Fiscal Years 2017-19 Budget Hearings

June 12 – 16, 2017
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

Fiscal Outlook, Calendar Policies

Jan. 2017
Budget Update

March 2017
“Gap” Update

April 2017
Budget Workshop

May 2017
Budget Released

June 2017
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