

Summary of the FY 2018-19 Adopted Budget

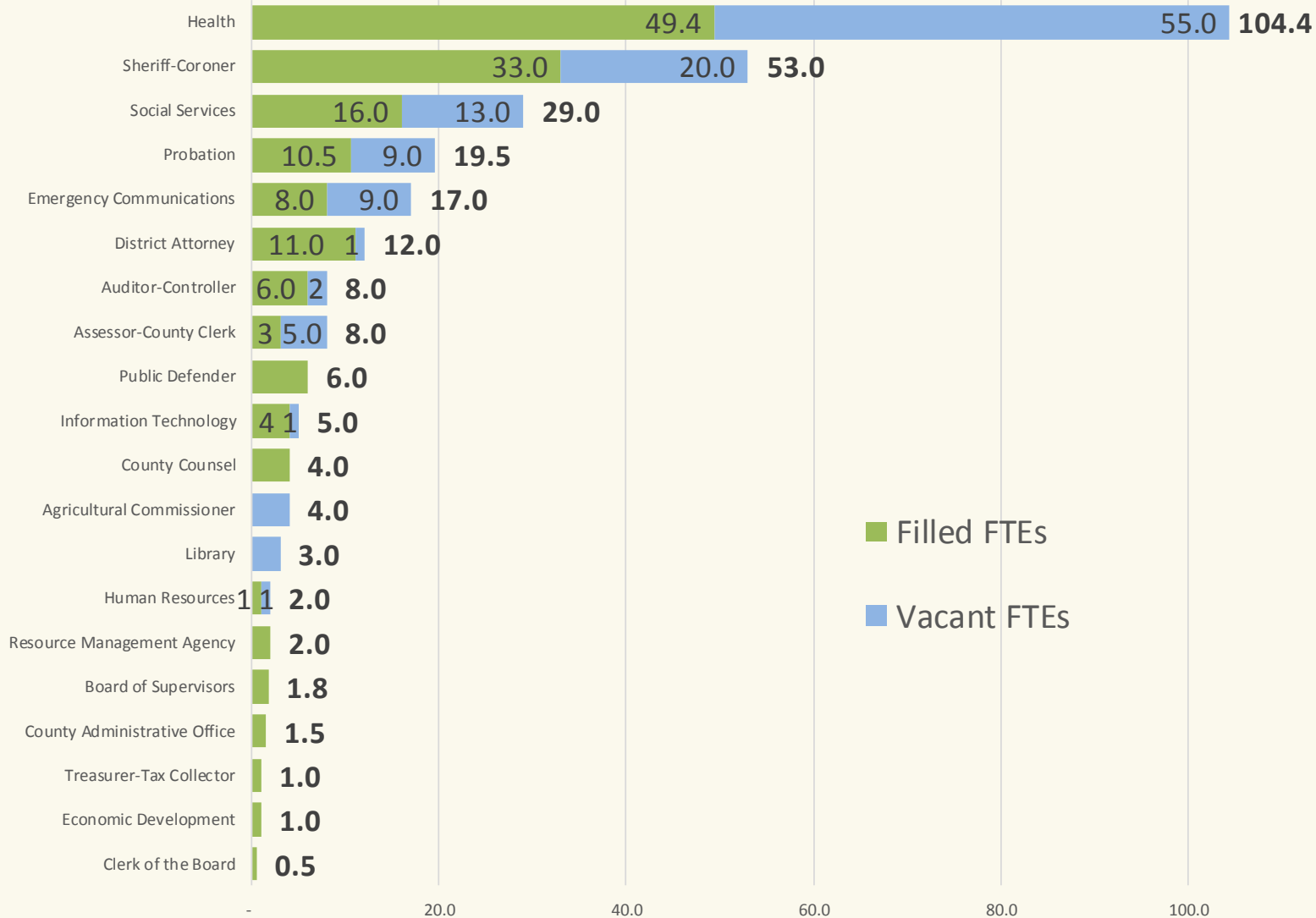


County Administrative Office
June 2018

Challenges in Balancing the FY 2018-19 Budget

- Forecasted budget deficits for continuing current staffing & services:
 - \$36.2 million in FY 2018-19
 - \$44.4 million in FY 2019-20
 - \$53.8 million in FY 2020-21
- Significant fiscal pressures include:
 - Negotiated wage increases (added \$21.6 million in general fund costs the last three years)
 - Increasing pension costs (added \$13.4 million in general fund costs the last three years & doubles costs from \$44.9 million to \$90.0 million over the next seven years)
 - County-paid health insurance premiums grew \$21.4 million over the last three fiscal years
 - Responsive community investments
 - Loss of “program” revenue, especially in health program

Initial “Baseline” Budget Impacts



- The County’s fiscal pressures equate to reduced operational capacity next fiscal year.
- Due to escalating costs and lagging revenue, departments initially identified funding gaps to continue 291 positions, including 167 filled and 124 vacant, unless increased funding is provided.
- Departments with the largest staffing-related funding gaps included Health, Sheriff’s Office, Social Services & Probation.

Budget Hearings

- The Board of Supervisors considered staff's Recommended Budget during budget hearings on June 4th & 5th.
- Although the Recommended Budget provided \$11.3 in “budget solutions”, departments still faced a loss of 125 positions and major impacts to health & social services.
- The Recommended Budget retained flexibility to address some remaining needs, including a \$6.3 million appropriation for contingencies, an estimated \$6.2 million in the cannabis “assignment”, and \$4.3 million in annual cannabis revenue.
- In addition, the Health Department offered solutions for using “realignment” fund balance to preserve public health and animal services programs.
- The Board utilized this flexibility to approve \$11.7 million in augmentations (\$10.5 million in County contributions and \$1.2 million in program revenue) to save 67 staff and preserve vital services.

Board Modifications - Health

PROGRAM	FTE	Costs	Contingencies	Realignment
Animal Services	7.5	\$541,454	\$0	\$541,454
Children's Medical Services	1.2	117,004	-	117,004
Communicable Disease	6.0	682,512	341,256	341,256
Home Visitation				
Staffing	5.0	419,186	-	419,186
Liability Due to the State	-	970,000	-	970,000
Public Health Administration	1.0	100,000	-	100,000
Public Health Lab	6.0	419,742	209,871	209,871
Whole Person Care	11.0	775,000	387,500	387,500
Women, Infants, & Children	4.0	172,209	86,105	86,105
Grand Total	41.7	4,197,107	1,024,732	3,172,376

- Saves 41 staff providing public health and animal services.
- Cost of \$4.2 million, financed by \$1.0 million from next year’s appropriation for contingencies and \$3.2 million in “health realignment” fund balance.
- Follow-up Items:
 - Staff to provide Board with a plan & costs for animal services
 - Staff to work with area hospitals to develop cost sharing plan for Whole Person Care
 - Staff to provide cost sharing recommendations for the public health lab

Board Modifications – Social Services

PROGRAM	FTE	Cannabis FB
Whole Person Care/Homeless Census	-	581,231
Emergency Women's Shelter	-	41,475
Children's Emergency Response Team	7.00	557,800
Adult Protective Social Workers	4.00	294,398
Pathways to Safety	-	540,158
Community Action Services	-	
Management Analyst	1.00	21,390
Community Solutions	-	67,500
Youth Homeless Shelter	-	30,000
Gathering for Women	-	30,000
Safe Parking (1/3 funding)	-	50,000
Veteran Affairs-Stand Down	-	50,000
Winter Warming Shelter ¹	-	307,222
Grand Total	12.00	2,571,174

- Saves 12 staff & programs serving vulnerable community populations.
- Cost of \$2.6 million, financed by one-time cannabis reserves.
- Follow-up Items:
 - Staff to provide general assistance time-limit policy
 - Staff to return prior to November with potential State funding for homeless shelter & continue work on funding a permanent location & cost sharing with the City of Salinas with potential use of CDBG funds
 - Staff to provide Board with reduced cost & location options for safe parking program

¹. Approved by BOS on May 22, 2018 for services through October 2018.

Board Modifications – Sheriff’s Office

PROGRAM	FTE	Cost
Delete Vacant Special Operations Sergeant	(1.00)	(\$240,871)
Add Vehicle Abatement Officer	1.00	108,753
Add Correction Chief Deputy (6 mo funding)	1.00	125,767
Grand Total	1.00	(6,351)

- Deletes 1.0 vacant Special Operations Sergeant for savings of \$240,871.
- Savings used to keep two high priority vacancies, including the Chief Deputy for Corrections and a Vehicle Abatement Officer.

Board Modifications – Cannabis Program

PROGRAM	FTE	Cannabis Ongoing
Accela Licenses-Enforcement Data Sharing	-	\$40,000
Program Travel and Training (CAO)	-	10,000
CA Cannabis Authority (CAO)	-	50,000
Analyst I (Auditor-Controller)	0.5	64,473
Inspector/Biologist (Ag Comm)	1.0	141,517
Weights & Measures Inspector (Ag Comm)	0.5	70,759
Deputy County Counsel (Co Counsel)	1.0	223,553
Environment Health Specialist (Health)	1.0	155,614
Lab Analysis (Health)	-	50,000
Public Awareness (Health)	-	100,000
Management Analyst II (Health)	0.5	71,299
Youth Prevention/Intervention (Health)	-	125,000
Deputy Sheriff (Sheriff)	2.0	433,406
Two Vehicles including equip (Sheriff)	-	62,836
Overtime for Enforcement (Sheriff)	-	200,000
Program Manager II (CAO)	-	-
Code Compliance Inspector (RMA)	-	31,401
Management Analyst III (TTC)	1.0	163,983
Accountant III (TTC)	-	-
Accounting Technician (TTC)	-	-
IT, Clerical, Exec Oversight Overhead (TTC)	-	97,508
District Attorney Investigator III (DA)	1.0	262,838
Total¹	8.5	2,354,187

- Funds an additional 8.5 staff and operating costs for support of the cannabis oversight program.
- Cost of \$2.4 million, financed by ongoing cannabis revenue.
- Combined with amounts already included in the Recommended Budget, the Adopted Budget supports 11.5 positions funded by \$2.7 million in annual cannabis revenue.

¹. Amounts are in addition to \$376,923 and 3.0 FTEs already included in the Recommended Budget, for a total of \$2,731,110 and 11.5 FTEs.

Board Modifications - Other

PROGRAM	FTE	Costs	Contingencies	Cannabis FB
Management Analyst Leg Advocacy	1.0	140,569	140,569	-
Civil Rights Office - Online Training	-	40,000	40,000	-
Chief Deputy - Internal Audits (3 mo)	1.0	43,481	43,481	-
Interlake Tunnel & Spillway Project	-	891,794	445,897	445,897
Library Books	-	300,000	-	300,000
Restore Deputy County Counsel	1.0	-	-	-
Grand Total	3.00	1,415,844	669,947	745,897

- Restores MA III in the CAO-IGLA for legislative advocacy and extends the Chief Deputy – Internal Audits position by 3 months.
- Provides \$891,794 as the remainder of the \$3 million County reimbursement authority authorized for the interlake tunnel.
- Fund \$300,000 for the Library to purchase books and \$40,000 for the Civil Right’s Office to continue online training.
- Restores a Deputy County Counsel position with no additional funding.

Board Modifications - Summary

DEPARTMENT	FTE	Contingencies	Cannabis Fund Balance ²	Cannabis Ongoing	Health Realignment	Totals
Beginning Balances		\$6,345,359	\$6,232,243	\$4,259,000	\$14,705,303	
County Admin Office ¹	1.0	586,466	745,897	100,000	-	1,432,363
Civil Rights Office	-	40,000	-	-	-	40,000
Auditor-Controller	1.5	43,481	-	64,473	-	107,954
Treasurer-Tax Collector	1.0	-	-	261,491	-	261,491
County Counsel	1.0	-	-	223,553	-	223,553
District Attorney	1.0	-	-	262,838	-	262,838
Sheriff's Office	3.0	-	-	696,242	-	696,242
Agricultural Commissioner	1.5	-	-	212,276	-	212,276
Resource Mgt Agency	-	-	-	31,401	-	31,401
Health Department	43.2	1,024,732	-	501,913	3,172,376	4,699,020
Social Services ¹	12.0	-	2,571,174	-	-	2,571,174
Totals	65.2	1,694,679	3,317,071	2,354,187	3,172,376	10,538,312
Ending Balances		4,650,681	2,915,172	1,904,813	11,532,928	

¹ Includes operating transfers of \$891,794 to WRA for interlake tunnel & spillway project and \$300,000 to the Library for book purchases.

² Includes \$307,222 in cannabis fund balance authorized by the Board in May 2018 for the warming shelter.

- Budget Hearing modifications total \$11.7 million and add 66 FTEs.
- Modifications are financed by \$10.5 million in County contributions (\$1.7 million from the contingencies appropriation, \$3.3 million in cannabis fund balance, \$2.4 million in annual cannabis revenue, and \$3.2 million in Health Realignment fund balance) and \$1.2 million in “program revenue”.
- Balances estimated for year-end FY 2018-19 total \$4.7 million in the contingencies appropriation, \$2.9 million in cannabis fund balance, and \$11.5 million in Health Realignment.

COWCAP & Clerical Changes

- The Recommended Budget authorizes staff to adjust budgets for corrections to the Countywide Cost Allocation Plan (COWCAP) and to make clerical corrections.
- Collaborative meetings between the Auditor-Controller and the RMA resulted in modifications to the COWCAP, reducing allocated costs to the Road Fund.
- The Adopted Budget adjusts budgets to reflect the COWCAP change.
- The Adopted Budget also makes clerical corrections restoring a project manager in RMA fully-funded by SB 1 revenue and lowering estimates of revenue in several departments by a combined \$17,020.

Adopted Budget Summary

Total Budget	\$1.5 billion (All Funds), \$677.1 Million (General Fund)
Total FTEs	5,238 (All Funds), 3,395 (General Fund)
Use of Fund Balances	\$60.5 Million (All Funds), \$18.2 Million (General Fund)
Strategic Reserve	\$27.5 million (4.2% of Estimated Revenue)¹
Contingency Appropriation	\$4.7 million

¹. The County's hospital (Natividad Medical Center) also has a strategic reserve of \$25.0 million.

Hiring Freeze

- The Board's modifications restore many of the positions that were set to expire on June 30, 2018.
- At the start of budget hearings, there were potentially 57 layoffs.
- The Board's modifications reduced the number of potential layoffs to 20 at last count, with the number declining as Human Resources works with impacted employees and departments to find in-placement opportunities.
- Understanding the County's hiring freeze and the associated exemption process adds administrative burden and that there has been progress in reducing potential layoffs, staff recommends discontinuing the freeze effective July 13, 2018.

Discussion