

INTRODUCED: June 12, 2017

AN ORDINANCE No. 2017-120

To amend ch. 12, art. I of the City Code by adding therein new §§ 12-10.1, 12-11.1, 12-15.1, and 12-15.2 and to amend City Code §§ 12-11 and 12-12 for the purpose of prescribing the form of the Mayor’s annual budget submission and recommended budget amendments.

\_\_\_\_\_  
Patrons – All Members of Council

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

PUBLIC HEARING: JUNE 26 2017 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 12, Article I of the Code of the City of Richmond (2015) be and is hereby amended and reordained by **adding therein a new** section numbered 12-10.1 as follows:

**Sec. 12-10.1 Definitions.**

When used in this article, the following words and phrases have the meanings ascribed to them by this section unless the context clearly indicates that a different meaning is intended:

*Budget item* means an appropriation of funds within an agency authorized to be expended in furtherance of (i) a program, (ii) a subprogram, (iii) a group of programs, or (iv) a group of subprograms.

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

ADOPTED:    JUNE 26 2017    REJECTED: \_\_\_\_\_    STRICKEN: \_\_\_\_\_

*Program* means a set of activities within an agency undertaken in accordance with a plan of action organized to realize one common purpose with an identifiable end result or outcome. The term “program” is intended to have a meaning equivalent to the term “cost center” as used in the City’s chart of accounts.

*Subprogram* means a specific work function or combination of work functions that is performed in support of an agency, organizational unit, program, or project. The term “subprogram” is intended to have a meaning equivalent to the term “service code” as used in the City’s chart of accounts.

*Zero-based budgeting* means an approach to budgeting that requires all programs to begin each budgeting cycle with a projected budget of \$0.00 in which the allocation of funds is based on the merits of each program’s policy goals, performance, and other attributes without respect to the amount of any prior appropriation for that program.

§ 2. That section 12-11 of the Code of the City of Richmond (2015) be and is hereby **amended** and reordained as follows:

**Sec. 12-11. Form of budget submitted to Council.**

(a) Pursuant to section 6.04 of the Charter, the form of the budget submitted by the Mayor shall be as required by the Council in this section. The operating budget shall set forth (i) a description of the fund, agency, [~~organization (i.e., program)~~] program, subprogram, and activity for all proposed expenditures for the fiscal year, (ii) the amounts of salaries, fringe benefits and other operating expenses for each program and (iii) for all [~~appropriation line~~] budget items in the Non-Departmental Budget, the information required by subsection (a) of section 12-12 of this Code. The operating budget shall include a summary of a zero-based budgeting analysis for each proposed budget item that includes, at a minimum, the work-load measures and cost factors used

to arrive at the proposed appropriation for that proposed budget item. The operating budget shall identify each program and subprogram within each proposed budget item; however, identification of a subprogram is not required when the entire program of which a subprogram is a part is included in the proposed budget item.

(b) The operating budget also shall include the following information, for the entire City Administration, for the previous two fiscal years and for the current and proposed fiscal years:

(1) A summary of the proposed budget by program and subprogram by agency;

(2) A summary of expenditures by [~~object codes and by object category~~] agency, program, and subprogram;

(3) Target service level and performance measures for each program and subprogram; and

(4) Total expenditures by agency by fund.

(c) The capital budget, shall include, in addition to the capital improvement program:

(1) A listing of all proposed capital projects by council district;

(2) A listing, by major categories, of all capital projects for which funding has been made available in previous years but has not been fully expended;

(3) A description, effective at the time of submission, of the current status of all capital projects for which funding has been made available in previous years but has not been fully expended;

(4) A listing and brief description of all proposed school projects;

(5) For each capital project, (i) a description of the purpose of the project, (ii) an enumeration of the annual operating costs of the project once it is completed, (iii) an enumeration of future capital costs if an obligation to pay those capital costs is expected to

be incurred during the period covered by the capital improvement program in which the project appears; and (iv) the plan for funding all capital costs and all operating costs identified pursuant to this subdivision and, if applicable, subdivision (6) showing the year in which an obligation to pay each such cost is expected to be incurred, the [~~department~~] agency that will be required to pay that cost, the amount of that cost, and the expected source of funds to pay that cost, and (v) the identity, professional certifications, and licenses of the person who prepared the aforementioned enumerations; and

(6) For each capital project that involves the acquisition of improved land, (i) a description of the proposed use of the improved land so acquired, (ii) an evaluation of the suitability of the improved land for that proposed use, including any additions, alterations, modifications or renovations to the existing improvements that are reasonably necessary to make the improved land usable for that proposed use and estimates of all costs thereof, (iii) an evaluation of the mechanical condition and the structural condition of the improvements to be acquired, including any conditions that are likely to require remediation during the period covered by the current capital improvement program and estimates of all costs thereof, and (iv) the identity, professional certifications, and licenses of the person who prepared the aforementioned evaluations.

In addition, the information required by subdivisions (5) and (6) of this subsection shall be submitted to the City Council at the time any ordinance to adopt or amend the capital budget or the capital improvement program is introduced.

(d) The budget shall include a per capita cost calculation for each budget expenditure listed therein.

(e) In addition to such other information as may be appropriate, the budget message required by section 6.06 of the Charter shall include a table for each [~~department~~] agency that sets out the total operating and capital budget expenditures and the per capita amount of each such total budget. The calculation of the per capita amounts shall be based on the most recent population estimates available from the Weldon Cooper Center for Public Service at the University of Virginia.

(f) For budgets introduced in odd numbered years, the format of the table required by subsection (e) of this section shall be as follows:

(1) Columns arranged from left to right shall be: Prior Fiscal Year Actual, Current Fiscal Year Adopted, Next Fiscal Year Proposed, and The 2nd Following Fiscal Year Proposed.

(2) Rows arranged from top to bottom shall be: Personnel Services, Operating, Total General Fund, Special Fund, Capital Improvement, Total Agency Summary, Per Capita, and Total Staffing.

(3) In cases where the funding sources require it, the table may be altered to accurately display Non-General Fund sources.

(g) For budgets introduced in even numbered years, the format of the table required by subsection (e) of this section shall be as follows:

(1) Columns arranged from left to right shall be: 2nd Prior Fiscal Year Actual, Prior Fiscal Year Actual, Current Fiscal Year Adopted, and Next Fiscal Year Proposed.

(2) Rows arranged from top to bottom shall be: Personnel Services, Operating, Total General Fund, Special Fund, Capital Improvement, Total Agency Summary, Per Capita, and Total Staffing.

(3) In cases where the funding sources require it, the table may be altered to accurately display Non-General Fund sources.

(h) Fifteen bound copies of the budget, in a format which includes the information specified in this section, shall be delivered to Room 305, Richmond City Hall, on the date and at the time specified in section 12-10 of this Code. One additional copy of the budget, in an electronic spreadsheet form that can be manipulated by the recipient, shall be delivered at the same time.

§ 3. That Chapter 12, Article I of the Code of the City of Richmond (2015) be and is hereby amended and reordained by **adding therein a new** section numbered 12-11.1 as follows:

**Sec. 12-11.1 Form of budget amendments submitted to Council.**

For purposes of this section, “transfer” means the movement of all or a portion of an existing appropriation from one budget item to another budget item. An ordinance appropriating additional funds to a budget item or making a transfer must identify each budget item affected by the increase or transfer, whether the appropriation for that budget item is to be decreased to serve as a source of funds or increased to receive additional funds or transferred funds, and the dollar amount by which the appropriation for that budget item is to be decreased or increased. At the time an ordinance appropriating additional funds to a budget item or making a transfer is introduced, the ordinance must be accompanied by supporting documentation that includes the following:

(1) All background information relating to the appropriation of additional funds or the transfer.

(2) The reason for the appropriation of additional funds or the transfer.

(3) Each source of the proposed appropriation of additional or transferred funds, including:

a. For new or increased revenue proposed to support the transfer to an existing budget item or a new budget item, the amount of the new revenue or increase in revenue and the reason the new revenue or increase in revenue is available.

b. For a reduced appropriation for another budget item, 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.

c. For the use of a fund balance, reserve, contingency, or other funding source, an identification of the specific funding source to be used, the amount of that funding source proposed to be used, and the reason for the use of that funding source.

(4) Each budget item that is to be increased, including:

a. For any new budget item proposed to be created, an item number, a title, and one or more program or subprogram numbers corresponding to the City's chart of accounts. The item number is to be assigned a decimal number that falls between the item number of the budget item immediately preceding the new budget item and the item number of the budget item immediately following the new budget item within the adopted budget of the agency in which the new budget item is to be included.

b. For any existing budget item proposed to be increased, the title and number corresponding to the City's chart of accounts of each new program or subprogram in addition to the programs or subprograms already included within the budget item.

The supporting documentation for each such budget item must set out the total appropriation proposed for the current fiscal year and any fiscal impact and fiscal implications for future fiscal years.

(5) The results expected from the appropriation of additional funds or transfer.

(6) The most likely impact if the ordinance appropriating additional funds or making the transfer is not adopted.

§ 4. That section 12-12 of the Code of the City of Richmond (2015) be and is hereby **amended** and reordained as follows:

**Sec. 12-12. Appropriations to non-departmental accounts.**

(a) Each [~~appropriation line~~] budget item in a non-departmental budget shall have the following information associated with such line item at the times prescribed by this subsection:

- (1) The planned uses of the funds appropriated;
- (2) The timeline for completion of the purpose of the appropriation; and
- (3) The agency, organization or program manager responsible for ensuring that the purpose of the appropriation is completed.

For each appropriation line item in a non-departmental budget included with the annual budget or any budget amendment ordinance submitted by the Mayor, the information required to be associated with such appropriation line item by this subsection shall be included in the annual budget or such budget amendment ordinance at the time of submission by the Mayor in accordance with Section 12-10. For each appropriation line item in a non-departmental budget that is added or modified by the City Council, the final adopted budget or budget amendment ordinance shall include the information required to be associated with such appropriation line item by this subsection at the time of adoption in accordance with Section 6.11 of the Charter.

(b) When an annual appropriation or budget ordinance or any amendment thereto appropriates monies to a non-departmental budget, such appropriations shall be deemed to be appropriated specifically for each particular program listed in such non-departmental budget. All monies appropriated to each non-departmental budget program shall be disbursed within 45 days



after the City's receipt of an invoice from the organizations and agencies entitled to receive monies from such appropriations. No expenditures shall be made from monies appropriated in accordance with the non-departmental budget other than for the specific organizations and programs set forth in the ordinance or ordinances making appropriations to such non-departmental budget. No appropriation balance or part thereof shall be transferred from one program within the non-departmental budget to the appropriation for any other program within or without the non-departmental budget except by an amendment recommended by the Mayor and adopted by the Council. Each expenditure or transfer in violation of this section and each failure to disburse monies as required by this subsection shall be unlawful and shall be punished as a Class 3 misdemeanor.

§ 5. That Chapter 12, Article I of the Code of the City of Richmond (2015) be and is hereby amended and reordained by **adding therein new** sections numbered 12-15.1 and 12-15.2 as follows:

**Sec. 12-15.1 Five-year plan.**

On or before January 31 of each year, the Mayor shall submit a written five-year plan for City finances to the City Council and make or cause a designee to make an oral presentation to the City Council on the five-year plan. At a minimum, the five-year plan must include projections of general fund revenues and expenses for the upcoming fiscal year and the four fiscal years thereafter. At any time the five-year plan is revised or updated, the Mayor shall submit such revision or update in writing to the City Council.

**Sec. 12-15.2 Reporting on expenditures made during emergencies.**

For purposes of this section, “emergency” means a “local emergency” or a “state of emergency” as those terms are defined by section 44-146.16 of the Code of Virginia. Within 30

days after an emergency has ended, the Chief Administrative Officer shall submit to the City Council a written report detailing the full fiscal and budgetary impact of the emergency, including, but not limited to, each budget item, for which expenditures exceeded the then-unencumbered portion of appropriation as a result of the emergency, the amount by which each such appropriation was exceeded, and on what the funds in excess of the appropriation were expended.

§ 6. This ordinance shall be in force and effect upon adoption.



# Richmond City Council

The Voice of the People

Richmond, Virginia

Lou Brown Ali  
Council Chief of Staff

## Office of the Council Chief of Staff

### Ordinance/Resolution Request

**TO** Allen Jackson, City Attorney

**THROUGH** Lou Brown Ali, Council Chief of Staff *WBA*

**FROM** William E. Echelberger, Jr., Council Budget Analyst

**COPY** Richmond City Council  
Meghan Brown, Deputy Council Chief of Staff *MLB*  
Charles M. Jackson, Council Budget Analyst  
Haskell Brown, Deputy City Attorney  
City Council Liaisons

**DATE** June 7, 2017

**PAGE/s** 1 of 4

**TITLE** Detailed Budget Process

RECEIVED

JUN 07 2017

OFFICE OF CITY ATTORNEY

This is a request for the drafting of an **Ordinance**  **Resolution**

**REQUESTING COUNCILMEMBER/PATRON**

Richmond City Council

**SUGGESTED STANDING COMMITTEE**

Governmental Operations

**ORDINANCE/RESOLUTION SUMMARY**

The patron requests an ordinance to establish definitions and parameters for the operation of the more detailed budgeting approach that was adopted by City Council in Ordinance No. 2017-036.

• Definitions:

- A "program" is a set of activities within a department undertaken in accordance with a plan of action organized to realize one common purpose with an identifiable end result or outcome and is also referred to as a Cost Center.
- A "subprogram" is a specific work function or combination of activities that is performed in support of a department, program, projects, or organizational unit and is also referred to as a Service Code.
- A "budget item" is an appropriation of funds within a department authorized to be expended in furtherance of 1) a program, 2) a subprogram, 3) a group of programs, or 4) a group of subprograms.
- "Emergency" means a "local emergency" or a "state of emergency" as those terms are defined by section 44-146.16 of the Code of Virginia.
  - "Local emergency" means the condition declared by the Mayor with the consent of the City Council when in its judgment the threat or

actual occurrence of an emergency or disaster is or threatens to be of sufficient severity and magnitude to warrant coordinated local government action to prevent or alleviate the damage, loss, hardship or suffering threatened or caused thereby.

- "State of emergency" means the condition declared by the Governor when in his judgment, the threat or actual occurrence of an emergency or a disaster in any part of the Commonwealth is of sufficient severity and magnitude to warrant disaster assistance by the Commonwealth to supplement the efforts and available resources of the several localities, and relief organizations in preventing or alleviating the damage, loss, hardship, or suffering threatened or caused thereby and is so declared by him.
- "Zero-Based Budgeting" means an approach to budgeting that requires all programs to begin each budgeting cycle at zero. The allocation of funds is based on the merits of each potentially-funded program's policy goals, performance, etc. without respect to the amount of funding such program received previously.
- Scope of the Budget:
  - Consistent with the provisions of §6.04 of the Richmond City Charter, the General Fund budget submitted to City Council by the Mayor is to include a summary of the Zero-Based budgeting analysis for each budget item. Such summary is to include, at a minimum, the work-load measures, and cost factors that were utilized to arrive at the proposed appropriation.
- Five-Year Plan:
  - On or before January 31 of each year The Mayor is to:
    1. Submit a Five-Year Plan for City finances to City Council. Such plan is to include, at a minimum, projections of General Fund revenues, and expenses.
    2. Provide City Council with a briefing on such Five-Year Plan.
  - Updates and revisions to the Five-Year Plan shall be provided to City Council, and the Council Chief of Staff.
- Annual Budget Ordinance:
  - Appropriations in the annual general fund budget ordinance shall be made according to budget items. The proposed annual general fund budget ordinance shall identify all programs or subprograms included in a budget item; however, identification of a subprogram is not required when the entire program of which it is part is included in the budget item.
  - All annual general fund budget ordinances submitted by the Mayor to City Council for the fiscal year beginning on July 1, 2018, and after shall include the proposed appropriations for the fiscal year beginning on the following July 1. Such proposed appropriations are to be derived from application of a Zero-Based Budgeting approach, or one of its variants.
- Procedure for Passing Budget Ordinances:
  - Routine Budget Ordinances: Consistent with the provisions of section 4.10 of the City Charter, any routine budget ordinance, or ordinance to amend the adopted budget, shall be the subject of a public hearing to be held not less than seven days after introduction of such ordinance.

- Emergency Budget Ordinances: Consistent with the provisions of section 4.11 of the City Charter, any emergency budget ordinance, or emergency ordinance to amend the adopted budget, may be read a second time and passed with or without amendment at any regular or special meeting subsequent to the meeting at which the ordinance was introduced, provided that prior to its passage the full text of the original ordinance has been printed in a newspaper published or in general circulation in the city. An emergency ordinance must contain a specific statement of the emergency claimed and six affirmative votes shall be necessary for its adoption.
- Appropriation Transfers:
  - Transfers: A transfer is the movement of an adopted appropriation, or portion thereof, from one budget item to another budget item. A transfer may only be accomplished through an ordinance to amend the adopted budget. Such ordinance shall set out the budget item(s) that are to be the sources of the proposed appropriation and the budget item(s) that are to be increased.
  - Emergencies: In an emergency, section 44-146.21(C) of the Code of Virginia authorizes the Mayor to proceed without regard to time-consuming procedures and formalities prescribed by law, except mandatory constitutional requirements, pertaining to the incurring of obligations and other expenditures of public funds, provided such funds in excess of appropriations in the current approved budget, unobligated, are available. After the Governor or the City Council, as applicable, has taken appropriate action to end the emergency, the Mayor has a duty under section 5.05(b) of the City Charter to keep the City Council advised of the financial condition of the City and make such recommendations as may seem to the Mayor desirable. Pursuant to section 5.05.1(c) of the City Charter, the Chief Administrative Officer, within 30 days after the end of an emergency, shall provide the City Council with a report detailing the full fiscal and budgetary impact of the emergency, including, but not limited to, each budget item for which expenditures exceeded the then-unencumbered portion of appropriation as a result of the emergency, the amount by which expenditures from each such appropriation was exceeded, and on what the funds in excess of the appropriation were expended.
  - Ordinances to effect appropriation transfers shall be accompanied by supporting documentation that sets out the:
    - 1. Background of the transfer,
    - 2. Reason for the transfer,
    - 3. Sources of the proposed appropriation,
      - a. New or Increased Revenues: Any new or increased revenues proposed to support the transfer to an existing or new budget item shall be identified, along with an explanation of amount of such new or additional revenues and the reason such revenues are available.
      - b. Use of Fund Balances, Reserves, Contingencies or Other Funding Sources: Any use of fund balances, reserves, contingencies, or other funding sources proposed to support the transfer to an existing or new budget item shall be identified, along with an

explanation of amount of such fund balances, reserves, contingencies or other funding sources and the reason for utilization of such funds.

- c. Reduced Appropriations: Any reduction in a budget item that is proposed to support the transfer shall be identified, along with an explanation of the reason for such reduction and an analysis of the impact on the program or programs proposed to be reduced.
4. Budget item(s) that are to be increased,
- a. New Budget Items: Any new budget item proposed to be created as a result of a proposed transfer shall be identified by item number, title, and program or subprogram number. New budget items are to be assigned a decimal number that falls between the preceding and following numbers in the adopted budget (for example, Item No. 46.1). The supporting documentation for the new budget item must set out the total appropriation proposed for the current fiscal year and any fiscal impact and fiscal implications for future fiscal years.
  - b. Amended Budget Items: Any increase to an existing budget item is to be reflected by adding any additional programs or subprograms to the list included for that budget item in the adopted budget. The supporting documentation for the amended budget item must set out the total appropriation proposed for the current fiscal year, and any fiscal impact and fiscal implication for future fiscal years.
5. Results expected, and
6. Impact that is most likely if the ordinance is not approved.

**BACKGROUND**

City Council adopted the FY18 General Fund Budget, Ordinance No. 2017-036, with a detailed format that appropriates funds among a number of appropriation items.

This proposal sets out definitions and parameters for the operation of this more detailed budgeting approach for future general fund budgets.

**FISCAL IMPACT STATEMENT**

Fiscal Impact Yes  No

Budget Amendment Required Yes  No

Estimated Cost or Revenue Impact

An estimated cost or fiscal impact cannot currently be quantified. The newly adopted detail budget appropriation format for upcoming fiscal year 2018 is the first year of implementation. Additional staff time is anticipated for implementation and compliance monitoring.

Attachment/s Yes  No