FY 2019-20 BUDGET WORKSHOPS

Budget Workshop Summary
Workshop Summary

- Stable Outlook in FY 2019-20
  - Moderate revenue growth; stable discretionary revenues
  - Property tax annual growth steady not at pre-recession levels
  - Slight reductions in pension costs due to pension cost sharing
- No service level reductions
- Cannabis tax revenue – projected at $5.6 Million ($2.1 million unallocated)
- Milestone year
- Continued investing in top priorities and commitments
  - Northern Branch Jail Operations
  - Fire Tax Shift
  - Deferred Maintenance
PERCENT INCREASE IN SECURED ROLL VALUE 1979/80 - 2018/19

Fiscal Year

What Next?

Good Times

Bad Times

Now
Key Challenges and Emerging Issues

• Changing federal and State mandates, State budget
• Need for updated technology infrastructure for security and innovation
• Recruitment, retention, and succession planning
• Deferred maintenance
• Addressing homelessness
• Community expectations and limited resources
• Slowdown in economic growth and possible recession
• Debris flow still possible
Making Progress

• Milestones
  • Northern Branch Jail
  • Fire District tax shift
  • Tajiguas Resource Recovery
  • Pension cost sharing
  • Major capital improvement projects

• Technology enhancements

• Cannabis tax revenue

• Complex problems ➔ cross-sector, multi-departmental approaches
System improvements, collaboration, customer service

- Crises system of care improvements; Diversion of mentally ill individuals from the criminal justice system
- Reduction of delays in criminal justice system; greater pre-trial supervision
- Emergency Medical System/ambulance service
- ACEs (Adverse Childhood Experience) Connection
- Launching new or updated technology, apps, automation to enhance customer service
- Collaborations to reduce homelessness
- Business applications needs assessment
- Succession planning, performance appraisal and engagement strategies
Transforming Our Future

• Setting the foundation to thrive
  • Continue fulfilling commitments
  • Implementing responsible fiscal practices
  • Increasing organizational resiliency and agility through Renew ‘22
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. Address new and emerging needs
• **Fiscal Issues Report**
  - Solar projects
  - Countywide Cloud-based website
  - Technology Replacement and Investment fund
  - Deferred Maintenance
  - Main Jail Renovations (to be funded through COP)

• **Pre-Workshop Expansions**
  - Warming Centers
  - Recruitment services
  - Public Defender IT support
  - Conservatorship (Treasurer-Tax Collector & Public Defender)
• **18% Maintenance Funding Plan**
  - Ongoing funds will grow by $2.0M to $6.4M
  - One-time funds totaling $7.2M will address key projects (Calle Real water loop; Courthouse roof; Communication towers)

• **Strategic Reserve Replenishment**
  - $34.1M by year-end FY 2018-19 (assuming FEMA reimbursements)
  - Preliminary Budget will increase to target of $36.4M

• **Funding for full year AOT through June 2020**
  - 3 year pilot; program evaluation and report in Spring 2020
  - Information will inform funding decision for FY 2020-21 budget
Board consensus on expansion funding:

1) Probation Pre-Trial transfer from Courts in January 2020
2) Public Defender misdemeanor attorneys and holistic defense
3) Behavioral Science Unit expansion in Sheriff
Staff to review and bring back information for June hearings:

- Library funding
- Potential increased fee for appeals
- Options for auditing cannabis tax revenue
- Prop 47 grant outcome (diversion efforts)
- Impacts of Governor’s May Revise
- Other Budget Inquiry Form (BIF) responses

Other work plan efforts:

- Main Jail staffing and transition plan
- Criminal justice system improvements
### Funding Options

#### Potential Available Funding

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>FY 2019-20 GF Ongoing Revenues</td>
<td>$422,100</td>
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<tr>
<td>Prior Year Residual Fund Balance (one-time)</td>
<td>$380,500</td>
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<tr>
<td>Cannabis Tax Revenue (one-time)</td>
<td>$2,182,200</td>
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#### Considerations

- Governor's May Revise
- Property Tax Revenues Subject to Final Assessment Roll
Next Steps

• Following workshops, CEO staff will complete review of department requests and available funding
• CEO will finalize recommendations in early May
• CEO and Auditor-Controller’s Office will complete Recommended Budget; scheduled for release in May
• Final Budget Hearings – June 11 and 13
Recommended Actions

a) Hold budget workshops to receive presentations on the FY 2019-20 Budget

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
5-Year Forecast | Projected Gaps

Special Revenue Funds
Large share of gaps projected are in Special Revenue departments, such as Social Services and Behavioral Wellness

Cumulative Gap
If we did nothing each year to close the gap and let the deficit grow