



# **FY 2016-17 Budget Workshop**

April 26, 2016

# Goals for today

- Review of BOS adopted Budget policy
- Review of 5 year projections
- In depth discussion regarding unfunded items the Board has been discussing or the past few months
- Review of Capital Project work plan
- Receive direction regarding FY 2016-17 Recommended Budget

# Budget Policies (Adopted 5/19/2015)

- **Pursue Operational Efficiencies**
- **Maximize the Board's Discretion**
  - Revenues are to be treated as discretionary resources
- **Pursuit of New Revenues**
  - Total cost identification for fee setting purposes
- **New or Enhanced Discretionary Program**
  - No new or enhanced programs unless funding identified
- **County Share**
  - If funding is reduced, no increased County share

# Budget Policies

- **Vacant and New Positions**
  - New positions not considered unless funding identified or significant need established
- **General Fund Contingency**
  - Minimum of 3% of adjusted General Fund Appropriations
- **General Reserve**
  - Minimum of 5% of adjusted General Fund Appropriations
- **Capital Reserves**
  - To assist in addressing unmet capital needs, set aside 2% of replacement value of County owned facilities annually
    - Current annual set aside would be \$5,000,000 annually
- **Other Post-Employment Benefits**
  - Continue pay as you go

# Five Year Overview

- FY 2016-17 based on a “status quo” budget
  - Assumes all allocated positions are funded 100%
  - Includes funding for step increases
  - 5% estimated growth in Health Rates
  - Includes FY 2016-17 actual Cal PERS rates
  - Includes actual Cost Applied charges such as Workers Comp, General Liability and Retiree Health
  - No growth on non-salary/benefit operating expenses
  - 1% growth in department revenues

# Future Year Revenue Assumptions

- Property taxes grown at 4%
- Sales taxes grown at 2%
- All other discretionary revenue remains flat
- Department revenue grown at 1%
- Assumes 49% of TOT for General Fund operating costs

# Future Year Appropriation Assumptions

- Salaries and benefits grown at 4.5%
  - Based on a ten year average of General Fund salary increases
- No growth in all other operating expenses
- Items on the unfunded list (to be discussed later) are not included in the projections

# Revenue/Expense Comparison

- 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
- 1% growth in taxes = approximately \$1M



# 5 Year General Fund Status Quo Projection

<b>Recommended</b>	<b>FY 2016-2017</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Revenues	278,857,818	269,708,817	276,588,269	283,704,413	291,066,842
Appropriations	<u>278,634,382</u>	<u>269,431,169</u>	<u>277,882,084</u>	<u>286,701,390</u>	<u>295,955,577</u>
Total	223,436	277,648	(1,293,815)	(2,996,977)	(4,888,735)
<b>Fund Balance (Included in the revenue number above)</b>					
Contingency	6,000,000	7,000,000	7,200,000	7,400,000	7,600,000
Savings	9,000,000	9,800,000	10,200,000	10,600,000	11,050,000
Inc. Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital*	<u>17,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	33,000,000	17,800,000	18,400,000	19,000,000	19,650,000
<b>Contingency/Reserves</b>					
Contingency	7,150,000	7,350,000	7,550,000	7,750,000	8,000,000
Gen Reserve	<u>11,858,902</u>	<u>12,237,649</u>	<u>12,633,408</u>	<u>13,046,940</u>	<u>13,479,045</u>
Total	19,008,902	19,587,649	20,183,408	20,796,940	21,479,045

\*Projection assumes spending 100% of existing designated capital funds by FY 2017-18.

# 5 year projection

- 5 year projection shows a structural deficit in future years
  - Insufficient revenue to fund ongoing operational expenses
- Use of one-time revenue or one-time savings to fund on-going operational expenses will not help future year deficit, but will only “buy time”
- The County’s biggest on-going expense is salaries and benefits
  - 3 year average of General Fund salary savings is approximately 7%

# Department Requests

- Department requests came in significantly higher than “status quo”
- Requests were approximately \$7M higher than available revenues resulting in a budget “gap”
- The Chief Administrative Office will be working with departments over the next few weeks to close this gap and produce a balanced budget based on Budget Policy adopted by the Board in May

# Balanced Budget

- For any items that the Board wishes to add to the budget, something must come out of the budget or a new funding source must be identified



# Unfunded List

Public Safety Facility Debt (Annual)	\$2,200,000
Deferred Maintenance (Annual)	3,000,000
Capital replacement fund (Annual)	2,000,000
Roads (Annual)	3,000,000
Land Use Litigation	1,000,000
Property Tax System	352,000
Public Information Officer (Annual)	150,000
Fire/Ambulance	TBD
Facility Space Planning Analysis	100,000
County Emergency Medical Services Agency	625,000
Tree Mortality Grant (25%)	TBD
Marijuana Enforcement	TBD
Community Planning Effort	1,000,000
Juvenile Hall Match	2,000,000
Pre-funding Retiree Health (Annual)	2,500,000
Fair Lane Land Acquisition	2,700,000
Depot Road Land Acquisition	320,000
Southeast Connector (\$225,000 over first 2 yrs)	3,800,000
<b>Total</b>	<b>\$24,747,000</b>

# ACO Draft FY 2016-17 Workplan

Project Title	Requested Amount for FY 2016-17
Countywide Special Projects / Deferred Maintenance	600,000
Countywide Security	100,000
Countywide HVAC Repairs	100,000
Countywide Exterior Paint	50,000
Countywide Mold, Lead & Asbestos Abatement	20,000
Countywide Parking Lot Improvements & Repairs	100,000
Countywide ADA Evaluation / Compliance	100,000
Facilities Planning	200,000
Public Safety Facility – Design/Planning	635,000
Criminal Justice Special Projects / Deferred Maintenance	150,000
Expansion space	450,000
Courthouse - Ray Lawyer Drive Extension	3,000,000
Vanir Facilities Assessment	15,742,497
FENIX	3,411,091
<b>Total ACO Work plan</b>	<b>24,658,588</b>

# ACO Vanir Facility Detail

<b>Vanir Subtotals by Building:</b>	
Buildings A / B (FY 2016-17)	9,222,237
Buildings A / B (Designation for FY 2017-18)	3,177,763
115 Building C	75,000
120 Sheriff Administration	20,000
123 Juvenile Hall	100,000
126 Main Jail	620,000
160 Main Library	70,000
221 District Attorney	20,000
330 DOT Administration	39,000
362 Cameron Park Library	10,000
440 PHF	140,000
440A Sr Day Car Center	140,000
441 Health Department	140,000
470 Community Services / Sr Nutrition	140,000
600 South Lake Tahoe Administration	1,518,497
610 South Lake Tahoe El Dorado Center	20,000
620 South Lake Tahoe Juvenile Treatment	30,000
621, 622 & 631 South Lake Tahoe Jail	205,000
760 South Lake Tahoe Library	55,000
<b>Vanir Total</b>	<b>15,742,497</b>

# Requested BOS direction

- Prioritize unfunded items
- Confirm direction to CAO to bring forward a balanced “status quo” Recommended Budget in May
- Confirm budget workshops in June
- Confirm budget hearings in September





*Questions or Board Comments?  
Thank you!*