

# CITIZEN'S GUIDE

## Budget Preparation

The City of Roanoke first began using the Budgeting for Outcomes (BFO) process to develop fiscal year budgets with its Fiscal Year 2011-2012 Adopted Budget.

### What is Budgeting for Outcomes?

- Budgeting for Outcomes is a budget process that allocates the City's revenues to outcomes that focus on results and priorities.
- City Council has identified seven (7) priorities for the City of Roanoke as the primary basis for developing the budget, which include Economy, Education, Good Government, Human Services, Infrastructure, Livability, and Safety. Beginning in Fiscal Year 2013-2014, a separate "priority" was established to administratively review funding requests submitted by outside agencies.
- This process puts the citizen's perspective and their priorities first, and allows for more meaningful allocation of resources.
- The General Fund revenue estimate, or the "price of government" is determined by the Department of Finance.



### Why Budgeting for Outcomes?

- The Budgeting for Outcomes process provides a structured process for linking spending to outcomes, as well as a logical methodology for prioritizing activities and programs. This process is designed to facilitate collaboration and flexibility in the organization, while avoiding inefficient budgetary practices such as across the board budget cuts.

### How does it work?

- STEP 1: Set Priorities  
City Council sets and approves the major priorities that government services should address that best reflect the views of citizens. As noted above, those priorities are currently: Economy, Education, Good Government, Human Services, Infrastructure, Livability, and Safety.
- STEP 2: Determine the "Price of Government"  
The Department of Finance, in conjunction with the Budget Committee, determines the revenue estimate for the upcoming fiscal year. The revenue estimate is continually revised in order to be as accurate as possible.

- STEP 3: Create/Review the Request for Results  
Beginning in Fiscal Year 2011-2012, a team of 8 to 10 employees from across the City were appointed by the City Manager for each of the seven priorities. Each team was tasked with determining the key indicators to measure progress toward achieving the priority's desired outcomes and identifying the factors that should be addressed to meet them. They also identified the best strategies to pursue in order to achieve the City's priorities. Purchasing plans and Request for Results were then developed for each priority. In the subsequent fiscal years, teams were convened to review these Request for Results documents and made revisions where appropriate.
- STEP 4: Invite Offers  
The priority teams' Request for Results documents are part of the budget instructions that are provided to all departments and outside agencies for developing their offers. Offers for service can only be submitted to one Priority Team, although the service may support other priorities. Departments and outside agencies are required to provide performance measures for service delivery for achieving desired outcomes in order to build accountability into the process, and make monitoring and evaluation possible. For Fiscal Year 2012-2013, a "scorecard" criterion was developed to allow sellers to score each of their own offers to aid in the ranking process. In Fiscal Year 2013-2014, the scorecard was revised, and in Fiscal Year 2014-2015, it was further streamlined to four elements. The scoring elements now include: whether the program or service is mandated; if there is cost recovery for the program; if there is a change in demand for service; and the impact to the other priorities.
- STEP 5: Rank and Make Recommendations for Funding of Offers  
In past years, the priority teams performed a peer review on the score of each offer and revised the score if necessary based on its evaluation of how the offer met the scorecard criteria. Beginning in Fiscal Year 2014-2015, instead of the teams performing a peer review as a group, each team member kept their own notes on the strengths and weaknesses of each offer based on the team discussion and their own knowledge of the service. Each team member then individually ranked the offers in descending order in their perceived order of importance in meeting the outcomes of the priority. The Management and Budget Analyst combined the rankings of all the team members to come up with an overall ranking. This process is based on a Lean prioritization tool known as "Nominal Group Technique". It allows each team to come to a consensus on the relative importance of each offer by incorporating individual importance rankings into the team's final prioritized listing. In past years, the priority teams consisted of City staff members. However, after the Fiscal Year 2017-2018 budget process was completed, the City senior managers expressed an interest in being more involved in the budget development process. As such, for Fiscal Year 2018-2019, the City's Department Directors served on the priority teams and completed the ranking process. Each Director served on at least two teams.

In fiscal years 2015-2016 and 2016-2017, there was also an emphasis on having the priority teams evaluate the incremental increase requested in the various offers. The intent was for the teams to allocate the increase into various categories. In the fiscal year 2017-2018 budget process, with revenues projected to decline, departments were asked to submit offers at levels below their fiscal year 2016-2017 adopted budgets. They could submit supplemental requests to support contract increases or

inflationary increases as well as increases to support new services or enhancements to current services. The primary change for the fiscal year 2018-2019 budget process involved breaking programs and/or services down into “Tiers”. Tier 1 included basic emergency and safety operations; Tier 2 services/programs were those mandated by state or federal code; Tier 3 services/programs were those established by City code,



Council mandates, or Roanoke core services; and Tier 4 were “nice to have” services. Tier 4 services were further subdivided into “essential” vs. “non-essential” categories. For fiscal year 2018-2019, no targets were established, but the fiscal year 2017-2018 adopted operating budget was the starting point. Directors had to review the prior two years’ actual expenses and compare them to their fiscal year 2017-2018 adopted budgets in preparing their budget offers.

Base offer requests could not exceed the highest level of the past two years’ actual expenses nor be greater than the fiscal year 2017-2018 budget. Any additional funding beyond fiscal year 2017-2018 levels required a supplemental funding request to be submitted. After completion of the Priority Team ranking meetings, Directors were then broken down into four three-person Peer Review teams to work together in reviewing the funding levels being requested by each other in their respective offers. Each Director then met with their Assistant City Manager to review the Peer Review team recommendations and discuss the prioritization of any remaining Tier 4 essential offers and any supplemental requests.

- **STEP 6: Decide What to Buy**

The Budget Committee may make decisions to shift dollars among priorities as well as review recommendations from the Priority Teams, or as was the case in fiscal year 2018-2019, review recommendations from the Peer Review Teams. The Committee will make further funding adjustments where appropriate. The City Manager in conjunction with the Budget Committee reviews the prioritized services and recommends the budget to City Council after revisions are completed.

### **What is the impact on the existing organizational structure?**

- Creating a budget that will allow the City to increase service levels and to begin rebuilding capacity in strategic areas while minimizing tax and fee increases.
- Changing the community culture to service collaboration to meet community priorities.

## **Budget Document**

The budget document has been organized to make it easy for all users to find information. “Budget Overview” follows the City Manager’s Message and contains highlights of each of the more detailed budget sections.

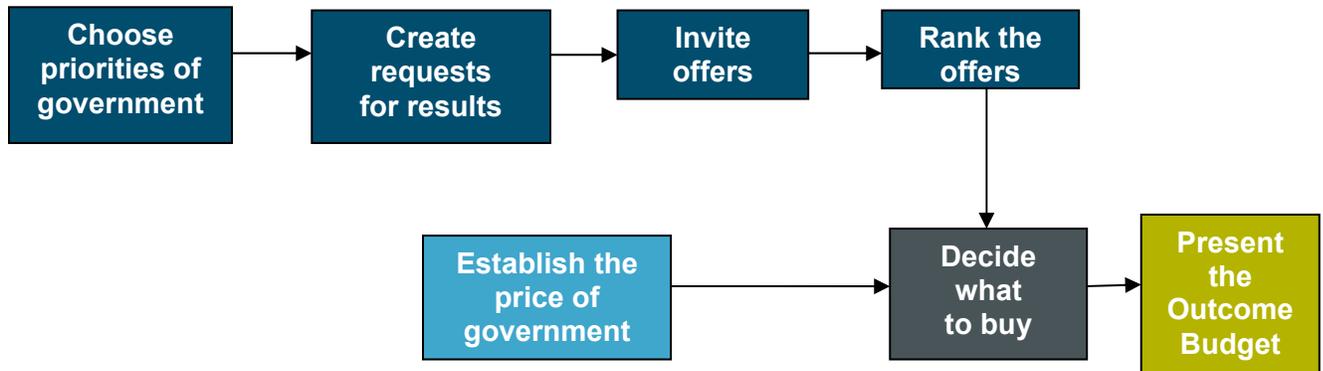
The Budget Overview can be used in conjunction with the Budget Summary section of this document to examine the City’s spending plan for the upcoming fiscal year, to identify increases or decreases in estimated revenues and recommended expenditures, to

compare past years' revenues and allocations and to learn the reasoning behind resource allocation recommendations.

A glossary of acronyms and terms used here and in the remainder of the budget document can be found in the Appendix section at the end of this document.

## Budgeting Process

### Budgeting for Outcomes Process

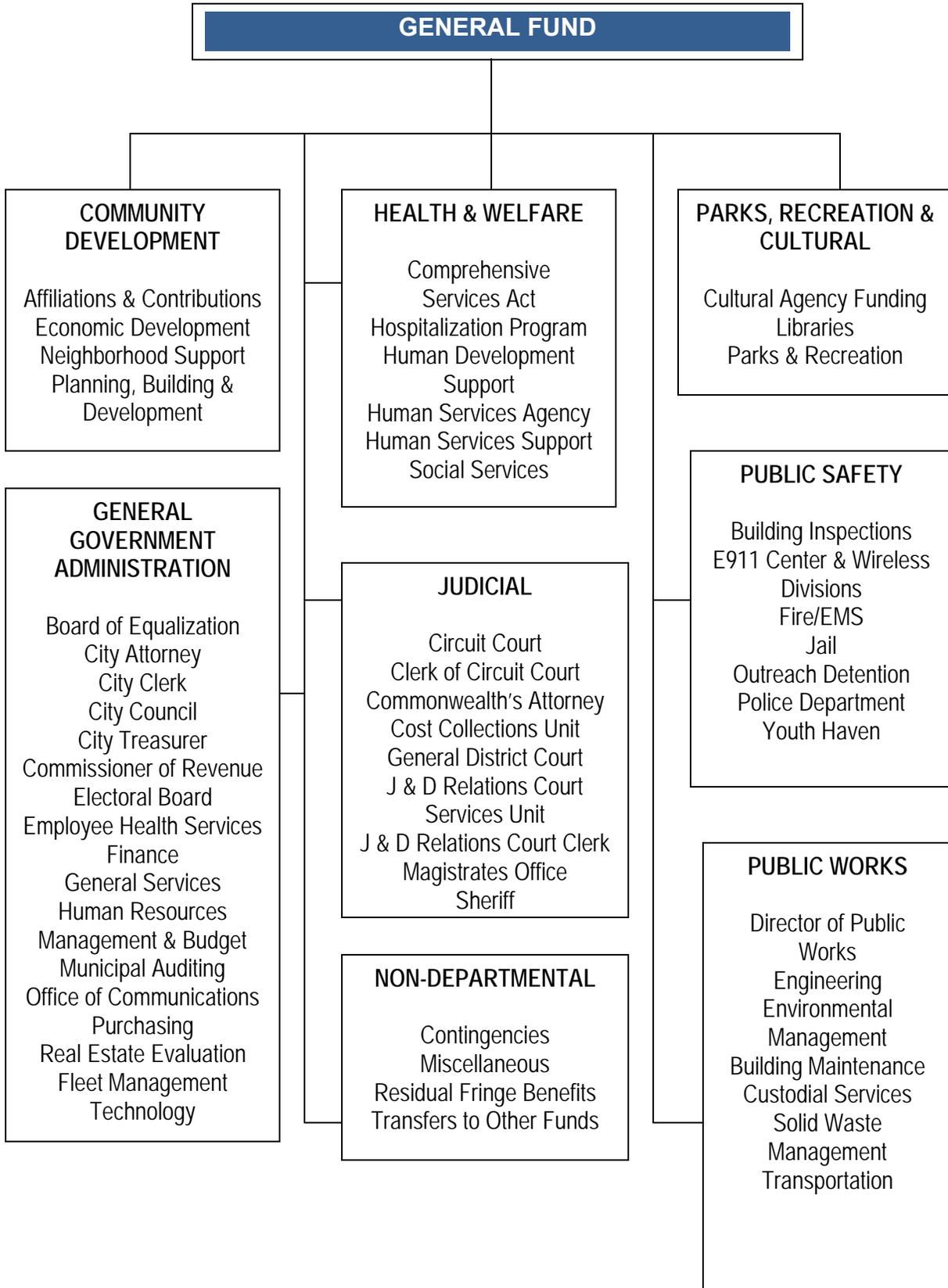


## BUDGET PREPARATION CALENDAR

### Fiscal Year 2018 – 2019

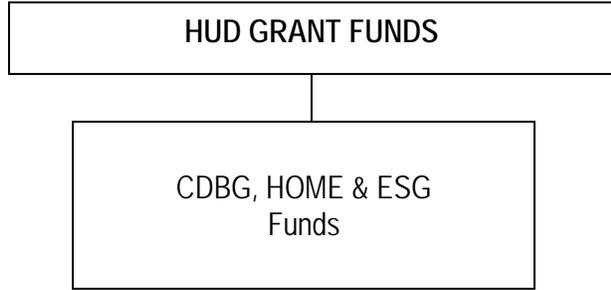
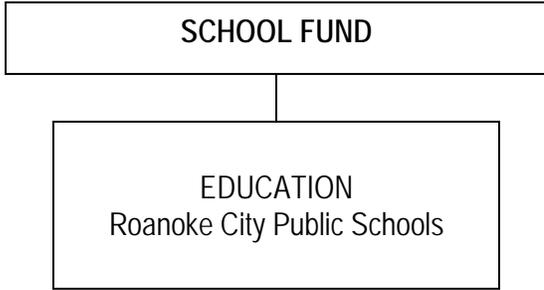
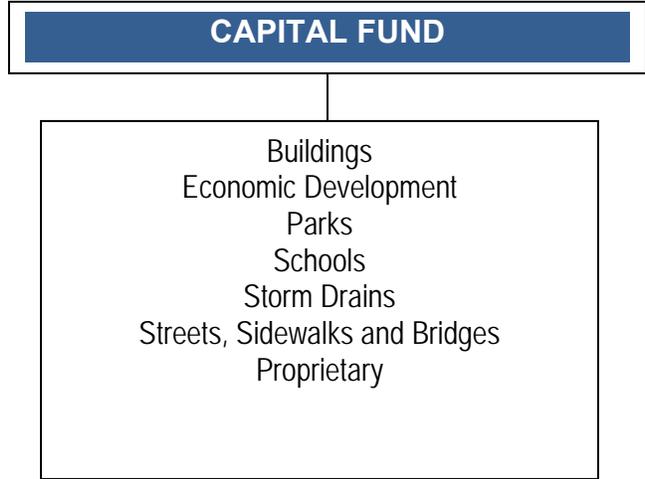
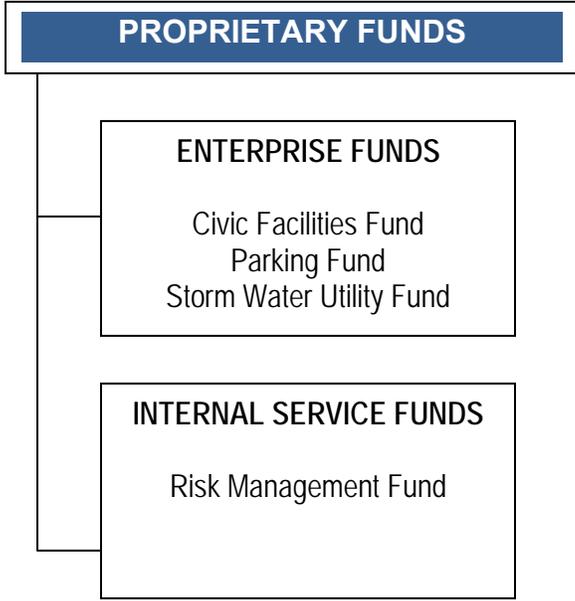
Month	City Council	City Administration
<b>September 2017</b>	<b>September 22</b> <ul style="list-style-type: none"> <li>• City Council reviews and affirms BFO Process</li> <li>• City Council re-affirms 7 major priorities</li> </ul>	
<b>November 2017</b>		<b>November 13</b> <ul style="list-style-type: none"> <li>• Leadership Team Kickoff</li> </ul>
<b>December 2017</b>	<b>December 18</b> <ul style="list-style-type: none"> <li>• City Council adopts Budget Calendar</li> </ul>	<b>All December</b> <ul style="list-style-type: none"> <li>• Offer Development by City Departments</li> </ul> <b>December 1</b> <ul style="list-style-type: none"> <li>• Outside Agency instructional meeting</li> </ul> <b>December 22</b> <ul style="list-style-type: none"> <li>• Budget Offers completed by Sellers</li> </ul>
<b>January 2018</b>	<b>January 2</b> <ul style="list-style-type: none"> <li>• City Council Budget Presentation</li> </ul>	<b>January 11</b> <ul style="list-style-type: none"> <li>• CIP Discussion with Managers</li> </ul> <b>January 19</b> <ul style="list-style-type: none"> <li>• Offer review completed by Management &amp; Budget</li> </ul> <b>January 25</b> <ul style="list-style-type: none"> <li>• Outside Agency Applications due</li> </ul> <b>January 16 – January 26</b> <ul style="list-style-type: none"> <li>• Offers reviewed by Priority Teams and Ranking developed</li> </ul> <b>January 29</b> <ul style="list-style-type: none"> <li>• Director Peer Review Team Process Begins</li> </ul>
<b>February 2018</b>	<b>February 5</b> <ul style="list-style-type: none"> <li>• City Council Budget Presentation</li> </ul>	<b>All February</b> <ul style="list-style-type: none"> <li>• Director Peer Review teams review offer funding</li> <li>• Budget Committee Meetings</li> </ul> February 21 <ul style="list-style-type: none"> <li>• ITC request to Budget Committee</li> </ul> <b>February 23</b> <ul style="list-style-type: none"> <li>• Director Peer review funding recommendations to Budget Committee</li> </ul>
<b>March 2018</b>	<b>March 5</b> <ul style="list-style-type: none"> <li>• City Council Budget Presentation</li> </ul>	<b>All March</b> <ul style="list-style-type: none"> <li>• Budget Committee Meetings</li> </ul> <b>March 16 &amp; 23</b> <ul style="list-style-type: none"> <li>• Directors/ACM budget balancing meetings</li> </ul>
<b>April 2018</b>	<b>April 2</b> <ul style="list-style-type: none"> <li>• City Council Budget Presentation</li> </ul> <b>April 16</b> <ul style="list-style-type: none"> <li>• FY 2019 Recommended Budget presented</li> </ul> <b>April 26</b> <ul style="list-style-type: none"> <li>• Public Hearing on FY 2019 Recommended Budget</li> </ul>	<b>All April</b> <ul style="list-style-type: none"> <li>• Budget Committee Meetings</li> </ul>
<b>May 2018</b>	<b>May 7</b> <ul style="list-style-type: none"> <li>• Budget Study</li> </ul> <b>May 14</b> <ul style="list-style-type: none"> <li>• FY 2019 Budget Adopted</li> </ul>	
<b>June 2018</b>		<b>June 18</b> <ul style="list-style-type: none"> <li>• FY 2019 Adopted Budget made available for public inspection</li> </ul>

# OPERATING FUNDS STRUCTURE



NOTE: For description of funds, please refer to the "Glossary of Terms" in the Appendix section.

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