

Fiscal Years 2017-19 Budget Hearings

June 12 – 16, 2017



ONE COUNTY. ONE FUTURE.

Agenda for Hearings

1. Budget Overview – CEO
2. Budget Summary – Budget Director
 - Review Major Changes since Workshops
 - Review Service Level Reductions
 - Review CEO Recommendations
 - Review Available Funding Sources
3. Department Updates (as needed)
4. Board Deliberation and Decision Making
5. Recommended Board Actions to Adopt the Budget

Timeline

- Budget Updates in Winter
- Workshops held in April – Board and public review and input
- Recommended Budget released in May
- Finalize now during Budget Hearings



Total Operating Revenues & Expenditures

- FY 17-18 Recommended Budget presents a balanced budget
 - Operating Revenues: \$1,079.1 million (5.8% increase)
 - Operating Expenditures: \$1,073.7 million (5.3% increase)
 - Full time employees: 4,213.2 (4.2% reduction, or 187.7 FTE)

Context for FY 2017-18 and beyond

- Recommended Budget is balanced with necessary reductions
- First of several years of challenging budgets due to:
 - Pension/employee cost increases
 - Higher costs of providing state and federal programs than revenue available
 - Continued cost issues in public safety and mental health
 - New General Fund funding already committed to Board priorities

Even with these challenges...

- Able to continue highest priorities:
 - Northern Branch jail operation funding
 - Fire Tax Shift
 - Deferred maintenance
 - Labor Agreements
- Committed to financial plans to pay off unfunded liabilities
 - Pension
 - Retiree Health
- Rebuilt Strategic Reserve for financial challenges
- Incurred relatively little debt

Guidance in Developing the Budget

- Continue the Board's prior commitments
- Maintain our financial reserves at prudent levels
- Address priority organizational needs and mandates
- Create efficiencies through technology and process improvements
- Strategically plan for the future
- Minimize service reductions and impacts to the public, to the extent possible
- Address new and emerging needs

Balanced Approach

- Recommended Budget attempts to strike a balance among:
 - Necessary expenditure reductions
 - Meeting the most immediate, critical needs and Board priorities
 - Planning for future budget gaps
- Ongoing reductions, net of restorations and expansions: approx. \$30 million to close the FY 2017-18 budget gap
 - 68% is in Special Revenue funds (mostly DSS)
- More ongoing General Fund provided to Behavioral Wellness and Social Services than FY 2016-17

Key Issues in FY 2017-18 and Near Term

Pension funding

- Rate of return from 7.5% to 7.0% and demographic changes; Increased cost of \$7.3 million after staffing reductions
- Cost will increase an average of \$8.0 million each year over the next four years

Mental Health Inpatient Services

- Higher demand for inpatient mental health services; longer stays in the Psychiatric Health Facility (PHF) for non-acute conditions and more court-ordered placements

Social Safety Net

- State reductions and funding caps impacting ability to provide same level of service
- State's allocation for CalWORKs and CalFresh programs are being reduced resulting in service reductions in DSS

Key Issues in FY 2017-18 (cont.)

Succession Planning

- Retirements of experienced employees
- Increased efforts in workforce planning, retention and recruitment

Public Safety Dispatch

- Dispatch study almost finalized; discussion this summer with the Board
- Prop 172 funds set aside to address potential needs

Capital Needs

- Growing list of capital needs across the County
- Funding set aside in FY 2016-17 for potential bond issue
- General Services refining high priority needs

Key Issues in FY 2017-18 (cont.)

Public Safety Radio Communications

- General Services will upgrade coverage and initiate a radio equipment replacement plan
- Comprehensive long-term system upgrade project to improve capabilities being developed

Road funding

- Reduced State funding put pressure on the General Fund to contribute
- New State gas tax will result in approximately \$2.8 million in additional revenue in FY 2017-18; and grow to approx. \$7.2 million in FY 2018-19

Countywide Work Initiatives

- Board ad-hoc committee on cannabis
 - Possible ordinance to allow cultivation in certain areas
 - Potential ballot measure in FY 2017-18
- Enhancement of public safety dispatch services
- Reduction of the inmate jail population and specifically, mentally ill individuals in jail
- Reduction of costs of mental health inpatient services

Countywide Work Initiatives (cont.)

- Continued improvement in the organization through:
 - Implementation of the internal-facing Strategic Plan (includes improvements in HR, Information Technology practices, etc.)
 - Greater technology investments where feasible
 - Program audits or evaluations/other Budget Rebalancing suggestions

Looking Ahead

- As we look to FY 2017-18 and FY 2018-19, proactively, shape our own future
- Serve our community through an engaged and accountable workforce
- Make responsible decisions that balance short-term and long-term impacts
- Drive a course for a sustainable and sound future

One County. One Future. Interconnected



- In times of stress, two paths:
 - Silos or
 - Greater coordination and connection
- Build upon the strengths of individual departments, working together and with the community
- Rebalance for highest priorities
- Continue collaboration and common, focused goals