



# Richmond City Council

*The Voice of the People*

*Richmond, Virginia*

## **2017 Richmond City Council Budget Retreat (Fiscal Year 2018 Richmond Government Budget)**

Monday, February 6, 2017; 5:30-7:00 p.m.

### **AGENDA**

#### **Richmond City Government Structure**

William Echelberger, Council Budget Analyst

#### **Budget Overview & Background**

William Echelberger, Council Budget Analyst

#### **Budget Outlook**

Meghan Brown, Deputy Council Chief of Staff

#### **Council Staff Support & Budget Calendar**

Debora Shaw, Administrative Project Analyst

#### **Council Final Discussion & Wrap-Up**



# Richmond City Council

*The Voice of the People*

*Richmond, Virginia*

## Richmond City Budget

*Presented*

**February 6, 2017**

**Richmond City Council Budget Retreat**

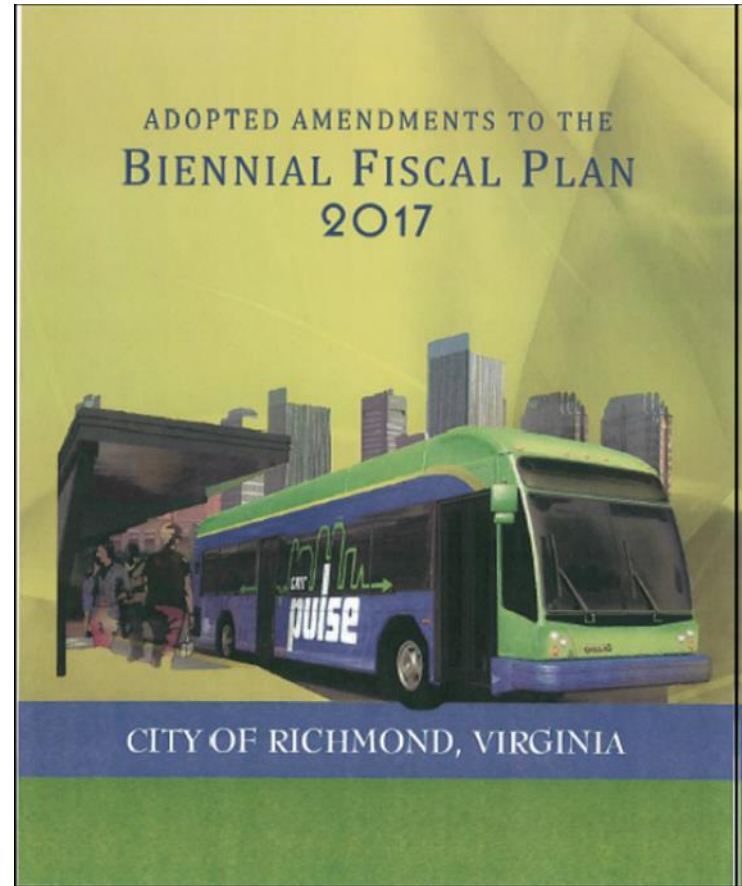
# Richmond City Budget

## Budget Background



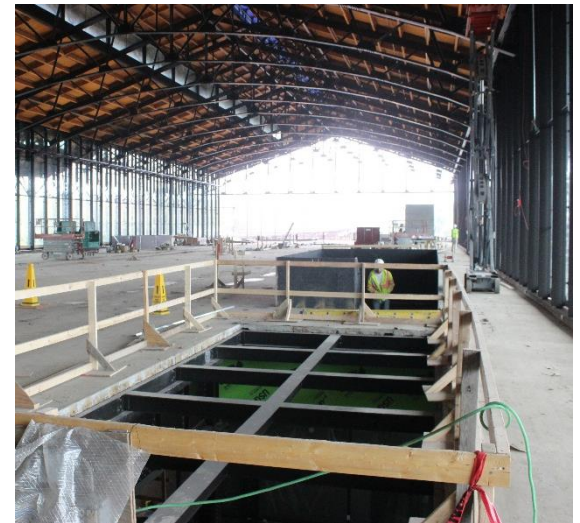
# The Budget Process

- “Budgeting is the process of allocating finite resources to the prioritized needs of an organization.” – National Center for Education Statistics
  - Represents the legal authority to spend money.
  - Important tool for the control and evaluation of sources and the uses of resources.



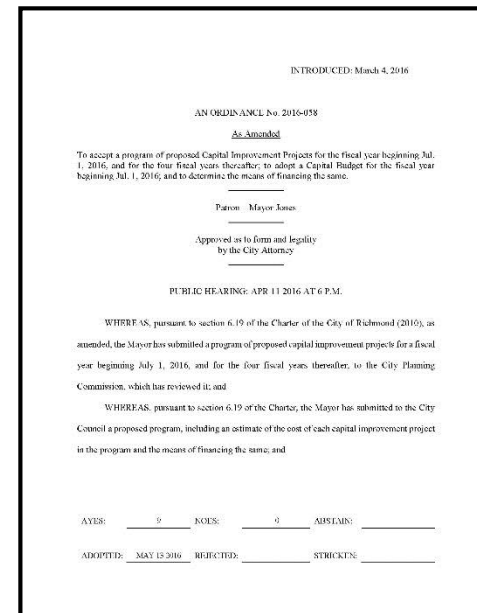
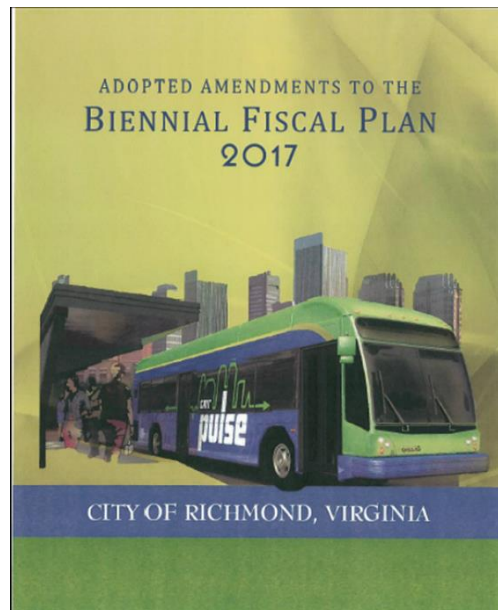
# Major Budget Divisions

- There are two major budget divisions
  - Operating Budget
    - Annual, or
    - Multi-Year
    - Ending balances typically revert
    - Cash only
  - Capital Budget
    - Full appropriation, or
    - Authorization, and phased appropriation
    - Multi-Year Plans
    - Ending balances do not revert
    - Cash or debt



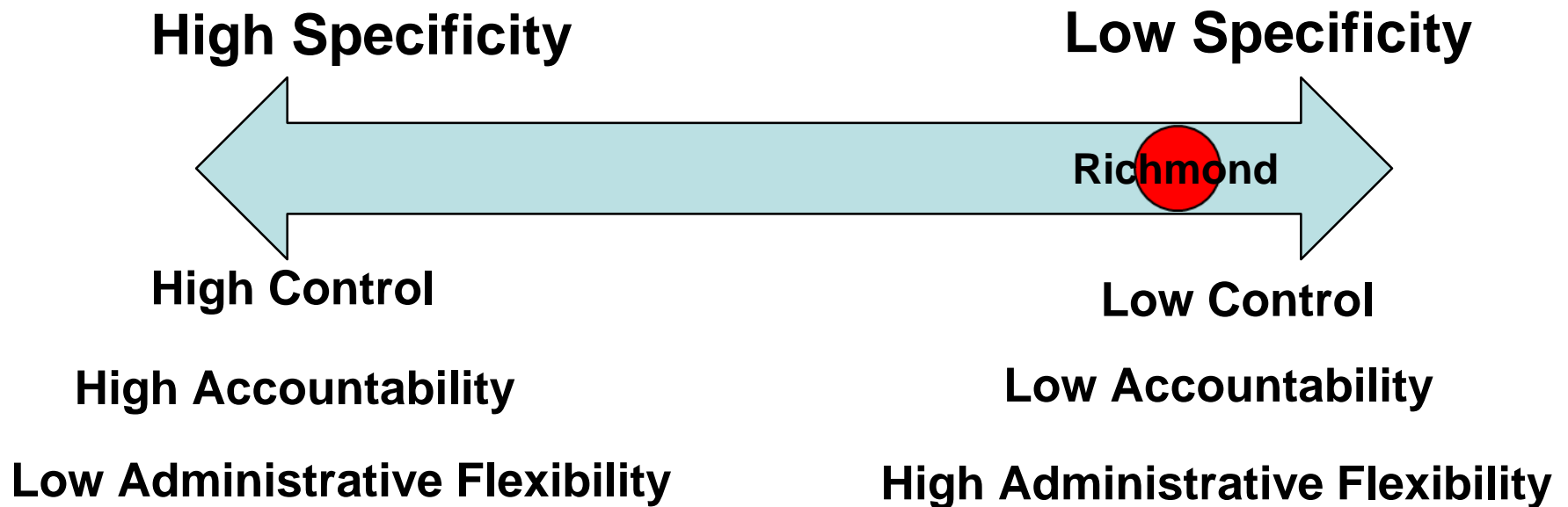
# Primary Budget Documents

- There are two primary budget documents
  - Budget Document
    - Explains the budget
    - Sets out detailed definitions
    - **Not** legally binding
  - Budget Ordinance
    - Adopts revenue estimates
    - Appropriates funds
    - **Legally binding**



# Budget Specificity and Control

- Budget ordinances vary in specificity



# Operating Budget Time Lines

- The two most common time lines for operating budgets
  - Annual
  - Biennial
- Appropriations can be annual or for the entire budget period
- Budget time lines can be static or rolling

Annual Budget	
Appropriated FY 2018	
Police	\$ 10,000,000
DIT	\$ 2,000,000
<b>Total</b>	<b>\$ 12,000,000</b>

Annual Budget with Plan		
	Appropriated FY 2018	Approved FY 2019
Police	\$ 10,000,000	\$ 11,000,000
DIT	\$ 2,000,000	\$ 2,100,000
<b>Total</b>	<b>\$ 12,000,000</b>	<b>\$ 13,100,000</b>

Biennial Budget		
	Appropriated FY 2018	Appropriated FY 2019
Police	\$ 10,000,000	\$ 11,000,000
DIT	\$ 2,000,000	\$ 2,100,000
<b>Total</b>	<b>\$ 12,000,000</b>	<b>\$ 13,100,000</b>



# Operating Budget Time Lines

- Budget time lines can be static or rolling

## Static

Annual Budget with Plan		
	Appropriated FY 2018	Approved FY 2019
Police	\$ 10,000,000	\$ 11,000,000
DIT	\$ 2,000,000	\$ 2,100,000
<b>Total</b>	<b>\$ 12,000,000</b>	<b>\$ 13,100,000</b>

Annual Budget	
	Appropriated FY 2019
Police	\$ 11,000,000
DIT	\$ 2,100,000
<b>Total</b>	<b>\$ 13,100,000</b>

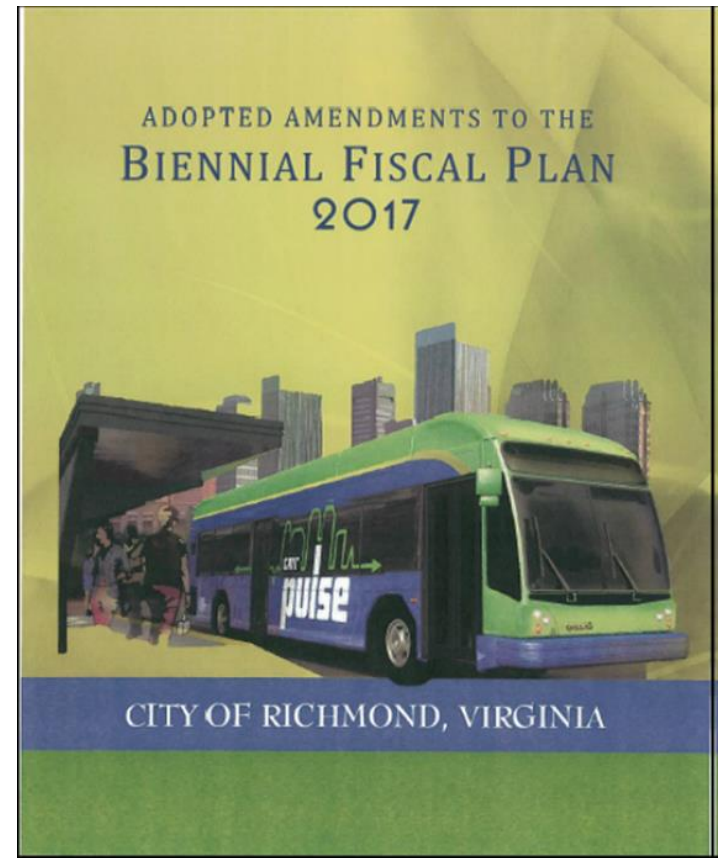
## Rolling

Annual Budget with Plan		
	Appropriated FY 2018	Approved FY 2019
Police	\$ 10,000,000	\$ 11,000,000
DIT	\$ 2,000,000	\$ 2,100,000
<b>Total</b>	<b>\$ 12,000,000</b>	<b>\$ 13,100,000</b>

Annual Budget with Plan		
	Appropriated FY 2019	Approved FY 2020
Police	\$ 11,000,000	\$ 12,000,000
DIT	\$ 2,100,000	\$ 2,200,000
<b>Total</b>	<b>\$ 13,100,000</b>	<b>\$ 14,200,000</b>

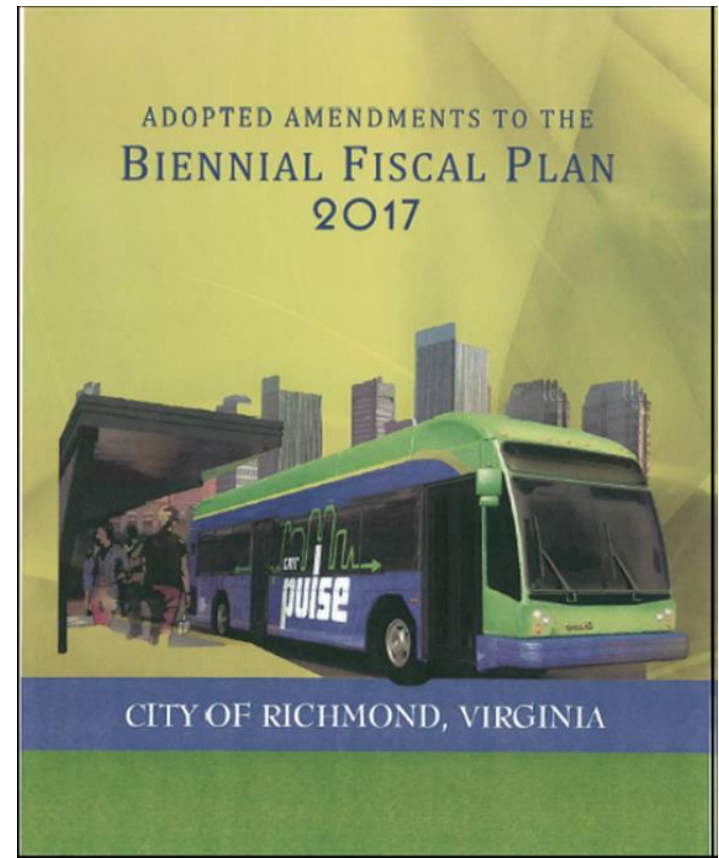
# Operating Budget Approaches

- There are at least six analytical approaches to operating budgets
  1. Line-Item Budgeting
  2. Performance Budgeting
  3. Program and Planning Budgeting
  4. Zero-Based Budgeting
  5. Site-Based Budgeting
  6. Outcome-Focused Budgeting
- Most budgets are a combination of approaches



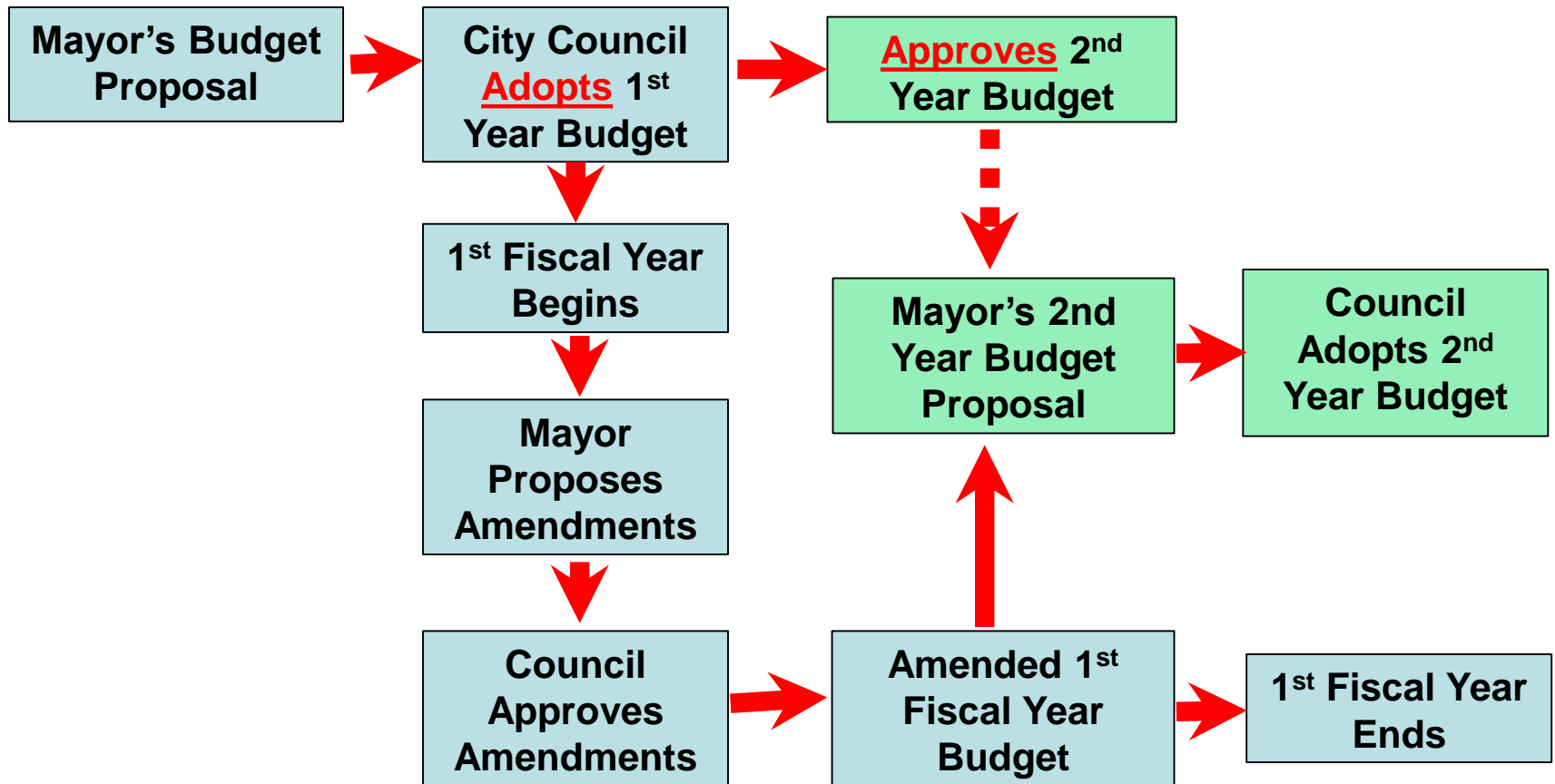
# Richmond City Budget

- Annual budget with a plan
  - Charter requires annual budgets
- Static - (Planning year doesn't roll forward)
- Budget Book:
  - Line-Item
  - Program and Planning
- Ordinance
  - Low specificity
  - Departmental Level
  - Included categories for Education in FY 2017



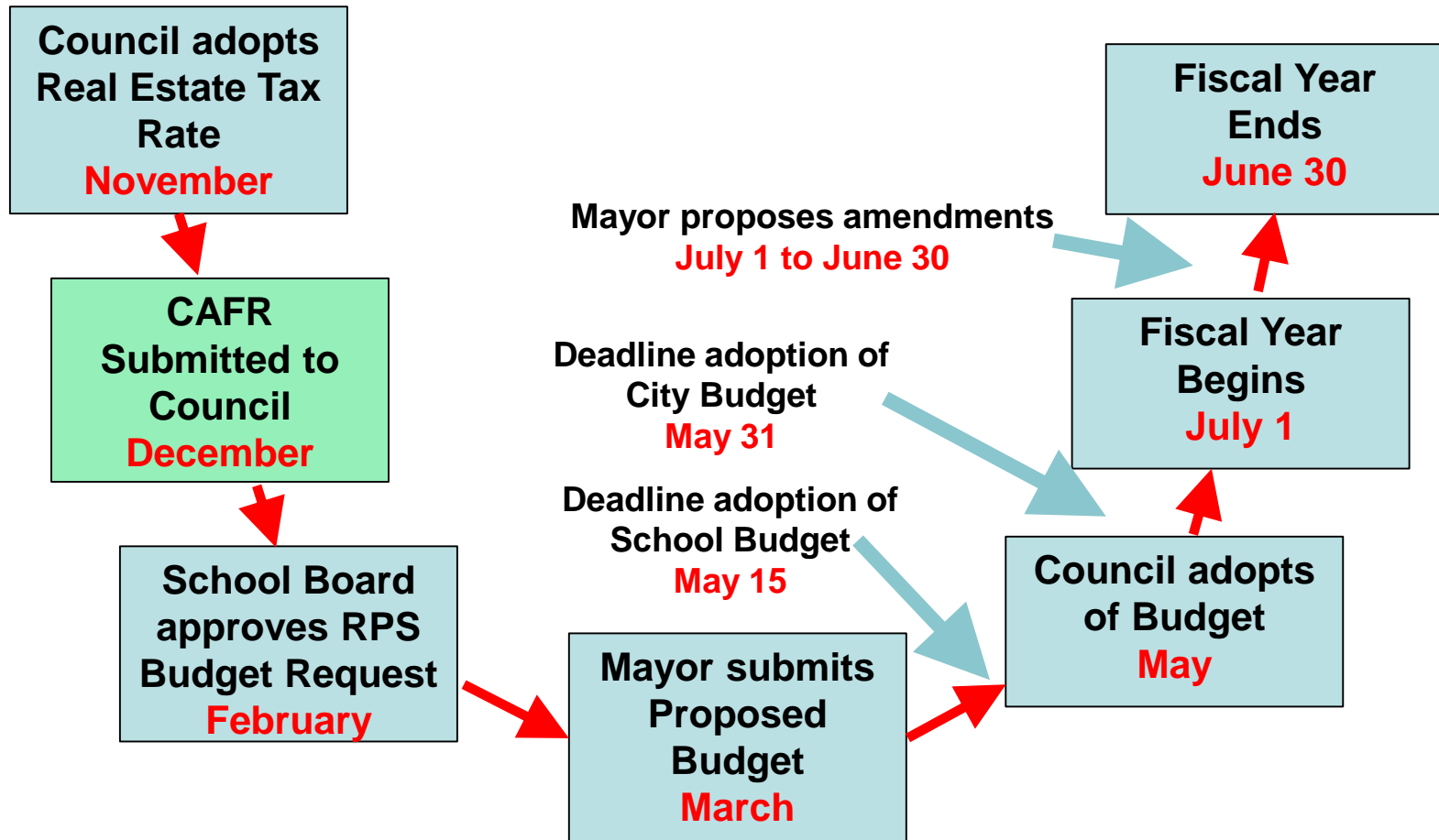
# Two Year Budget Cycle

The City of Richmond has a two year budget cycle



# Council Budget Cycle

Council's budget cycle is the same for both years



# Richmond City Budget

## The FY 2017 Budget



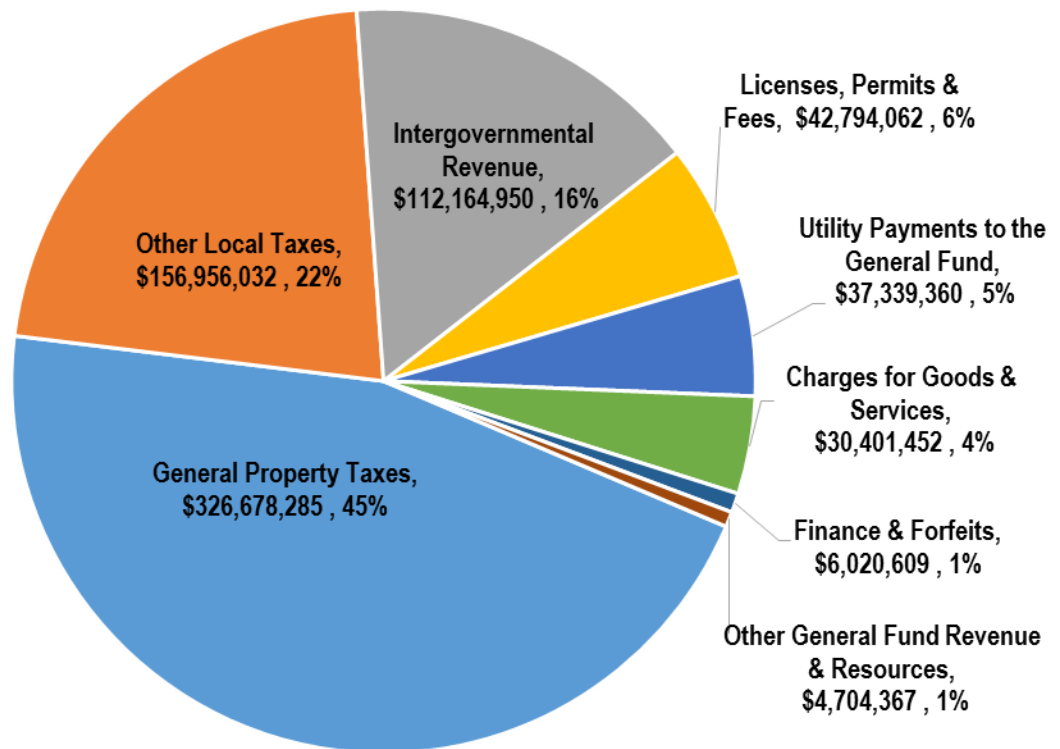
# Richmond Budget Ordinances

- The FY 2017 budget is found in 14 separate ordinances:
  - 1 ORD. 2016-077 Electric Utility Budget
  - 2 ORD. 2016-076 Stormwater Utility Budget
  - 3 ORD. 2016-075 Wastewater Utility Budget
  - 4 ORD. 2016-074 Gas Utility Budget
  - 5 ORD. 2016-072 Water Utility Budget
  - 6 ORD. 2016-059 Richmond Cemeteries Budget
  - 7 **ORD. 2016-058 Capital Improvement Budget**
  - 8 **ORD. 2016-057 School General Fund Appropriation**
  - 9 **ORD. 2016-053 General Fund Budget**
  - 10 ORD. 2016-052 Debt Service Fund Budget
  - 11 ORD. 2016-048 Special Fund Budget
  - 13 ORD. 2016-060 Internal Service Fund Budgets
  - 14 ORD. 2016-073 Public Utilities Stores Internal Service Fund
- Other ordinances may also be introduced for tax rates, fees, debt authorization, etc.

# Richmond's General Fund Revenues

FY17 Adopted  
General Fund Revenue

The Adopted  
FY 2017  
General Fund  
revenues total  
\$717.1 million

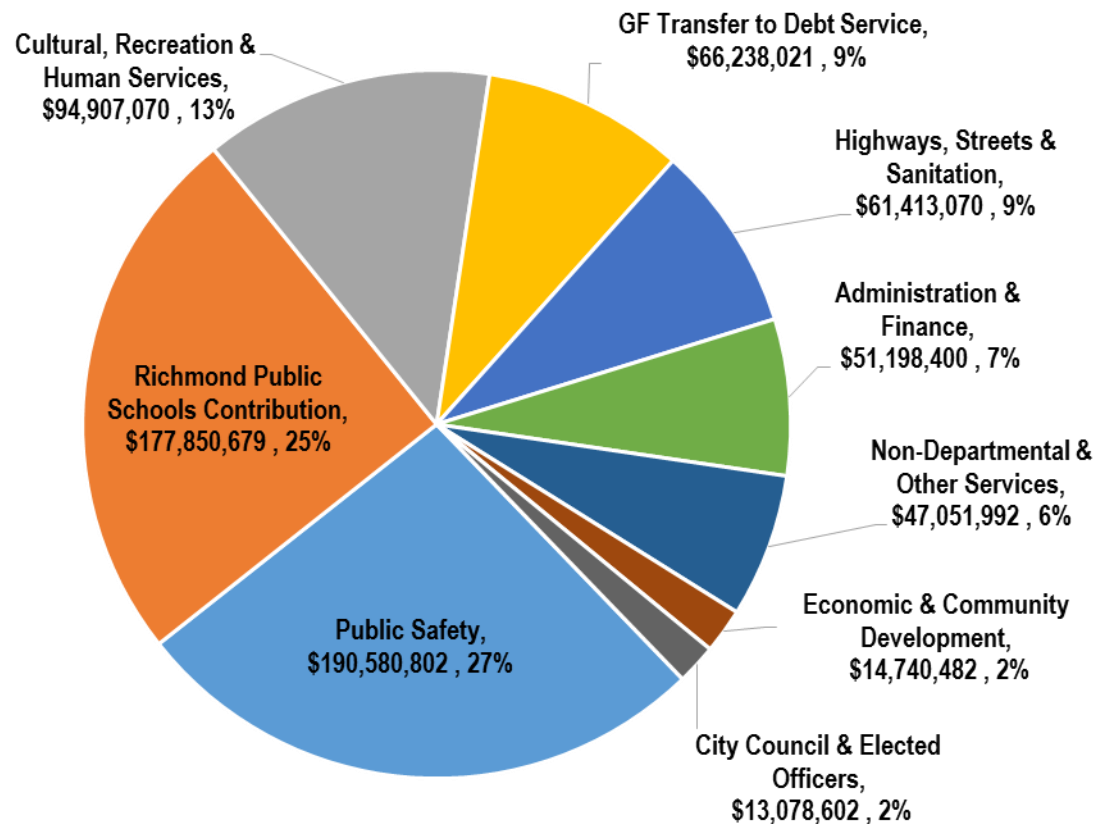




# Richmond's General Fund Operating Budget

FY17 Adopted  
General Fund Expenditures

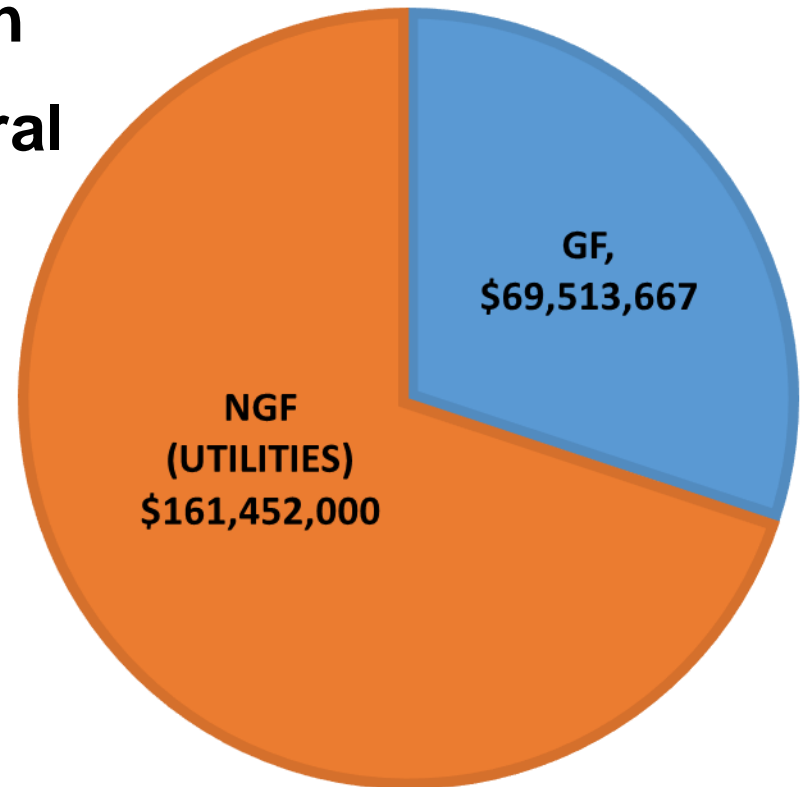
The Adopted  
FY 2017  
General Fund  
operating  
budget totals  
\$717.1 million



# Richmond's Capital Budget

The Adopted FY 2017 Capital budget totals \$231.0 million

- \$161.5 Million Non-general Fund - all for utilities
- \$69.5 Million GF for city and school facilities

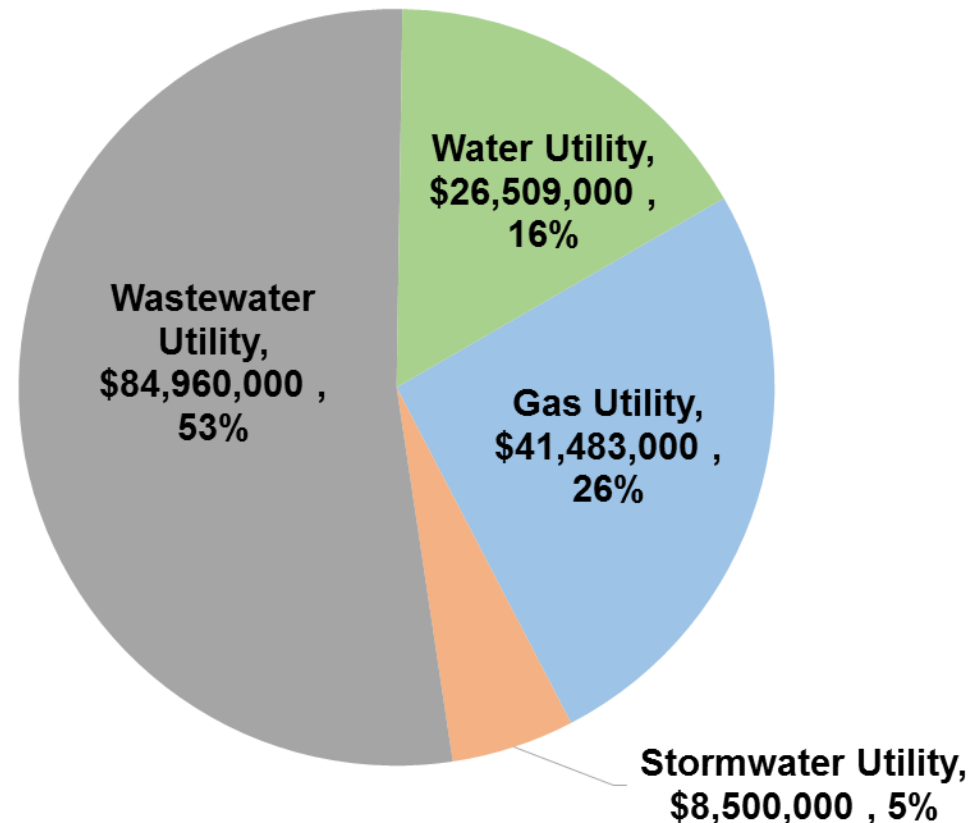


# Richmond's Non-general Fund Capital Budget

The Adopted FY 2017 Non-general Fund Capital budget totals \$161.5 million

- Paid with utility funds
- Utility debt does not affect city's debt capacity

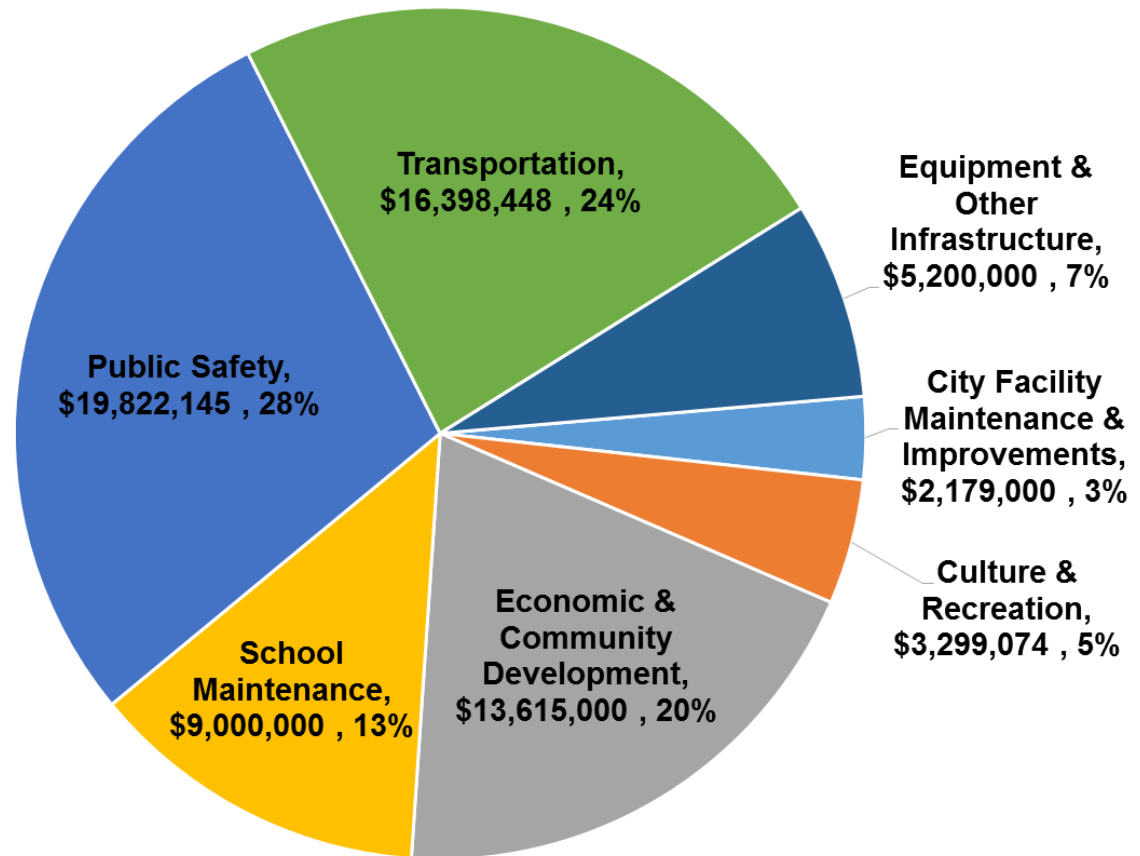
FY 17 Adopted Non-general Fund Capital Budget



# Richmond's General Fund Capital Budget

FY 17 Adopted General Fund Capital Budget

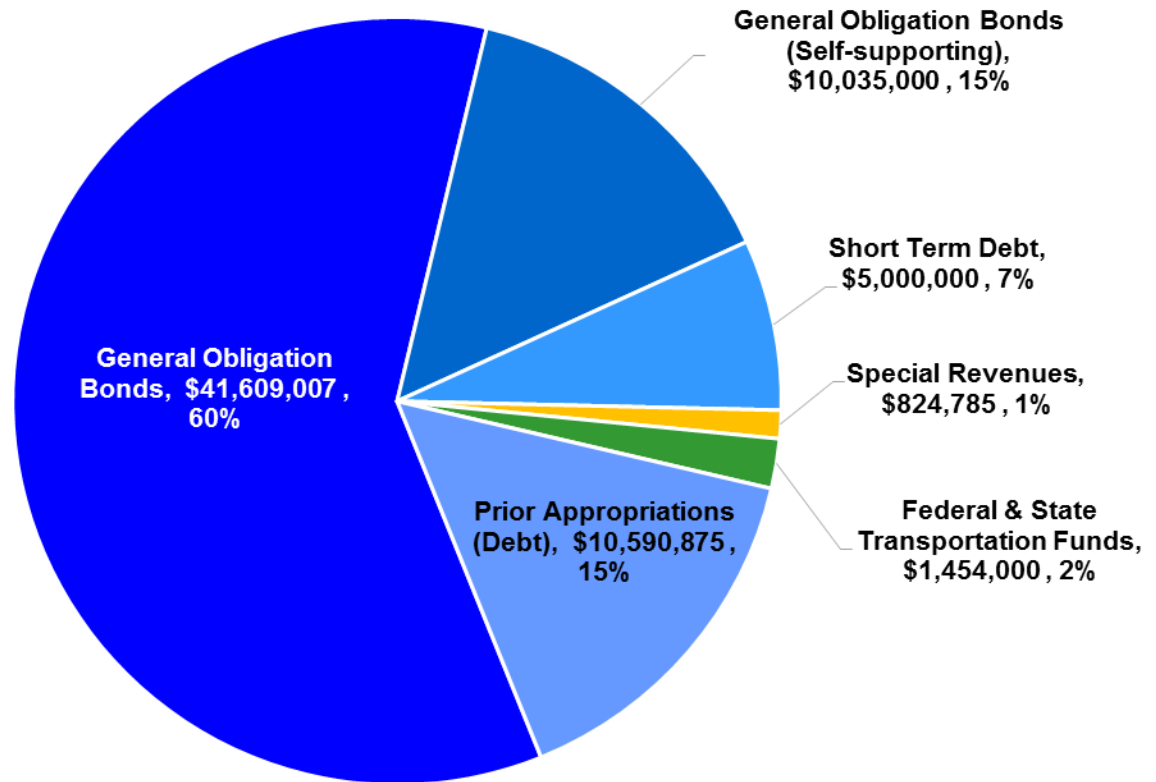
The Adopted  
FY 2017  
General Fund  
Capital  
budget totals  
\$69.5 million



# Richmond's General Fund Capital Budget - Revenue Sources

FY 2017 GF Capital Budget  
Fund Sources

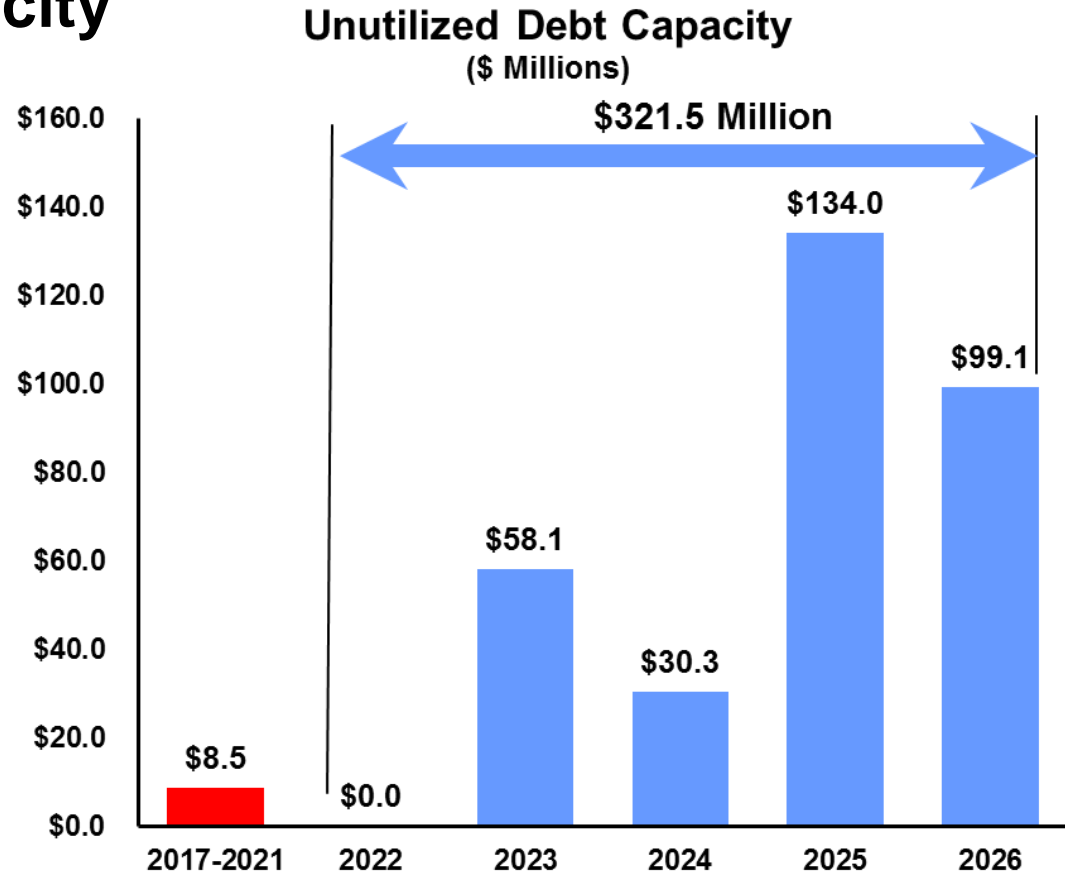
97% of the Adopted FY 2017 General Fund Capital budget is funded with debt.



# Richmond's Debt Capacity

From FY 2017 to FY 2026 the City has about \$330 million of unutilized debt capacity

- Unutilized debt capacity is extremely limited until FY 2023
- Debt capacity is sensitive to several factors:
  - Debt Policy
  - Interest rates
  - Projected GF Revenues
  - Approved projects



# Richmond City Budget

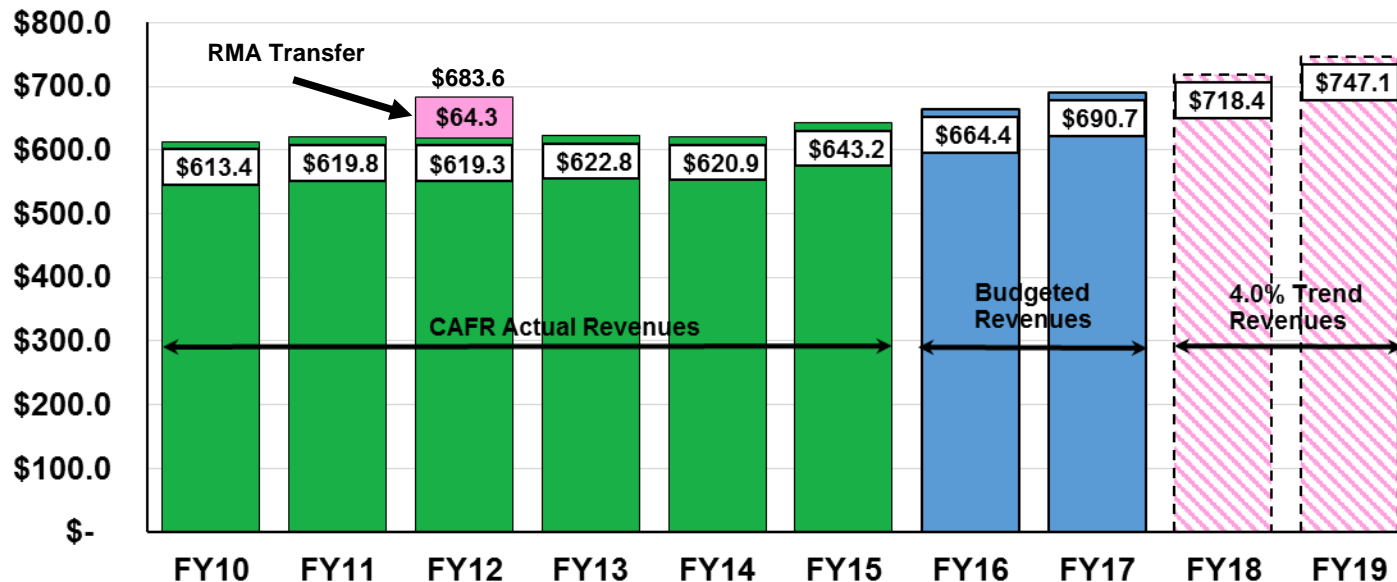
## FY 2018 Budget Outlook



# General Fund Revenue Growth

- Richmond's General Fund revenues have trended up since 2010
- Average growth rate has been about 1.7%
- Growth rate the last two years has been 4.0%
- 4.0% growth **is not** guaranteed for FY18 and FY19

**Net General Fund Revenues**  
 FY 2010 to FY 2019  
 Adjusted to remove State Sales Tax for Education





# General Fund Revenue Estimates

- Revenue estimates are provided by the administration
- Council may alter revenue estimates in several instances
  - Correction of an error
  - Changes in tax or fee rates,
  - Adoption of a new tax or fee



# Budget Pressures

The City will face two types of budget pressures in FY 2018 and beyond

- **Mandatory** – Legal or contractual obligations that must be addressed in some fashion
  1. Must be paid in full, or
  2. Alternatives can be adopted
- **Discretionary** – A priority for Council Members, the Administration, or the Public
  1. Funding will be provided, or
  2. Alternatives can be adopted, or
  3. Action deferred

# Mandatory Budget Pressures

## Mandatory FY 2018 Potential Budget Pressures

- Continuation costs of FY 17 Police Recruits
- Richmond Retirement System Rate Increase
- Employee Health Insurance Cost Increase
- Employee Group Life Insurance Cost Increase
- Debt Service
- Contractual obligations
- GRTC Subsidy
  - Bus Rapid Transit
  - Transit Network Plan

# Discretionary Budget Pressures

## Discretionary FY 2018 Potential Budget Pressures

- **Additional operating support for Richmond Public Schools**
- **Police & Fire Step increase**
- **Police & Fire Career Development**
- **City employee salary increase or bonus**
- **COLA for Richmond Retirement System retirees**
- **Creation of a Capital Reserve Fund**
- **Improved government operations**
- **Capital improvements**

# Richmond City Budget

## Council Staff Support



# Council Staff Support

- City Council staff review the proposed budget for each city department
- Council staff prepare a budget analysis of departments with significant fiscal, or policy issues
  - Resource summary tables
  - Narrative summary
  - Key questions & suggested actions

Richmond City Council  
 FY 2017 RICHMOND GOVERNMENT BUDGET ANALYSIS

The sections provided information compiled and analyzed by the Richmond City Council Office of the Council Chief of Staff regarding funds by amended budget items included in the Proposed Fiscal Year 2017 Richmond Government Budget. Rating scale includes:

- Overall Fund
- Capital Improvement
- Information Tech
- Other Fund
- Category Fund
- Professional Serv
- Professional Serv

Table of Contents  
 DEPARTMENT: Information Technology page 15

Richmond City Council Office of the Council Chief of Staff Fiscal Year 2017 Richmond Government Budget Analysis

City of Richmond – Information Technology

Budget Summary

Description	FF 2014 Actual	FF 2015 Actual	FF 2016 Adopted	FF 2017 Approved	FF 17 Proposed	FF 17 Proposed vs FF16 Adopted	FF 17 Proposed vs FF16 Adopted	FF 17 Proposed vs FF17 Approved	FF 17 Proposed vs FF17 Approved
						% Change	% Change	% Change	% Change
<b>General Fund</b>									
Information Services	\$1,292,561	\$1,354,007	\$1,701,711	\$7,826,218	\$1,428,208	106.65%	-1.1%	(\$17,291)	-2.4%
Contracting	10,459,234	10,388,419	10,281,320	10,729,244	10,207,293	95.64%	4.2%	(\$512,951)	0.5%
<b>Total General Fund</b>	<b>\$11,751,795</b>	<b>\$21,742,426</b>	<b>\$11,983,031</b>	<b>\$18,555,462</b>	<b>\$11,635,501</b>		2.4%	(\$689,961)	1.5%
<b>Non-General Fund</b>									
Special Fund	\$753,806	\$0	\$0	\$0	\$0				
Information Services Fund	\$527,461	\$0	\$0	\$0	\$0		0.0%	\$0	0.0%
<b>Total Non-General Fund</b>	<b>\$1,281,267</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		0.0%	\$0	0.0%
<b>Total Operating Budget</b>	<b>\$12,933,062</b>	<b>\$21,742,426</b>	<b>\$11,983,031</b>	<b>\$18,555,462</b>	<b>\$11,635,501</b>		2.4%	(\$689,961)	1.5%
<b>Capital Budget</b>									
Capital Improvement Plan	\$1,865,511	\$797,779	\$0	\$0	\$0		0.0%	\$0	0.0%
<b>Total Operating and Cap</b>	<b>\$14,798,573</b>	<b>\$22,540,205</b>	<b>\$11,983,031</b>	<b>\$18,555,462</b>	<b>\$11,635,501</b>		2.4%	(\$689,961)	1.5%

City of Richmond – Information Technology 2

Richmond City Council Office of the Council Chief of Staff Fiscal Year 2017 Richmond Government Budget Analysis

FY17 Budget Highlights

Operating Budget Summary

Category	FF 2014 Actual	FF 2015 Actual	FF 2016 Adopted	FF 2017 Approved	FF 17 Proposed
FF 2014 Actual Operating Budget	\$11,751,795	\$21,742,426	\$11,983,031	\$18,555,462	\$11,635,501
Proposed Increases					
Contracting	10,459,234	10,388,419	10,281,320	10,729,244	10,207,293
Information Services	1,292,561	1,354,007	1,701,711	7,826,218	1,428,208
Equipment and Information Services	39,042	108,843	108,843	108,843	108,843
Professional Services	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Other Capital and Info	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Contracting	10,459,234	10,388,419	10,281,320	10,729,244	10,207,293
Information Services	1,292,561	1,354,007	1,701,711	7,826,218	1,428,208
Equipment and Information Services	39,042	108,843	108,843	108,843	108,843
Professional Services	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Other Capital and Info	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
<b>Proposed Net Change</b>	<b>\$422,967</b>	<b>\$0</b>	<b>\$422,967</b>	<b>\$0</b>	<b>\$0</b>
<b>FF 2017 Proposed Operating Budget</b>	<b>\$12,174,762</b>	<b>\$21,742,426</b>	<b>\$12,405,998</b>	<b>\$18,555,462</b>	<b>\$11,635,501</b>

City of Richmond – Information Technology 1

Richmond City Council Office of the Council Chief of Staff Fiscal Year 2017 Richmond Government Budget Analysis

Budget Summary

Operating Budget Summary

Category	FF 2014 Actual	FF 2015 Actual	FF 2016 Adopted	FF 2017 Approved	FF 17 Proposed
FF 2014 Actual Operating Budget	\$11,751,795	\$21,742,426	\$11,983,031	\$18,555,462	\$11,635,501
Proposed Increases					
Contracting	10,459,234	10,388,419	10,281,320	10,729,244	10,207,293
Information Services	1,292,561	1,354,007	1,701,711	7,826,218	1,428,208
Equipment and Information Services	39,042	108,843	108,843	108,843	108,843
Professional Services	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Other Capital and Info	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Contracting	10,459,234	10,388,419	10,281,320	10,729,244	10,207,293
Information Services	1,292,561	1,354,007	1,701,711	7,826,218	1,428,208
Equipment and Information Services	39,042	108,843	108,843	108,843	108,843
Professional Services	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Other Capital and Info	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
<b>Proposed Net Change</b>	<b>\$422,967</b>	<b>\$0</b>	<b>\$422,967</b>	<b>\$0</b>	<b>\$0</b>
<b>FF 2017 Proposed Operating Budget</b>	<b>\$12,174,762</b>	<b>\$21,742,426</b>	<b>\$12,405,998</b>	<b>\$18,555,462</b>	<b>\$11,635,501</b>

City of Richmond – Information Technology 1

Richmond City Council Office of the Council Chief of Staff Fiscal Year 2017 Richmond Government Budget Analysis

Budget Summary

Operating Budget Summary

Category	FF 2014 Actual	FF 2015 Actual	FF 2016 Adopted	FF 2017 Approved	FF 17 Proposed
FF 2014 Actual Operating Budget	\$11,751,795	\$21,742,426	\$11,983,031	\$18,555,462	\$11,635,501
Proposed Increases					
Contracting	10,459,234	10,388,419	10,281,320	10,729,244	10,207,293
Information Services	1,292,561	1,354,007	1,701,711	7,826,218	1,428,208
Equipment and Information Services	39,042	108,843	108,843	108,843	108,843
Professional Services	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Other Capital and Info	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Contracting	10,459,234	10,388,419	10,281,320	10,729,244	10,207,293
Information Services	1,292,561	1,354,007	1,701,711	7,826,218	1,428,208
Equipment and Information Services	39,042	108,843	108,843	108,843	108,843
Professional Services	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Other Capital and Info	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
<b>Proposed Net Change</b>	<b>\$422,967</b>	<b>\$0</b>	<b>\$422,967</b>	<b>\$0</b>	<b>\$0</b>
<b>FF 2017 Proposed Operating Budget</b>	<b>\$12,174,762</b>	<b>\$21,742,426</b>	<b>\$12,405,998</b>	<b>\$18,555,462</b>	<b>\$11,635,501</b>

City of Richmond – Information Technology 1

# Council Staff Support

Staff budget summaries also include detailed expenditure tables

DEPARTMENT OF INFORMATION TECHNOLOGY GENERAL FUND FY17 SUMMARY ANALYSIS											
Department	RAPIDS Account	Object Name	FY14 Actual	FY15 Actual	FY16 Adopted	FY17 Approved	FY17 Proposed	FY17 Proposed vs. FY 16 Adopted		FY17 Proposed vs. FY17 Approved	
								\$ ▲	% ▲	\$ ▲	% ▲
<b>DEPARTMENT: INFORMATION TECHNOLOGY</b>											
DIT	60000	Full-Time Permanent	4,430,282	4,595,906	5,414,966	5,380,586	5,376,427	(38,539)	-0.7%	(4,159)	-0.1%
DIT	60001	Overtime Permanent	6,600	1,438	-	-	-	-	0.0%	-	0.0%
DIT	60002	Holiday Pay Permanent	224,306	264,134	-	-	-	-	0.0%	-	0.0%
DIT	60004	Vacation Pay Permanent	344,149	317,080	-	-	-	-	0.0%	-	0.0%
DIT	60005	Sick Leave Permanent	209,175	174,476	-	-	-	-	0.0%	-	0.0%
DIT	60006	Compensatory Leave Perm	4,754	2,979	-	-	-	-	0.0%	-	0.0%
DIT	60008	Civil Leave Permanent	324	441	-	-	-	-	0.0%	-	0.0%
DIT	60009	Death Leave Permanent	5,905	9,011	-	-	-	-	0.0%	-	0.0%
<b>PERMANENT EMPLOYEE COST</b>			<b>5,225,495</b>	<b>5,365,464</b>	<b>5,414,966</b>	<b>5,380,586</b>	<b>5,376,427</b>	<b>(38,539)</b>	<b>-0.7%</b>	<b>(4,159)</b>	<b>-0.1%</b>
DIT	61000	Part Time Salaries	66,097	45,695	48,881	48,881	49,859	978	2.0%	978	2.0%
DIT	61002	Holiday Pay Part Time	1,518	1,410	-	-	-	-	0.0%	-	0.0%
DIT	61004	Vacation Pay Part Time	4,497	881	-	-	-	-	0.0%	-	0.0%
DIT	61005	Sick Leave Personal Part Time	602	627	-	-	-	-	0.0%	-	0.0%
<b>PART TIME EMPLOYEE COST</b>			<b>72,714</b>	<b>48,613</b>	<b>48,881</b>	<b>48,881</b>	<b>49,859</b>	<b>978</b>	<b>2.0%</b>	<b>978</b>	<b>2.0%</b>
DIT	62000	Temporary Employee	81,780	35,209	-	-	-	-	0.0%	-	0.0%
DIT	62001	Overtime Temp	369	442	-	-	-	-	0.0%	-	0.0%
DIT	62002	Holiday Pay Temporary	3,572	1,545	-	-	-	-	0.0%	-	0.0%
DIT	62004	Vacation Temporary	973	-	-	-	-	-	0.0%	-	0.0%
DIT	62005	Sick Leave Temporary	504	62	-	-	-	-	0.0%	-	0.0%
<b>TEMPORARY EMPLOYEE COST</b>			<b>87,198</b>	<b>37,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>
DIT	63000	Fica	318,049	326,335	338,755	336,624	336,427	(2,328)	-0.7%	(197)	-0.1%
DIT	63001	Retirement Contribution Rsr	984,230	1,051,494	1,139,380	1,219,150	1,088,780	(50,600)	-4.4%	(130,370)	-10.7%
DIT	63002	Medicare Fica	74,382	76,320	79,226	78,728	78,682	(544)	-0.7%	(46)	-0.1%
DIT	63003	Group Life Insurance	26,631	29,524	33,219	32,985	31,384	(1,835)	-5.5%	(1,601)	-4.9%
DIT	63006	Health Care Active Employees	515,645	613,045	650,284	711,294	659,650	9,366	1.4%	(51,644)	-7.3%
DIT	63008	State Unemployment Insurance (SUI)	6,924	2,464	-	-	-	-	0.0%	-	0.0%
DIT	63009	Retirement Contribution RSRs-Contrib	(21,914)	(88,348)	-	-	-	-	0.0%	-	0.0%
DIT	64100	Housing Allowance	4,214	(429)	-	-	-	-	0.0%	-	0.0%
DIT	64104	Education Pay	-	159	-	-	-	-	0.0%	-	0.0%
DIT	64105	Bonus Pay	-	92,128	-	-	-	-	0.0%	-	0.0%
<b>SUBTOTAL PERSONNEL COSTS</b>			<b>\$ 7,293,569</b>	<b>\$ 7,554,027</b>	<b>\$ 7,704,711</b>	<b>\$ 7,808,248</b>	<b>\$ 7,621,209</b>	<b>\$ (83,502)</b>	<b>-1.1%</b>	<b>\$ (187,039)</b>	<b>-2.4%</b>

# Richmond City Budget

## City Council 2017-2018 Budget Review Schedule

March to May 2017





# Council Budget Calendar

- **Key Dates in the City Council Budget Calendar**
  - **March 6**      **Mayor Submits Budget**
  - **March 13**     **Budget Overview Presentation**
  - **March 16**     **Budget Work Session**
  - **March 20**     **Budget Work Session**
  - **March 24**     **Budget Work Session**
  - **March 27**     **Introduction of Federal Funds Consolidated Plan**
  - **April 3**        **Budget Work Session**
  - **April 10**      **Budget Work Session**
  - **April 11**      **Deadline for Council Amendments**
  - **April 17**      **Budget Work Session**
  - **April 21**      **Budget Work Session**
  - **April 24**      **Budget Work Session**  
**Public Hearing on Budget**
  - **April 26**      **Budget Work Session**
  - **May 1**         **Introduction of Council Amendments**
  - **May 8**         **Adopt Budget**

# Council Budget Work Sessions

- **Typically held on Monday afternoon**
  - **Exceptions are Friday April 21 and Wednesday April 26**
- **Presentations from City Departments**
- **Opportunity for questions from Council Members**
  - **Questions are recorded by staff and submitted to the administration**
  - **Written responses are received and provided by the next work session**



# Richmond City Council

---

*The Voice of the People*

*Richmond, Virginia*

## **MISSION**

The mission of Richmond City Council is to represent citizens in creating and amending local laws, providing government policy and oversight, and approving the city budget.

## **VISION**

Richmond City Council is committed to creating a vibrant community that is a great place to live, work, learn, play, visit, and raise a family.