessing revenues with FY20 (includes partial impacts of COVID) and based on year to date FY21 collections
- Real Estate (RE) taxes – City’s largest (single) revenue source will be looked at very closely based on Assessor’s feedback on residential and commercial property values for the upcoming year

Citywide Budget Context

Citywide Revenue

- Consumption taxes (those tied more closely to consumer spending habits) will need to be scrutinized very closely. Recall that these sources (as well as others) were reduced as part of the amendments to the FY2021 adopted budget – due to COVID-19
 - Lodging Taxes
 - Sales Taxes
 - Meals Taxes
 - Admission Taxes
- These particular sources of revenues will need to be reviewed regularly – based on FY21 collections and the nature and future of the local economy

Citywide Budget Context

Citywide Expenditures

- Projecting standard growth in general fund, non-discretionary expenditures in the next fiscal year to include:
 - Retirement (**iS** projected to increase),
 - Debt Service (**iS** projected to increase)
 - Health Care (based on trends, **iS** projected to increase)
- If there is any projected growth in general fund revenues (in total) next fiscal year, it will not outpace the growth in general fund expenditures (noted above) + all of departments' requests (needs and wants).

Citywide Budget Context

Citywide Expenditures

- Multi-Year Forecast Submissions - **\$74M in general fund requests in FY22**
 - Does not include growth in Non-Discretionary items (previous slide)
 - **Does not include an increase in funding for vacant positions**
 - **Does not include restoring all cuts made to agencies in FY21**
- IF there is any incremental general fund revenue growth that “may be” realized in FY22 it will NOT be enough to **fund the needs and requests of agencies in FY22**

Citywide Budget Context

Citywide Revenues vs. Expenditures

- 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

It is now more important than ever to:

- Strategic Priorities

- Continue to align departmental requests (and requests for additional funds) to organizational priorities and 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
- ***Moving away from evaluating line item budgets to evaluating performance/service levels and what it costs***

Citywide Budget Context

Strategic Priority Areas

- The Mayor has approved several Strategic Priority Areas which will continue to help guide the allocation of resources in FY22. These priority areas have also been aligned with City Council Focus Areas:
 - **Adult & Youth Education**
 - Aligns with Council Focus Area(s): Strong Futures for Children, Adults, and Families and Responsive, Accountable and Innovative Government
 - **Economic Empowerment**
 - 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

- **Vibrant, Inclusive, & Mobile Communities**
 - Aligns with Council Focus Area(s): 21st Century Richmond: Planned Growth, Economic Progress, Affordable Housing, and Responsive, Accountable, and Innovative Government
- **Public Safety, Health, & Wellness**
 - Aligns with Council Focus Area(s): Safe Neighborhoods and Responsive, Accountable and Innovative Government
- **Efficient & High Quality Service Delivery**
 - Aligns with Council Focus Area(s): Responsive, Accountable and Innovative Government, and Strategic Infrastructure Investment

Citywide Budget Context

Performance Based Budget (PBB)

- Last year 14 departments submitted a PBB
- This year, an additional 7 departments (already selected) will develop a performance based budget
- The 21 departments will submit a PBB request (separate form)
 - PBB agencies will align objectives, strategies and performance measures to their FY2022 requests
- Each year we plan to expand the number of agencies utilizing PBB with goal of eventually making this a citywide process

Budget Submission Process

Budget Process Overview

Focus on this year's budget process will again:

- Utilize a zero-based budget methodology (City Council requirement)
- Align programs and services to strategic priorities
- Pursue a “true” performance based budget (PBB)
 - We are continuing the transition from our 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

- FY2022 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 and instructional 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

- FY2022 Budget Submission Process includes:
 - [General Instructions and Guidelines](#) – Instructions are provided for you in **OpenGov**.
 - Instructions provide general guidance on how to complete each template form that will be a part of each department's total, final submission
 - Instructions outlines each template form and describes them
 - Please review all instructions and each tab (template) carefully prior to completing your budget submission

Budget Process – Instructions & Guidelines

- FY2022 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 the Budget Office making reductions to bring back to Target**
 - Operating targets are your FY21 adopted operating budget less one-time items
 - *There is a process to request additional funds above targeted levels*
 - ****There are no operating targets for Non-General Fund Agencies – however, your total non-general fund revenues (revenue submission) must match or exceed your total requested expenditures****

Budget Process – Template Forms

- FY2022 Budget Submission Process includes:
 - **Templates – Forms** – Forms to capture departmental overview data and other mandatory information that will aid you in completing your submissions. Forms include:
 - **Validation Checklist and Statement of Compliance**
 - **Your FY22 operating targets can be found on the Statement of Compliance**
 - **Agency Overview Template Form (Non - PBB Agencies)**
 - Capture information for your agency e.g., Vision, Mission, Overview, Objectives, etc. Much of this has been pre-populated for you
 - Upload via OpenGov an Organizational Chart
 - **Per City Council – Must provide performance measures for each Program/Cost Center. Identify EACH program by fund and performance measures (for each program) for FY19, FY20, and FY21 and FY22**

Budget Process – Template Forms

- FY2022 Budget Submission Process includes:
 - **Performance Based Budget Form (PBB 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
 - **Enhancement or Unfunded Major Issues Form**
 - This form captures information on operating requests that could not be included within your operating target in OpenGov

Budget Process – Template Forms

- FY2022 Budget Submission Process includes:
 - **Vacant position listing/ranking Form**
 - Form – prepopulated for agencies to rank vacant positions by job class
 - **New Position Request Form**
 - Form to identify requests for new positions
 - **Contracts Form**
 - Form to identify ALL CONTRACTS that Departments manage and use - which should also be **budgeted in OpenGov in FY22**
 - 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 in your department that you propose to adjust – for example any proposed rate increase (and justification)

Budget Process – Submission Overview

- FY2022 Budget Submission Process includes:
 - **Special Revenue Request Form**
 - Form to identify all requested special funds (and funding sources)
 - Determination on whether requests should be included in the special fund
 - **Departmental Radio Shop Request Form**
 - Form used to identify all 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
 - Note this funding is included in HR's budget (not depts.) and will need depts.' confirmation
 - **Budget Calendar (Reference)**
 - For informational purposes – Lists upcoming tasks and timeframes

Budget Process – Submission Overview

- FY2022 Budget Submission Process includes:
 - **Strategic Priorities (Reference)**
 - For informational purposes – Lists strategic priorities and descriptions of each

Budget Process – Software/Submission

- FY2022 Budget Submission Process includes:
 - OpenGov Software (Agency Worksheets - Submissions) – Houses and maintains Budget Submission Instructions and Template – Forms and budget worksheets for departments to manually key in their requests and detailed justifications
 - All Departments will submit their requests and their template - forms in OpenGov
 - Non PBB Agencies deadline for submittal is 11/30/2020 (or earlier)
 - PBB Agencies deadline for submittal is 12/7/2020 (or earlier)

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 (permanent full and part time) worksheets with data supplied from August 21st are provided for you, in OpenGov, and are view only

Budget Process – Software/Submission

EXPENDITURES

- Your personnel budget has been supplied on separate worksheets
- Includes estimated costs for ALL positions (permanent filled and vacant)
Reflects payroll data from the August 21st 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 – in OpenGov.

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, i.e. (-50,000)**

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 August 21st 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 November 30th for non PBB agencies. PBB Agencies agency submissions are due December 7th

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 FY22 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 FY22 - 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
 - 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

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

Budget Process – Submission Overview

- **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 2020-XXX).
- **THIS EXAMPLE WILL LIKELY BE APPROVED i.e. NOT REDUCED**

Budget Process – Submission Overview

- Extremely Poor Example 😞 Staff training is needed
- **THIS EXAMPLE WILL BE REJECTED OR WILL BE CONSIDERED FOR REDUCTION DURING BUDGET BALANCING (REGARDLESS OF WHAT YOU SPENT IN PAST AND WHAT YOU HAVE BUDGETED IN THE CURRENT YEAR)**

Budget Process Overview

- Example: Agency requests \$50,000 in temporary (operating) account:

Budget Process Overview

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 Economic Empowerment strategic priority area.

Budget Process Overview

- **Very Poor Example** 😞 Additional funding for temps in the amount of \$50,000 is needed in customer service division to help provide operational support
- **WILL BE REJECTED (REGARDLESS OF WHAT YOU'VE SPENT IN PAST AND WHAT YOU HAVE BUDGETED IN THE 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 on OpenGov and its features to use in submitting your requests, etc.
 - Training includes a general overview of each submission template that is to be completed
 - Training will be a video – link to be provided that can be viewed at any time
 - Training link: https://youtu.be/j4XGXew4H_4

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
 - A live Q and A session via Microsoft Teams for PBB agencies will be held on October 27th at 3pm
 - A general follow-up on the overall budget process to be held via a live Q and A session on Microsoft Teams on this Thursday October 29th from 10:30 – 11:30am
 - An Opengov user manual will also be made available and is included in Opengov

UPCOMING TRAINING

DEPARTMENTAL TRAINING

- Monday, October 26th – Virtual training on how to complete your FY2022 budget submission in OpenGov.
- Training Objectives Include:
 - Review of OpenGov and its features for use in submitting requests
 - How to key in your expenditure requests – for all funds (exc. Most special funds)
 - How to key in your revenue requests – for all funds (exc. Most special 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

Budget Checklist

BUDGET PREPARATION CHECKLIST:

- Lists of Submittal Requirements = Yes or N/A

OpenGov Items

- ✓ Revenue Worksheet
- ✓ Operating Worksheet
- ✓ Overtime/Temps/Other Personnel Worksheet
- ✓ Org Chart
- ✓ Update Strategic Action Plan
- ✓ Statement of Compliance (identification of dept. operating target)

Budget Checklist

BUDGET PREPARATION CHECKLIST:

- Lists Submittal Requirements = Yes or N/A

Budget Submission Documents

- ✓ Agency Overview Template (Non PBB Agencies)
- ✓ Performance Based Budget Template (PBB Agencies)
- ✓ Anti-Poverty Initiative Listing
- ✓ Enhancement and Unfunded Major Issues
- ✓ Vacant position prioritization
- ✓ New Position Request
- ✓ Contracts
- ✓ Departmental Fees/Revenue Adjustments

Budget Checklist

BUDGET PREPARATION CHECKLIST:

- Lists Submittal Requirements = Yes or N/A
 - ✓ Special Revenue Fund Request
 - ✓ Radio Shop Template
 - ✓ HR Background checks/Advertising submission

KEY DATES TO REMEMBER

- **October 26th** – Budget Kickoff (Budget training link live)
- **October 27th** – PBB Q&A session
- **October 29th** – General budget process Q&A session
- **November 30th** – FY2022 Departmental Operating Budget Submissions Due (Mandatory)
- **December 7th** – FY2022 Departmental Operating Budget Submissions Due for PBB agencies (Mandatory)

BUDGET CALENDAR – UPCOMING EVENTS

NOVEMBER

- REVIEW OF CIP SUBMISSIONS
- FY21 FIRST QUARTER PROJECTIONS DUE
- BUDGET SUBMISSIONS DUE (NOV 30TH) (NON PBB AGENCIES)

DECEMBER

- PBB AGENCY SUBMISSIONS DUE (DEC 7th)
- COMPLETION OF THE 5 YEAR FORECAST
- CONTINUED REVIEW OF CIP SUBMISSIONS AND DEVELOPMENT OF INITIAL RECOMMENDATIONS
- BUDGET REVIEW OF AGENCY OPERATING SUBMISSIONS

JANUARY

- AGENCY OPERATING BUDGET REVIEW MEETINGS (WITH DEPARTMENTS)
- INITIAL OPERATING BUDGET RECOMMENDATIONS DEVELOPED
- MAYORAL BUDGET REVIEW SESSIONS

BUDGET CALENDAR – UPCOMING EVENTS

FEBRUARY

- 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 5TH)
- 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
(Annual/Biennial/Capital Improvement Plan), etc.

<https://rva.gov/budget-and-strategic-planning>

QUESTIONS & ANSWERS

