



SOLANO COUNTY

FY2017/18 Recommended Budget



Item #1
File #17-461



FY2017/18

Budget Hearing Presentation

June 20, 2017



Budget Overview

Recommended and Supplemental

\$1,038,353,481	Recommended and Supplemental
5,873,299	Restoration of Gen. Fund Contingency (IHSS)
<u>(1,573,024)</u>	<u>Draw from Library Contingency</u>
\$1,042,653,756*	FY2017/18 Total Budget



\$47,269,401
Increase of 4.7% from
FY2016/17 Adopted Budget

Reflects increases in revenues and use of various fund balances (includes Re-budgets of \$37.7 million)



3,068.35 FTEs
Increase **44.5** from FY2016/17
Adopted Budget
(excluding extra help)

Modest 1.5% increase to deliver ongoing programs and services and to address operational needs in various departments – Anticipated reductions in FTE's during FY2017/18 if revenues are impacted.

* Includes \$191 million in Operating Transfers between funds and \$49 million in Federal/State direct assistance costs for programs such as Cal Fresh, CalWORKS, and Adoption assistance..



Budget Instructions for Departments

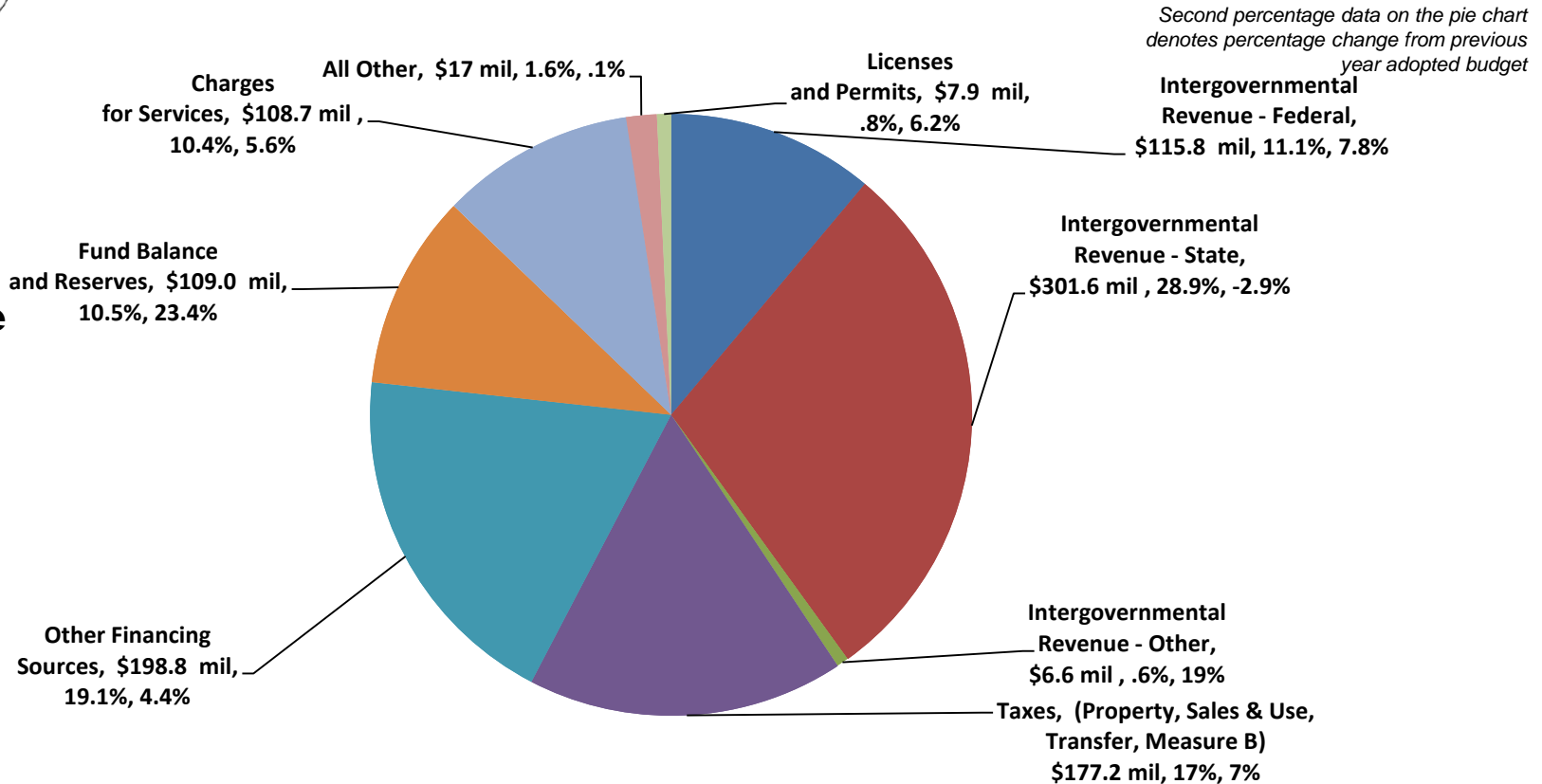
- **Start with a base budget from FY2016/17**
- **Target a “no increase” in General Fund cost budget compared to FY2016/17 Midyear**
- **Reduce expenditures where possible and increase cost recovery, focus on revenue trends and maximizing revenue**
- **Limit addition of new positions unless support mandated programs and/or have a revenue offset**
- **Continue to look for strategic investments in new technologies to streamline /enhance services/self serve/expand access**
- **Invest in improvement and maintenance projects that provide safe, quality accommodations in which to conduct business**



FY2017/18 Recommended Budget - Revenue

Recommended & Supplemental Budget - \$1,042.65 million

Revenue by Source



	FY2017/18			
	FY2016/17 Adopted Budget	Rec'm'd & Supl Budget	Change From Prior Year	% Change From Prior Year
General Fund	252,768,932	269,489,164	16,720,232	6.6%
Special Revenue Funds	686,581,325	710,675,517	24,094,192	3.5%
Capital Projects	35,625,794	38,064,141	2,438,347	6.8%
Debt Service	20,408,304	24,424,934	4,016,630	19.7%
Total Governmental Funds	995,384,355	1,042,653,756	47,269,401	4.7%



Revenues: FY2017/18 over FY2016/17 Adopted

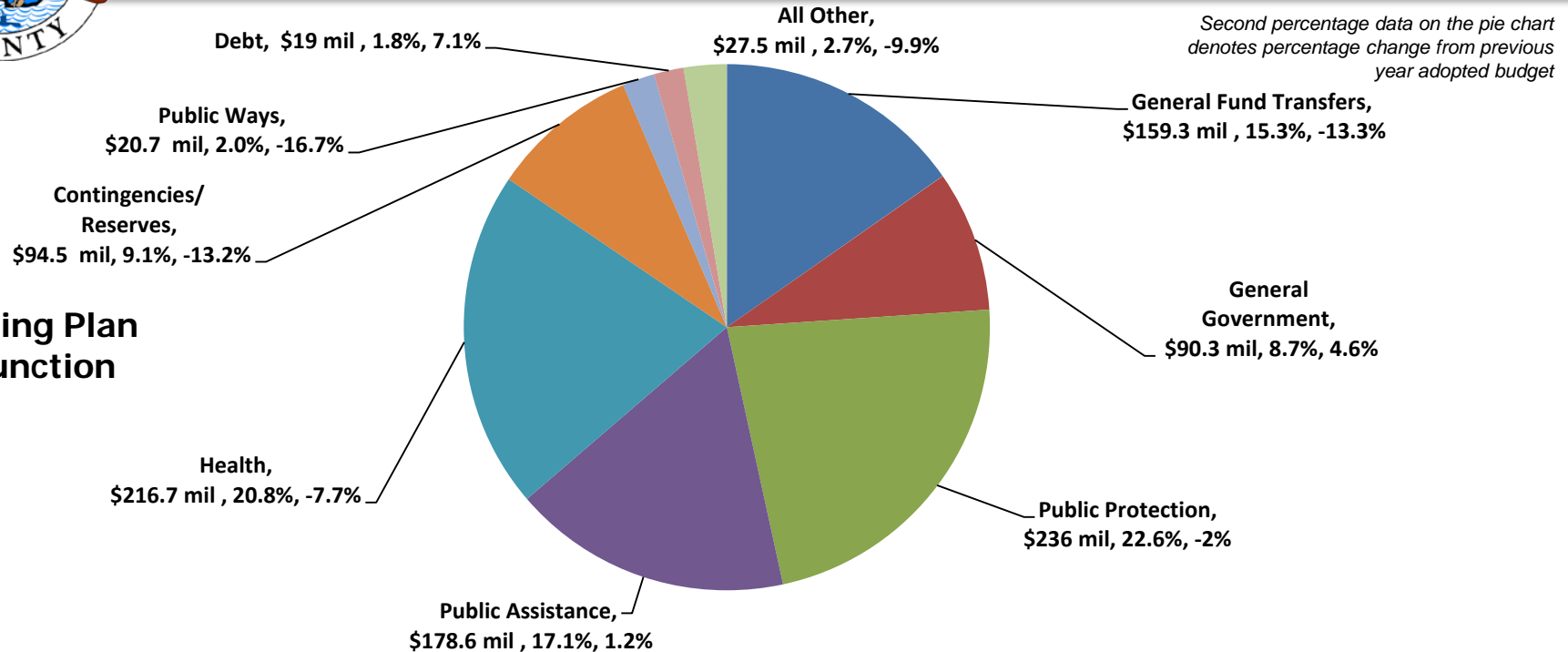
- **Assessed Values Countywide:** up 6% from the FY2016/17 corrected assessment roll; total Roll as of July 2016 was \$49.2 billion
- **Current Secured property taxes:** up 7% ~ \$4.7 million
 - From FY2016/17 Third Quarter estimates, up 4% in FY2017/18
- **Property Tax in Lieu of VLF:** up 6% ~ \$2.7 million
- **ABX1 26 Pass Through:** up 7% ~ \$1.1 million
- **Supplemental Secured:** up 47% ~ \$0.8 million
- **Property Transfer Tax:** up 33% ~ \$0.7 million
- **Prop 172:** up 0.6% ~ \$0.2 million increase based on current statewide sales tax trend; however, sales tax revenues continue to be below projections and the Board of Equalization is calculating overpayments to counties.
- **Public Safety 2011 Realignment/AB 109:** down 11% ~ \$1.7 million decrease (\$1.6 million dependence on AB 109 prior year carryover funds)
- **H&SS Federal/State:** flat funding after accounting for a technical budget adjustment and prior to the CalWORKs single allocation reduction which was announced after completion of the Recommended Budget
- **Court share of filing revenue:** No recovery – Remains at \$2.8 million, vs transfer out of \$9.2 million
- **Disposal Fees:** up 17% ~ \$1,000,000 based on current landfill capacity
- Flat funded with **1991 Public Health and Mental Health** revenues due to State takeaway.



FY2017/18 Recommended Budget - Expenditures

Recommended & Supplemental Budget - \$1,042.65 million

Spending Plan by Function



	FY2016/17 Adopted Budget	FY2017/18 Rec'md & Supl Budget	Change From Prior Year	% Change From Prior Year
General Fund	252,768,932	269,489,164	16,720,232	6.6%
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Total Governmental Funds	995,384,355	1,042,653,756	47,269,401	4.7%
Allocated Positions	3,023.85	3,068.35	44.50	1.5%



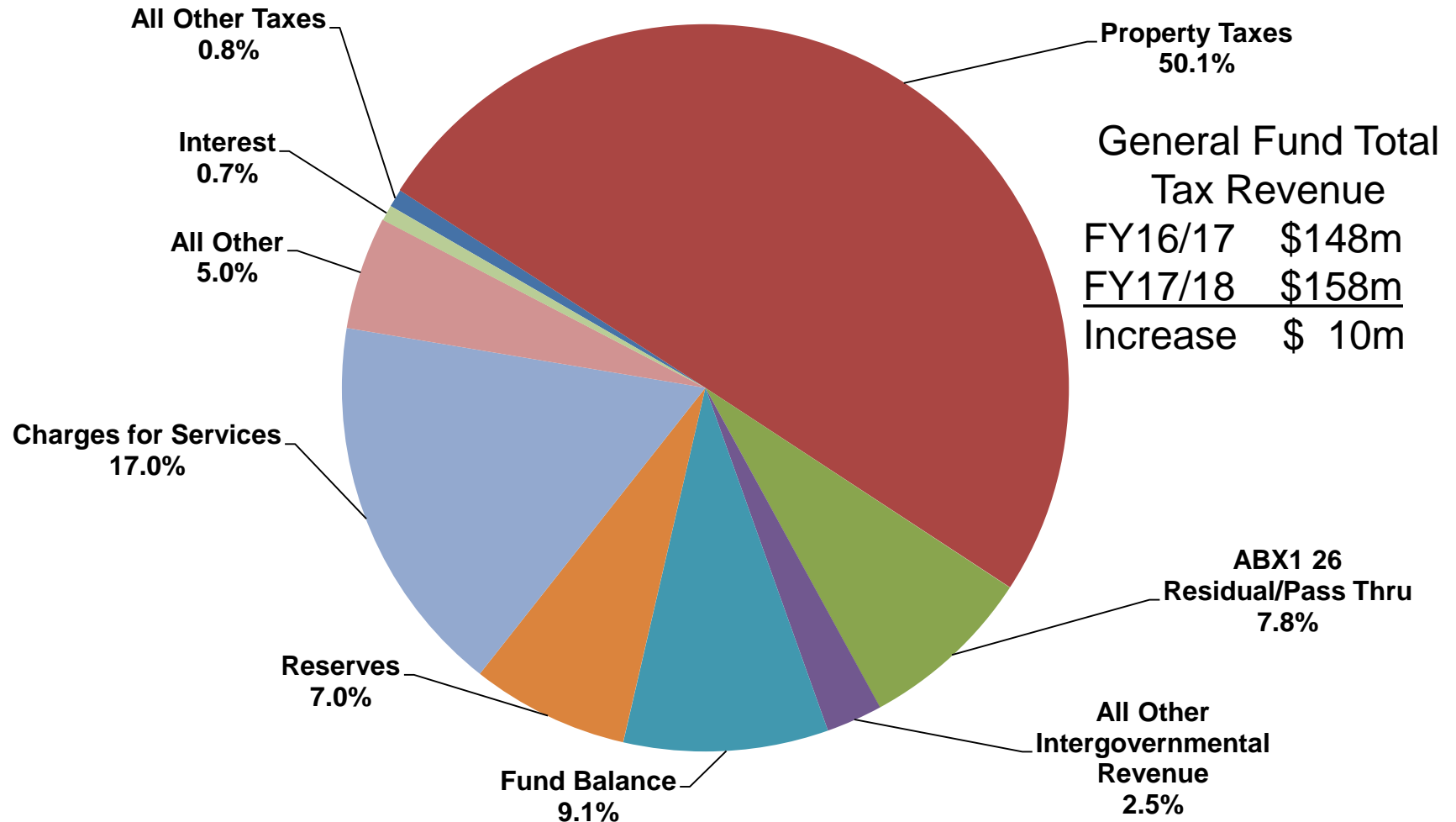
Expenditure Assumptions – FY2017/18

- **Retirement:** increasing CalPERS employer rates; Misc. budgeted at 20.97%, a 4.8% increase over FY2016/17, and Public Safety at 27.54%, a 4.4% increase.
- **Medical costs:** insurance rates are budgeted to increase by 10%, similar to previous years, but now anticipated to remain flat based on recent CalPERS Board action
- **Allocated positions filled:** assumes all vacant positions are filled; some salary savings identified based on timing of vacancies; vacancy rate declined with the reduction in new additional positions, but rate of retirement and some turnover continues
- **Continued investments in technology:** updating and expanding existing systems; adding capacity to backbone infrastructure; looking at new approaches for business operations. Included is a draw of \$10 million from reserves to fund SCIPS Replacement System.
- **Continued implementation of outside mandates:** AB 109 (Public Safety Realignment), Affordable Care Act, Federal Qualified Health Care, Mental Health Services Act, Proposition 47 (sentencing revisions), Proposition 57, AB 403 Continuum of Care (Foster Care), and IHSS
- **Routine & major maintenance:** Phasing of needed repairs; equipment upgrades; office space reconfigurations; boiler replacements; electrical power upgrade, HVAC and roof replacements; and re-budget of SB1022 Jail Project; Partial demolition of Fouts & Fairgrounds. Following previous Board direction to keep County facilities in "Good" condition by setting aside \$2 - \$3 million per year for next 10 years.



Sources of General Fund Revenue for FY2017/18

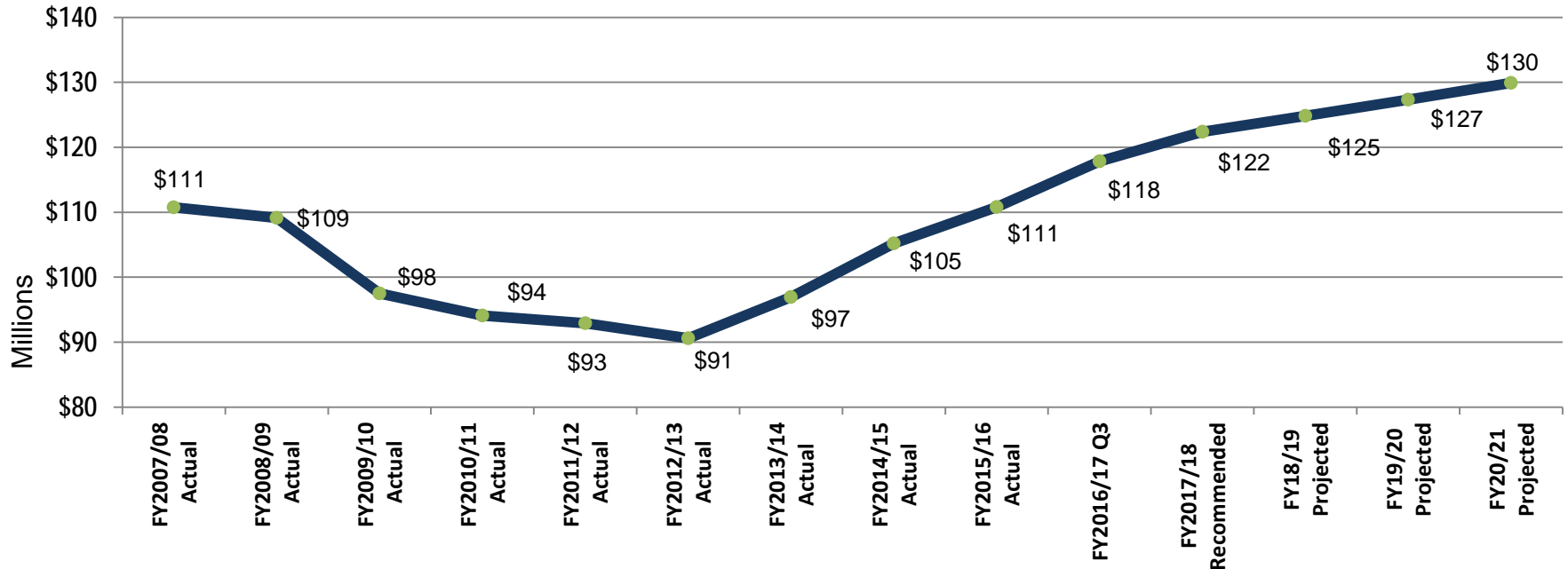
Total General Fund Revenue \$269.5 million





General Fund Property Tax Analysis

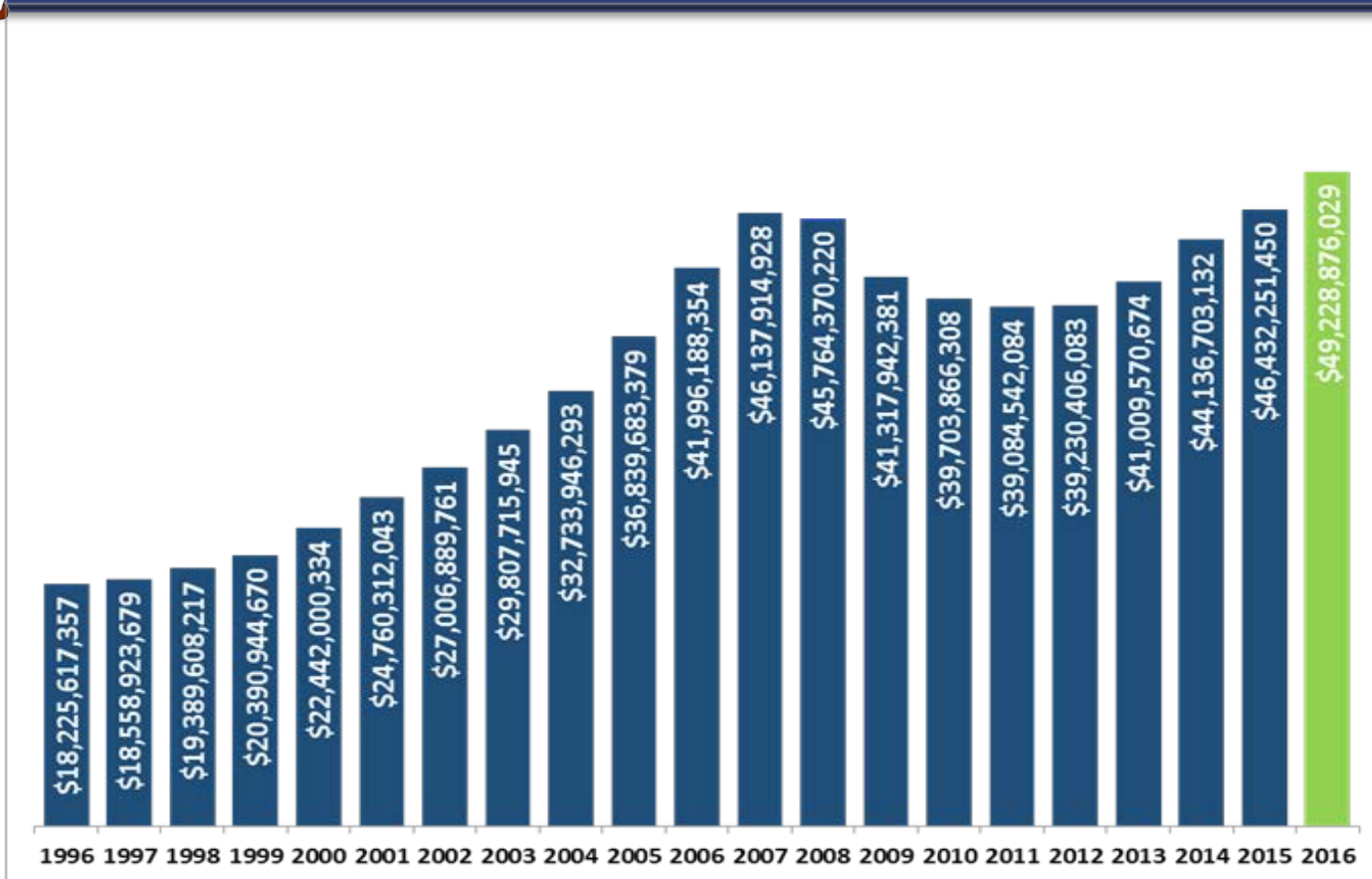
Current Secured Property Tax and Property Taxes in Lieu of Vehicle License Fees (VLF)



	ACTUAL						Q3	RECOMMENDED	PROJECTED		
	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Current Secured & Property Tax in Lieu of VLF (millions)	\$ 94.1	\$ 92.9	\$ 90.6	\$ 96.9	\$ 105.2	\$ 110.8	\$ 117.8	\$ 122.4	\$ 124.8	\$ 127.3	\$ 129.9
Change from Previous Year	\$ (3.41)	\$ (1.2)	\$ (2.3)	\$ 6.3	\$ 8.3	\$ 5.6	\$ 7.0	\$ 4.6	\$ 2.4	\$ 2.5	\$ 2.5
% Change from Previous Year	(3.5%)	(1.3%)	(2.5%)	7.0%	8.5%	5.3%	2.2%	3.9%	2.2%	2.0%	2.0%



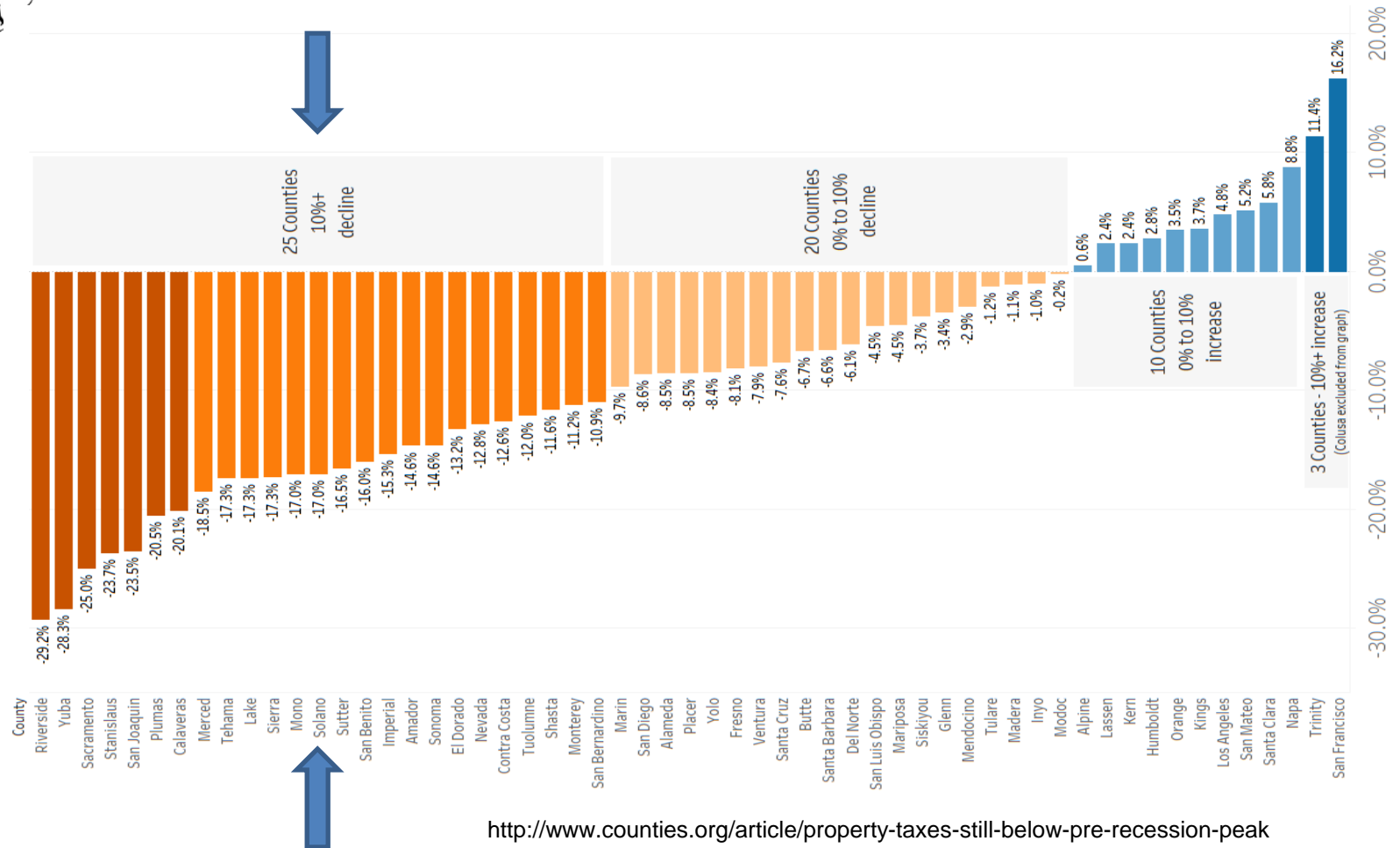
Solano County Property Value Trend



- July 1, 2016 property assessment roll reflects 18,323 properties still under Prop. 8 (13% of parcels), a 21% reduction from the prior year, down from the high of 78,000 in 2012.
- Currently 287 active appeals on file with the Clerk of the Board representing \$9.6 billion (cumulative over 8 years) in assessed value "at risk".



CSAC - County Property Tax Revenue per Capita, adjusted for inflation, '08-'15

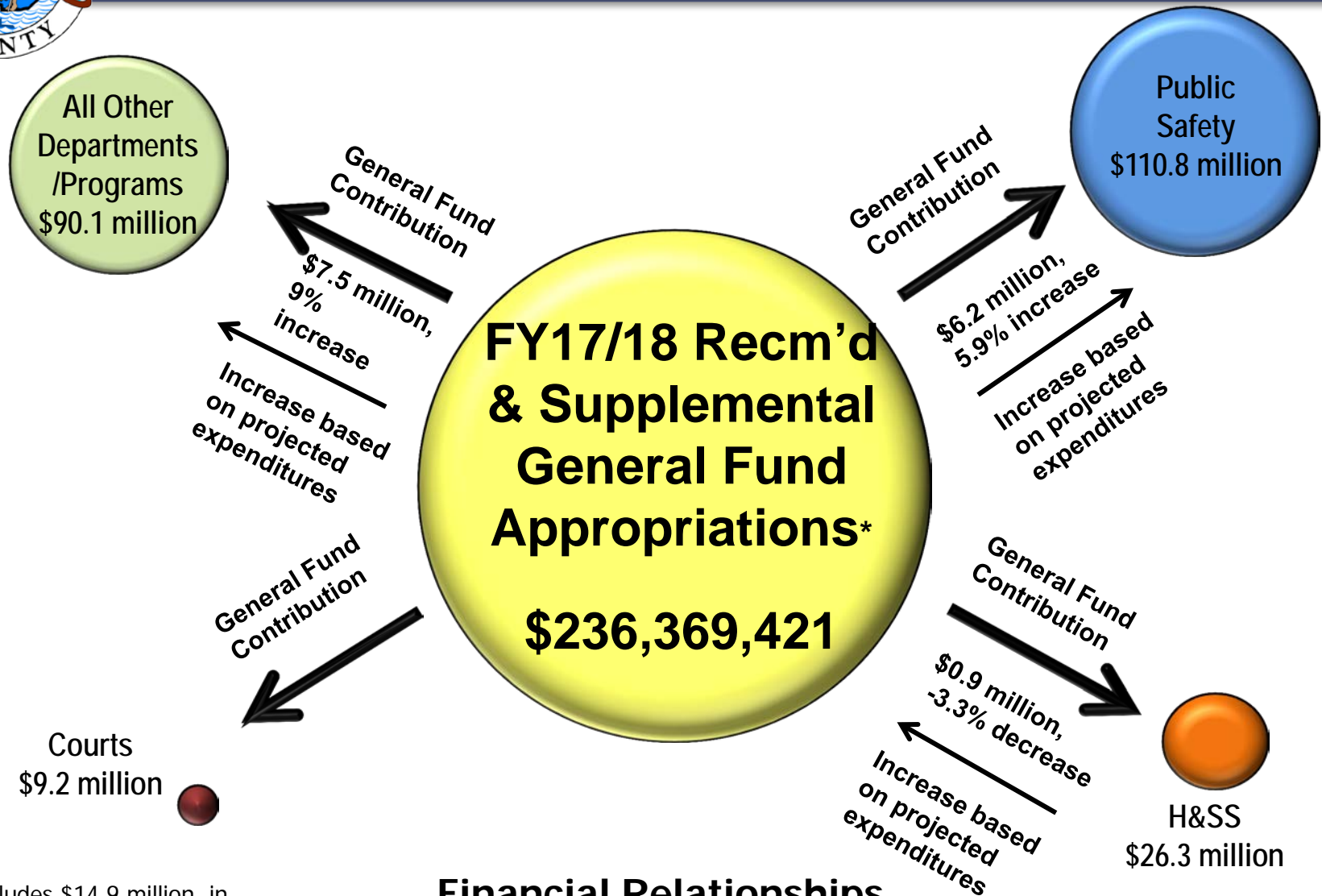


- Solano County Property Tax Revenue per capita, adjusted for inflation, has declined 17% from 2008 to 2015. (Study published February 23, 2017)



FY2017/18 Budget

General Fund Contributions to Other Funds



* Excludes \$14.9 million in Contingencies and \$18.2 million in Committed Fund Balances

Financial Relationships

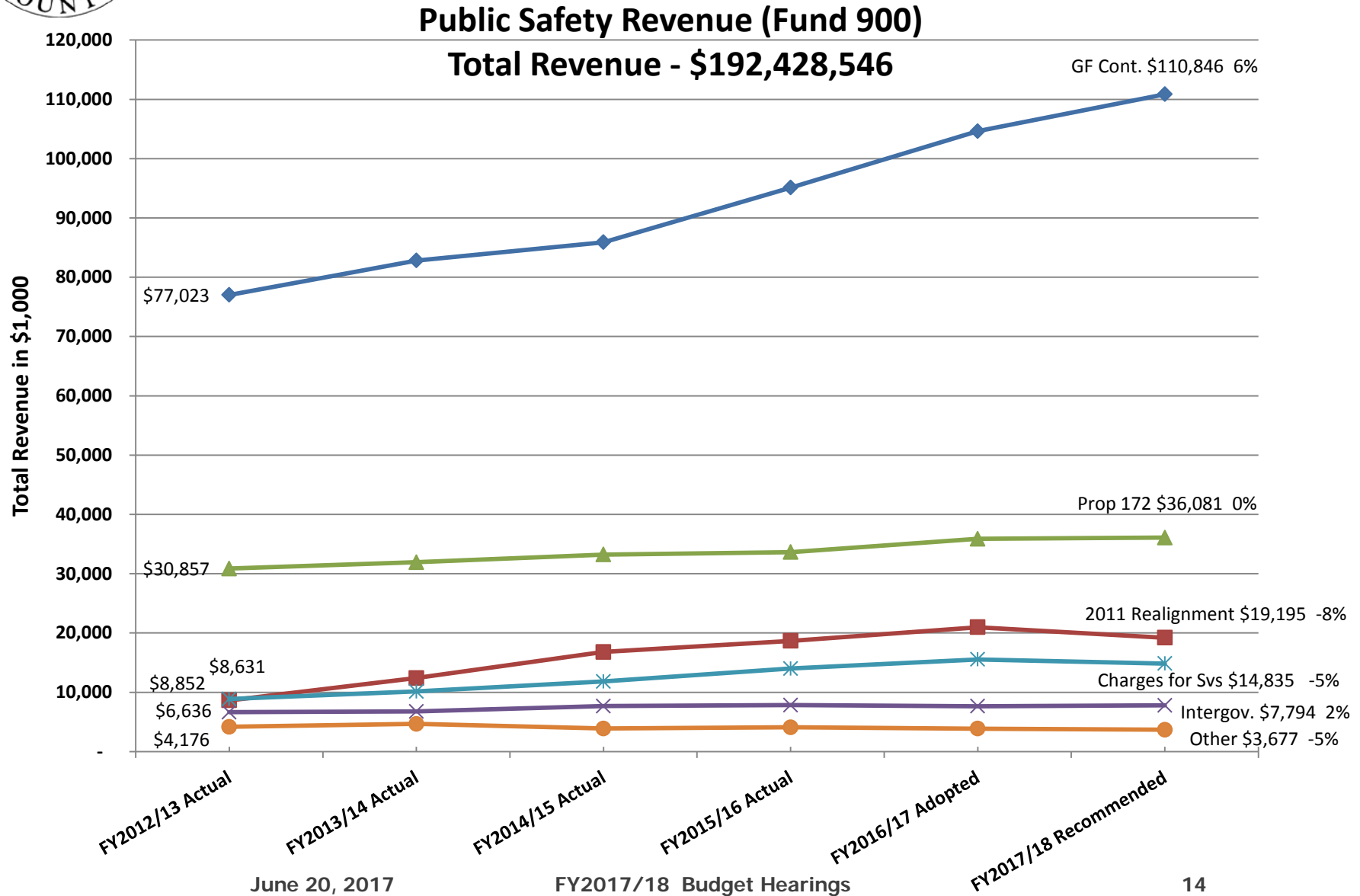


General Fund Appropriation – FY2017/18

	FY2016/17 Adopted	FY2017/18 Recommended	Increase / (Decrease)
TRANSFERS FROM GENERAL FUND TO:			
Public Safety	\$104.6	\$110.8	\$6.2
Health and Social Services	\$27.2	\$26.3	-\$0.9
Courts	\$9.2	\$9.2	\$0.0
Other	\$8.7	\$12.5	\$3.8
TOTAL GF Transfers	\$149.7	\$158.8	\$9.1
General Fund Departments	\$73.9	\$77.6	\$3.7
TOTAL GF Appropriation	\$223.6	\$236.4	\$12.8

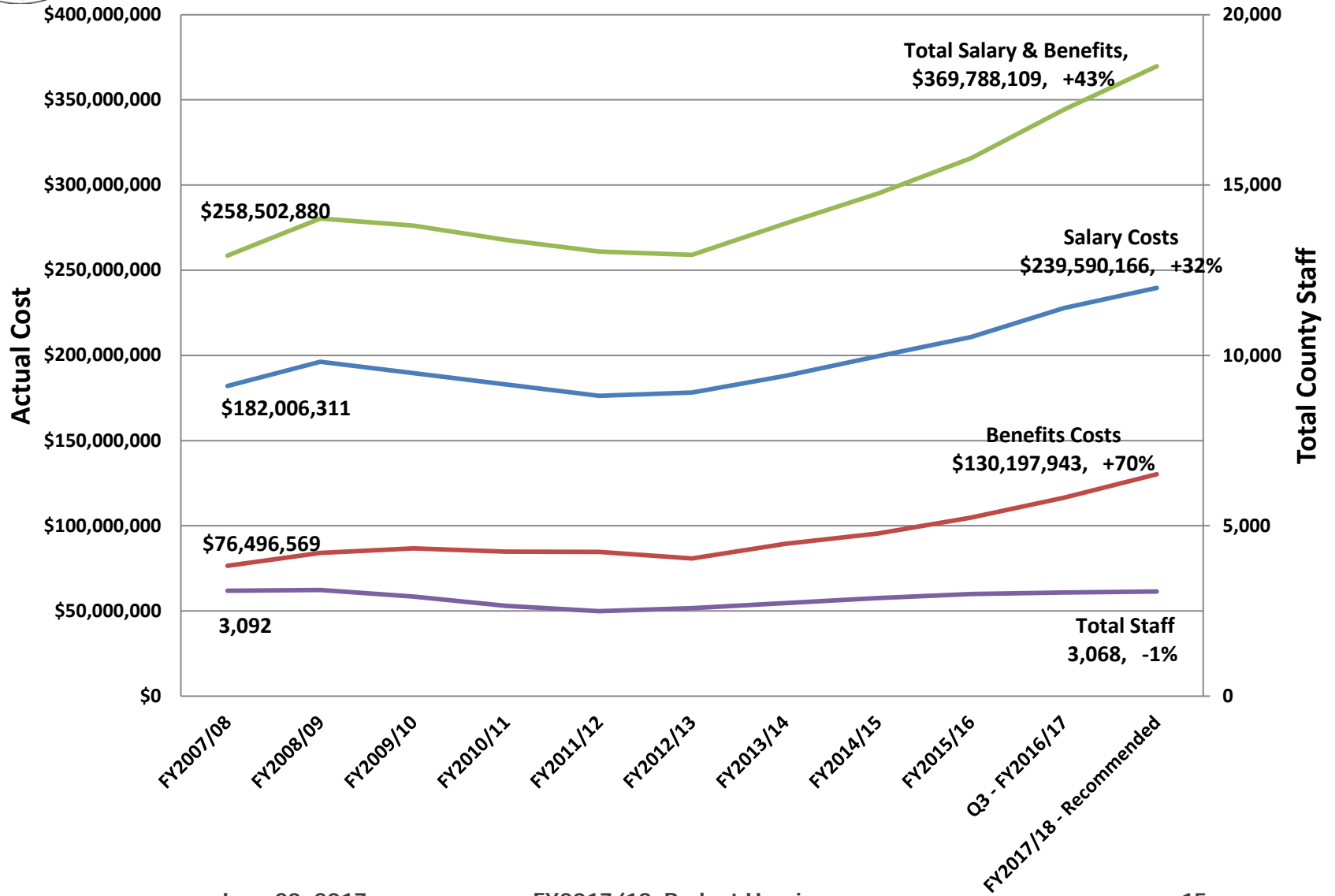


Public Safety Revenue Sources



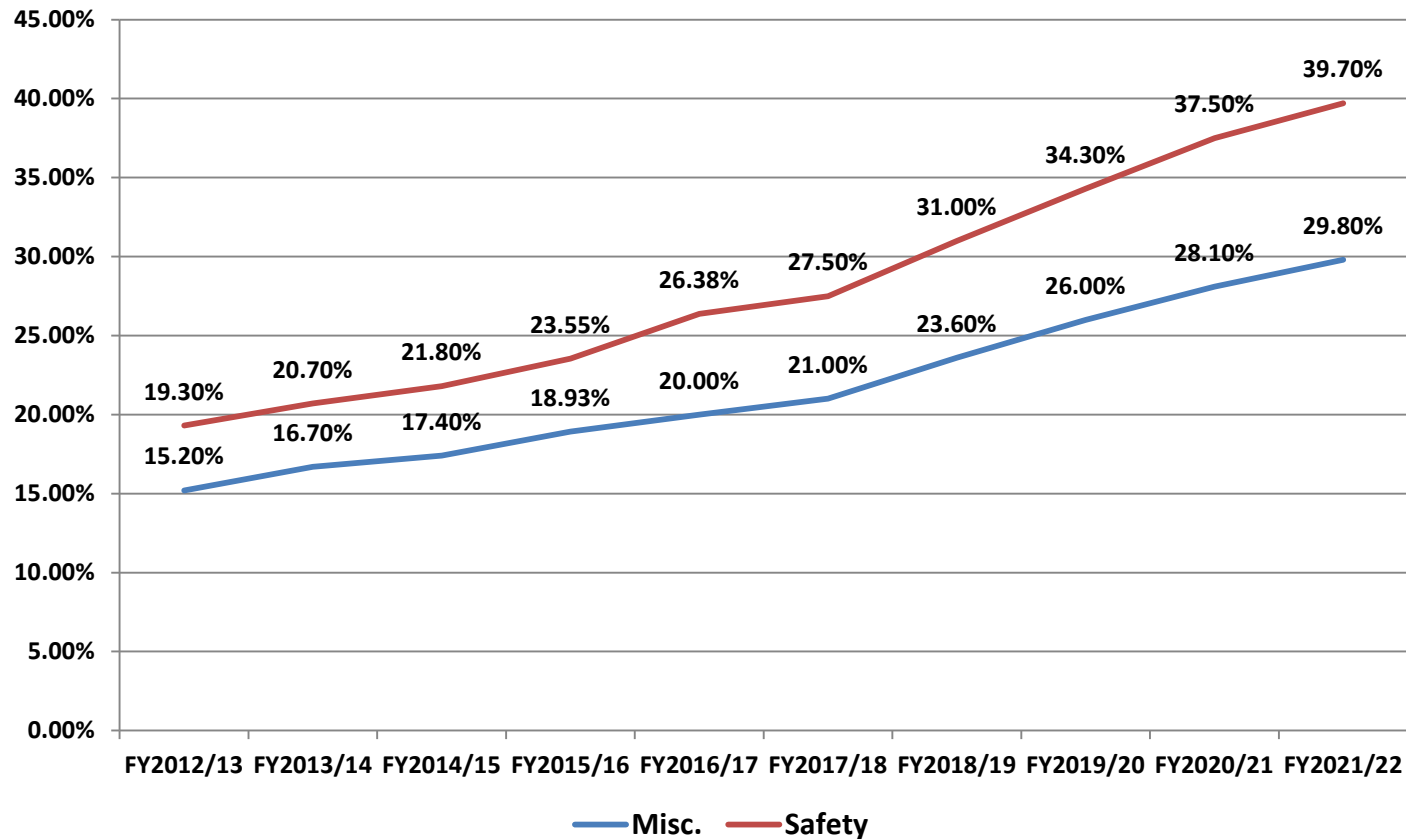


Salary and Benefits Costs vs. Staffing





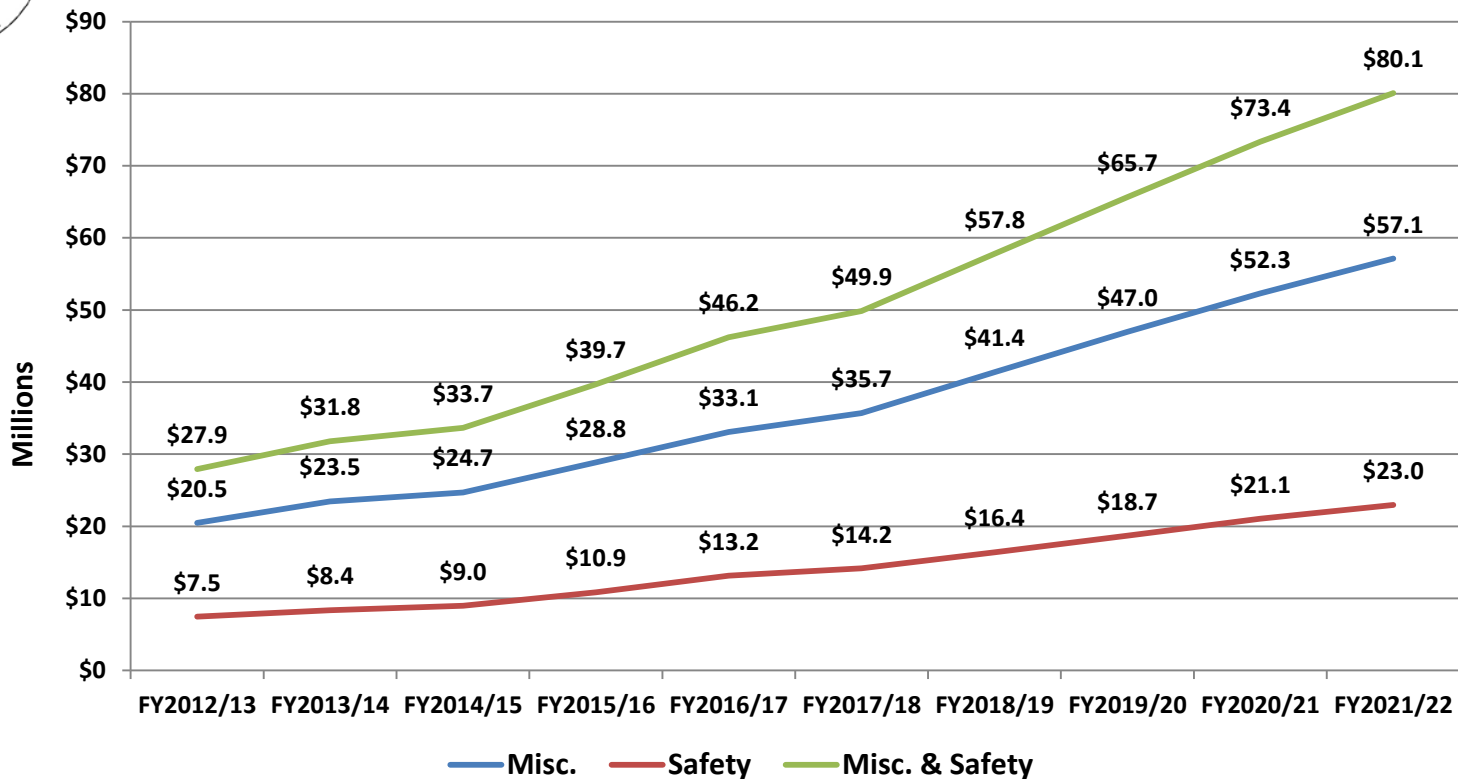
Employer Retirement Rate Increases



- Misc. rate increases from 15.20% in FY2012/13 to 21% in FY2017/18, growing to 29.8% by FY 2021/22
- Safety rate increases from 19.30% in FY2012/13 to 27.5% in FY2017/18, growing to 39.7% by FY2021/22



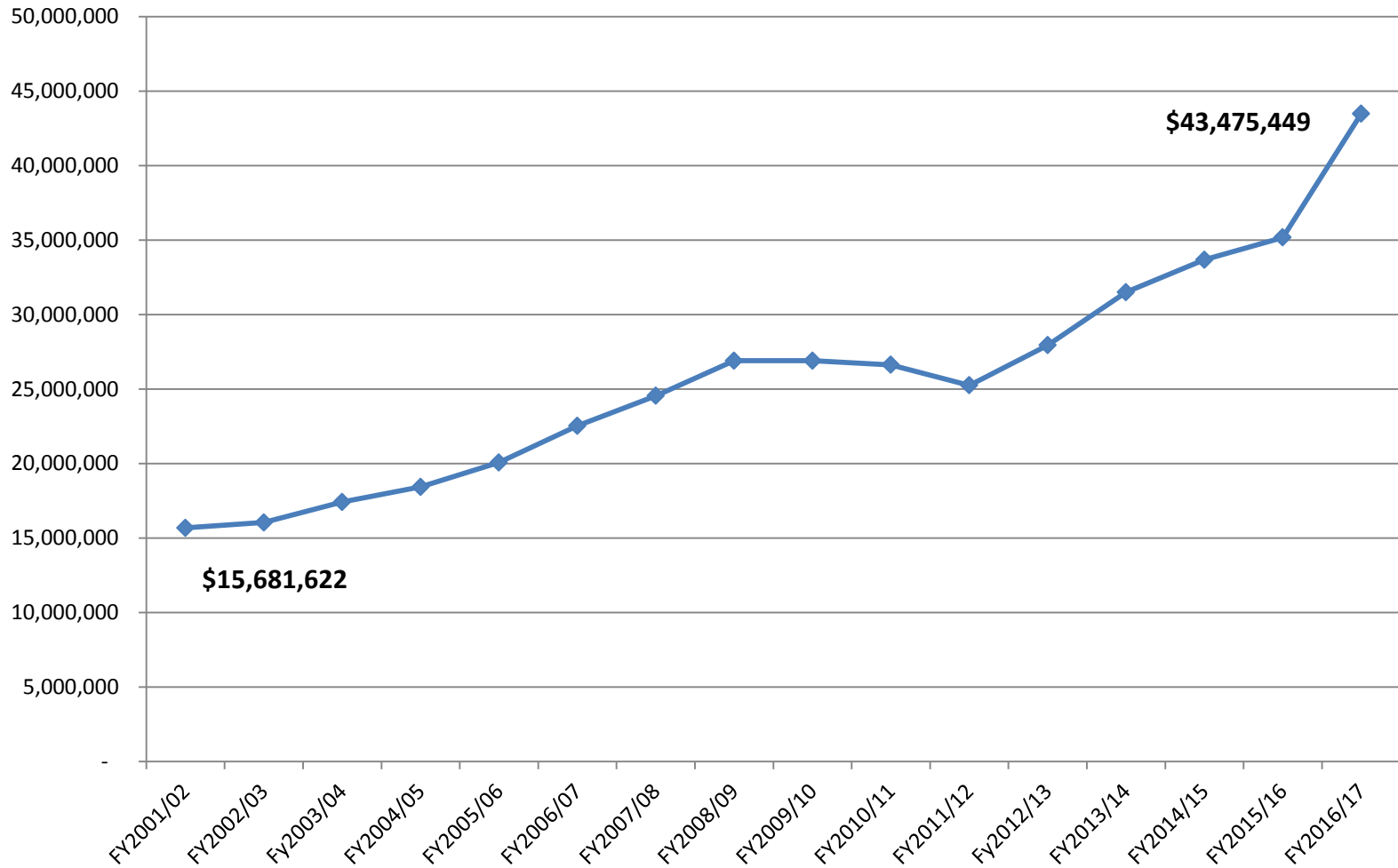
Employer Retirement Rate/Cost Increases



- Employer retirement rate costs projected to increase dramatically due to CalPERS changes
- Total costs are projected to increase from \$27.9 million in FY2012/13 to \$49.9 million in FY2017/18, growing to \$80.1 million by FY2021/22

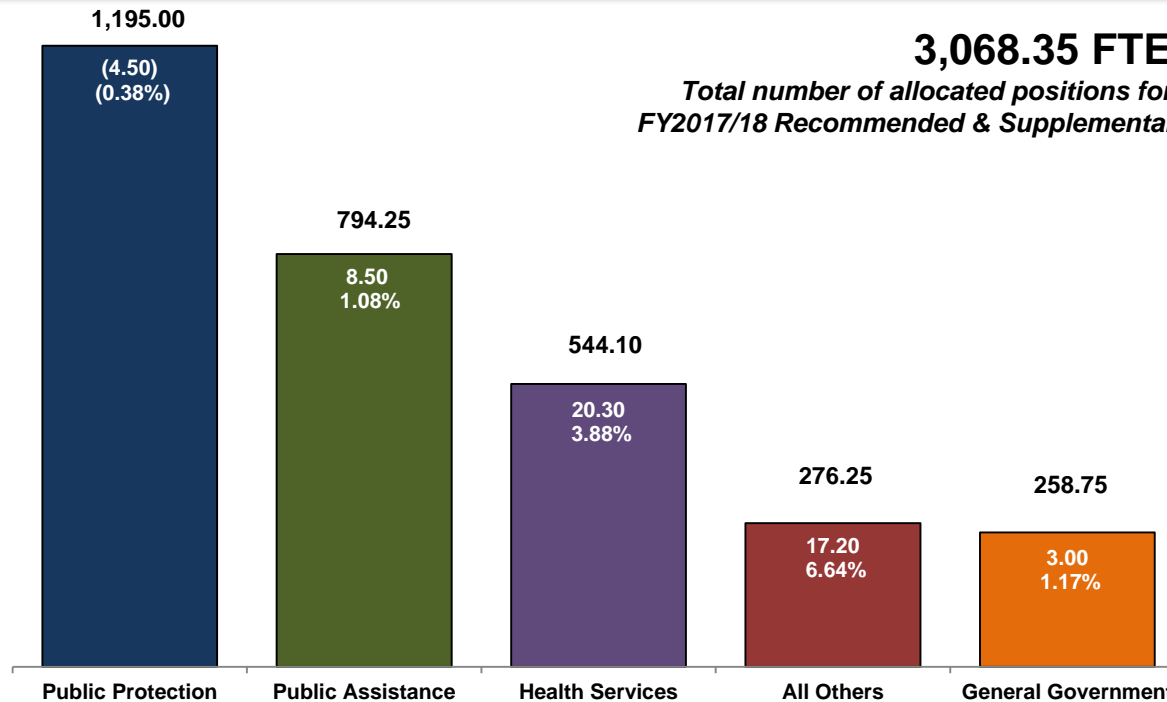


County Contribution Towards Health Insurance





FY2017/18 Budgeted Positions



PUBLIC PROTECTION	
District Attorney & OFVP	135.00
Child Support Services	97.00
Public Defender	65.00
Public Defender - Alternate	21.50
Sheriff	537.00
Probation	223.50
Agricultural Commissioner	24.00
Animal Control Services	28.00
Recorder	14.00
Resource Management	50.00
TOTAL	1,195.00

PUBLIC ASSISTANCE	
First 5 Solano Children & Families	6.00
Veterans Services	6.00
H&SS Administration	96.00
Social Services	686.25
TOTAL	794.25
HEALTH SERVICES	
In-Home Supportive Services	6.00
Behavioral Health	205.70
Health Services	332.40
TOTAL	544.10

GENERAL GOVERNMENT	
Board of Supervisors	14.75
County Administrator	16.00
Employment Dev. & Training	3.00
General Services	88.00
Assessor	38.00
Auditor/Controller	34.00
Tax Collector/County Clerk	11.00
Treasurer	3.00
County Counsel	20.00
Delta Water Activities	1.00
Human Resources	20.00
Registrar of Voters	9.00
Real Estate Services	1.00
TOTAL	258.75

ALL OTHERS	
Public Works	64.00
Library	120.55
Parks and Recreation	7.00
Risk Management	7.70
Dept. of IT	64.00
Fleet Management	10.00
Airport	3.00
TOTAL	276.25



FY2017/18 Recommended Positions

BY FUNCTIONAL AREA		NET CHANGE
Health and Social Services		23.3
Library		8.8
Public Safety		4.5
General Fund (GF)		1.75
Internal Service Fund		-1
TOTAL POSITIONS		37.35

BY POSITION TYPE		NET CHANGE
Limited-Terms		19
Conversion of Extra Help to Regular (Library & District Attorney)		10.8
Regular FTE		7.55
TOTAL POSITIONS		37.35

BY FUNDING SOURCE		NET CHANGE
Fully Offset by Non-GF Funding		30.1
Partial Offset by Non-GF Funding		6
GF / Department Charges		1.25
TOTAL POSITIONS		37.35

Note: Charts excludes 10.0 expiring Limited-Term positions for a net change in the FY2017/18 Recommended of 27.35 positions.



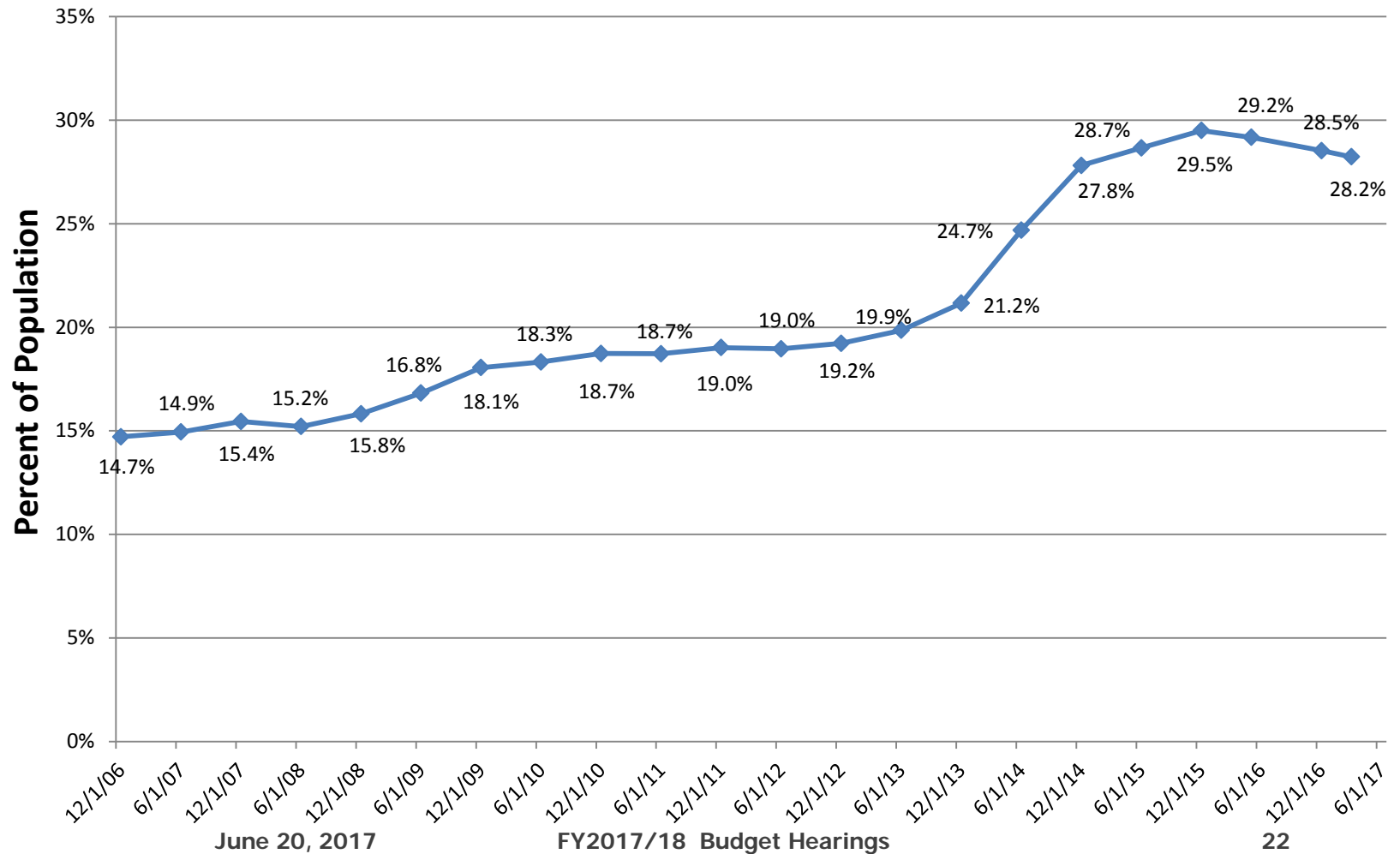
Mixed Signals, Forecasting Challenges

- **Unemployment rate:** 4.3% for May 2017, down from 5.7% a year ago
- **Public Assistance:** 28.2% of county population or 123,303 individuals receiving assistance as of March 2017, slightly down from 29.2% in March 2016, resulting in 1 in 3.5 County residents receiving some form of Public Assistance. (Primarily Medi-Cal, CalFresh and CalWORKS)
- **Jail Population:** Average jail population of 1,019 over the last 12 months and 998 over the last 30 days
- **Median Home Price:** \$405,000 in December 2016, up 15.3% from \$356,640 in December 2015, but still below 2006's average median of \$475,555
- **Personal Income:** Solano County's per capita income of \$44,504 ranks fourth lowest as compared to benchmark counties in California, between 2014 and 2015 Solano County's per capita income of growth rate of 6.5% outpaced the State's 5.1% growth rate and is among the highest of the benchmark counties *(source: Bureau of Economic Analysis, U.S. Dept. of Commerce, May 2017)*
- **Aging Population:** The current population of Solano County is 436,032 and is expected to grow to 455,795 by 2020 with an increasingly aging population (78,968 age 65+ by 2020), the growing number of older adults will significantly affect the types of service demands placed on the County *(source: California Department of Finance, March 2017)*



County Population and Public Assistance

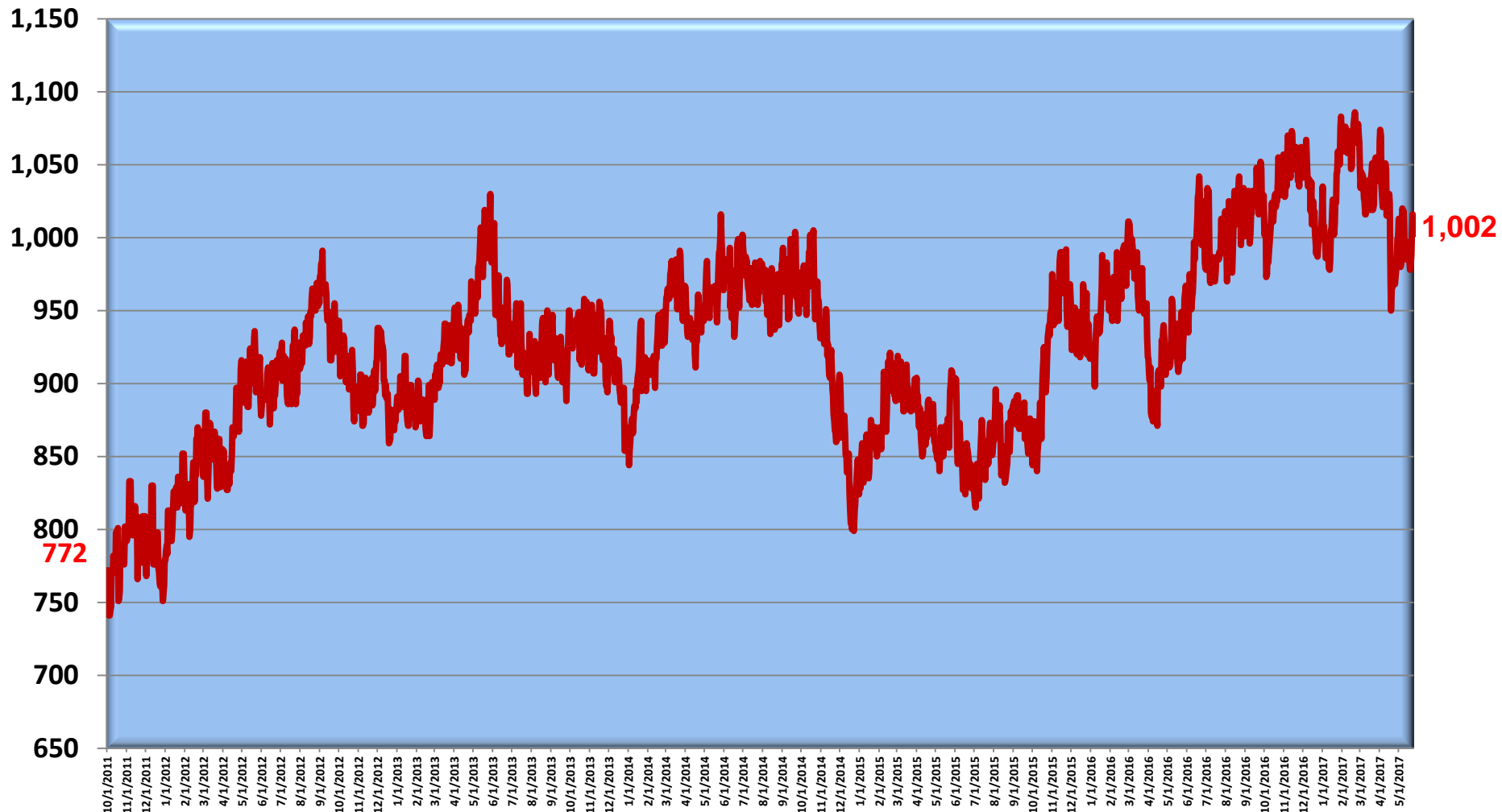
Unduplicated Individual Count Receiving Employment and Eligibility Assistance
(CalWORKS, Welfare-to-Work, General Assist., CalFresh, Medi-Cal, CMSP/Path2Health, Foster Care,
Adoption Assist., KinGAP)
Point-in-time Data in H&SS Employment and Eligibility





Jail Population Trend

October 1st, 2011 – May 23th, 2017





Aging County Population

Solano County Population by Age Group, 2010 - 2060

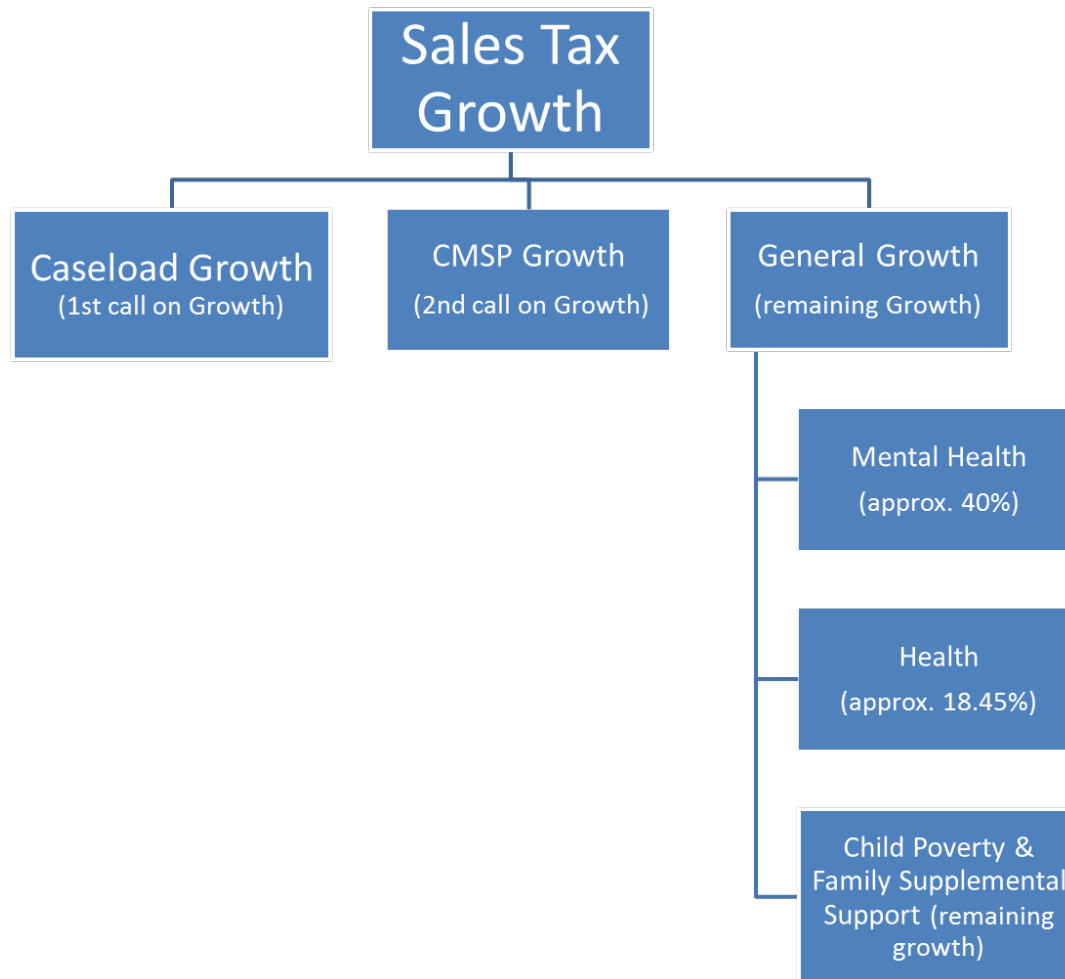


Source: California Department of Finance, March 2017



IHSS Cost Shift – Sales Tax

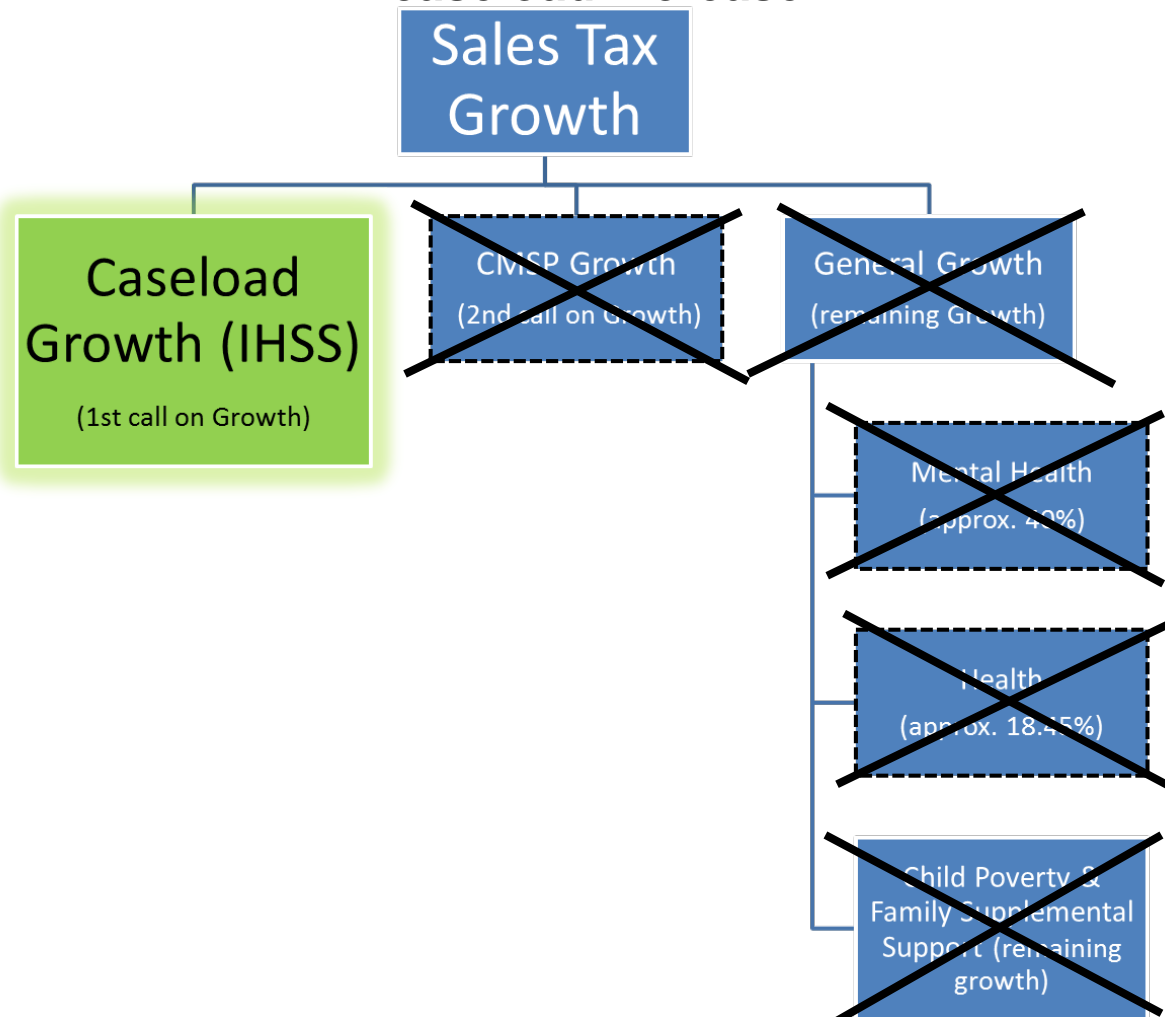
1991 Realignment – Sales Tax Distributions prior to IHSS caseload increase





IHSS Cost Shift – Sales Tax

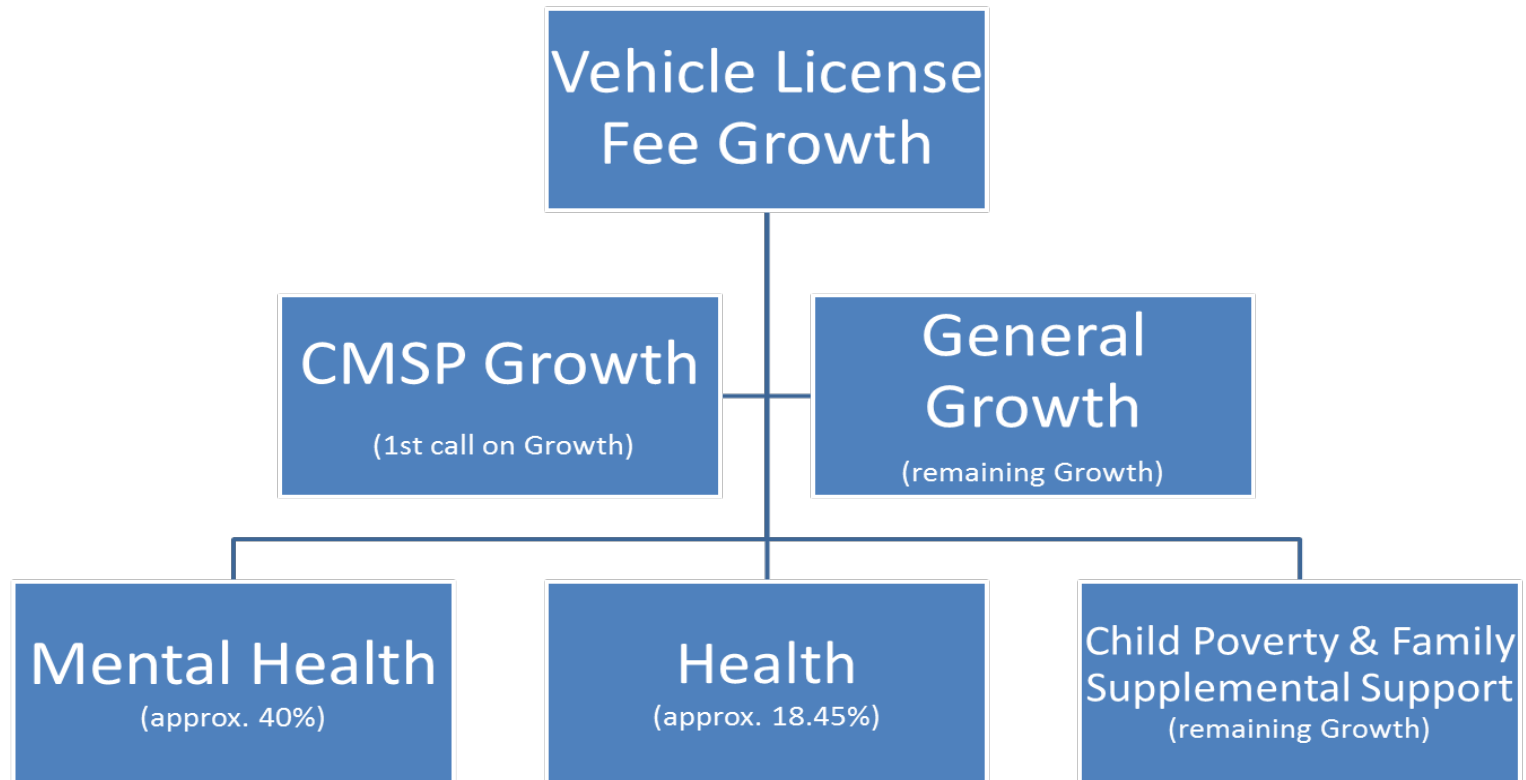
1991 Realignment – Sales Tax Distributions after IHSS caseload increase





IHSS Cost Shift – Vehicle License Fees

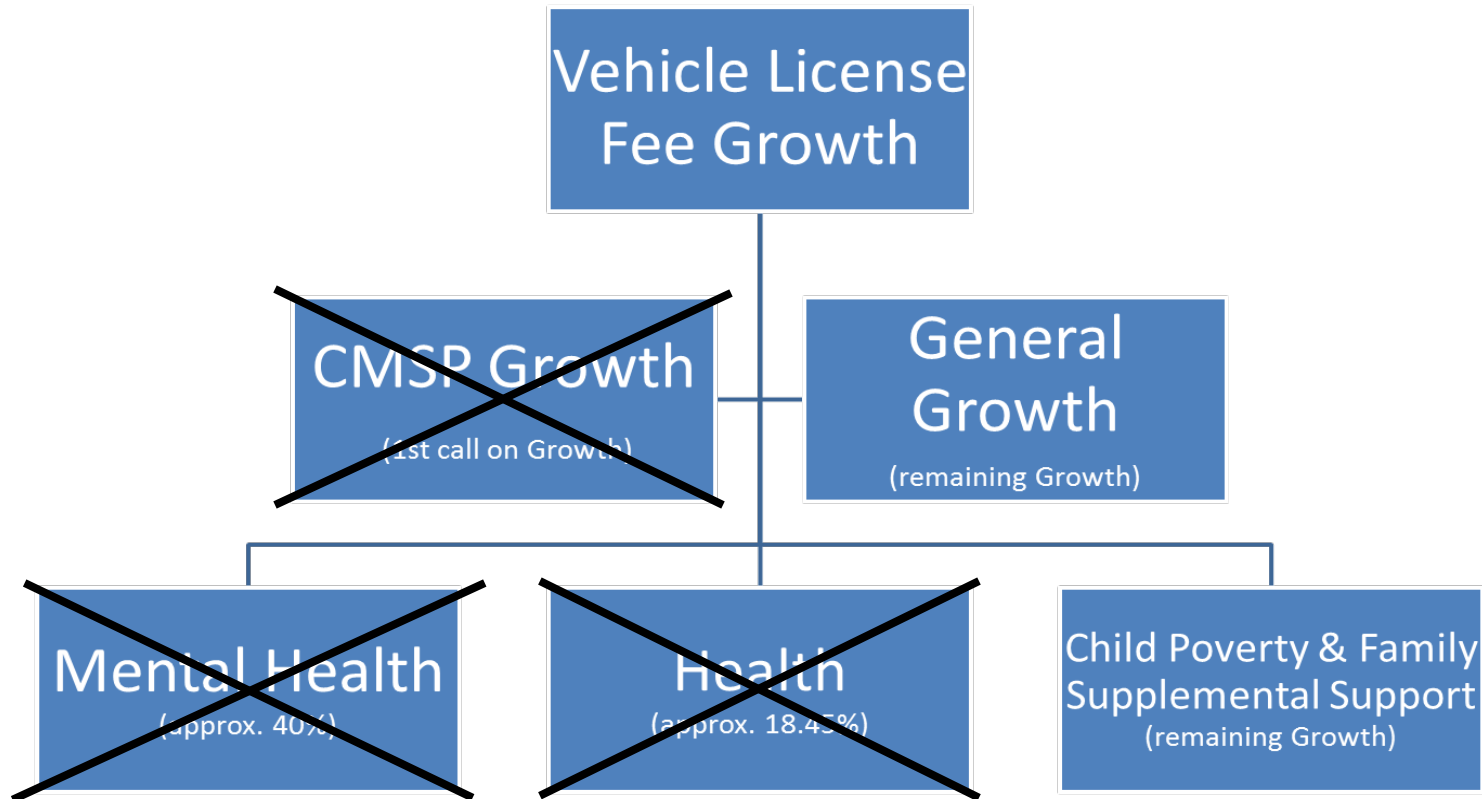
1991 Realignment – Vehicle License Fee Growth Revenue distributions before IHSS Diversion





IHSS Cost Shift – Vehicle License Fees

**1991 Realignment – Vehicle License Fee Growth Revenue
distributions after IHSS diversion
(100% for 3 years and 50% for years 4 and 5)**





VLF Growth Funds Shift to Fund the State General Fund IHSS Offset

Fiscal Year	State General Fund
FY2017/18	\$400 million
FY2018/19	\$330 million
FY2019/20	\$200 million
FY2020/21	\$150 million
FY2021/22	\$150 million



Impact to IHSS Program Costs

Fiscal Year	Authorized IHSS Hours	Prior IHSS MOE	County IHSS Cost Share	County IHSS Increase
FY2011/12	3,562,623	N/A		
FY2012/13	3,922,809	\$ 8,320,112	\$ 8,320,112	\$ -
FY2013/14	4,305,080	\$ 8,320,112	\$ 8,320,112	\$ -
FY2014/15	4,860,749	\$ 8,611,316	\$ 8,611,316	\$ 291,204
FY2015/16	5,867,593	\$ 8,912,712	\$ 8,912,712	\$ 301,396
FY2016/17*	6,351,962	\$ 9,224,657	\$ 9,224,657	\$ 311,945
FY2017/18*	7,058,010	\$ 9,547,520	\$ 16,140,306	\$ 6,592,786
FY2018/19*	7,965,713	\$ 9,881,683	\$ 16,947,321	\$ 7,065,638
FY2019/20*	9,024,415	\$ 10,227,542	\$ 18,133,634	\$ 7,906,092
FY2020/21*	9,926,857	\$ 10,585,506	\$ 19,402,988	\$ 8,817,482
FY2021/22*	10,919,542	\$ 10,955,999	\$ 20,761,197	\$ 9,805,199

* Estimated

** Funded with County General Fund and 1991 Realignment



Impacts of IHSS Cost Shift

- Immediate cuts in revenue to Public Health and Mental Health.
- The IHSS diversion of sales tax growth revenues and vehicle license growth revenues no longer allows for 1991 Realignment base funding growth increases in Public Health and Mental Health resulting in flat funding.
- Requires Health & Social Services to prioritize funding for mandated programs versus discretionary programs.
- Increase in contingencies in order to cover potential IHSS County General Fund exposure.



Non-County Agency Contributions

Description	FY2016/17 General Fund Contribution	FY2017/18 General Fund Contribution
BOS District Contributions (TBD)	\$25,000	\$25,000
Travis Community Consortium	\$27,500	\$27,500
Court Appointed Special Advocates (CASA)	\$80,325	\$80,325
Solano Coalition for Better Health matching funds Golf Classic	Up to \$87,500	\$0
Tri-City Cooperative and Fish & Game (Land Use Activities)	\$10,280	\$10,296
Local Child Care Planning Councils	\$12,500	\$12,500
Children's Network	\$118,750	\$118,751
Interagency Hazardous Materials Team	\$13,600	\$13,600
Northbay Stand-down	\$8,000	\$8,000
Food Bank of Contra Costa/Solano	\$30,000	\$30,000
CAP Solano JPA	\$86,975	\$86,975
Family Resource Network	\$439,406	\$435,309
Community Clinics	\$395,000	\$0
Senior Coalition	\$80,000	\$56,800
Reducing Rates Initiative	\$422,000	\$411,999
Health Access Initiative - Solano Coalition for Better Health	\$125,000	\$25,000
Children's Insurance Premiums – Solano Coalition for Better Health	\$50,000	\$0
Napa Solano Area Agency on Aging	\$50,330	\$53,000
Groundwater Sustainability Agency JPA	\$0	\$18,000
Veterans' and Collaborative Court Mgmt	\$15,603	\$40,603
Total From County General Fund	\$2,077,769	\$1,453,648



Non-County Agency Contributions

Description	FY2016/17 Contribution (Non- General Fund)	FY2017/18 Contribution (Non- General Fund)
UC Coop for Youth Ag Day	\$5,000	\$4,400
Fish & Wildlife Grants	\$15,000	\$12,500
Public Facility Fees for Vacaville Library District	\$424,800	\$580,257
Hospital Preparedness Program	\$12,000	\$10,000
Veterans' and Collaborative Court Management	\$125,408	\$100,177
Sheriff's Enforcement Team/Local Law Enforcement Participation	\$250,000	\$0
H&SS – Pilot Program outreach and education	\$100,000	\$0
Solano Coalition for Better Health	\$60,000	\$65,057
Partnerships in Community Health	\$0	\$50,500
Total Non-General Fund	\$992,208	\$822,891



Current & Anticipated Issues and Exposures - County

General Fund

- Property tax revenues and potential appeals on file - rate of growth slowing
- Ongoing sales tax revenues in light of downward revised estimates (Impacts of Prop 172, Realignment Revenue)
- General Fund exposure if Court Fees/Fines continue to be lower than Maintenance of Effort agreement
- CalPERS pension rates and medical rates in the future
- Not enough funding for annual robust Capital Renewal
- Managing unfunded liabilities for retirement, capital renewal/major maintenance
- Potential repeal of Federal ACA & impact on medical expansion population
- State repeal of IHSS cost share formula – Shift costs to Counties



Current & Anticipated Issues and Exposures - County

Public Safety

- Jail Population – Steady Increase / Contract Beds
- Board of Equalization misallocation impact – Proposition 172, 1991 Realignment, and 2011 Realignment (*Also impacts H&SS*)
- Adequate AB 109 funding from the State for Public Safety realignment programs – Recidivism
- Bail Reform / Juvenile Hall Fees

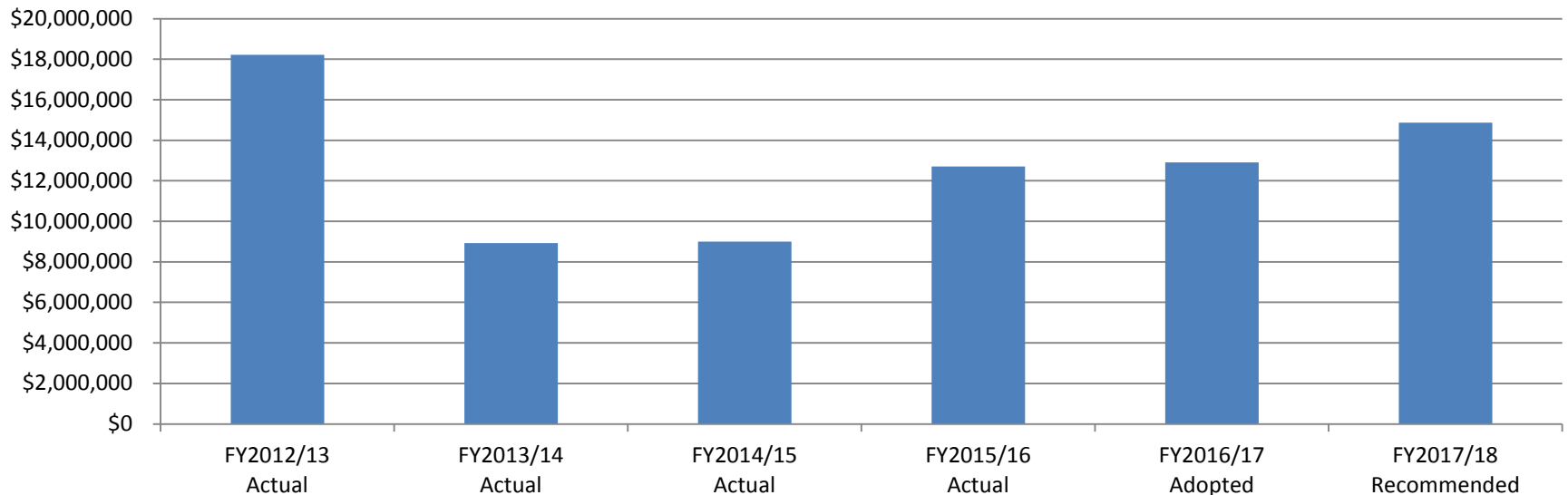
Health and Social Services

- AB1618 No Place Like Home diversion of Mental Health Services Act funding
- Adequate funding for Medi-Cal Administration and reimbursement for prior years' shortfall
- \$2 million potential cut to County CalWORKS Program effective July 2017.
- General Fund exposure for Behavioral Health and other realigned underfunded programs
- Adequate funding for AB403 Continuum of Care Reform
- Congregate care group homes
- Flat funding in State Realignment for Public Health & Mental Health Programs



General Fund Contingency

FY2016/17 Adopted Contingency	\$12.9
FY2017/18 Recommended Contingency	9.0
Supplemental Budget Adjustments:	
• Restoring Contingency transferred to cover increased IHSS costs in the FY2017/18 Recommended Budget.	3.9
• Additional Contingency Recommended FY2017/18 as initial future County GF costs related to IHSS	<u>2.0</u>
Final Contingency FY2017/18 (Recommended & Supplemental)	\$14.9





Recommended Board Action Summary

- **Adopt Budget Resolution:** \$1,042,653,756 for FY2017/18 Recommended and Supplemental Budget (Approve Recommended and Supplemental Budgets)
- **Approve position resolutions, Position Allocation List and amendments**
 - Net increase of 27.35 positions in Recommended/Supplemental (includes 10.0 FTE Expiring Limited-Terms)
 - Authorize HR Director to make technical changes to the Position Allocation List
 - Authorize CAO to delete positions vacant for 6 months or more
 - Authorize CAO to continue hiring policy that reviews all vacant positions; only fills mission critical positions.
- **Consider approving Recommended Contributions to Non-County Agencies**
- **Authorize delegated authority recommended to facilitate the closeout of FY2016/17 and the other actions related to approval and financing of the FY2017/18 Recommended Budget as outlined in items 4 through 21 of the Staff Report.**



Begin Budget Hearing

- **Questions and Answers**
- **Board Selection of Budget Units for Discussion**
- **Approval of Budget and Position Resolutions**