

Budget Hearing

FY 2019-20 Recommended Budget

June 17, 2019

Outline of Today's Meeting

- ☐ Budget Requirements
- ☐ Summary of FY 2019-20 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 2019-20 Recommended Budget

* Governmental Funds = \$688.7 million

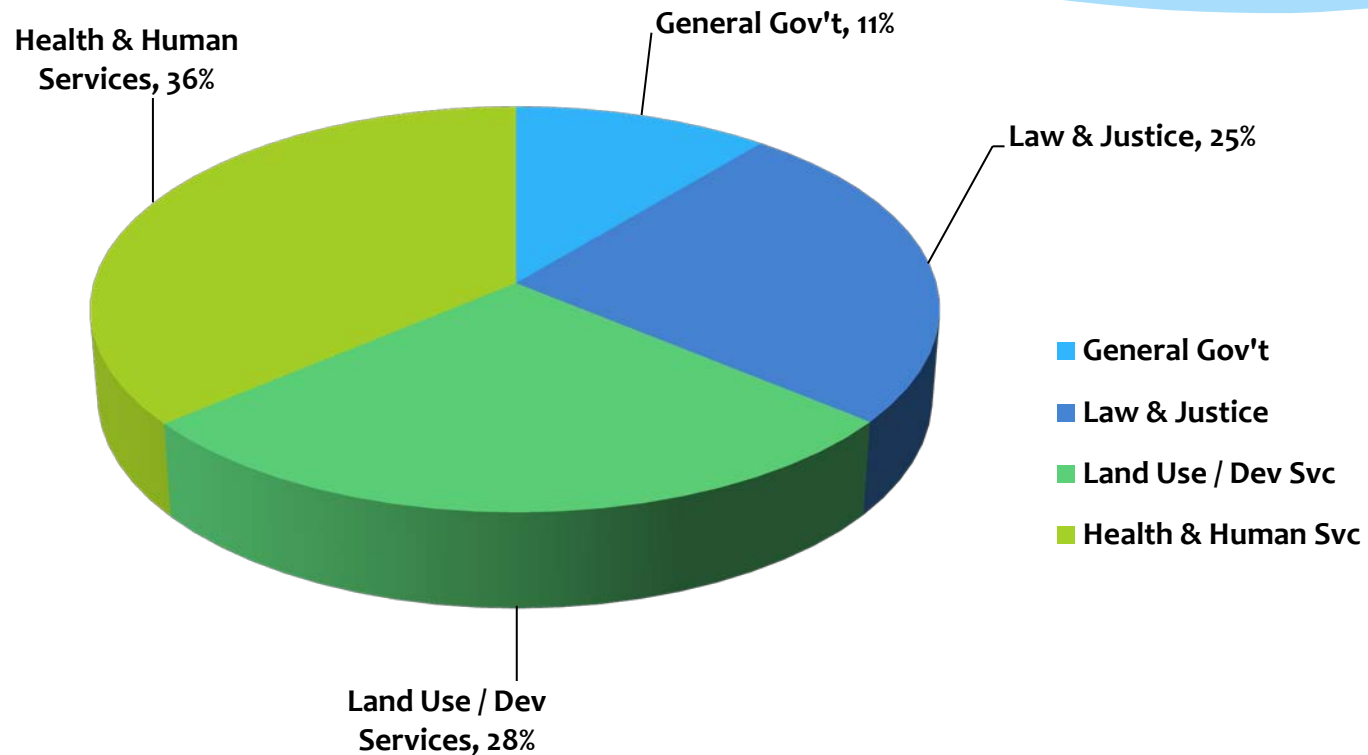
- \$56.5 million (8%) more than the FY 2018-19 **Adopted** Budget
- Includes Special Revenue Funds, Excludes Special Districts/Internal Service Funds
- Reflects Funding for Facility Projects:
 - Public Safety Facility
 - Jail Expansion Project
 - Includes Special Revenue Funds

* General Fund = \$313.2 million

- \$18.4 million (6.2%) more than the FY 2018-19 **Adopted** Budget
- One-Time Revenues for Jail Expansion (\$11 million increase)
- CalPERS Cost Increase (\$2.5 million)

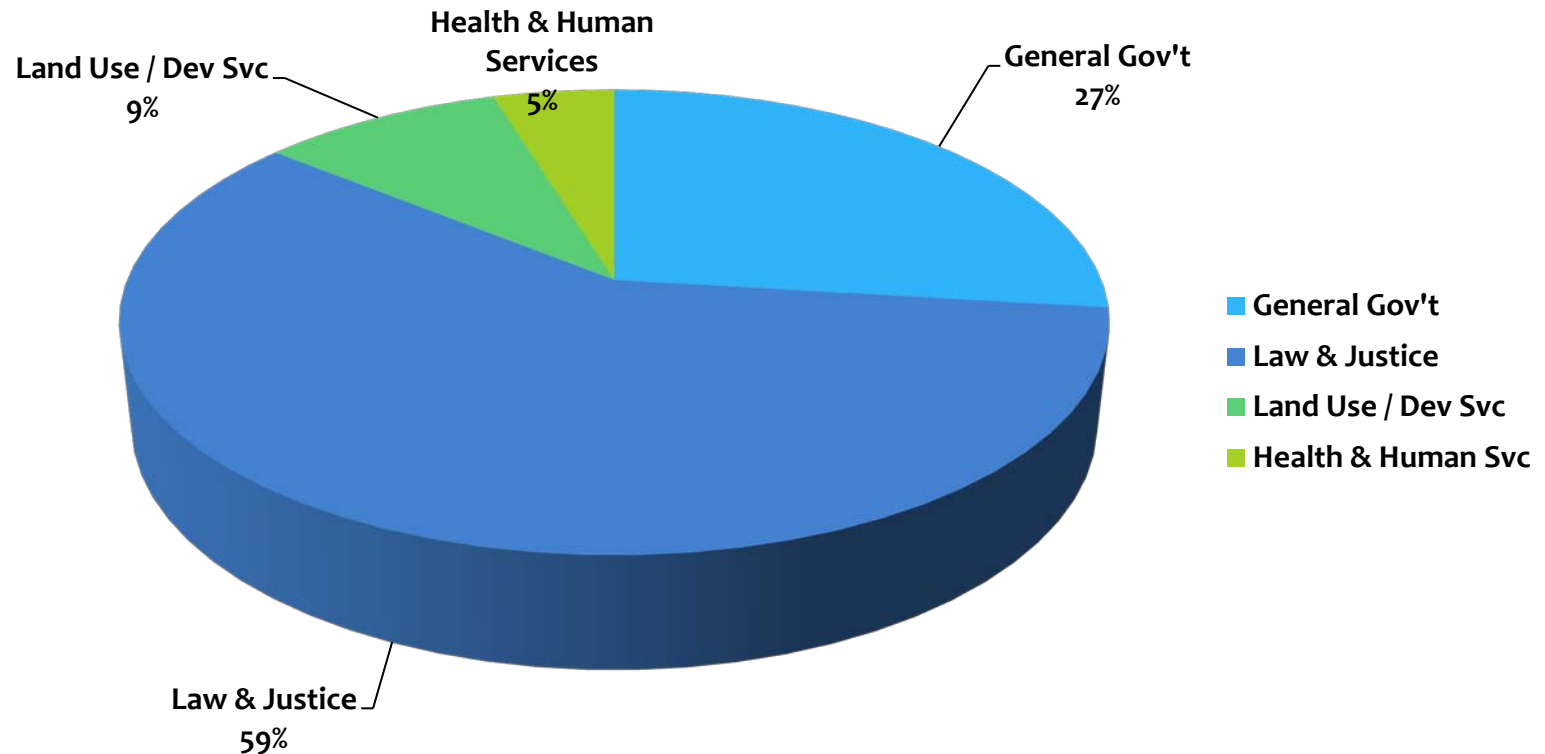
County Budget Snapshot

Budget Distribution by Functional Group



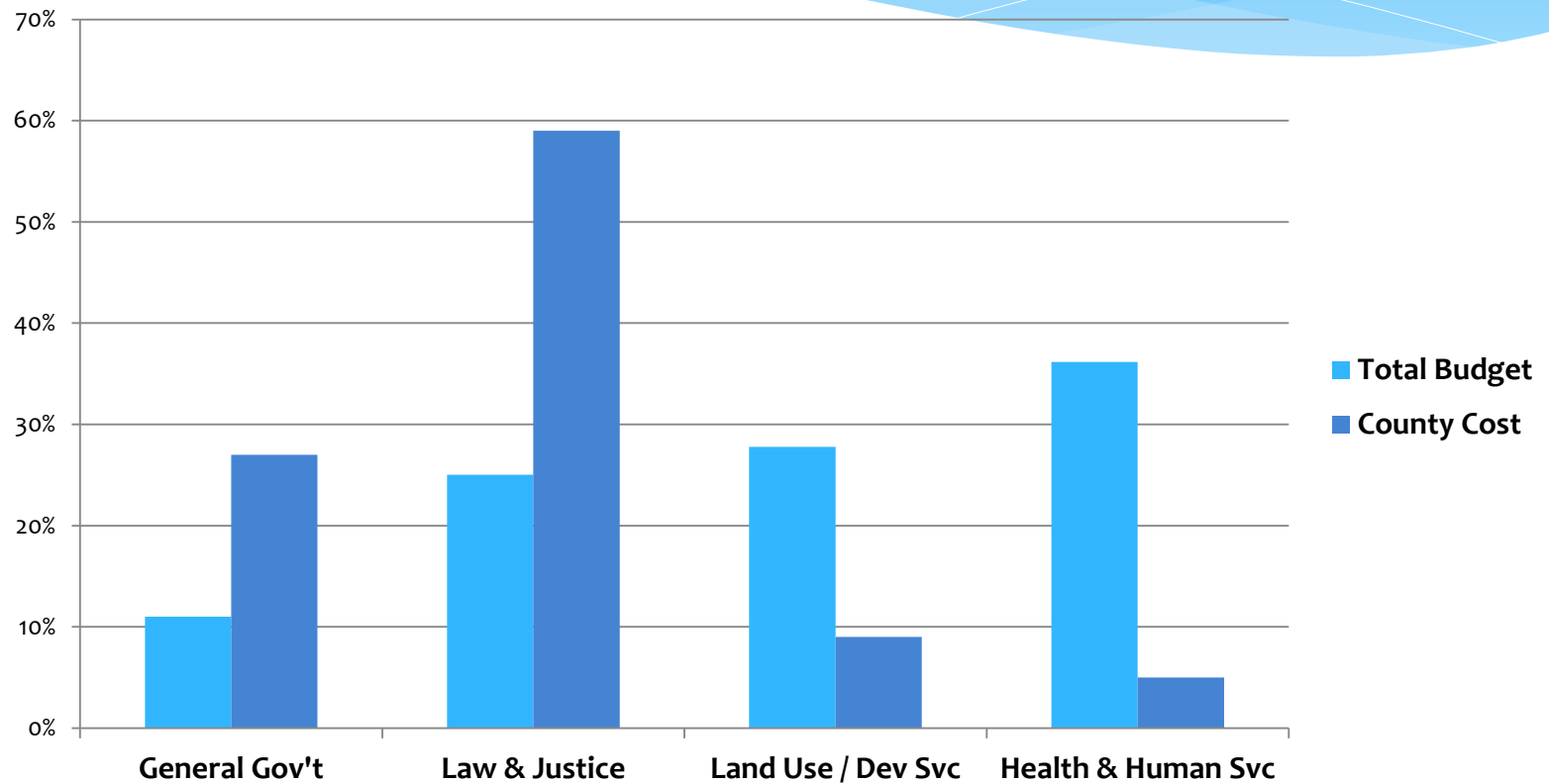
County Budget Snapshot

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
- 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

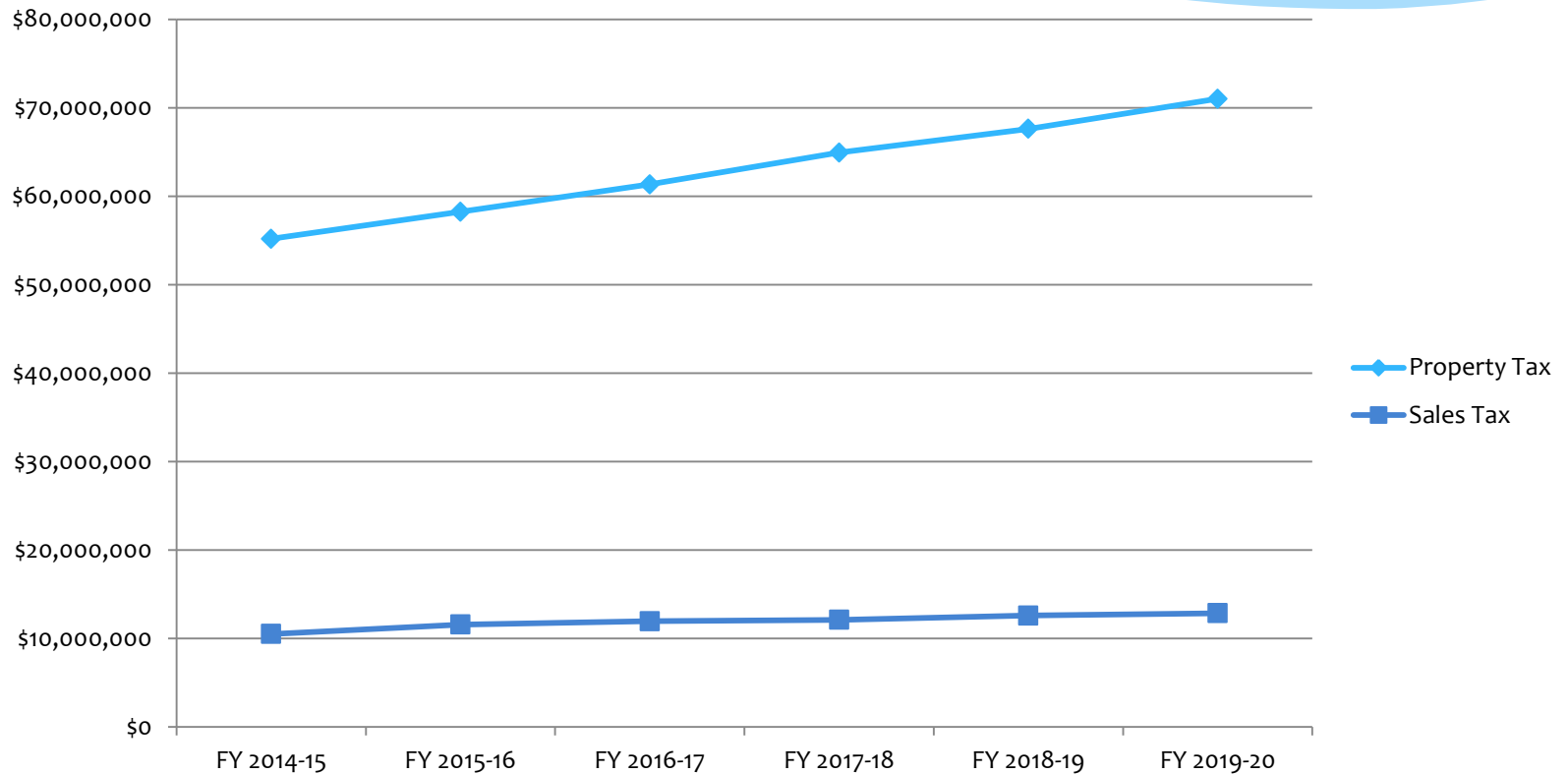
FY 2019-20 Recommended Budget

General Fund Revenues

- * Property Tax
 - Recommended at \$71 million
 - 5% Increase over prior year budgeted (\$3.38 million)
- * Sales Tax
 - Recommended at \$12.85 million
 - 2% increase over prior year budgeted (\$412,000)
- * Also Increases in Property Tax In-Lieu, Transient Occupancy Tax, Interest Revenues
- * All Major Revenue Sources
 - \$6.5 million increase over FY 2018-19 Adopted

Property and Sales Tax Trend

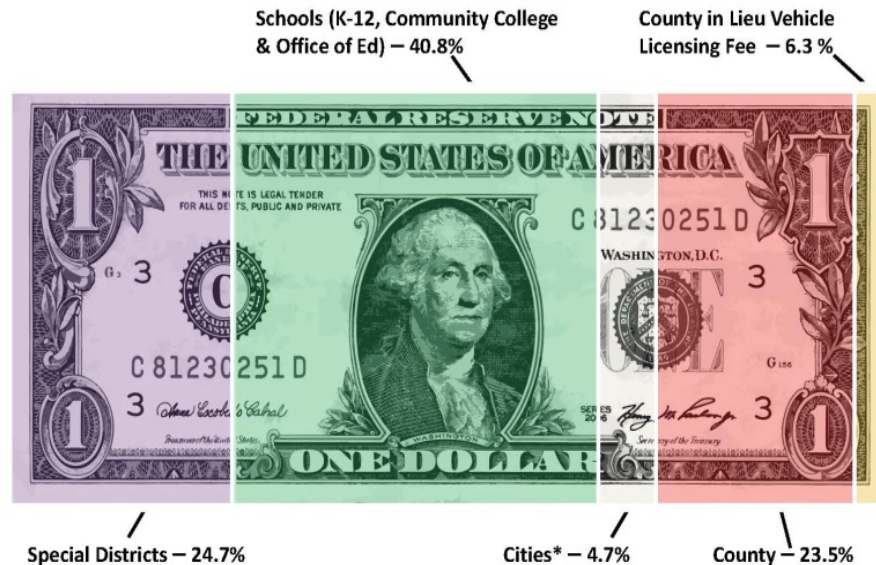
Property Tax continues to grow at 5% per year, while Sales Tax shows a 2% increase.



Property Tax Distribution

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

Fiscal Year 2017/18 Proposition 13 1% Property Tax Distribution

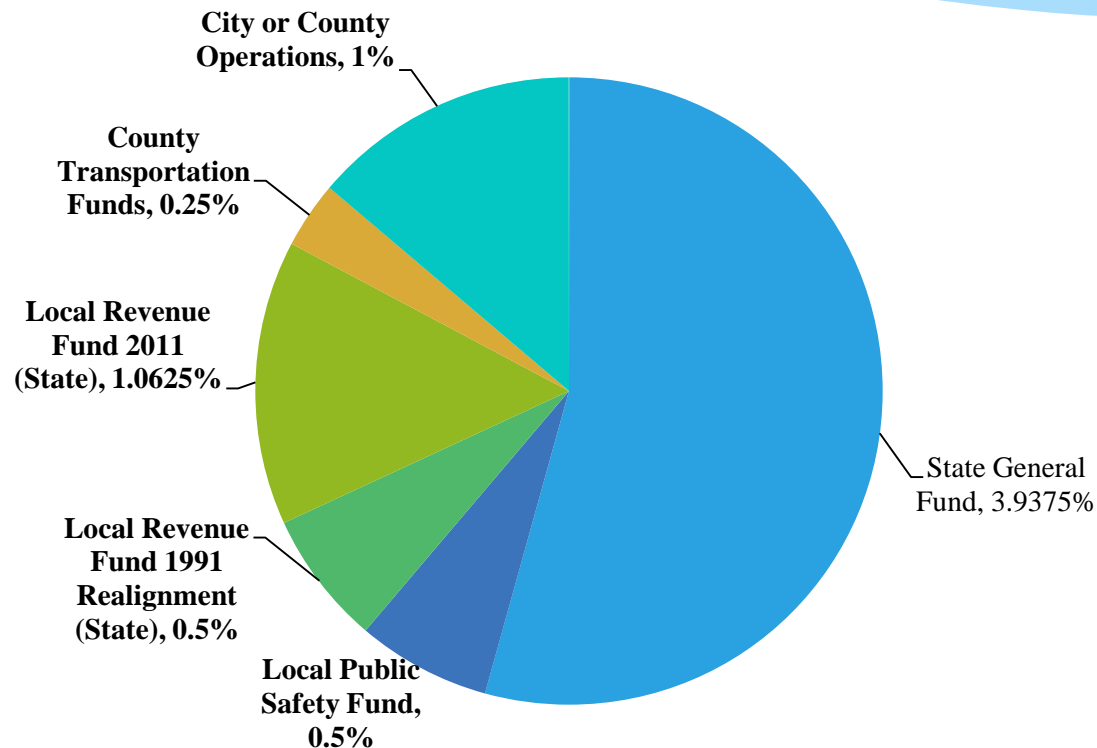


Graphic developed by the Treasurer-Tax Collector Department.
(Source El Dorado County Auditor-Controller's Office)

**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 & Accumulated Capital Outlay
- Designated Funds: CalPERS, Emergency Road Repairs

☐ General Fund Carry-over Fund Balance

- Operations – Recommended at \$14 million (\$330,000 more than FY Recommended)
- Capital Projects – Recommended at \$4.6 million (\$2.6 million less than FY 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
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”

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, not judged on 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 2019-20 Recommended Budget

- Funding at Board Policy Levels
 - General Reserve ~ \$9 million
 - Increase only to replenish for RCD Loan
 - Contingency ~ \$5.45 million
 - Same as FY 2018-19
 - Designation for Capital Projects ~ \$5 million
 - Based on Board Policy

Funded or Re-Budgeted from FY 2018-19

- * Reimbursing Public Safety Facility Loan Reserve - - \$230,000
- * Community Planning - \$250,000 , over 4 years starting FY 2017-18 (approved Sept. 2017, half in Planning & half in Econ. Dev.)
- * Financing Plan Modeling - - \$100,000 (Econ. Dev.)
- * Re-budgeted Sheriff Fixed Assets from FY 2018-19 - - \$650,000

Funded Items, Prior Direction

- * Increase to Designation for Capital Projects -- \$5 million
- * \$2 million -- General Fund new contribution to ACO Fund
- * Vegetation Management Ordinance Implementation
- * Negotiated Labor Agreements – Compensation Philosophy
- * Sheriff & DA 504 salary increases -- \$491,000 & \$59,000
- * IT Infrastructure (Year 3 of 3-year plan) -- \$230,450
- * New Voting System – County Match Requirement -- \$757,000 maximum
(From Capital Projects)
- * Additional Funding for FENIX Implementation/Modules -- \$210,000
(From Capital Projects)

Fixed Assets

- * Total Recommended = \$9,868,336
 - * Detail listing in Budget Book
 - * Items where total value is \$5,000 or above
- * Examples:
 - * Dog Box for Animal Control
 - * New Voting System in Elections
 - * Heavy Equipment items for Transportation
 - * Replacement vehicles in Fleet
- * Approval for Departments to proceed with purchases prior to final adoption of Budget

Position Changes

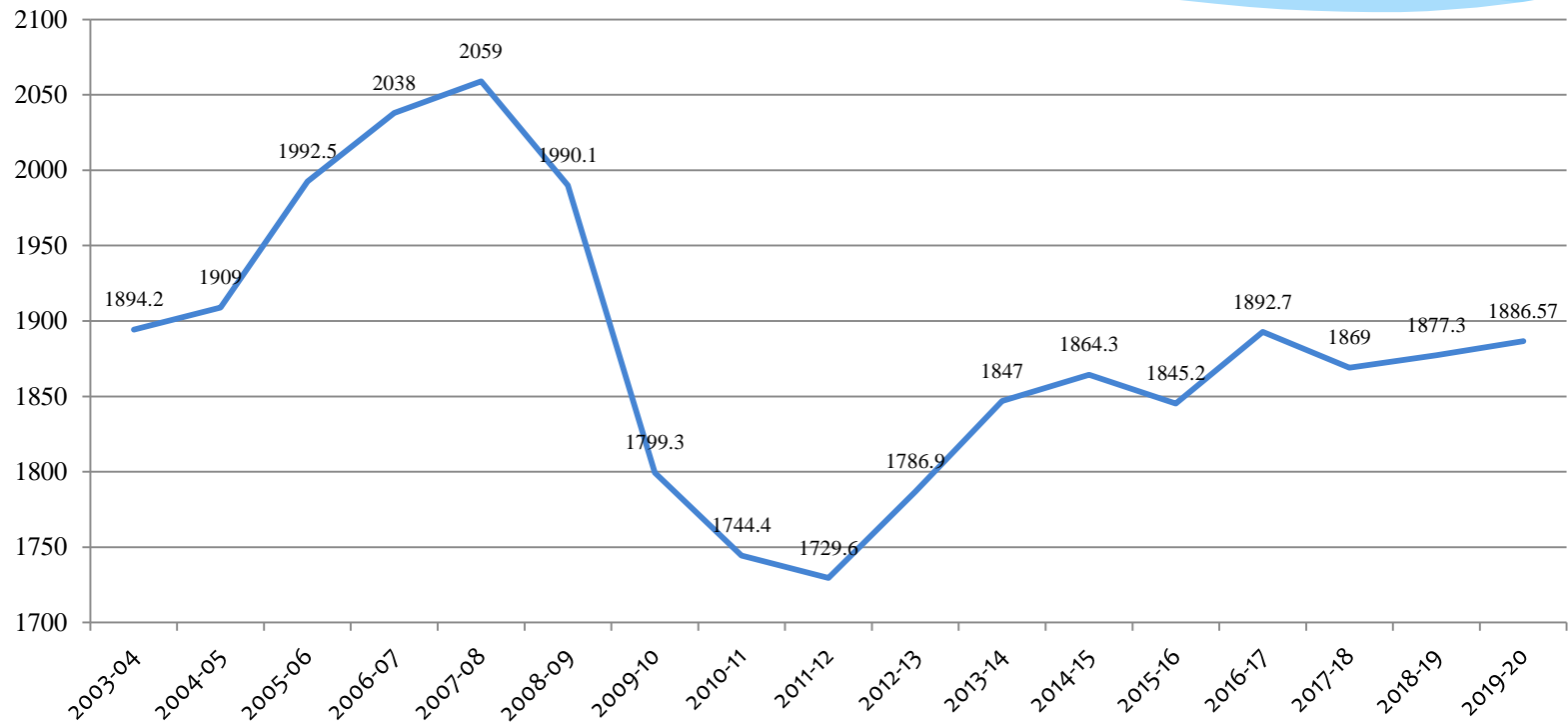
Summary of Recommended Position Changes

Department	Addition	Deletion	Total
Agriculture	1.00		1.00
CAO Admin & Budget		(1.20)	(1.20)
CAO Central Services	7.00	(6.00)	1.00
CAO Airports, Cannabis, Cemeteries, and Parks	1.00		1.00
CAO EMS and Emergency Preparedness and Response	6.35		6.35
Child Support Services		(2.00)	(2.00)
Health and Human Services	6.40	(14.50)	(8.10)
Human Resources / Risk Management (limited term)		(1.00)	(1.00)
Information Technologies	4.00	(3.00)	1.00
Probation	6.00	(2.00)	4.00
Sheriff	5.00	(1.00)	4.00
Transportation	1.00		1.00
Totals	37.75	(30.70)	7.05

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

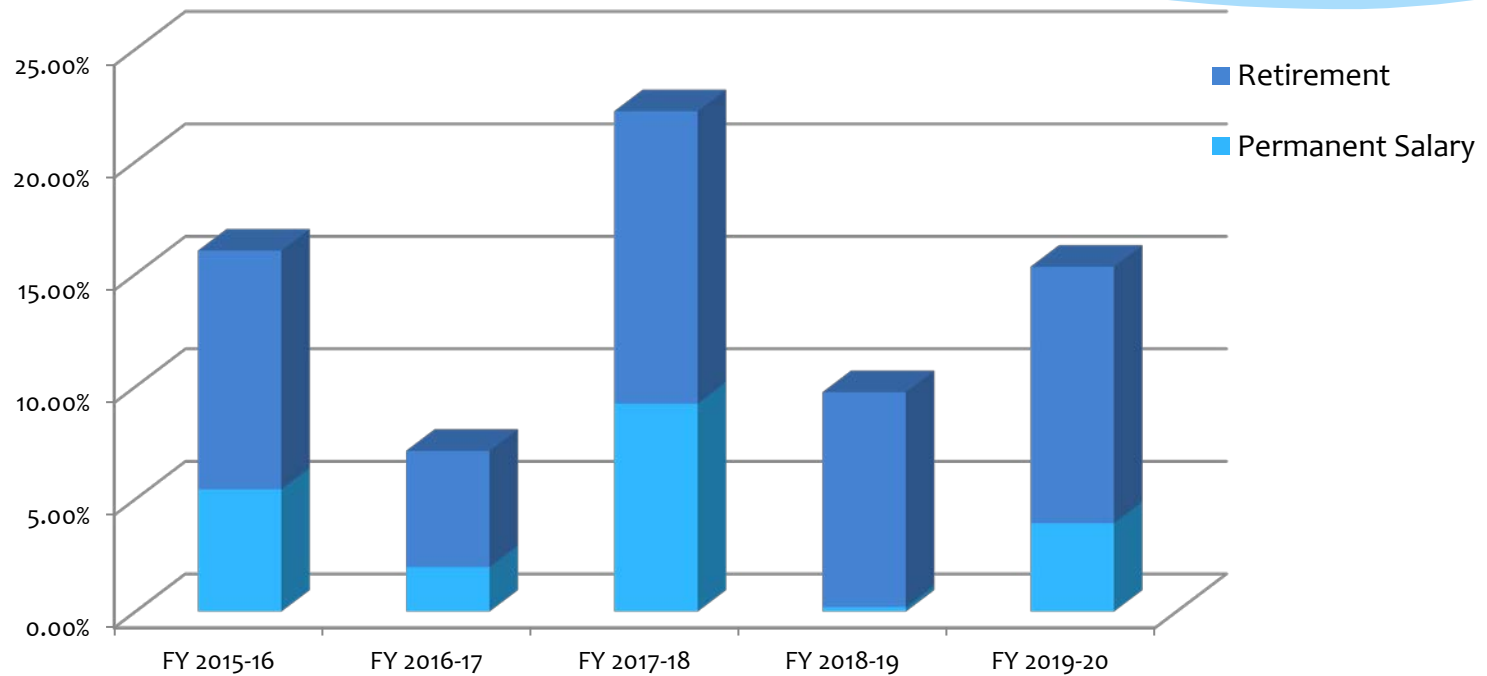
County Staffing Trend

Total County Positions by Fiscal Year
2003-04 to 2019-20



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 2019-20 Ending Balance
General Reserve (GC 29086)	\$ 8,852,408	\$ 162,700	\$ -	\$ 9,015,108
Designation for Capital Projects	\$ 10,000,000	\$ 5,000,000	\$ (967,000)	\$ 14,033,000
Public Safety Payment Reserve	\$ 670,000	\$ 230,000	\$ -	\$ 900,000
Designation for Audit Reserve	\$ 240,000	\$ -	\$ -	\$ 240,000
Designation for Ray Lawyer Drive Improvements	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000
Designation for Juvenile Hall Match	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Designation for TOT Special Projects	\$ 1,456,612	\$ -	\$ (450,000)	\$ 1,006,612
Designation for Future CalPERS Increases	\$ 5,426,581	\$ -	\$ (2,852,220)	\$ 2,574,361
Designation for OPEB/CalPERS Prefunding Trust	\$ 1,368,765	\$ -	\$ -	\$ 1,368,765
Designation for Emergency Road Repairs	\$ 4,047,282	\$ -	\$ -	\$ 4,047,282
TOTALS	\$ 32,061,648	\$ 9,892,700	\$ (4,269,220)	\$ 37,685,128

What is Not in the Budget

- ❑ General Fund Contribution for Road Maintenance, Road Fund
- ❑ Full funding for El Dorado Center replacement facility / campus
- ❑ Use of Econ Dev Special Project Reserve for Broadband Grant Match
- ❑ Future Negotiated Labor Agreements – Compensation Philosophy
- ❑ Public Safety Facility loan payment: \$2.3 million per year (FY 2020-21)
- ❑ Add'l Staffing for Jail Expansion: \$1 million per year (FY 2021-22)
- ❑ No funding identified for HHSA HUBS in future years
- ❑ Additional Land Purchases, future County facility locations
- ❑ Partial funding ACO Fund request for new General Fund dollars

Area for Further Discussion

Funding for El Dorado Hills Fire – Latrobe ERAF Transfer

- * Placeholder in FY 2019-20 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 - - **\$2,271,367** for estimated payment increase in FY 2021-22. Increase Reserve with excess fund balance following close of books for FY 2018-19, 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
- 3) Increase Contribution to Capital Projects Reserve or FY 2019-20 Deferred Maintenance, Prepare for future facility improvements and replacements or add to work list for coming year (Net of \$5 million reserve + \$2.8 million ACO GF request)

Updated 5-Year Projection

Scenario 1 – Status Quo

	FY 2019-20 Recommended	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected
REVENUES					
Property Tax (4.5%)	\$ 73,281,000	\$ 76,578,645	\$ 80,024,684	\$ 83,625,795	\$ 87,388,956
Other Local Taxes/VLF (2%)	45,435,133	\$ 46,343,836	\$ 47,270,712	\$ 48,216,127	\$ 49,180,449
Licenses/Permits/Franchises	10,833,934	\$ 10,833,934	\$ 10,833,934	\$ 10,833,934	\$ 10,833,934
Fines/Forfeitures/Penalties	\$ 782,844	\$ 782,844	\$ 782,844	\$ 782,844	\$ 782,844
Use of Funds/Property	\$ 1,017,400	\$ 1,017,400	\$ 1,017,400	\$ 1,017,400	\$ 1,017,400
Intergovernmental Revenue (2%)	\$ 64,447,546	\$ 65,736,497	\$ 67,051,227	\$ 68,392,251	\$ 69,760,096
Charges for Service	\$ 20,939,643	\$ 20,939,643	\$ 20,939,643	\$ 20,939,643	\$ 20,939,643
Other Revenue	\$ 11,250,635	\$ 11,250,635	\$ 11,250,635	\$ 11,250,635	\$ 11,250,635
Transfers from Other Funds	\$ 43,701,104	\$ 43,701,104	\$ 43,701,104	\$ 43,701,104	\$ 43,701,104
Total Current Revenues	\$ 271,689,239	\$ 277,184,538	\$ 282,872,183	\$ 288,759,733	\$ 294,855,061
Appropriation from Fund Balance - Operation	13,977,727	13,698,172	13,424,209	13,155,725	12,892,610
Appropriation from Fund Balance - Capital Ex	4,580,284	4,580,284	4,580,284	4,580,284	4,580,284
Use of Designations/Reserves	4,269,220	TBD	TBD	TBD	TBD
Total Revenues	\$ 294,516,470	\$ 290,882,710	\$ 296,296,392	\$ 301,915,458	\$ 307,747,671
APPROPRIATIONS (Object)					
Salaries/Benefits (4.5%)	\$ 184,460,437	\$ 192,761,157	\$ 201,435,409	\$ 210,500,002	\$ 219,972,502
Other Operating Expenses	77,963,613	77,963,613	77,963,613	77,963,613	77,963,613
Jail Expansion - Operating Cost Increase	-	-	1,000,000	1,000,000	1,000,000
Payment on Debt - Public Safety Facility	-	-	2,300,000	2,300,000	2,300,000
Fixed Assets (incl. re-budget)	3,504,080	2,500,000	2,500,000	2,500,000	2,500,000
Transfer to Other Funds	13,245,640	13,245,640	13,245,640	13,245,640	13,245,640
Increase to Reserves	9,892,700	5,031,541	5,307,548	5,209,122	5,214,480
Appropriation for Contingency	5,450,000	5,622,389	5,802,535	5,990,787	6,187,512
Total Appropriations	\$ 294,516,470	\$ 297,124,339	\$ 309,554,744	\$ 318,709,165	\$ 328,383,747
Revenue Surplus/(Shortfall)	\$ -	\$ (6,241,629)	\$ (13,258,352)	\$ (16,793,707)	\$ (20,636,075)

Updated 5-Year Projection

Scenario 2 – Ramp Down

	FY 2019-20 Recommended	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected
REVENUES					
Property Tax (4%, 3%, 3%, 2%)	\$ 73,281,000	\$ 76,212,240	\$ 78,498,607	\$ 80,853,565	\$ 82,470,637
Other Local Taxes/VLF (2%, 1.5%, 1.5%, 1%)	45,435,133	\$ 46,343,836	\$ 47,038,993	\$ 47,744,578	\$ 48,222,024
Licenses/Permits/Franchises	10,833,934	\$ 10,833,934	\$ 10,833,934	\$ 10,833,934	\$ 10,833,934
Fines/Forfeitures/Penalties	\$ 782,844	\$ 782,844	\$ 782,844	\$ 782,844	\$ 782,844
Use of Funds/Property	\$ 1,017,400	\$ 1,017,400	\$ 1,017,400	\$ 1,017,400	\$ 1,017,400
Intergovernmental Revenue (2%, 2%, 1%, 1%)	\$ 64,447,546	\$ 65,736,497	\$ 67,051,227	\$ 67,721,739	\$ 68,398,957
Charges for Service	\$ 20,939,643	\$ 20,939,643	\$ 20,939,643	\$ 20,939,643	\$ 20,939,643
Other Revenue	\$ 11,250,635	\$ 11,250,635	\$ 11,250,635	\$ 11,250,635	\$ 11,250,635
Transfers from Other Funds	\$ 43,701,104	\$ 43,701,104	\$ 43,701,104	\$ 43,701,104	\$ 43,701,104
Total Current Revenues	\$ 271,689,239	\$ 276,818,133	\$ 281,114,387	\$ 284,845,443	\$ 287,617,177
Appropriation from Fund Balance - Operation	13,977,727	13,698,172	13,424,209	13,155,725	12,892,610
Appropriation from Fund Balance - Capital Ex	4,580,284	4,580,284	4,580,284	4,580,284	4,580,284
Use of Designations/Reserves	4,269,220	TBD	TBD	TBD	TBD
Total Revenues	\$ 294,516,470	\$ 290,516,305	\$ 294,538,596	\$ 298,001,167	\$ 300,509,787
APPROPRIATIONS (Object)					
Salaries/Benefits (4.5%, 2%, 2%, 2%)	\$ 184,460,437	\$ 192,761,157	\$ 196,616,380	\$ 200,548,707	\$ 204,559,682
Other Operating Expenses	77,963,613	77,963,613	77,963,613	77,963,613	77,963,613
Jail Expansion - Operating Cost Increase	-	-	1,000,000	1,000,000	1,000,000
Payment on Debt - Public Safety Facility	-	-	2,300,000	2,300,000	2,300,000
Fixed Assets (incl. re-budget)	3,504,080	2,500,000	2,500,000	2,500,000	2,500,000
Transfer to Other Funds	13,245,640	13,245,640	13,245,640	13,245,640	13,245,640
Increase to Reserves (decrease Cap. Project)	9,892,700	5,031,541	2,807,548	2,709,122	2,714,480
Appropriation for Contingency	5,450,000	5,622,389	5,702,454	5,784,120	5,867,419
Total Appropriations	\$ 294,516,470	\$ 297,124,339	\$ 302,135,634	\$ 306,051,202	\$ 310,150,834
Revenue Surplus/(Shortfall)	\$ -	\$ (6,608,034)	\$ (7,597,038)	\$ (8,050,035)	\$ (9,641,046)

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 25, 2016
- ❑ Close Books in August, Will Know Fund Balance Carry-Over
- ❑ Final Budget Adoption in September