



DATE: January 24, 2018

TO: Department Heads

FROM: Dustin Claussen, Director of Finance

SUBJECT: Budget Parameters for the FY 2019 Budget Development Process

In preparation for the FY 2019 Budget development process, please find below budget parameters to guide your respective departments budgets.

1. **STATUS QUO BUDGET:** FY 2019 will be budgeted at expenditure levels congruent with FY 2018. With the completion of the General Fund Long Range Financial Model, the City continues to project a structural budget deficit in future years. However, on October 14, 2017, the City Council held a fiscal sustainability work session, where they reviewed the General Fund Long Range Financial Model, and potential strategies to help close the General Fund budget gap. As we work towards implementation of Council's preferred strategies, departments will be asked to present a "no-growth" budget for FY 2019. Exceptions may be considered should the budget request be related to compliance with state/local regulations, and/or potential health and safety risk. Exceptions will be reviewed by the City Manager on a case-by-case basis.
2. **NO ADDITIONAL FTE'S:** No additional FTE's will be considered. Exemptions include staffing requirements due to legal mandates, contract compliance, or health and safety risk.

Future requests for position adds should follow the steps (in order) outlined below:

- a) Department identifies a need.
 - b) Department presents need to Human Resources to assist in identifying the appropriate position and approach.
 - c) Position information provided to Finance to determine budget availability.
 - d) Information from steps A-C presented to CMO for decision.
3. **REQUEST FOR POSITION RECLASSIFICATIONS:** Reclassifications occur when: there is a vacant position that a Department Head wants to change to a position that better meets the needs of the department and an employee in a current position has mastered all job elements of the current position and has continuously performed the duties of another (usually higher) level position. A reclassification is based on the complexity of work and qualifications for the higher position and not workload, department, or assignment.

Please note, a request for reclassification could result in the following:

- a) no change because the need or duties are consistent with the current classification,
- b) the duties outside the current position be reassigned to the appropriate employee,



To begin a reclassification request, departments must submit a Position Inventory Questionnaire to Human Resources.

Consider the following when requesting a reclassification:

- a) A comprehensive job audit is required and may take up to 120 days to complete;
 - b) If reclassification to a new position is recommended, a salary survey may be required if the recommendation is for a position that doesn't currently exist in the City's Classification Plan, which potentially adds up to 30 days and will be done concurrent with other steps;
 - c) There may be a meet and confer requirement, when there is a change of bargaining unit and depending on the level of cooperation from the Union, this could add up to 90 days to the process;
 - d) Should not be used simply as a way to increase compensation.
4. **1 YEAR LIMIT ON CONTRACT CARRY FORWARDS:** Unused contracts will be eligible for carryforward one year after the year originally approved or budgeted. Note this does not apply to contracts known to be multi-year projects at the time of approval or that are budgeted across multiple fiscal years. If departments are unable to spend the contract amounts in this timeline, a new budget request should be submitted.
5. **UNFUNDED CIP NEEDS:** In an effort to continue developing a list of unfunded capital needs, please identify and submit any unfunded CIP needs.
6. **IDENTIFY EFFICIENCY MEASURES:** Review your department budget, and consider the following efficiency measures.
- a) Evaluate any one-time or ongoing efficiency saving opportunities within your department (i.e. technological/software solutions, partnership opportunities, deferment of non-essential purchases or operational expenditures that have none to minimal service impacts, etc.).
 - b) Evaluate opportunities to reprioritize existing resources. Be creative and innovative (i.e. cost sharing opportunities across departments).
 - c) Look for opportunities to control expenses. Review and prioritize expenses based on priority levels of high/critical vs. low/desirable, and analyze the fiscal and potential service impacts of deferral or reduction.
 - d) Collaborate. Create scales of economy by partnering with other departments.