

805 Strong

RENEWAL & RESILIENCE

RECOMMENDED BUDGET AT A GLANCE
FY 2018-19



The **FY 2018-19 Recommended Budget** presents funding for important initiatives, ongoing and new mandates and liabilities, and increased levels of funding to Board prior commitments, all within the context of recovering from one of the largest disasters the County has encountered in recent history.

Key Considerations

THOMAS FIRE & 1/9 DEBRIS FLOW

The total estimated cost of responding to and recovering from the Thomas Fire and 1/9 Debris Flow events is currently projected to exceed \$55 million in County government costs; the County's share totals approximately \$12.3 million—\$6.3 million of which is General Fund—though this number will not be final until the County's proposed permanent rebuilding projects are approved by FEMA and the State and costs are agreed upon. Additionally, potential General Fund revenue losses, primarily to property taxes and transient occupancy taxes, are estimated to total \$3.4 million in FY 2017-18 and \$3.6 million in FY 2018-19 largely due to disaster impacts.

The recommended budget sets aside \$6.3 million in anticipation of the local match required for emergency and permanent disaster-related repair costs and cash flow needs until federal and State reimbursements are received.

CANNABIS

The recommended budget includes funding for permitting, licensing, and administration of the County's cannabis program through licensing and permitting fees and enforcement through potential cannabis tax revenue pending approval of Measure T2018 by voters.

DEVELOPING A BALANCED BUDGET

Expenditure growth continues to outpace revenue growth, particularly with the loss of property tax and transient occupancy taxes due to the 1/9 Debris Flow. However, modest revenue growth coupled with departments' efforts to restructure operations, find efficiencies, and prioritize use of resources allow the County to maintain the delivery of quality services to the extent possible.

The recommended budget includes funding to help meet the needs of the mentally ill, especially in the criminal justice system; address increasing and changing federal and State mandates; and adapt to the growing capabilities and demands of technology.

Ongoing Funding Commitments

NORTHERN BRANCH JAIL The County continues construction of the Northern Branch Jail, which is slated to open in the summer of 2019. The recommended budget allocates \$10.9 million to the dedicated jail fund, of which the Sheriff anticipates drawing \$10.6 million for the recruitment and training of staff necessary to operate the jail.

FIRE TAX SHIFT Since FY 2012-13, the County has shifted 25% of the annual growth in the General Fund's portion of property taxes to the Fire District in response to significant operational and capital needs. The recommended budget for the Fire District, which totals \$89.4 million, includes a cumulative amount of \$9.5 million shifted to the District under this Board-adopted policy.

DEFERRED MAINTENANCE The Board adopted a funding policy that commits 18% of unallocated discretionary general revenue growth to address growing deferred maintenance needs. The recommended budget allocates \$4.4 million in ongoing deferred maintenance funding from the 18% formula in addition to the \$27.2 million in General Fund and special revenue sources allocated for capital projects, capital improvements, and infrastructure maintenance.

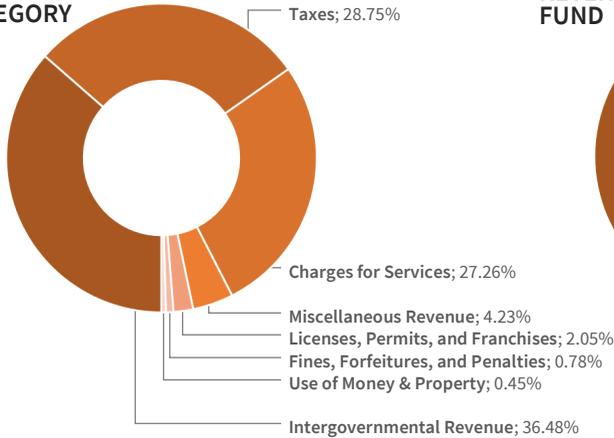
BUDGET SUMMARY

Operating Revenues & Use of Fund Balance
\$1,103.9
MILLION

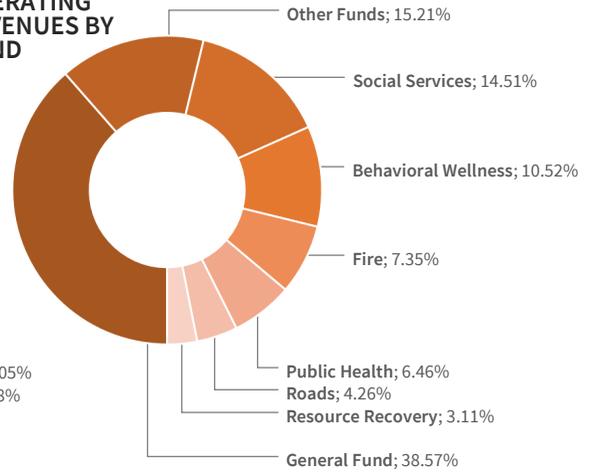
Operating Expenditures
\$1,103.9
MILLION

Staffing
4,167
FTEs

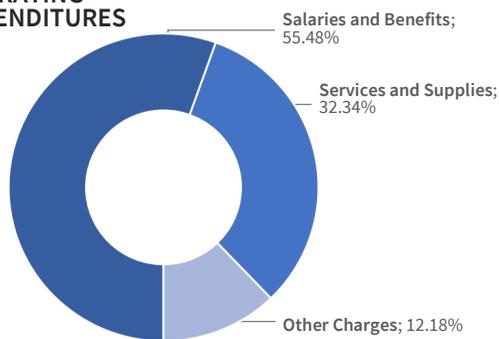
OPERATING REVENUES BY CATEGORY



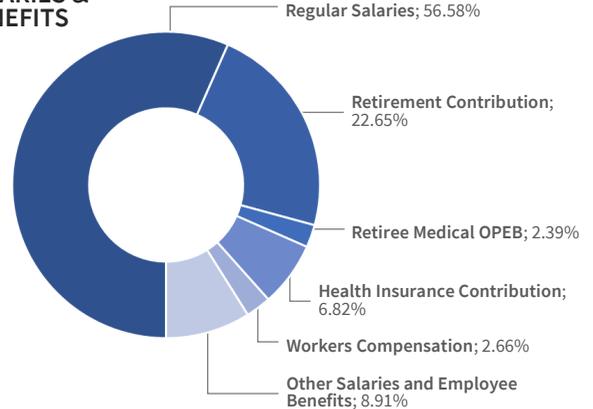
OPERATING REVENUES BY FUND



OPERATING EXPENDITURES



SALARIES & BENEFITS



Closing the Budget Gap

In fall 2017, the County produced a five-year forecast that projected a budget gap in which ongoing expenditures exceeded ongoing revenues. Since that time, departments resolved the budget shortfalls anticipated in FY 2018-19 through restructuring, service level reductions, greater than anticipated State and federal revenue, and other measures, resulting in a balanced budget. Significant fiscal challenges, however, remain on the horizon.

RENEW '22 is a multi-year transformational initiative to ensure fiscal sustainability and operational efficiency.

Renew '22 started last year and will continue to build a stronger and more vibrant organization to serve our community.

Renew '22 initiatives are in various stages and have the potential to transform our County organization. Many of these initiatives are not quantifiable at present, and the benefits will be borne out over many years. These initiatives will result in a more financially secure and agile organization, through efficient and strong systems of service, so that we are able to address future uncertainties and the impacts of the next disaster.



Looking Forward, Beyond FY 2018-19

As the County continues to encounter growing deferred maintenance needs, changing legislation and regulations, employee-related cost increases, and demands to keep pace with technology advances and public expectations, improved revenue and lower costs will continue to be critical.

There will be difficult choices in the coming months and years for the County, and we will continue to focus on decisions that allow balancing of short-term needs with long-term impacts, strategic realigning of services and the costs to provide those services, and opportunities for new ways of doing business. We will focus on doing the most essential things well to best serve our community.