

2015-2017

BUDGET WORKSHOP

Budget Workshop Summary

Foundations for the Future

1. Moderate revenue growth
2. Continue rebuilding the organization and finances after the recession
3. Create efficiencies in department operations through process improvements, technology, innovation
4. Minimize service reductions and impacts to the public
5. Create a thriving and engaged workforce
6. Adapt and strategically plan for the future
7. Continue to advance Board priorities and fulfill prior commitments

Foundations for the Future

Monitor moderate revenue growth and manage expectations

- AV Growth - *Projected 4%*
- State and federal revenue - *constant or slightly improving*
- Exception - *State Highway Users Tax (gas tax) (\$-2.9M)*
- Existing commitments - *limit flexibility*
- Unallocated, ongoing General Fund - *\$4.3 M*
- *One-time - \$2.5 M*
- Federal Payment-In-Lieu - *est. \$1.8 M (uncertain)*
- Property tax revenue - *\$675K for ½% increase*

Foundations for the Future

Rebuild the Organization and our Finances

- Strategic Reserve – *fully fund*
- Structural imbalances – *stabilize funding in CRA, CSD, CC, P&D*
- Unfunded retiree health liability – *revise plan*
- Financial controls/risk reduction – *ensure adequate auditor and financial staff*
- *Restoration/expansion of positions/services –*
 - *Evaluate business needs in departments requiring GF*
 - *Expand services in Fire, Public Health, Social Service, Veterans and ADMHS (non-GF expansions)*

Foundations for the Future

**Efficiency
through
process
improvement,
technology,
innovation**

- Efficiencies – *continual improvement; quantify*
- Technology improvements – *ensure data management and staff to leverage/maintain technology*

Foundations for the Future

Minimize service reductions and impacts to the public

- Department Service level reductions – *accept proposed reductions; no anticipated layoffs*
- Homeless Shelters reduction – *restore to BOS-approved level with ongoing funding (rather than one-time backfills each year)*

Foundations for the Future

Create a thriving and engaged workforce

- Retention – *continue with initiatives to improve retention and engagement*
- Human Resources – *improve department capacity given increased demand*

Foundations for the Future

Adapt and strategically plan for the future

- Guidance for funding – *provide BOS with data of department costs & GF % allocations with comparable counties*
- Strategic planning – *CEO's initiative to better align BOS priorities, department spending, 5-year forecast*

Foundations for the Future

Advance Board priorities and commitments

- Libraries – *clarify funding*
 - *Library operations = \$2,948,403*
 - *In FY 2013-14, a level of \$6.90 per capita was discussed and total amount approved*
 - *In FY 14-15, the total amount was continued; because of population increase, the per capita was \$6.87*
 - *Revised calculation based on the existing per capita rate of \$6.90 and current population = \$2,990,446 (increase of \$42,000)*
- Employee/labor costs – *evaluate projected needs*

Foundations for the Future

Advance Board priorities and commitments

Alcohol, Drug and Mental Health Services

- *Investment needed for new, safe and stable beds, and upfront (not back-end) inpatient funding*
- *Level is depending on resources; TSAC is a partial option*
- *Reserve for cost-settlement liabilities*
- *Monitor system and quantify progress;*
- *Support “systems change” for balanced care (Non-GF expansions)*

Foundations for the Future

Advance Board priorities and commitments

Maintenance

- *Existing BOS policy*
- *New 18% policy – FY15-16 is first year*
- *If resources available, provide additional funding*
- *Explore debt financing for greater up front expenditures*

Discretionary GF for Maintenance

	Roads	General Services	Parks	Emergencies
Existing BOS Policy (\$2.8 M)	\$500,000	\$1,300,000	\$500,000	\$500,000
18% Est. Allocation	\$600,000	\$300,000	\$300,000	
Total	\$1,100,000	\$1,600,000	\$800,000	\$500,000
FY 14-15 Allocation	\$2,500,000	\$2,000,000	\$1,200,000	\$500,000

Foundations for the Future

Advance Board priorities and commitments

- Animal Services – *explore funding sources and options for study results*
- Community Needs – *evaluate requests; requests still being submitted*

Foundations for the Future

Advance Board priorities and commitments

NBJ Operating Costs:

- *Sheriff to develop scenarios for*
 - *Varying inmate census levels*
 - *Impact on Main Jail staffing*
 - *Impact on transitional staffing plan (new hires)*
- *Sheriff will provide information next week; discuss in May 2015 with revised operating cost scenarios*
- *Changes to existing funding plan pending more information on scenarios*

Foundations for the Future

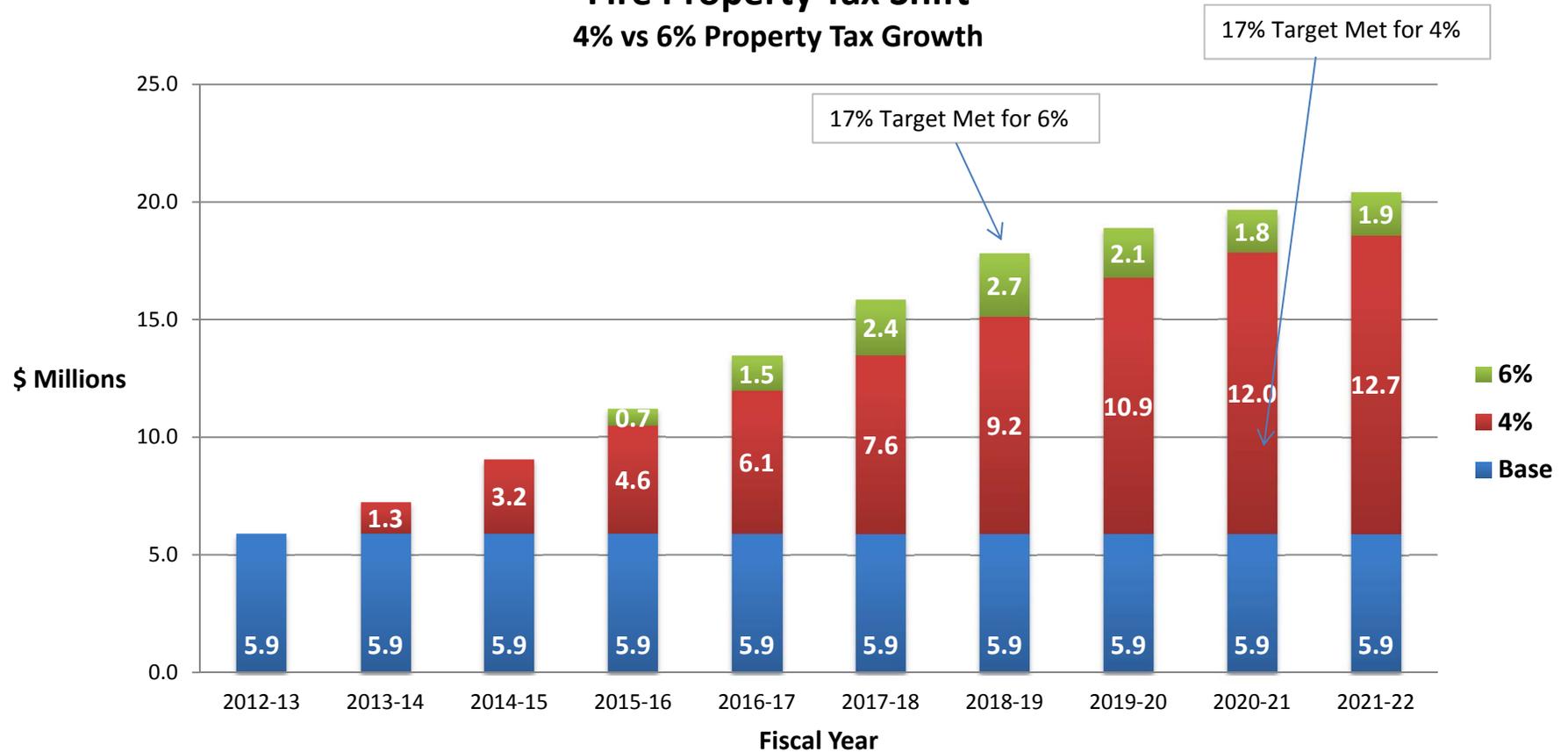
Advance Board priorities and commitments

Fire Tax Shift is working:

- *Original plan showed Fire achieving 17% of PT in FY 2021-22*
- *Current estimate, assuming 4% growth attains in FY 2020-21*
- *Assuming 6% growth in AV, 17% attained in FY 2018-19*
- *Restorations and expansions pursuant to Citygate Report*

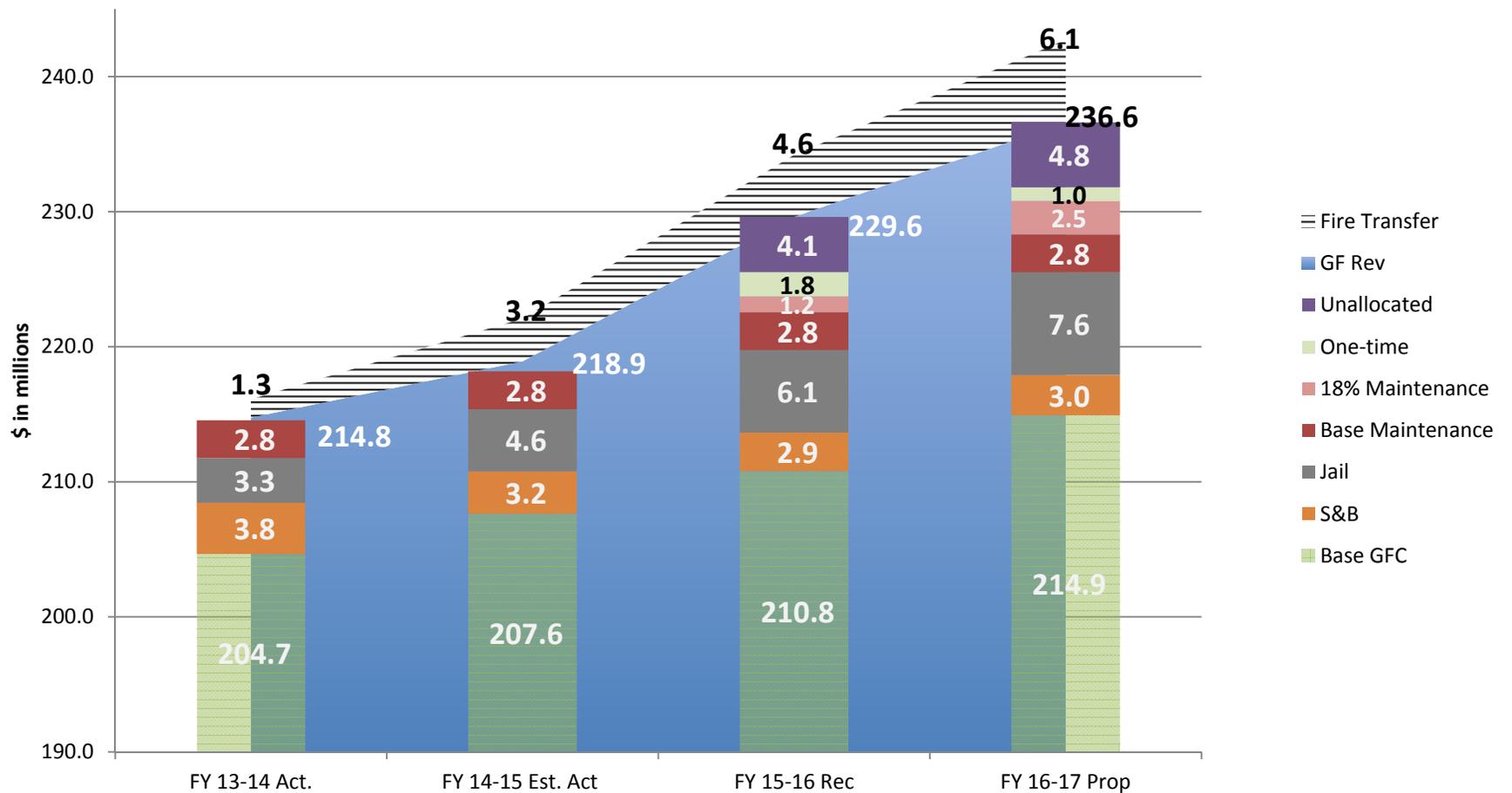
17% Fire Tax Shift Projected @ 4% & 6%

Fire Property Tax Shift
4% vs 6% Property Tax Growth



Limited Unallocated Revenues

Discretionary Revenue; GF Allocations



Note: Fire, 18% Maintenance, and Jail amounts are shown cumulatively

Other Workshop Feedback

Funded vs. Unfunded Positions (in Departments):

- Currently, departments have authorized positions that are unfunded and vacant
- This practice makes it difficult to view funded vacant positions by department
- Staff to evaluate options for controlling the issuance of such positions and improvement of reporting on such vacancies
- Requested staff to return next fall with any recommended changes

Other Workshop Feedback

Benchmark Comparisons:

- Board request for comparative and/or historic data for the following:
 - General Fund contributions as a percentage of total funding compared to similar departments for benchmark counties
 - Cost per capita information for departments and or services
 - Staff will evaluate appropriate data and benchmark comparisons for inclusion in the budget process

Other:

- Include a schedule of unfunded liabilities in the Budget Book
- Display new hires in recent years for General Fund vs. Other Funds
- Return with Animal Services recommendations after report received from American Humane Society
- Update the Board on ADMHS liabilities

General County Programs

Key Fund Balances

General Fund Key Discretionary Fund Balance Components Detail					
Fund Balance Component	Per Budget Policies	6/30/2015 Estimated Balance	2015-16 Proposed Increases	2015-16 Proposed Decreases	6/30/2016 Projected Balance
Roads	Yes	\$ -	\$ 500,000	\$ (500,000)	\$ -
Litigation	Yes	\$ 936,401	\$ 250,000	\$ (350,000)	\$ 836,401
Salary & Benefits, Emerging Issues		\$ 1,247,647	\$ -	\$ -	\$ 1,247,647
Deferred Maintenance	Yes	\$ 217,384	\$ 2,300,000	\$ (1,800,000)	\$ 717,384
18% Deferred Maintenance	Yes	\$ -	\$ 1,185,000	\$ -	\$ 1,185,000
Audit Exceptions		\$ -	\$ -	\$ -	\$ -
Mental Health (new)	Yes	\$ 1,000,000	\$ 1,000,000	\$ (1,000,000)	\$ 1,000,000
New Jail Operations	Yes	\$ 7,900,000	\$ 6,100,000	\$ -	\$ 14,000,000
Program Restoration - One-Time		\$ 1,653,262	\$ 798,680	\$ (673,217)	\$ 1,778,725
Contingencies	Yes	\$ 1,031,836	\$ 750,000	\$ (775,000)	\$ 1,006,836
Strategic Reserve	Yes	\$ 29,555,616	\$ 260,000	\$ -	\$ 29,815,616
Residual Fund Balance (new)		\$ -	\$ 4,312,250	\$ -	\$ 4,312,250
TOTAL		\$ 43,542,146	\$ 17,455,930	\$ (5,098,217)	\$ 55,899,859

Note: Contingencies may be used in FY 2015-16 for FEMA Settlement, no assumed State reimbursement

Available Funds for Appropriation

- \$4.3 million – unallocated GFs - ongoing
- \$2.5 million - one-time
- \$1.2 million - 18% maintenance funding
- \$1.0 million ADMHS inpatient set aside

Potential Additional Funds for Appropriation

- Evaluate TSAC re-allocation
- PILT (potential \$1.8 million)
- Property Tax may be higher than projected
 - \$675k per 0.5% increase in AV

Continued Challenges/Risks

- Reduced State funding for Roads
- Northern Branch Jail/Star Projects
- Mental Health Inpatient Costs
- Technology/software upgrades
- Maintenance needs
- Workforce planning and retention
- Right-sizing given past staff reductions
- Managing expectations

Request for Expansion

- GF = \$12.6M Ongoing;
- \$11.6M Onetime;
- 110 FTE's

Next Steps

- Following Board direction at workshops, CEO will finalize recommendations
- CEO & Auditor's Office complete Recommended Budget - released May 7, 2015
- Continue to monitor revenues; update Board with any expected changes
- Budget Hearings (adoption) - June 8, 10, 12, 2015

Recommended Actions

- a) Hold budget workshops to receive presentations
- b) Direct staff to proceed with budget development process
- c) Provide direction, if any, regarding to be included in the CEO's Recommended Budget
- d) Regarding P&D's Proposed FY 15-16 Long Range Planning Annual Work Program
 - i. Receive and Review
 - ii. Provide direction to continue current projects and initiate recommended new projects
- e) Regarding other Special Issues, provide direction as appropriate
- f) Determine pursuant to CEQA Guidelines 15378(b)(4) that actions are not a project

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