



CITY OF BEVERLY HILLS
PUBLIC WORKS DEPARTMENT
MEMORANDUM

TO: PUBLIC WORKS COMMISSION
FROM: Erick Lee, Deputy Director of Public Works
DATE: August 11, 2016
SUBJECT: Fiscal Year 2017/2018 Budget Process

Background

The Public Works Commission (“PWC”) has requested information about the department’s annual budgeting process. The purpose of this memo is to outline this process and provide information about how the PWC can provide the department with its recommendations to ensure they are considered as part of the fiscal year 2017/2018 (“FY17/18”) budget.

Discussion

The Office of Management, Budget & Revenue (“OMB”) coordinates the annual budget process for the entire City. In the fall (usually in December), OMB provides an overview of the budget process for the next fiscal year, timelines for budgeting tasks to be completed, and any changes from the prior year’s process that will be implemented. Over the past few years, this process has remained fairly consistent and has generally resulted in timelines similar to the following:

Milestone	Timeline
1. Budget kick-off meeting with all City departments	Early December
2. City Council Goals/Priority Setting Meeting	Mid-December
3. Departments review base budget allocations for operations and five year forecasts for capital improvement projects (“CIPs”), develop work plans, project performance measures, and submit requests for any additional resources (materials/supplies, professional services, overtime, new positions, etc.) on Budget Enhancement Forms (“BEFs”)	By December 31 st
4. Submit adjustments to existing fees and charges and proposals for any new fees and charges.	Early February
5. Preliminary budget documents submitted to the City Manager.	Early March

Timeline	Milestone
6. Departments present their budget proposals to the City Manager.	Mid-Late March
7. City Manager makes decisions on which BEFs will be recommended to the City Council.	Late March
8. Public Hearing on Schedule of Taxes, Fees, and Charges.	Mid-April
9. Proposed budget document provided to the City Council.	Mid-Late April
10. Budget Study Sessions conducted by the City Council to consider the proposed budget. Usually consists of 3-4 meetings.	May
11. City Council adoption of the budget.	June

As summarized in the table above, most of the budget development process for the department officially begins in early December and concludes within a four (4) week period. During that compressed timeframe, the department must review its service levels, develop work plans, and project its resource needs for a period that will run through the next 18 months. While new information or policy direction from the City Council may be received later in the process (January through May) that necessitates the development/submission of new work plans and resource requests, the department is required to submit its known budget requests by the end of December to allow for their thorough processing, review, and approval/denial.

Given the relative year-to-year consistency in the City's budget procedures, staff has identified the opportunity to modify the department's internal planning and preparation processes and leverage the PWC's knowledge and insight of departmental operations to develop a more cogent and focused budget proposal for FY17/18. In order to provide the PWC with the opportunity to review the proposed budget and provide its recommendations regarding departmental operations for the next fiscal year, staff plans to start this planning process in September 2016.

Throughout the months of September and October, the department's managers will develop work plans for FY17/18, review existing and identify new capital project needs, and identify any additional resources that may be needed to accomplish these plans. These work plans will be derived from known City Council priorities, established master plan documents, known PWC priorities, and the department's own operational needs. During the November PWC meeting, staff will present an overview of the department's work plans and any related BEFs for the commissioners' review and comment. This meeting will provide the PWC with the opportunity to ensure its recommendations for the Public Works Department are appropriately considered as part of the proposed work plans and budget requests. If significant gaps between staff's proposals and the PWC's recommendations are identified during this meeting, staff will have the opportunity to research this information and follow-up with the PWC during its December meeting before submitting the department's final budget requests by the December 31st deadline.

Fiscal Impact

None.

Recommendation

Staff recommends that the PWC discuss this item and provide direction as to whether the above outlined approach provides the commission with the sufficient ability to provide its input on the Public Works Department's budget for FY17/18.