

Board of Supervisors Special Meeting

**FY 2017-18
Budget Development**

April 19, 2017

Roadmap for Today's Meeting

- ❑ The Balanced Budget
- ❑ BOS Adopted Budget Policies
- ❑ Discretionary General Fund Revenues vs. Restricted/Dedicated Funding
- ❑ Report Back on Road Funding and Options
- ❑ Status of FY 2017-18 Recommended Budget
- ❑ What is Included in the Budget
- ❑ Steps to Balance the Budget
- ❑ What is Not Currently Included in the Budget
- ❑ Next Steps in Budget Process – Board Feedback

Balanced Budget Requirement

- ❑ County Budget Act – Gov’t Code §29000
- ❑ Applies to County, dependent special districts, other agencies “whose affairs and finances are under the supervision and control of the board”
- ❑ Requires Single Year Balanced Budget
- ❑ §29009: In the recommended, adopted, and final budgets the funding sources shall equal the financing uses.

Balanced Budget Meaning

- Does El Dorado County have a Balanced Budget?
 - Yes - required to produce balanced budget each year
- “Funding Sources” will equal “Financing Uses”
- Two Sides of the Equation - Revenue and Expense
- Does that mean we can meet all requests for funding and at service levels desired?
 - No - must make decisions about the allocation of resources
 - Often difficult decisions
 - Governance at the local level

County Budget Snapshot

Total Budget – All Funds

\$657,530,188

General Fund Budget

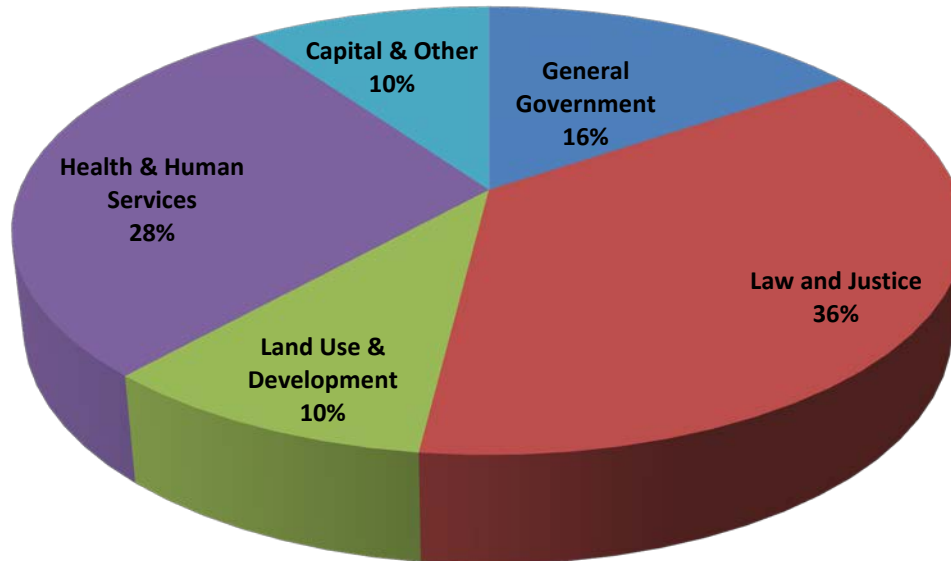
\$283,582,625

Net County Cost

\$154,332,499

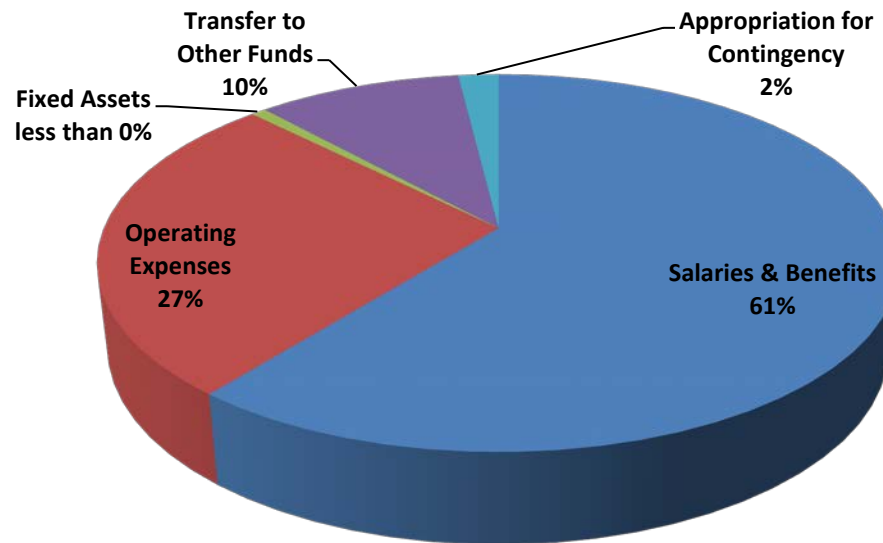
County Budget Snapshot

Budget Distribution by Functional Group (FY 2016-17)



County Budget Snapshot

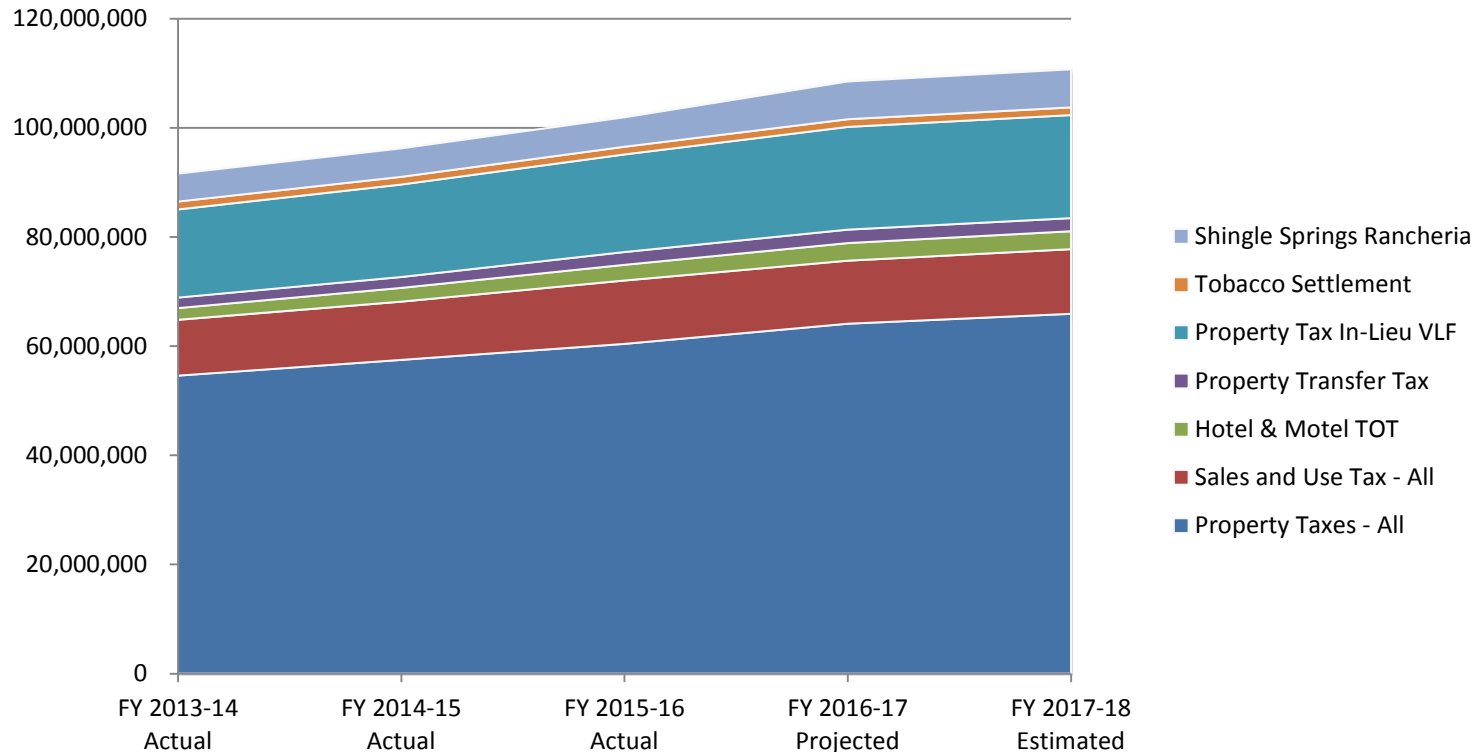
Budget Distribution by Category (FY 2016-17)



Revenues – Broad Categories

- ❑ General Fund Revenues
 - Property Tax, Sales Tax, Franchise Fees
 - Discretionary funds
- ❑ State/Federal Funding – Mandated Programs
 - Counties operate as arm of the State
 - Level of Service considerations
- ❑ Special Revenue Funds
 - Funds restricted for specific purposes

General Revenues - Major Sources



Other Financing Sources

❑ General Fund Reserves

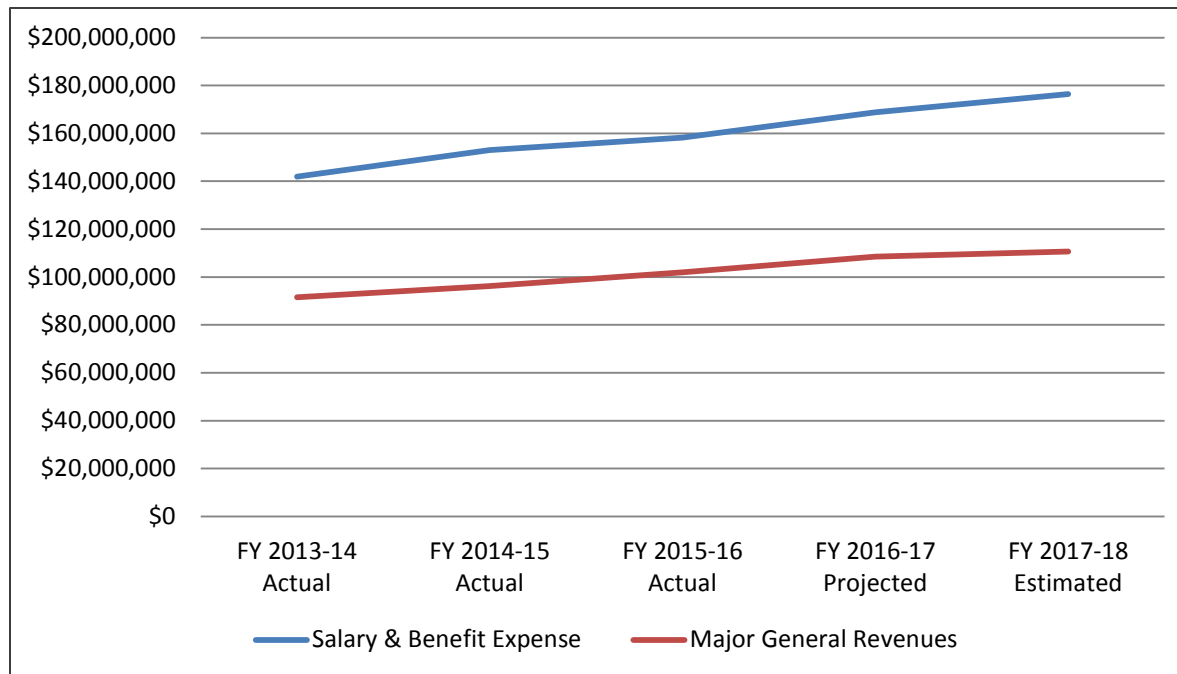
- Capital Projects – Accumulated Capital Outlay
- Public Safety Facility Construction

❑ General Fund Carry-over Fund Balance

- Operational Fund Balance estimated at \$13 million
- Capital Fund Balance estimated at \$10.2 million

One Piece of the Budget Equation

Growth Trends: Major General Fund Revenue vs. Salary & Benefit Expense



Note: Salary & Benefit Expense is also funded by other sources

Discretionary Revenue vs. Expense

- For every 1% growth in salaries & benefits, taxes (property & sales taxes) must grow approximately 1.5% to keep up.
- A 4.5% increase in salaries and benefits currently equates to 6.75% growth in taxes to keep up.

Road Funding & Options

SB 1 and ACA 5

“Transportation Funding, Reform and Protection Plan”

- \$6.9 million to El Dorado County
- Additional resources to other sources
- Anticipate begin receiving in November 2018
- CDA/Transportation will program the use of funds
- Will report back to Board as information is known

Local Options for Road Funding

January 24, 2017 Board Action

- ❑ Do not begin to unwind the Missouri Flat Master Circulation & Financing Plan at this time
- ❑ Direct Staff to pursue additional options for road maintenance revenue
 - Begin discussions regarding tribal funding agreement;
 - Explore feasibility of increasing Transient Occupancy Tax;
 - Explore feasibility of increasing solid waste franchise fee; and
 - Explore feasibility, benefits, and necessary timeline for placing a special sales tax measure on the ballot.

Local Options for Road Funding

Decisions that can be approved by the Board

❑ Solid Waste Franchise Fees

- Fee collected by the solid waste franchises, which is currently set at 5% of gross sales for all providers
- Surrounding jurisdictions charge more, i.e. 10% fee
- Potential Revenue: additional \$750k annually

❑ Tribal Funding Agreement

- Establishes that \$2.6 Million from the tribe is allocated for public improvements in the vicinity of the Red Hawk Casino
- A MOU amendment would allow improvements in other areas
- Potential Revenue: \$2.6 million, although the amount is already received by the County and would not be an overall increase

Local Options for Road Funding

Decisions for Voters

- ❑ Sales Tax Measure - General
 - A measure to increase sales tax within the County by an amount such as 0.25% or 0.5%.
 - Requires a majority vote of the electorate
 - Potential Revenue: \$6 million

- ❑ Sales Tax Measure – Transportation-Specific
 - Same as above; however, would be specific to road maintenance
 - Requires a 2/3 vote of the electorate
 - Potential Revenue: \$6 million

Local Options for Road Funding

Decisions for Voters

- ❑ Motor Vehicle Registration Fee
 - A measure to impose an additional \$10 fee on the registration of vehicles within the County
 - Requires a majority vote of the electorate
 - Potential Revenue: \$2.2 million

- ❑ Transient Occupancy Tax increase
 - An increase in the TOT fees, which are currently at 10%. Would provide more revenues for the General Fund.
 - Requires a 2/3 vote of the electorate
 - Potential Revenue: Increase to 12% = \$0.5 million

Board Adopted Budget Policies

1. Pursue Operational Efficiencies
 - “Eliminate, Combine, Reorganize, Justify, Cooperate”
2. Maximize the Board’s Discretion
 - Revenues are discretionary resources, not dedicated
3. Pursuit of New Revenues
 - Total cost identification for fee setting purposes
4. New or Enhanced Discretionary Program
 - No new or enhanced programs unless new funding or reduce or eliminate lower priority programs
5. County Share
 - If funding is reduced, no increased County share unless mandated or approved Board high priority

Board Adopted Budget Policies

6. Vacant and New Positions

- New positions not considered unless funding identified or “significant” / “compelling”

7. General Fund Contingency

- Minimum of 3% of adjusted General Fund Appropriations
- Can fund changes in Net County Cost; Departments need to request from Board

8. General Reserve

- Minimum of 5% of adjusted General Fund Appropriations

9. Capital Reserves

- To assist in addressing unmet capital needs and building replacement reserve
- Set aside 2%, or \$5 million annually

10. Other Post-Employment Benefits

- Continue pay as you go; Allocate costs to respective County departments

Status of FY 2017-18 Recommended Budget

- CAO will Recommend a Balanced Budget
- Plan to Fund to Board Policy Levels
 - ❑ General Reserve ~ \$8.47 million
 - Slight increase from last year – funding advanced to Resource Conservation District
 - ❑ Contingency ~ \$5.34 million
 - Same as last year
 - ❑ Capital Projects/Deferred Maintenance ~ \$5 million
 - Minimum Contribution

Status of FY 2017-18 Recommended Budget

- Plan to Fund Board Priorities & Prior Direction

- ❑ Public Safety Facility: \$220,000 plus 2017-18 County Costs
- ❑ Community Planning Policy Development: \$250,000 per year/4 yrs.
- ❑ Financing Plan Study; 2 Business Parks: \$150,000
- ❑ Property Tax Megabyte System: \$1.2 million
- ❑ Progress on Facility ADA Improvements: \$1.0 million
- ❑ Timber Mortality Grant Match, 2nd Year: \$250,000
- ❑ Covered Public Safety Charter-504 Increases: \$800,000 +/-
- ❑ HR Staffing Augmentation: \$125,000, pending new director
- ❑ Legal Defense Funding: \$175,000 (2 @ \$65,000; 1 @ \$45,000)
- ❑ IT Deferred Infrastructure & Maintenance: Priority Items only (\$804,000)

Steps to Balance the Budget

- ❑ Direction to Departments for Preparing Budget Requests
 - Status Quo Definition - - Actual vs. Budget
 - Supplemental Requests Submitted Separately
- ❑ Close look at Budget vs. Actual Expenses – “Right Sizing”
- ❑ Social Services – IHSS Cost Shift to be absorbed by Human Services
- ❑ CAO position on Salary Savings vs. Actual Reductions
- ❑ Eliminating Vacant Positions where we can, maintaining flexibility
- ❑ Holding off on adding new positions/expenses
- ❑ Pursuing Efficiencies - this year and future years

Status of FY 2017-18 Recommended Budget

- What is not currently funded
 - ❑ District Attorney New Lease or Alternate Building
 - \$300,000 in Supplemental Request
 - ❑ Contribution to Road Maintenance
 - Previously discussed \$2 - \$3 million
 - ❑ Federal Lobbyist Contract
 - Estimated at \$60,000
 - ❑ Medical Marijuana – Regulation, Enforcement, etc.
 - Undetermined
 - ❑ EDH/Latrobe Annexation Property Tax transfer
 - FY 2016-17 and FY 2017-18 = \$500,000 =/-
 - ❑ Establish Reserve to fund future CalPERS increases
 - ❑ Make additional contribution to Capital Reserve – End of Life Buildings

Next Steps in Budget Process

- Discussion of what is not currently funded
- Board discussion and feedback
- Changes will involve “trade-offs”
- Request new or revised direction to staff

Board Discussion and Direction

