



FY 2018-19

BUDGET WORKSHOP

SUMMARY

ONE COUNTY. ONE FUTURE.

RENEW '22 INITIATIVES FOR FY 2018-19

- Do not slow the Fire Tax Shift
- No general purpose sales tax for November 2018 ballot
- Resident satisfaction survey is low priority
- All other initiatives proceed with identified next steps, seeking BOS approval or authorization as appropriate



BEFORE AND SINCE THE RECESSION...

Discretionary Revenue

- County has relied on property, sales and TOT growth to meet increasing costs and emerging issues
- No significant new net increase in GF discretionary revenue sources
- Cannabis revenue is promising if measure passes but uncertain as to timing and amount

Expenditures

- Funded operations of new jail
- Dedicated more funding to Fire
- Increased funding for maintenance
- Continued bargaining unit contracts with salary increases
- Continued to meet pension and retiree health obligations
- Funded limited department expansion requests
- Rebuilt Strategic Reserve (2017)



COMPARISON OF PROPOSED SERVICE LEVEL REDUCTIONS

- SLRs proposed are small percentage of overall budget
- Increase in proposed reductions over last budgets
- Impactful to departments, particularly those that rely on GF

FISCAL YEAR	SLR PROPOSED	PERCENTAGE OF TOTAL BUDGET
2014-15	\$1.6 million	0.19%
2015-16	\$1.1 million	0.11%
2016-17	\$7.2 million	0.71%
2017-18	\$39.5 million	3.60%
2018-19	\$5.2 million	0.47%



CHALLENGES FACED NEXT YEAR AND BEYOND

- Unexpected Disaster
 - Lower property, sales and TOT taxes than forecast
 - Need to set aside County local share of disaster costs and future costs
 - Potential threat over 3-5 years; FEMA may not be there in the future
- Expenditure growth outpacing revenue growth
- Continued needs at Main Jail and mental health services
- Continued reductions to public safety departments to meet budget
- Increasing State and federal mandates
- Deferred maintenance
- Pension cost increases possible, depending on investments; negotiations are underway
- Recession in 2019?



PROJECTED GAP – MAJOR FUNDS

(\$ millions)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Cumulative Gap	\$5.2	\$10.4	\$19.4	\$32.4	\$42.0
	0	\$(5.2)	\$(10.4)	\$(19.4)	\$(32.4)
Annual Projected Gap	\$5.2	\$5.2	\$9.0	\$13.0	\$9.6

- Based on Department projections in October 2017 Five-Year Forecast
- Large share of future gap projected in Special Revenue (non General Fund) departments, such as Department of Social Services and Behavioral Wellness





“Ability to withstand and recover from uncertain challenges and future threats.”

Resilience

ONE COUNTY. ONE FUTURE.

GUIDANCE ON BUDGET BALANCING

1. Continue the Board's prior commitments
2. Maintain reserves at prudent levels
3. Address priority organizational needs
4. Create efficiencies through technology and process changes
5. Strategically plan for the future
6. Minimize impact of SLRs on the public to the extent possible
7. Address new and emerging needs

1. Maintenance funding

- Continuing with 18% maintenance policy. Addition of SB1 funding will augment funding.
- If one-time funding is available, could be used to augment based on need
 - Waller Park well (\$750K)

2. Reserves

- Strategic reserve is static at \$23M
- Setting aside Disaster funding (\$6.25M)
- If Cannabis revenue becomes available, recommend augmenting the SR

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3-4. Priority organizational needs and efficiencies

- Caution in restoring or expanding services unless saves funding, mitigates risk, mandate, furthers process improvements
- Homeless count; HUD report (\$65K) if CDBG not available
- ADA studies (\$325K)

5. Strategically plan for the future

Continue Renew '22 and invest in improvements and cost-effective evaluations subject to available funding

6. Minimize impact

Address public safety/criminal justice needs with greatest direct impact and risk

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7. **Address new and emerging needs**

New and emerging needs

- Disaster recovery and preparation; one-time funding (\$150K)
- Other related needs
- Cannabis enforcement program to be discussed in June
- Potential uses of Cannabis revenue to be discussed in June

FUNDING OPTIONS

Available Funding Options for the Board to Address \$27.3M Restoration/Expansion Requests

FY 2018/19 GF Ongoing Revenues		\$790,000
Prior Year Residual Fund Balance (one-time)		\$419,000
Program Stabilization 990	\$267,000	
Emerging Issues 990	\$152,000	
Reallocation of Debt Service Set-Aside Funding (one-time)		\$1,400,000

Assumptions Already Included

PILT Expected to be Received in June 2018		\$1,600,000
TSAC Set Aside for IMD/Conservator Beds		\$1,000,000

Other Revenue Considerations

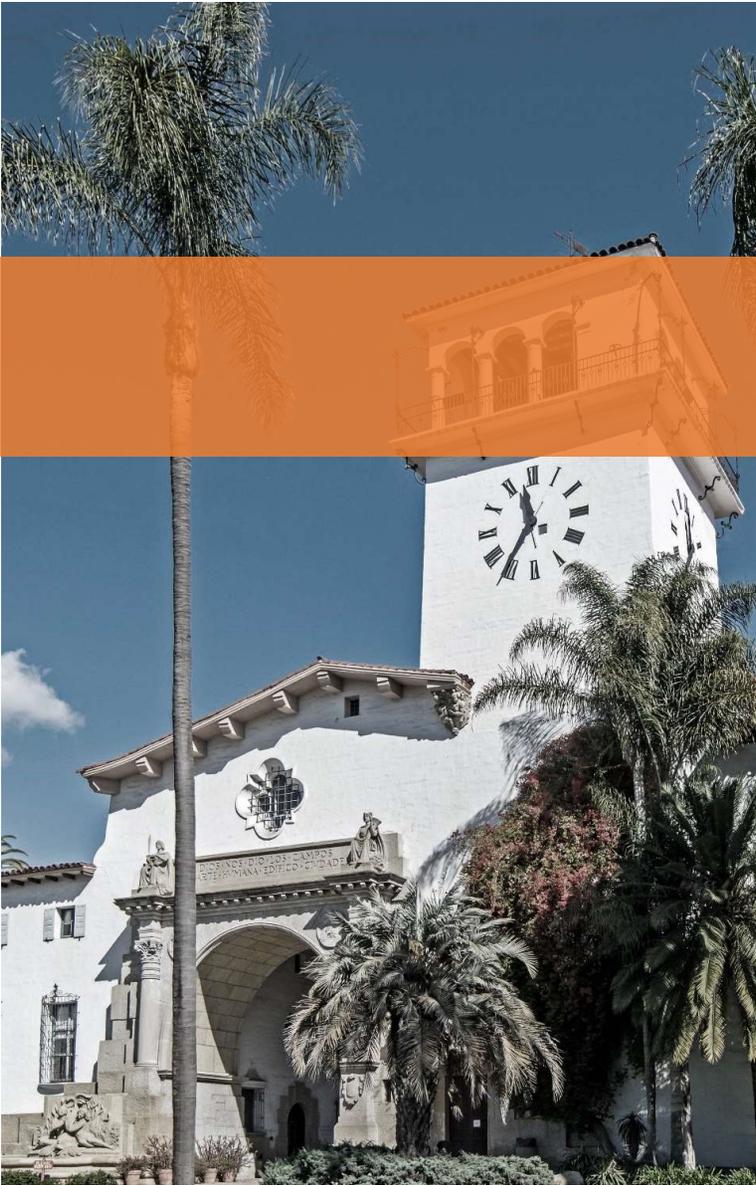
Governor's May Revise		\$3,100,000
Cannabis Tax Ballot Measure		??
Further Increases/Decreases in Property Tax Revenues		??



NEXT STEPS

- Following workshops, CEO staff to complete review of department requests and available funding
- CEO will finalize recommendations in early May
- CEO and Auditor-Controller's Office complete Recommended Budget; scheduled to be released May 2018
- Budget Adoption Hearings – June 11, 13, and 15, 2018





RECOMMENDED ACTIONS

- a) Hold budget workshops to receive presentations
- b) Provide direction, if any, regarding items to be addressed or included in the CEO's Recommended Budget
- c) Provide direction, if any, regarding Special Issues or other items; and
- d) Determine pursuant to CEQA Guidelines 15378(b)(4) that actions are not a project subject to CEQA review