



Fiscal Year 2020-21 Recommended Budget

June 9, 2020

Outline of Today's Meeting

- Budget Requirements
- Summary of FY 2020-21 Recommended Budget
- Revenues and Financing Sources
- Board Adopted Budget Policies
- What is Included in the Budget
- What is Not Included in the Budget
- Next Steps in Budget Process
- Action on Recommended Budget

Budget Requirements

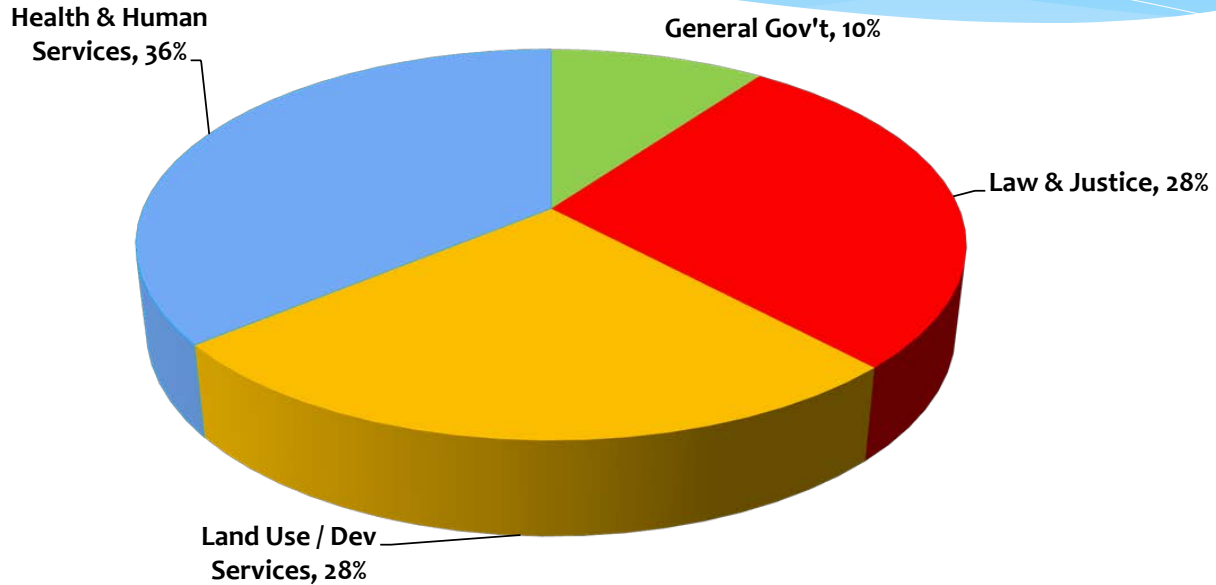
- ❑ County Budget Act – Gov't Code §29000 – 29144, §30200
- ❑ Applies to County, dependent special districts, other agencies “whose affairs and finances are under the supervision and control of the board”
- ❑ Requires Single Year Balanced Budget
- ❑ §29009: In the recommended, adopted, and final budgets the funding sources shall equal the financing uses.
- ❑ Public Hearing required
- ❑ 3/5 Vote to Approve prior to close of Hearing
- ❑ Following close of Hearing, increases or additions require 4/5 vote unless submitted in writing to Clerk prior to close of Hearing

FY 2020-21 Recommended Budget

- * **Governmental Funds = \$647.7 million**
 - \$87.3 million (12%) less than the FY 2019-20 **Adopted** Budget
 - Includes Special Revenue Funds, Excludes Special Districts/Internal Service Funds
 - Reflects Completion of Projects:
 - Public Safety Facility
 - Transportation
- * **General Fund = \$315.8 million**
 - \$8 million (2%) less than the FY 2019-20 **Adopted** Budget

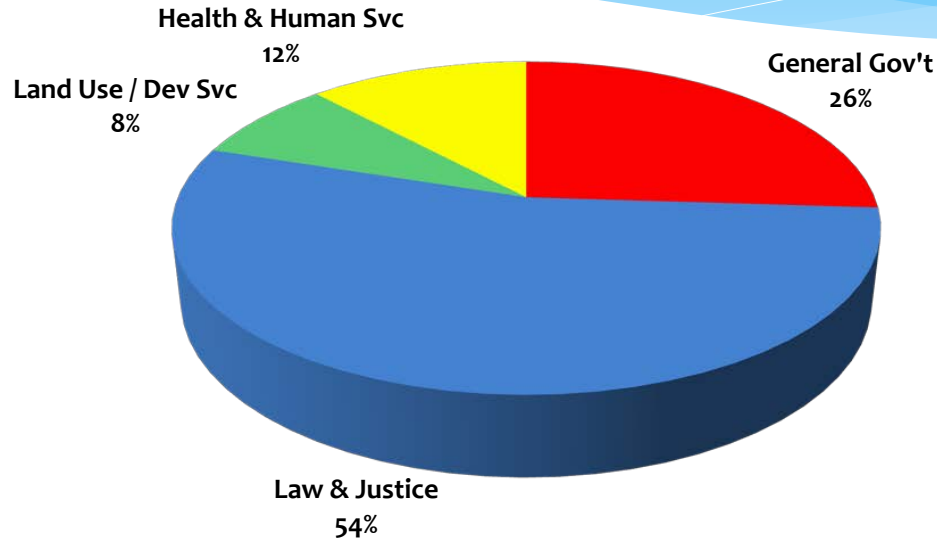
County Budget Snapshot

Budget Distribution by Functional Group



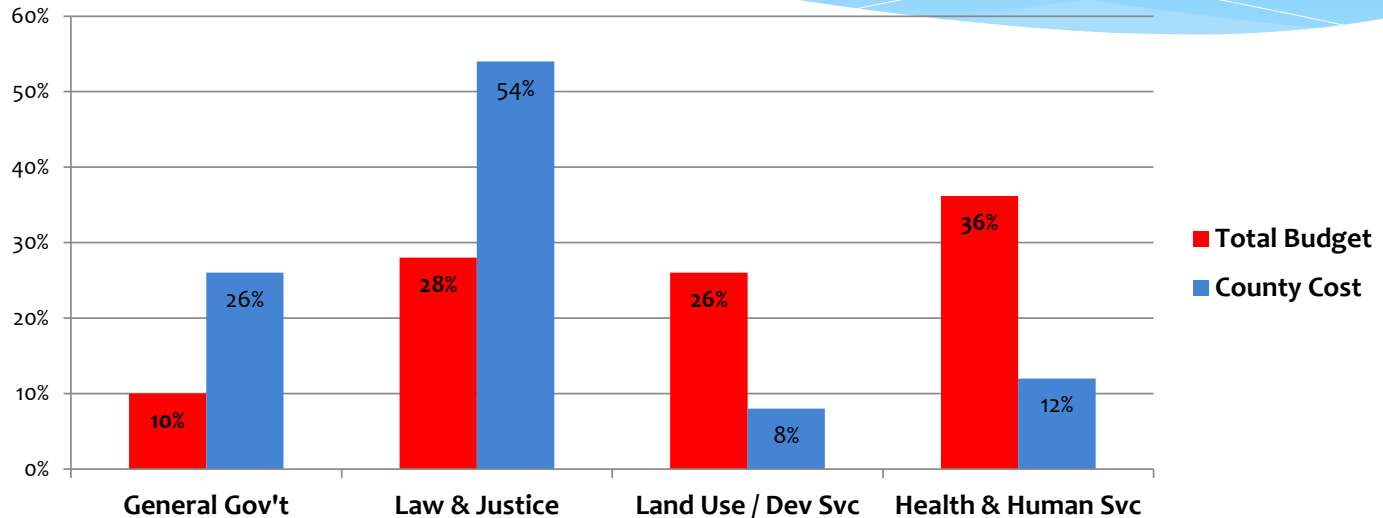
County Budget Snapshot

General Fund Cost by Functional Group



County Budget Snapshot

Share of Total Budget vs. Share of County Cost by Functional Group



Revenues and Financing Sources

Revenues

General Fund Revenues

- Property Tax, Sales Tax, Franchise Fees, Transient Occupancy Tax
- 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

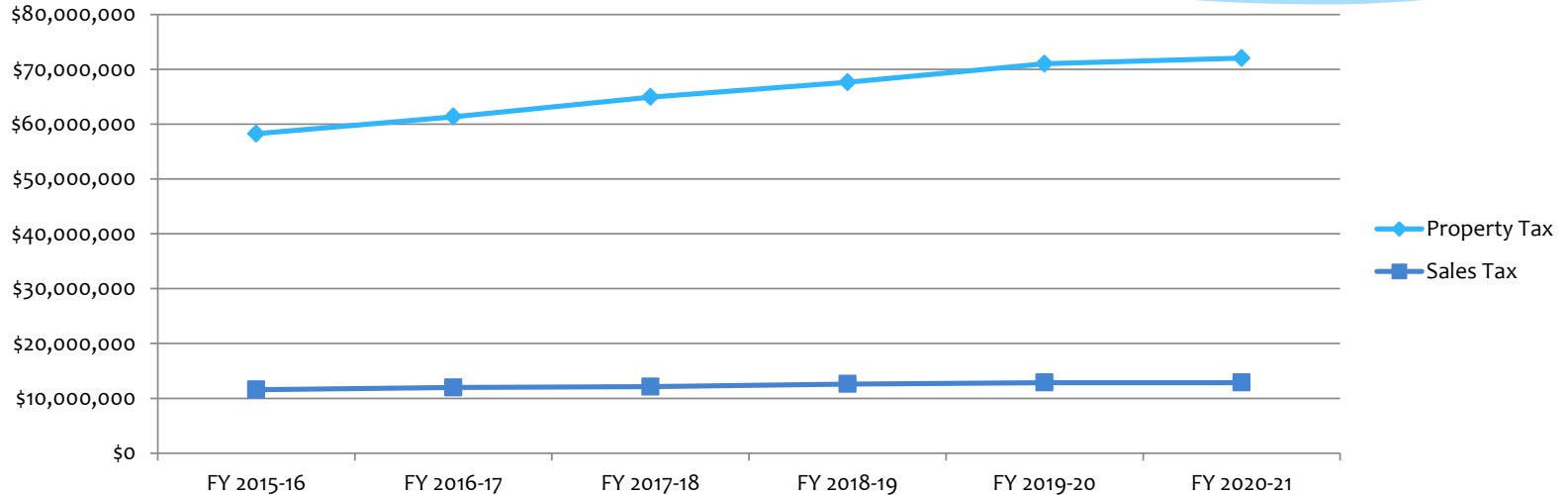
FY 2020-21 Recommended Budget

General Fund Revenues

- * Property Tax
 - Recommended at \$72 million
 - 4% Increase over FY 2019-20 budgeted (\$1.7 million)
- * Sales Tax
 - Recommended at \$12.85 million
 - Same amount as FY 2019-20 budgeted
 - Also Increases in Property Tax In-Lieu (4% increase)

Property and Sales Tax Trend

Property Tax continues to grow at 5% per year, while Sales Tax shows a 2% increase.



Property Tax Distribution

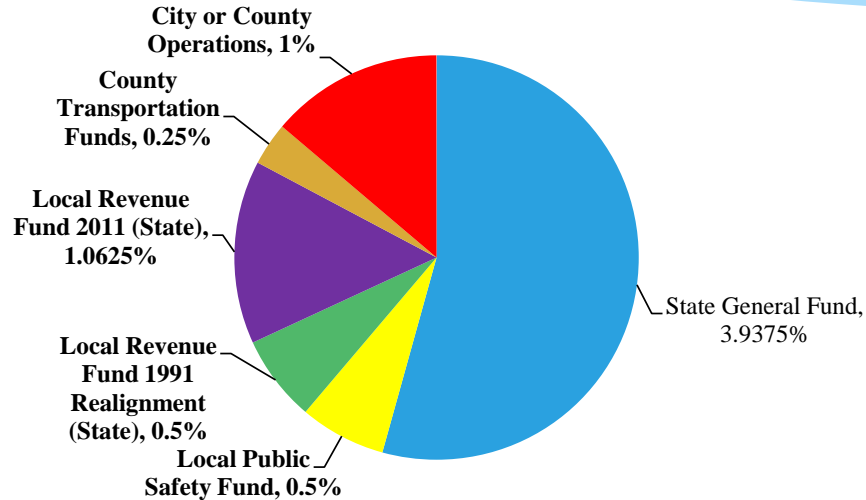
Property taxes are a major source of unrestricted revenue for the County general fund, schools, cities, and special districts.



Graphic developed by the Treasurer-Tax Collector Department. (Source El Dorado County Auditor-Controller's Office)
*includes the Cities of Placerville and South Lake Tahoe (2.5%), Cities in Lieu Vehicle Licensing fees (.9%) and City of So. Lake Tahoe Redevelopment Successor Agency (1.3%)

Sales Tax Allocation

The Bradley-Burns Uniform Sales and Use Tax Law provides for a city/county rate of 1.25%. One-quarter cent of the levy is sent to the county-wide regional transportation fund. The balance goes to support local government general funds.



Other County Financing Sources

❑ General Fund Reserves

- Capital Projects & Accumulative Capital Outlay
- Designated Funds: CalPERS, Industrial Drive Transportation Project

❑ General Fund Carry-over Fund Balance

- Operations – Recommended at \$12.6 million (\$1.4 million less than FY 2019-20 Rec.)
- Capital Projects – Recommended at \$4.6 million (\$19,151 less than FY 2019-20 Rec.)

Carry-Over Fund Balance

- ❑ Used to support following year's budget
- ❑ Rely on savings from prior year operations
- ❑ Usually project & budget conservatively
- ❑ Shrinks as we budget more closely to actual needs
- ❑ Should be treated as one-time money
 - i.e., use to increase reserves or fund one-time expenses

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. Pursue New Revenues
 - Total cost identification for fee setting purposes
4. Present Full Analysis for Grant Funding
 - Full analysis & future implications when applying for or accepting grants
5. New or Enhanced Discretionary Programs
 - No new or enhanced programs unless new funding or reduce or eliminate lower priority programs

Board Adopted Budget Policies

6. County Share

- If funding is reduced, no increased County share unless mandated or approved Board high priority

7. Vacant and New Positions

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

8. General Fund Contingency

- Minimum of 3% of adjusted General Fund Appropriations

9. Budget Controlled at Expenditure Level

- Object of Expenditure = “Services & Supplies”
- Focus on use of funds, not judged on Net County Cost

10. General Reserve

- Minimum of 5% of adjusted General Fund Appropriations

Board Adopted Budget Policies

11. Capital Reserves

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

12. Other Post-Employment Benefits

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

13. Transient Occupancy Tax

- Directed toward the impact of tourism and economic development, with consideration for tourism and promotion activities and continued support to support Veteran programs

14. Fixed (Capital) Assets

- Established additional controls for the administration of Fixed Asset equipment.

FY 2020-21 Recommended Budget

- Funding at Board Policy Levels
 - General Reserve ~ \$9 million
 - Increase only to replenish for RCD Loan (FY 2020-21 is last year of repayment)
 - Contingency ~ \$5.75 million
 - Same as FY 2019-20
 - Designation for Capital Projects ~ \$5 million
 - Based on Board Policy

Fixed Assets

- * Total Recommended = \$6,833,367
 - * Detail listing in Budget Book
 - * Items where total value is \$5,000 or above
- * Total Approved for Purchase effective July 1st:
\$2,659,150
 - * Examples: Non-General fund, grant funded, and law enforcement

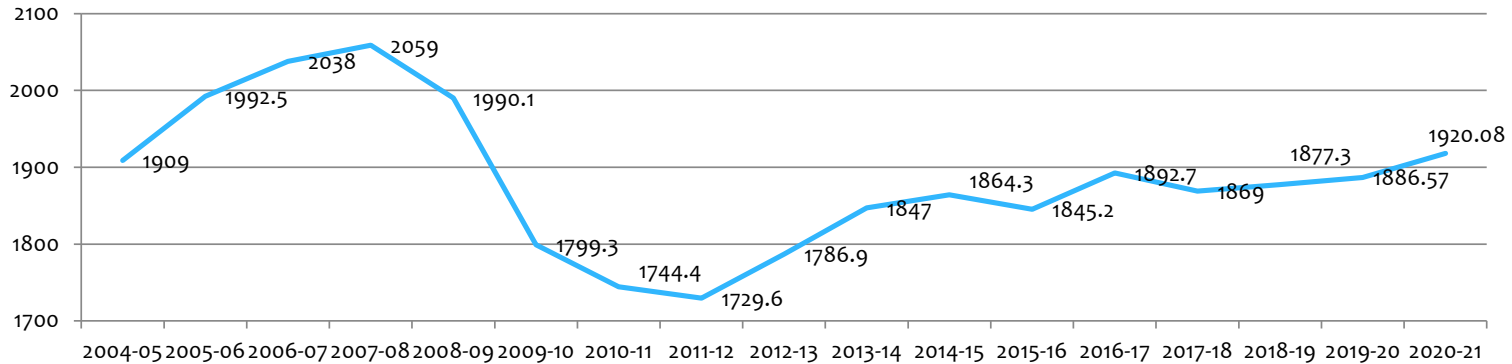
Position Changes

Summary of Recommended Position Changes

Department	Addition	Deletion	Total
CAO Central Services	5.00	(4.00)	1.00
CAO Parks (Formerly Airports, Cannabis, Cemeteries and Parks)		(7.00)	(7.00)
Child Support Services	1.00	(2.00)	(1.00)
Environmental Management	3.00	(1.00)	2.00
Health & Human Services Agency	10.31	(4.80)	5.51
Human Resources	2.00	(1.00)	1.00
Risk Management		(1.00)	(1.00)
Planning & Building	8.00	(2.00)	6.00
Probation	10.00		10.00
Registrar of Voters	0.50		0.50
Sheriff	5.00	(3.00)	2.00
Treasurer-Tax Collector	1.00		1.00
Totals	45.81	(25.80)	20.01

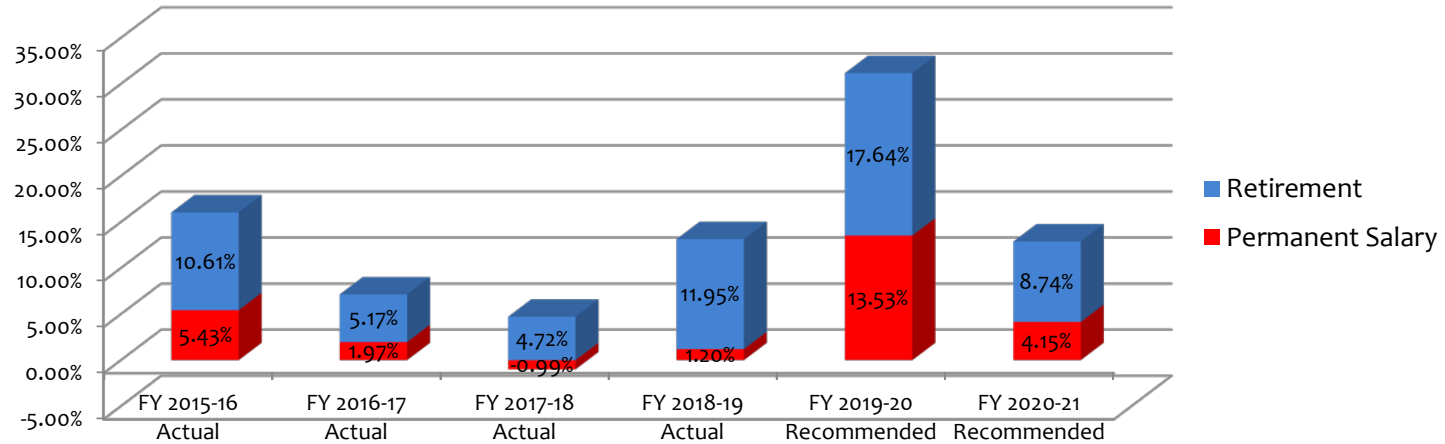
County Staffing Trend

Total County Positions by Fiscal Year 2004-05 to 2020-21



CalPERS vs. Salary Cost Trend

Rate of Increase over Prior Year



Recommended General Fund Reserve / Designation Balances

Description	Beginning Balance	Recommended Increases	Recommended Uses	FY 2020-21 Ending Balance
General Reserve (GC 29086)	\$ 9,015,108	\$ 162,700	\$ -	\$ 9,177,808
Designation for Capital Projects	\$ 14,431,645	\$ 5,000,000	\$ 2,500,000	\$ 16,931,645
Public Safety Payment Reserve	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000
Designation for Audit Reserve	\$ 144,430	\$ -	\$ -	\$ 144,430
Designation for Industrial Drive Project	\$ 1,241,000	\$ -	\$ 1,241,000	\$ -
Designation for Ray Lawyer Drive Improvements	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Designation for Juvenile Hall Match	\$ 1,722,556	\$ -	\$ -	\$ 1,722,556
Designation for TOT Special Projects	\$ 1,854,965	\$ -	\$ -	\$ 1,854,965
Designation for Future CalPERS Increases	\$ 4,602,440	\$ -	\$ 2,370,778	\$ 2,574,361
Designation for OPEB/CalPERS Prefunding Trust	\$ 1,368,765	\$ -	\$ -	\$ 1,368,765
Designation for Emergency Road Repairs*	\$ 1,651,282	\$ -	\$ -	\$ 1,651,282
TOTALS	\$ 41,332,191	\$ 5,162,700	\$ 6,111,778	\$ 40,725,812

* On May 19, 2020 the Board directed partial use of this designation for the HLP / Latrobe Storm Repair. In addition Environmental Management is still waiting for approval from FEMA totaling \$600,000 related to the Union Mine storm damages.

What is Not in the Budget / Future Expenses

- ❑ General Fund Contribution for Road Maintenance, Road Fund
- ❑ Full funding for El Dorado Center replacement facility / campus
- ❑ Future Negotiated Labor Agreements – Compensation Philosophy
- ❑ Public Safety Facility loan payment: \$2.3 million per year (FY 2021-22)
- ❑ Add'l Staffing for Jail Expansion: \$1 million per year (FY 2021-22)


Area for Further Discussion

Funding for El Dorado Hills Fire – Latrobe ERAF Transfer

- * Placeholder in FY 2020-21 Budget = \$75,000
- * General Fund Other Operations budget to fund ERAF transfer to El Dorado Hills Fire related to the EDH/Latrobe annexation, per Adopted Resolution #125-2018.
- * Will require final figure later in year (provided by Auditor-Controller)
- * Will require final action by the Board to approve payment and make finding of public purpose

Items to Fund in September Pending Fund Balance Available

- 1) CalPERS Payment Reserve - - **\$2,231,662** for estimated payment increase in FY 2021-22. Increase Reserve with excess fund balance following close of books for FY 2019-20, based on two-year estimate of General Fund cost increase (will recalculate in July based on new valuation)
- 2) Re-set / Restore Appropriation for Contingency for any items adjusted prior to Adoption of Budget

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- ❑ Discuss any Additions or Revisions to Recommended Budget
 - ❑ Recommended Action Items for Today's Meeting
 - ❑ Final Personnel Resolution no later than June 30, 2020
 - ❑ Revision to budget in August or September
 - ❑ Close Books in September, Will Know Fund Balance Carry-Over
 - ❑ Final Budget Adoption in September