



**City of Chattanooga
Operations Budget Policies for
Fiscal Year Ending June 30, 2013**

This document provides guidance and direction for completing the City's operations budget request for fiscal year ending June 30, 2013. Please read and follow these instructions carefully to ensure the most efficient and effective use of public funds.

Department heads are encouraged to reevaluate programs, processes and procedures to provide optimum efficiencies in delivery of city services within available resources. Any recommended changes, reductions, additions, or enhancements to the current operations should be clearly documented in the budget detail as well as the "EXECUTIVE SUMMARY".

As a *CONTINGENCY PLAN*, in the event that the costs of maintaining existing services exceed estimated revenues, we ask that a supplemental information/budget be included that reflects a 2% cut to your FY 2012 budget. A description of the changes proposed in the supplemental budget along with the impact on service delivery should be clearly explained in the Executive Summary

Minimally, each budget request must include the following:

1. **Zero Increase Budget** which may require adjustments to offset current increases in personnel and other operations costs.
2. **Maintain Budget** which includes current increases in personnel costs such as fringe benefits; operations costs such as utilities, vehicle repair & maintenance; fuel and cost of materials and supplies, etc.

Salaries & Benefits should be based on projections provided. Any change in personnel costs must be clearly documented. Any overall increase in employee compensation will be proposed by the Mayor and should not be included in items 1 and 2

3. A supplemental/contingency budget of recommended 2% reduction in costs should future economic conditions result in an unanticipated decline in revenue or unavoidable costs increases
4. One of the most important parts of your budget request is the “**Executive Summary**”. This is a **brief** synopsis that provides an overview of your request and operations as we try to make difficult choices among competing projects with limited resources. This summary provides valuable information about your budget that may not be apparent in the budget dollars alone. Keep in mind that this is a valuable source of information for the Mayor and Council as they evaluate your request along with the many others received. Emphasis should be placed on changes in funding and the potential impact on city services.

DETAILED BUDGET INSTRUCTIONS

1. **Requests** will be submitted on a line item (Account) basis.. Flexibility is allowed in the budget preparation through a combination of salary and operating costs. Generally, any growth in funding for a particular line item must be fully justified and will be at the expense of some other line item, barring a specific revenue source generated to cover the additional expense.
2. Total Requests as shown on the budget spreadsheet is divided into two parts – the **Maintain Requests** and the **Additional Requests**. Any additional requests for a particular line item must be offset by a reduction in another line item to affect no change in total requests over Fiscal Year 2012. Additional funding must be accompanied by narrative justification.
3. **Maintain Requests** will be based upon the Projected FY2012 expenditures less any one-time, non-recurring expenditure.
 - a. Requests for one-time, unavoidable costs that are anticipated for the FY2013 budget will be included in the Additional Requests with justification.
 - b. Requests for recurring unavoidable increases, including such items as street lighting, utilities, pension costs, health insurance, etc., will be included in the Maintain Requests.
4. **Personnel Issues**
 - a. Maintain Requests for Salaries & Wages must include all positions authorized and funded at the current Pay Plan Amount. Any frozen or unfunded positions in current year should remain frozen unless swapped with another position at a comparable pay grade to be frozen. The Finance Office will provide salary projections for all authorized positions. Adjustments should be made for frozen positions.
 - b. Maintain Requests, subject to item g below, will not include any requests for funding of additional personnel.

- c. Do not include funds for pay raises or pending reclassifications except as outlined in g below. All salary adjustments will be made by the Management & Budget Analysis Staff.
 - d. Budget Requests for overtime must be from a zero base, consistent with overtime policy and not based on prior year experience only
 - e. Temporary staffing should be budgeted under "Salaries & Wages." Payroll taxes should be included for temporary workers.
 - f. Any hiring of contract employees must stand up to IRS scrutiny. Guidelines can be found in the Finance intranet site under the topic "Independent Contractors".
 - g. NO INCREASE IN POSITIONS OR POSITION RECLASSIFICATIONS WILL BE CONSIDERED IN THE FY2013 ZERO INCREASE OR MAINTAIN BUDGET WITHOUT A CORRESPONDING REDUCTION/RECLASSIFICATION IN EXISTING POSITIONS RESULTING IN THE SAME OR REDUCED COSTS TO THE CITY.**
 - h. Any requests for increase beyond item g above must be part of a supplemental budget with detailed explanations in the executive summary***
 - i. A completed Job Analysis Questionnaire (JAQ) and the Classification Action Request Form: FY2012-2013 Budget Process must be submitted to Personnel for review and approval for new and/or additional existing positions including reclassifications. The JAQ and Classification Action Request Form: FY2012-2013 Budget Process is available on the City's intranet website. The link is below. If you have questions, contact Jean Smith at 757-4862
<http://int.chattanooga.gov/forms.asp?Dir=Personnel>*
5. **Renewal & Replacement** include capital operating requirements such as equipment that has a useful life of 15 years or less and a cost less than 25,000 dollars. Items with a longer useful life and greater cost will be included in the Capital Budget.
6. **City Garage** charges will be included in each activity for vehicle lease and repairs & maintenance. Parts will be billed by the Garage at a 25% mark-up. Vehicle maintenance cost should take into consideration any additional leased vehicles. The current labor rate is \$65.00 per hour. The average price of fuel for FY13 is estimate at \$3.25 per gallon for unleaded gasoline and \$3.35 per gallon for diesel. The actual fuel prices will continue to fluctuate as the market rate changes. Use of the City's garage services is mandatory for applicable procedures/services unless specific approval of the Mayor is obtained in advance. See Attachment A for complete listing of vehicle lease rates by vehicle type. *See Attachment A for complete listing of vehicle lease rates.*
7. Fringe Benefits costs including OPEB must be included in each Activity Request in which there are full time personnel. ***A listing of these rates are included as Attachment B.***

8. Utility Costs estimated increase for FY 13 follows:

Anticipated increase in utility costs during FY13

Electricity: 3%

Natural Gas: 1%

Water: 3%

9. Radio Maintenance will be charged at \$130.25 per radio per year

OTHER INSTRUCTIONS

Descriptions, Goals & Objectives, and Performance Measures for each activity for FY12 are available on the intranet. Please update, where necessary, for FY13 as they are included in the City's Comprehensive Annual Budget Report which is a publication intended for external users including rating agencies, financing institutions and most of all the taxpayers. Please return updated Descriptions and Goals & Objectives information with the budget submission on February 6, 2012. Year end Performance Measures are due July 31, 2012.

1. The Budget submission will not be complete or considered if Descriptions, Goals and Objectives are not submitted timely as they will become part of the decision making process for budget approval in FY13.
2. **Completed Budget Request Forms and Documents must be submitted to the Budget Office by Monday, February 6, 2012.**