

OMF 4.04.01 Decision Package Procedures

Purpose

OMF bureaus and divisions are funded by a variety of sources. This procedure provides a framework for developing and accounting for decision packages in OMF.

Calculating the Amount of Decision Package Targets

At times, City Council budget direction will include a particular target for budget changes, such as a percentage reduction. Unless otherwise specified by City Council or the City Budget Office, both General Fund groups and Internal Services fund groups will use the same target percentage.

Base on Which to Calculate Target – General Fund Groups

Unless otherwise specified by City Council or the City Budget Office, General Fund decision package targets will be calculated based on the portion of the budget funded by General Fund Discretionary and General Fund Overhead. Program and other revenues will be excluded. The target amount for the entire OMF General Fund will typically be provided by the City Budget Office as part of the budget development process. OMF Business Operations will then spread this target to the General Fund divisions based on their proportionate share of General Fund revenue. The CAO, with guidance from the OMF Leadership Team, will strategically decide the decision packages to request. These packages may or may not be evenly distributed amongst the OMF General Fund Bureaus and Divisions.

Base on Which to Calculate Target – Internal Service Funds

The base on which the cut target for an internal service fund is calculated is the fund's rate budget for the upcoming budget year, excluding debt service and – in the case of the Risk funds – claims payments and reserve collections. This base budget does not include pass-through costs and is discounted for the percentage of revenue the fund receives from outside the City. General Fund overhead is considered a pass-through cost.

Application of Rate Reductions to Reduction Targets

This section addresses who gets credit for a reduction involving services provided by one City bureau to another.

Packages Proposed by Interagency Service Providers

- If an interagency service provider proposes a cut package to meet the cut target, receivers generally cannot use their share of the savings for achieving their own cut targets. This is because at the time the reduction is prepared the Council has not approved the reduction. When the reduction is approved, the Council captures the savings the General Fund bureaus would see. Non-General Fund bureaus would have savings in their budgets. An example of this type of reduction would be a cut to janitorial services to tenants of a City building by Facilities Services.
- The exception is when a provider proposes a cut package that impacts only one or a few receivers. The provider will process the cut with the receiver, which will see the service level

reduction. At that point the receiver may choose to include the reduction towards their target. An example would be if BTS proposed to cut a position assigned to a single bureau.

Packages Proposed by Interagency Service Receivers

- If an interagency service receiver proposes a cut package to meet a cut target, providers generally cannot use their share of the savings for achieving their own target. This is because at the time the reduction is prepared the Council has not approved of the reduction. An example would be if a bureau proposes cutting two positions. The receiver may have reduced fleet, printing, technology, etc., costs but these cost reductions would not be material to the provider's cut package.
- The exception is when a receiver proposes a cut package that impacts only one provider. Then the receiver will process the reduction with the provider, which will have a service level reduction. An example would be if a bureau vacates leased space or turns in under-utilized vehicles. At that point the provider may choose to include the reduction towards the target.

Reporting

As a result of this policy, there will be a double count Citywide of some reductions, just as there is a double count of interagency costs in the budget itself. Reports from the City's budgeting system will need to distinguish packages that are included on both the providers' and receivers' side from decision packages that are proposed on just one side.

Decision Package Components

A fully developed decision package should include the following components:

- A thorough description of who is making the request, what is being proposed to be add or cut, and the cost/savings from the proposal
- The expected results once the decision package has been implemented including the impact on other City bureaus
- Discussion about what impact the decision package has on equity and performance measures
- Additional items as required from annual CBO guidance on decision packages