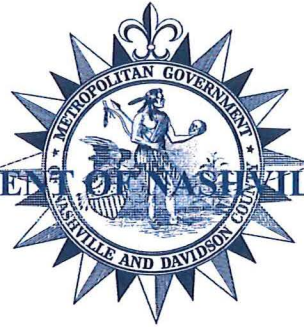



MEGAN BARRY  
MAYOR



## METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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TO: Department Heads and Elected Officials

FROM: Talia Lomax-O'dneal, Director   
Department of Finance

SUBJECT: Fiscal Year 2018 Budget

DATE: January 17, 2017

CC: Richard Riebeling, Chief Operating Officer  
Tony Neumaier, Assistant Finance Director and Budget Officer

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As we begin preparation and consideration of the Fiscal Year 2018 budget, I wanted to provide you with some updates that will be important to consider as you are developing your submission.

### **Long-term Financial Planning**

During this budget cycle, we will continue our shift from incremental budgeting to long-term financial planning. The Finance Department will request that your proposed operating budget be submitted for fiscal years 2018, 2019, and 2020. Your Fiscal Year 2018 operating budget request will need to be detailed as it would have been in prior year budget submissions. The outer two years can be less detailed, but we will require that you provide a high enough level of detail to represent the anticipated expenses. Your Fiscal Year 2018 capital improvements budget ("CIB") will need to follow the same pattern as previous years; fiscal year 2018, 2019, 2020, 2021, 2022, and 2023. Projects should be presented in the year that work is going to begin.

### **Capital Improvement Budget**

Per the Metro Charter, the Planning Commission is responsible for preparing the capital improvement budget ("CIB"). Like last year, they will review and consider the prioritization of projects within the CIB and provide information to the administration to assist in its consideration of projects to be included in the Capital Spending Plan ("CSP"). During this cycle, the Finance Department is also working to strategically improve its processes. In this regard, we will be

asking that departments identify operating budget impacts to their capital requests. While we have requested this information in prior budget years, there will be a more critical review of your submissions. This information is vital to our long-term financial planning efforts and prioritization of projects for funding consideration.

### **Public Investment Plans**

Once again, we are requesting departments work together, develop, and present Public Investment Plans ("PIP's"). Remember PIP's are intended to convene internal and external stakeholders around a particular initiative or plan to identify mutually beneficial outcomes that can both provide benefits to the targeted audience and solve problems. All plans will be reviewed and considered by the Mayor during the budget process. The process will consider those funded in the current year budget requiring continuation in the Fiscal Year 2018 budget and new projects. More detailed instructions on this year's process will be forthcoming.

### **Budget Reallocations**

There will be an additional step to shift away from incremental budgeting this budget cycle. Departments are challenged to identify legacy programs or activities that you believe are outdated or no longer effective and where the funding might be reallocated to different initiatives. We are looking for creativity and innovation and for departments to challenge status quo operations. We hope that you will embrace this opportunity to review your departmental operations and outcomes. These proposals will need to clearly articulate the public value of one initiative over another.

### **Improvement Requests**

Any improvement should be supported by a clear business case or regulatory requirement. Remember to include how the proposed improvement impacts the operating, capital, and revenue line items where applicable. Examples of business case scenarios could include, but are not limited to, demonstrating how accompanying revenues offset expenses, actual payback of initial investment, or how long-term business trends are impacting current operations. Incremental funding requests, such as inflationary increases, should be submitted as they were in prior budget years. We are requesting that these requests include estimates for the next three-year budget cycle.

### **Revenue Estimates**

We are requesting that departments submit revenue estimates for FY2018 only. Like last year, the OMB will project revenues for FY2019 and FY2020. If you are aware of specific issues that could impact OMB calculations, please contact your OMB budget analyst.

Departments may identify and recommend changes in specific fees and/or revenue accounts.

Departmental budget managers will be receiving more specific details regarding next steps with budget prep from OMB. We look forward to working with you and addressing any questions that you may have regarding this year's budget process.