

INTRODUCED: May 11, 2020

A RESOLUTION No. 2020-R035

To accept and approve a budget review process for the City's Fiscal Year 2020-2021 annual budget.

\_\_\_\_\_  
Patron – Mayor Stoney  
\_\_\_\_\_

Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: MAY 26 2020 AT 6 P.M.

WHEREAS, the ongoing local emergency resulting from the COVID-19 pandemic, to the declaration of which the Council consented by Resolution No. 2020-R025, adopted March 16, 2020, is anticipated to cause great volatility in revenue estimates and necessary expenditures throughout the fiscal year commencing July 1, 2020, and ending June 30, 2021; and

WHEREAS, staff from both the City Administration and the Office of the Council Chief of Staff have devised a process for heightened scrutiny of the City's budgets during the fiscal year commencing July 1, 2020, and ending June 30, 2021, by which such staff together would review financial data on a monthly basis and make recommendations for necessary amendments to the City's budgets to address needed changes in revenue projections and appropriations for

AYES:            9            NOES:            0            ABSTAIN: \_\_\_\_\_

ADOPTED:    MAY 26 2020    REJECTED: \_\_\_\_\_    STRICKEN: \_\_\_\_\_

expenditures, which process the Mayor has proposed for acceptance and approval by the Council by means of this resolution; and

WHEREAS, the Council believes that it is in the best interests of the City that the Council accept and approve the aforementioned budget review process;

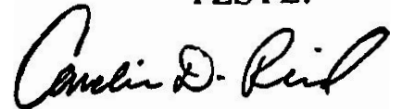
NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Council accepts and approves the budget review process set forth in the document entitled "Two-Stage Budget Review Process," a copy of which is attached to and incorporated into this resolution.

**A TRUE COPY:**

**TESTE:**

A handwritten signature in black ink, appearing to read "Amelia D. Reed". The signature is written in a cursive style with a large initial 'A'.

**City Clerk**



# CITY OF RICHMOND

## INTRACITY CORRESPONDENCE

RECEIVED  
By Beth D'Arcy at 8:42 am, May 07, 2020

2020-067

### O&R REQUEST

DATE: May 6, 2020

EDITION: 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor *[Signature]* 5/8/2020

THROUGH: Lenora Reid, Acting Chief Administrative Officer *[Signature]*  
Deputy Chief Administrative Officer for Finance and Administration

FROM: Jay A. Brown, Director, Budget and Strategic Planning *[Signature]*

RE: Resolution creating a process to monitor the FY2021 budget

ORD. or RES. No.

**PURPOSE:** To request the approval by City Council of a process to review the FY2021 adopted budget. This process seeks to outline the process for providing recommendations to both the Mayor and City Council on any budget amendments needed due to a projected revenue surplus or shortfall that may be anticipated to occur in fiscal year 2021.

**REASON:** The main purpose and function of this process is to assess the need for amendments to the City of Richmond's FY2021 General and Special Fund Budgets on a monthly basis. These assessments will be based on submitted financial reports from the Director of Finance; the City Assessor; Federal, State, and local economic data; and other relevant information and data sources. The specific purpose of the budgetary reviews are:

- To assist in providing sound stewardship of the City's resources and provide coordination and prioritization of financial resources to help ensure efficient governmental operations;
- Fully analyze, develop, and coordinate topics to be presented for decision; and
- To inform the Mayor, City Council, and ultimately the citizens on the anticipated fiscal position of the City relative to the FY2021 budget and any corresponding adjustments that may be needed to that budget.

**RECOMMENDATION:** The Administration recommends the adoption of this resolution.

**BACKGROUND:** The COVID-19 crisis has halted several of the City's industries including those that contribute significant revenue to the City. As a result, it was both the Mayor's and City Council's expectation that a secondary review of the FY2021 proposed budget take place to determine the fiscal impacts of the COVID-19 pandemic to the budget. This secondary review resulted in the Administration updating the FY2021 revenue projections to reflect a reduction of \$38.5M in general fund revenues, a direct response to the anticipated impacts of COVID-19. Numerous corresponding expenditure reductions to the FY2021 proposed budget were also recommended to City Council in order to offset

this projected shortfall in revenues for the new fiscal year. These amendments were presented to City Council on April 13<sup>th</sup> for eventual adoption tentatively on May 11<sup>th</sup>. However, due to the uncertainty of the duration of this pandemic and its short and long term impacts on the local economy, among other uncertainties, it is fiscally prudent to regularly monitor the adopted budget. Throughout the new fiscal year, the city must determine if there needs to be any adjustments – to revenues and expenditures – based on updated information on the City's finances, national, state, and local economic data, etc. To that end, it was noted during the April 13<sup>th</sup> session that an FY2021 budgetary review process would be devised to review the City's fiscal position throughout the fiscal year. This review process will assess the City's fiscal performance – by reviewing financial reports submitted by the Administration, prepare a summary of the City's fiscal performance for the Administration and City Council, and recommend budget amendments, if necessary, to both the Mayor and City Council based on such reviews.

**SOURCE:** (must select all that apply)

- New/increased revenue** (*complete the general fund new budget item detail chart*)(you must identify the amount of the new revenue or increase in revenue and the reason the new revenue or increase in revenue is available – do this in the Background section above)
- Existing general fund** (*complete general fund transfer budget item detail*)(you must identify the budget item to be reduced, the amount of the reduction, the reason for the reduction, and an analysis of the impact on each program or subprogram funded by that budget item – do this in the Background and Reason sections above)
- Fund Balance/Reserve/Contingency/Other Funding Source** (you must identify the specific source to be used (eg. Fund balance, reserve, contingency, or other), the amount of that funding source proposed to be used, and the reason for the use of that funding source – do this in the Background section above)

**FISCAL IMPACT/COST** (current FY):

- **If Adopted:** There will be a process focused on the regular review the City's budget during FY2021 while providing updates to City Council and the Administration on the city's fiscal performance as well as recommend amendments – if necessary - to balance that budget based on such performance.
- **If Not Adopted:** The Administration will continue providing the same level of services and financial reports to City Council as it currently does now. The Administration will continue to recommend any budget amendments that may be necessary based on a projection of the City's FY2021 fiscal performance.

**FISCAL IMPLICATIONS** (future FYs): There are no future fiscal implications of this resolution as it currently is recommended to apply only to FY2021.

**BUDGET AMENDMENT NECESSARY:** No

**REVENUE TO CITY:** None

**DESIRED EFFECTIVE DATE:** Upon adoption

**REQUESTED INTRODUCTION DATE:** May 4, 2020

**CITY COUNCIL PUBLIC HEARING DATE:** May 11, 2020

**REQUESTED AGENDA:** Consent Agenda

**RECOMMENDED COUNCIL COMMITTEE:** Waive

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** None

**AFFECTED AGENCIES:** All General Fund Agencies

**RELATIONSHIP TO EXISTING ORD. OR RES.:** N/A

**REQUIRED CHANGES TO WORK PROGRAM(S):** None

**ATTACHMENTS:**

Two-Stage Budget Review Process Outline

**STAFF:** Jay A. Brown, Director, Department of Budget and Strategic Planning

**GENERAL FUND TRANSFER BUDGET ITEM DETAIL:**

(\*for item # and title, see ordinance #2019-041, FY2020 Program Level Budget)

Existing Item – You must show the total appropriation/s for each budget item for your agency EXCEPT the budget item to receive funds

<u>FROM</u>					
<u>Item #</u>	<u>Title</u>	<u>Program</u> <u>(cost center #)</u>	<u>Subprogram</u> <u>(service code #)</u>	<u>Transfer</u> <u>Amount</u>	<u>New Appropriation</u> <u>Amount</u>

Existing Item – You must show the total appropriation for each modified budget item to receive funds, for your agency

**OR**

New Item – You must show the total appropriation for each modified budget item to receive funds, for your agency

\*for a new item you must reference the next corresponding item # with a (.) decimal point, see ordinance #2018-057, FY2019 Program Level Budget)

<u>TO</u>					
<u>Item #</u>	<u>Title</u>	<u>Program</u> <u>(cost center #)</u>	<u>Subprogram</u> <u>(service code #)</u>	<u>Transfer</u> <u>Amount/New</u> <u>Amount</u>	<u>New Appropriation</u> <u>Amount</u>
<u>Grand Total</u>					

**\*\*\*Grand total for the New Appropriation Amount MUST match the TOTAL AGENCY budget requested as a result of this ordinance\*\*\***

## **Two-Stage Budget Review Process**

### **I. Technical Review.**

#### **A. Objectives.**

1. Review on a monthly basis beginning in June actual expenditures, actual revenues, and projected revenues as well as other available economic and financial data.
2. Assess the potential impact on the budget and appropriations revealed by that data.
3. Recommend appropriate revisions to revenue projections and budget amendments based on that assessed impact and priorities identified by the Mayor and the Council.

#### **B. Participants.**

1. From the administrative staff.
  - a. Director of Budget and Strategic Planning.
  - b. One employee from his staff.
  - c. Others, such as the Director of Finance, as needed.
2. From the Council staff.
  - a. Deputy Council Chief of Staff.
  - b. One employee from the Office of the Council Chief of Staff.
  - c. Others, such as the City Assessor, as needed.

#### **C. Reporting.**

1. Monthly reports documenting the review, assessments, and recommendations resulting from the Technical Review will be provided to the participants in the Policy Review process as well as the Mayor, the Chief Administrative Officer, and Council Members within 30 days after the close of the previous month's books.
2. Consensus between the administrative staff and the Council staff on each report will be sought, and any disagreements between administrative staff and the Council staff will be identified in the report.

### **II. Policy Review.**

#### **A. Objectives.**

1. Review on a quarterly basis beginning in September the monthly reports from the Technical Review process.
2. Accept, reject, or amend the recommendations for budget amendments from the monthly reports produced by the Technical Review process.

**B. Participants.**

**1. From the administrative staff.**

- a. Either the Mayor's Chief of Staff or the Chief Administrative Officer, at the Mayor's discretion.
- b. Director of Budget and Strategic Planning.
- c. Others, such as the Director of Finance, as needed.

**2. From the Council staff.**

- a. Council Chief of Staff.
- b. Deputy Council Chief of Staff.
- c. Others, such as the City Assessor, as needed.

**C. Reporting – Quarterly reports (at least) showing any final recommendations for budget amendments resulting from a consensus between the administrative staff and the Council staff during the Policy Review will be provided to the Mayor, the Chief Administrative Officer, and the Council within 45 days after the close of the previous quarter's books, at the same time as the quarterly financial reporting already provided to the Council.**

**III. Mayor submits O&R request for budget amendment.**

**IV. Council considers budget amendment ordinance.**