



Board of Supervisors Budget Hearing

**FY 2018-19  
Recommended Budget**

June 18, 2018

# Today's Meeting

- ☐ Budget Requirements
- ☐ Summary of FY 2018-19 Recommended Budget
- ☐ Revenues and Financing Sources
- ☐ BOS 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

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# 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

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## FY 2018-19 Recommended Budget

### o Governmental Funds = \$605.4 million

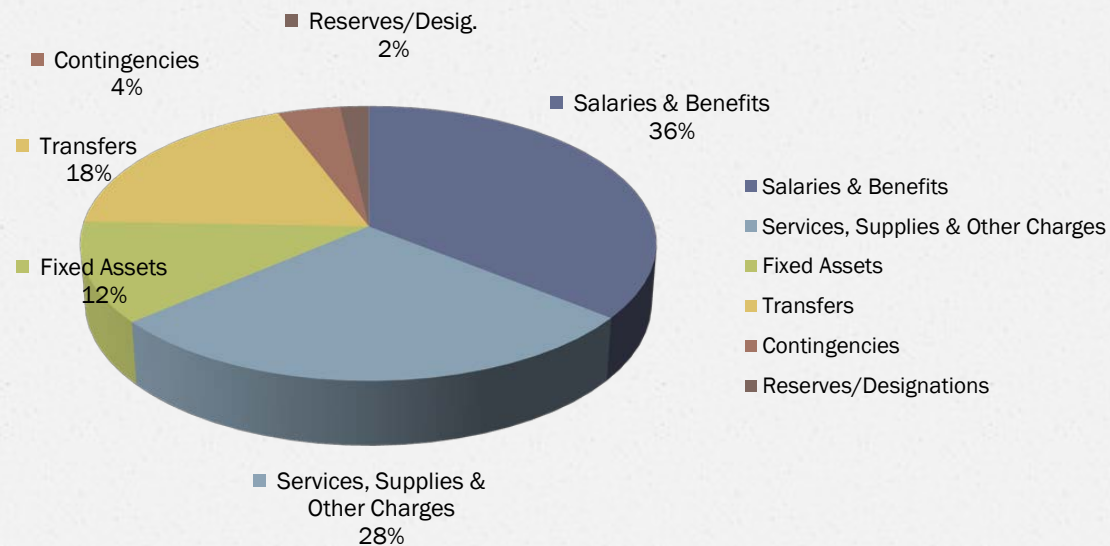
- \$36.5 million (6.4%) more than the FY 2017-18 Adopted
- Reflects Inclusion of Facility Projects:
  - Public Safety Facility
  - Jail Expansion Project

### o General Fund = \$290 million

- \$10 million (3.6%) more than the FY 2017-18 Recommended
- \$4.4 million (1.5%) less than the FY 2017-18 Adopted Budget

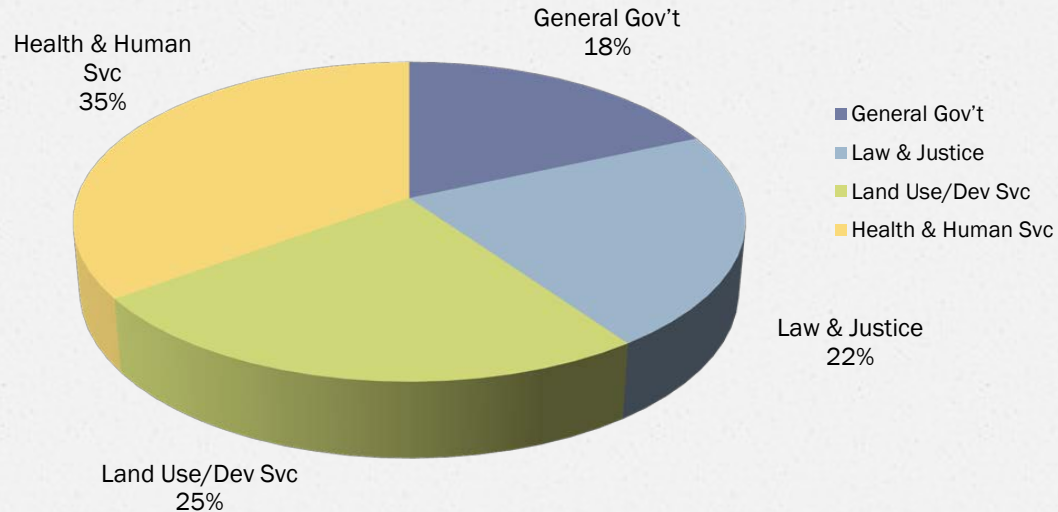
# County Budget Snapshot

## Appropriations by Expenditure Class



# County Budget Snapshot

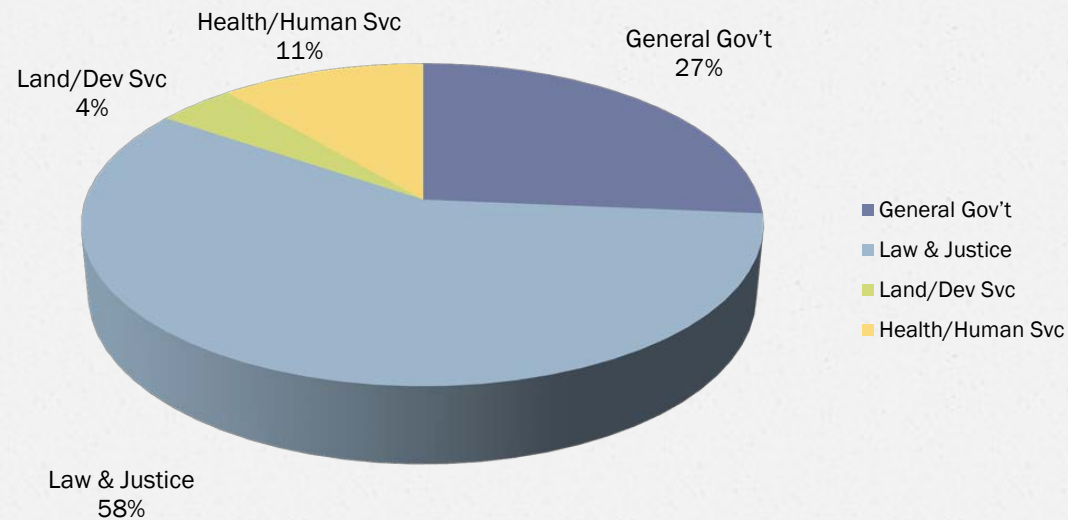
## Appropriations by Functional Group





# County Budget Snapshot

## General Fund Cost by Functional Group



# Revenues and Financing Sources

## Revenues

### ☐ 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

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# Revenues and Financing Sources

## Other Sources

### ❑ General Fund Reserves

- Capital Projects & Accumulative Capital Outlay
- Designated Funds: CalPERS, Emergency Road Repairs

### ❑ General Fund Carry-over Fund Balance

- Operational Fund Balance estimated at \$13.7 million
- Capital Fund Balance estimated at \$7.2 million

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## Carry-Over Fund Balance

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

# FY 2018-19 Recommended Budget

## o Property Tax

- Recommended at \$67.6 million
- 5% Increase over prior year budgeted

## o Sales Tax

- Recommended at \$12.4 million
- 2% increase over prior year budgeted

## o Carry-Over Fund Balance

- Operations – Recommended at \$13.7 million
- Capital Projects – Recommended at \$7.2 million

## o All Major Revenue Sources

- \$5.4 million increase over FY 2017-18 Adopted

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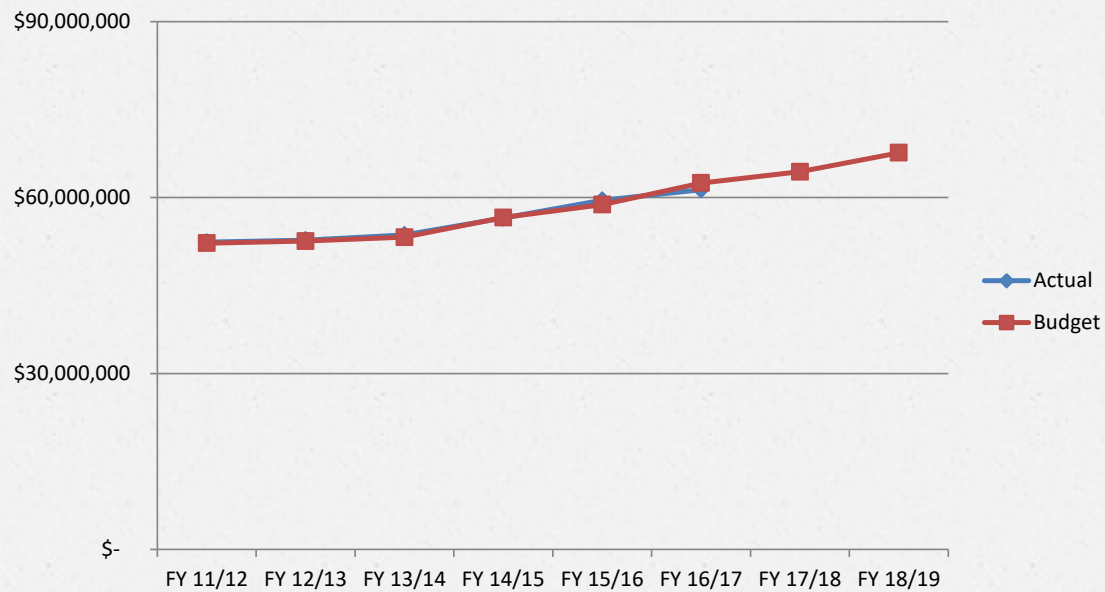


# Property Tax Distribution



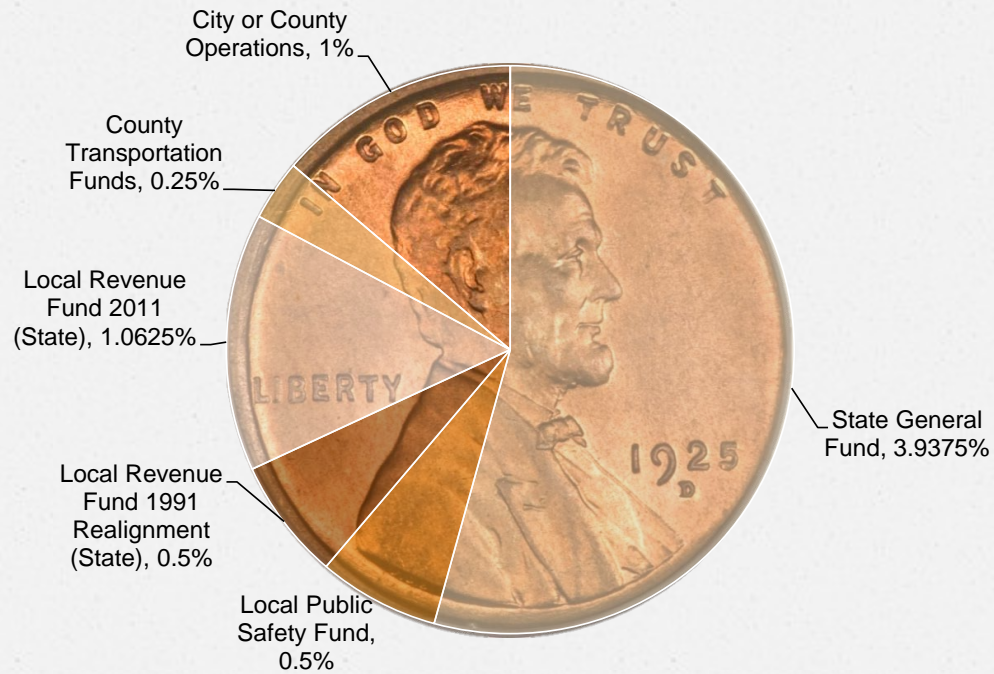
# Property Tax Trend

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





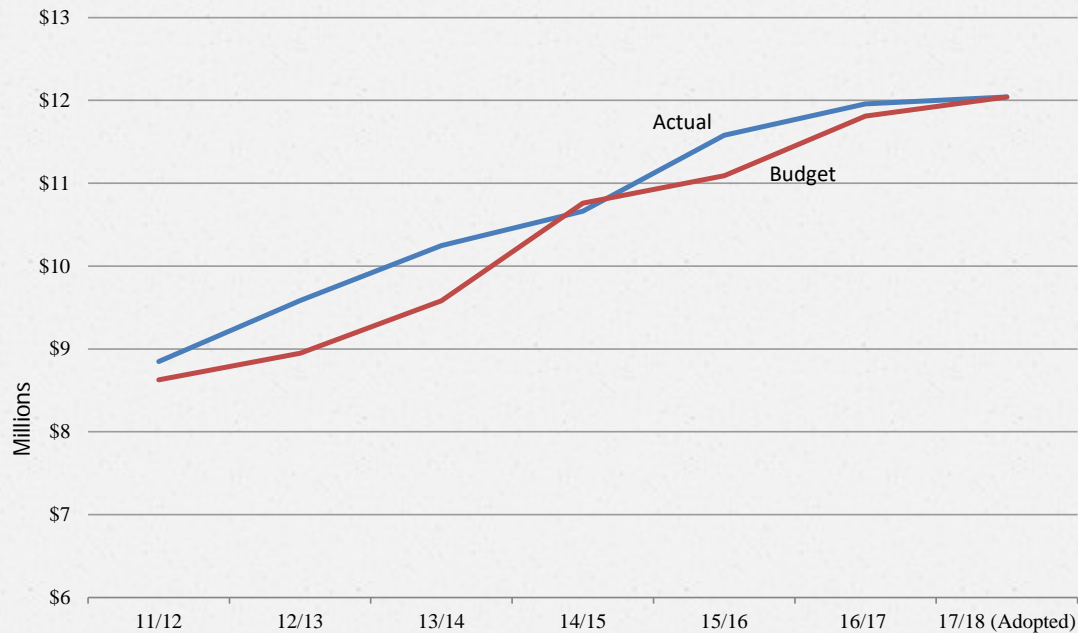
# Sales Tax Allocation





## Sales Tax Trend

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.



# 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. 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/eliminate lower priority programs
6. County Share
  - If funding is reduced, no increased County cost unless mandated or approved Board high priority
7. Vacant and New Positions
  - New positions not considered unless funding identified or “significant” / “compelling”

# Board Adopted Budget Policies

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 vs. Net County Cost
10. General Reserve
  - Minimum of 5% of adjusted General Fund Appropriations
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



# FY 2018-19 Recommended Budget

## Funding at Board Policy Levels

- ❑ General Reserve = \$8.63 million
  - Slight increase from last year – funding advanced to Resource Conservation District
- ❑ Contingency = \$5.5 million
  - Slight increase from prior year, based on budget
  - Recommend increase in September based on year-end results
- ❑ Designation for Capital Projects = \$5 million increase
  - Minimum Contribution
  - Total Designation will equal \$10 million

# General Fund Designations & Reserves

Description	Recommended Budget	Anticipated Balance
General Reserve	\$ 162,700	\$ 8,632,408
Designation for Capital Projects	\$ 5,000,000	\$ 10,000,000
Public Safety Facility Payment Reserve	\$ 230,000	\$ 670,000
Designation for Audit Reserve	\$ -	\$ 181,430
Designation for TOT Special Projects	\$ -	\$ 804,764
Designation for CalPERS Increases	\$ (2,745,883)	\$ 2,989,718
Designation for OPEB/CalPERS Prefunding Trust	\$ -	\$ 1,368,765
Designation for Emergency Road Repairs	\$ -	\$ 3,500,000
TOTALS	\$ 2,646,817	\$ 24,647,085

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## Funded or Re-Budgeted from FY 2017-18

- o Reimbursing Public Safety Facility Loan Reserve \$230,000
  - Used \$2.2 million Reserve in FY 2017-18; re-fund Reserve over the 10 years
  - \$230,000 now due to increase in annual payment amount
- o Community Planning: \$250,000 over 4 years starting FY 2017-18
  - Approved Sept. 2017, half in Planning & half in Econ. Dev.
- o Business Park Financing Plan Study: \$100,000
  - Re-budgeted in Econ. Dev.
- o Property Tax Megabyte System: \$50,000
  - FY 2018-19 GF Cost in ACO Fund
- o DA Building Lease added in FY 2017-18: \$267,132
  - Cost increase in DA Budget
- o Tree Mortality Grant Match
  - Approx. \$20,000 existing staff time, already included in budgets



## Funded Items & Prior Direction

- ❖ Sheriff & DA 504 salary increases: \$475,000
- ❖ Industrial and Enterprise Interchanges at Missouri Flat related to Public Safety Facility:
  - Industrial Interchange - \$2.15 million estimate, \$1.2 million from Sheriff budget savings
  - Enterprise Interchange - \$2.5 million estimate, Fund \$1.2 million TIM Fee + \$1.3 million Tribe
- ❖ Set Aside Funding: VHR/Cannabis Regulation/ Enforcement: \$315,000
  - Staffing \$200,000
  - Permitting/Tracking Software = \$30,000
  - Compliance Contract = \$85,000
  - Fees may be implemented to help cover the cost
- ❖ Additional Staff in HHSA for Veteran's Affairs: \$82,000
- ❖ Homeless Coordinator Contract in HHSA budget: \$82,000
- ❖ IT Budget - Infrastructure (Year 2 of 3-year plan): \$487,000
- ❖ IT Budget - Sheriff Phone System (countywide VOIP): \$310,000
- ❖ Legal Defense Funding in County Counsel budget: \$230,000
- ❖ EMS Agency GF cost increase, no GEMT to offset: \$164,000

# Fixed Assets

- o Total Recommended = \$6,566,567
  - o Detail listing in Budget Book
  - o Items where total value is \$5,000 or above
- o Examples:
  - o Truck Utility and Dog Boxes for Facilities and Animal Control
  - o Command Vehicle for Sheriff
  - o Heavy Equipment items for Transportation
  - o Replacement vehicles in Fleet
  - o Replacement kitchen equipment in Human Services
- o Approval for Departments to proceed with purchases prior to final adoption of Budget

# Position Changes

## Summary of Recommended Position Changes

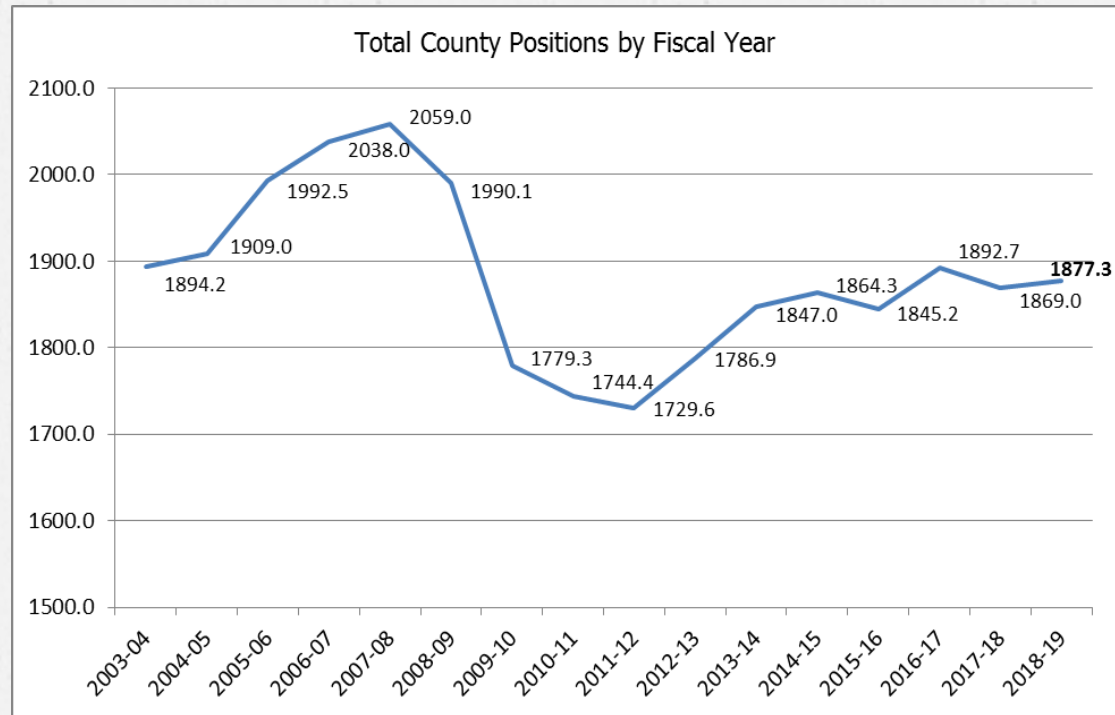
Department	Addition	Deletion	Total
CAO Central Fiscal/Admin, Facilities, Procurement	1.00	(1.00)	0.00
Child Support Services		(5.00)	(5.00)
Community Development Services Admin & Finance	3.40		3.40
County Counsel	1.00	(1.00)	0.00
District Attorney	2.00	(4.00)	(2.00)
Environmental Management	1.00	(1.00)	0.00
Health and Human Services	16.20	(6.40)	9.80
Human Resources (limited term)	1.00		1.00
Library	0.50	(0.50)	0.00
Planning & Building	2.00	(4.80)	(2.80)
Probation	4.50	(4.00)	0.50
Public Defender	2.00	(2.00)	0.00
Registrar of Voters	1.00		1.00
Sheriff	4.00		4.00
Transportation	10.80	(13.40)	(2.60)
Totals	50.40	(43.10)	7.30

- ❖ Approval for Departments to proceed with appointments prior to final adoption of Budget

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# County Staffing Trend

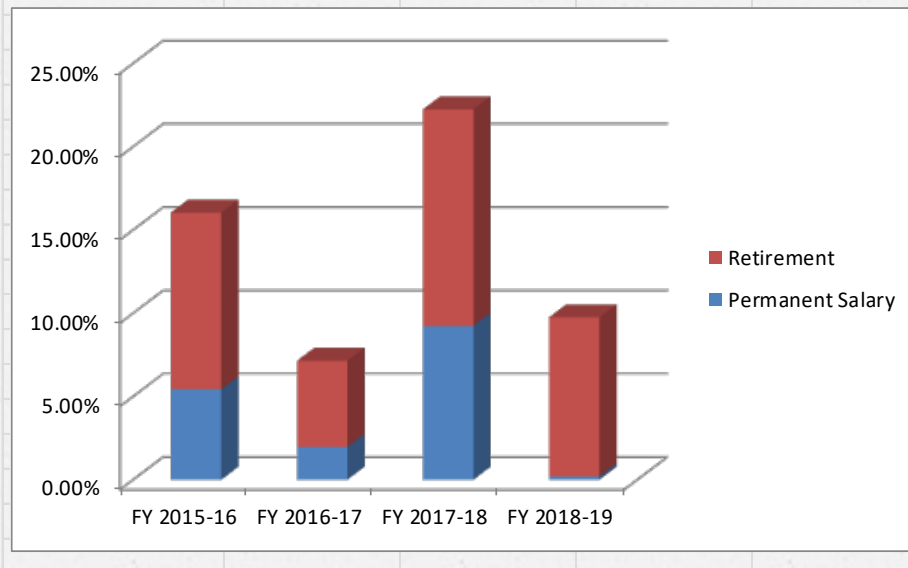


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# CalPERS vs. Salary Cost Trend

Rate of Increase over Prior Year

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Permanent Salary	5.43%	1.97%	9.24%	0.20%
Retirement	10.61%	5.17%	13.00%	9.55%



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# Steps to Balance the Budget

- ❑ In addition to following Board Budget Policies
- ❑ Direction to Departments for Preparing Budget Request
  - Status Quo = what is needed to maintain existing program levels
  - Supplemental Requests submitted Separately (most)
- ❑ Evaluate Budgeted vs. Actual Expenses – “Right Sizing”
- ❑ Evaluate Scenarios for constraining or reducing expense growth
  - Asked Depts. to absorb PERS expense increases where outside funding sources are involved and/or available
  - Asked Depts. to absorb negotiated one-time payments in FY 2017-18, which affects Fund Balance Carryover
- ❑ CAO position on Salary Savings vs. Actual Reductions
- ❑ Eliminate Vacant Positions where we can, maintaining flexibility
- ❑ Hold off on adding new expenses if know changes coming

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## What is Not Currently Funded

- ❑ No Additional General Fund for Road Funding (primarily related to SB 1 Status) - - will monitor status
- ❑ Federal Lobbyist Contract: \$70,000: on watch list from FY 2017-18
- ❑ Public Safety Facility loan payment: \$2.3 million per year (anticipated FY 2020-21)
- ❑ Funding for Add'l Staffing for Jail Expansion: \$1 million per year (anticipated increase)
- ❑ Additional Land Purchases, future County facility locations
- ❑ IHSS cost shift to Counties Impacts - - No General Fund impact in FY 2018-19

# Updated 5-Year Projection

**Based on Anticipated FY 2018-19 Adopted Budget – Fund Balance/CalPERS**

## **Revenue Assumptions**

- Property Tax accounts increase by 5% annually
- Other Local Taxes incr. 1% average (Sales Tax = 2%)
- Intergovernmental Revenue (State/Fed) incr. 2% annually
- All other Discretionary Revenue remains flat
- Assumes No Change to 49% TOT for GF Operating Costs
- Carry-forward Operations Fund Balance reduces 2% per year

## **Appropriation Assumptions**

- 3.5% Increase in Total Salary and Benefit costs
- \$1M Increase in Jail Operating Exp - Expansion project
- No Increase in other operating expenses
- \$2.3M Public Safety Facility payment begins in FY 2020-21
- \$1.2M Interest-only payment in FY 2019-20
- Continue \$5M Annual Increase to the Capital Projects Designation
- CalPERS Designation - Increased and Used each year

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## Items to Fund in September Pending Fund Balance Carry-over

- ❑ CalPERS Payment Reserve -- + / - \$2.98 million for estimated add'l payment in FY 2020-21. Increase Reserve with excess fund balance following close of books for FY 2017-18, based on two-year estimate of General Fund cost increase (see worksheet from 9/2017)
- ❑ Re-Set General Reserve -- +/- \$200,000 based on fund balance & expenses
- ❑ IT Specialist position -- \$96,000, Pursuant to prior discussion, reduction in higher level position during FY 2017-18, removed from Recommended Budget
- ❑ Federal Lobbyist Contract -- \$70,000, on watch list from FY 2017-18
- ❑ Sheriff's additional request for Fixed Assets -- \$600,000
- ❑ Set-Aside Funding for Broadband County Match -- \$100,000 per year (In Econ. Dev. As Increase in Reserve from prior year unspent funds or excess TOT over budget; Build a fund over time, drawn down for projects)
- ❑ Additional Contribution to FY 2018-19 Deferred Maintenance work list for coming year (Net of \$5 million reserve + \$3.8 million GF request)

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## Next Steps in Budget Process

- ❑ Discuss any Additions or Revisions to Recommended Budget
- ❑ Recommended Action Items for Today's Meeting
- ❑ Final Personnel Resolution on June 26, 2018
- ❑ Close Books in August, Will Know Fund Balance Carry-Over
- ❑ Final Budget Adoption in September