



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

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

COPY Andreas D. Addison, 1st District Representative
Meghan Brown, Deputy Council Chief of Staff
Haskell Brown, Deputy City Attorney
Chelsi H. Bennett, 1st District Liaison
Charles M. Jackson, Council Budget Analyst

DATE June 1, 2017

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TITLE **Detailed Budget Process**

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

REQUESTING COUNCILMEMBER/PATRON

Councilman Addison

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.
- 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, **and a planned budget for the next fiscal year thereafter.**
- 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 referred to the appropriate Council Committee, unless such referral has been waived in accordance with City Council's rules of procedure. Any such ordinance 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