



Agenda Submittal

Agenda #: 1 **Status:** Approved

Type: Resolution **Department:** County Administrator

File #: 17-461 **Contact:** Ian Goldberg, 784-6116

Agenda date: 6/20/2017 **Final action:** 6/20/2017

Title: Conduct a noticed/published hearing to consider adoption of the FY2017/18 Recommended Budget

a. County Administrator's presentation of the FY2017/18 Recommended and Supplemental Budget

b. Recommendations for consideration and action regarding the FY2017/18 Recommended Budget and Supplemental Budget documents, including technical adjustments proposed at this hearing

c. Public Comment of the FY2017/18 Recommended Budget

d. Selection of budget units for discussion and Board of Supervisor members' comments

e. Board discussion of budget units selected for discussion by functional area

f. Continue FY2017/18 Recommended Budget Hearings as needed until conclusion

g. Public Comment of the FY2017/18 Recommended Budget

h. Adopt the Budget and Position Resolutions for FY2017/18 and other recommendations included in the Recommended Budget, Supplemental Budget and technical adjustments from the Board budget hearings

Governing body: Board of Supervisors

District: All

Attachments: 1. A - Summary of Supplemental Budget Adjustments, 2. B - Supplemental Adjustments (Explanations), 3. C - Changes in Permanent Position Allocation & Position Resolutions, 4. D - Summary of Contributions to Non-County Agencies, 5. E - Federal and State Updates, 6. F - CalPERS Retirement Rates & Costs, 7. G - Capital Facilities Improvement Plan, 8. H - Budget Resolution, 9. I - FY2017-18 Recommended Budget Hyperlink, 10. J - Budget Notice, 11. Executed Resolutions, 12. Presentation, 13. Minute Order.pdf

Date	Ver.	Action By	Action	Result
6/20/2017	1	Board of Supervisors	Adopted	

Published Notice Required? Yes X No

Public Hearing Required? Yes X No

DEPARTMENTAL RECOMMENDATION:

The FY2017/18 Recommended Budget of \$1,005,317,305 is a balanced budget utilizing a combination of funding from State, federal and local revenues, tax revenues, fees for services, transfers from designated reserves and fund balance carryover from FY2016/17. It is important to note that while the budget is mathematically balanced, relying on one-time funds and the use of fund balance, it is not structurally balanced. Ongoing revenues are lagging and are not at this time growing at a pace that's kept up with operating costs.

For FY2017/18 we are in some cases anticipating flat funding and in Public Safety Proposition 172 and AB 109 a decline. Further, while Property Tax revenues (a local funding source) has increased year after year since FY2012/13, a recent CSAC study shows Solano County still receives less tax revenue per capita than at pre-recession peaks, after adjustments for inflation. Uncertainty remains in several key areas of the State and federal budgets, including funding for In Home Support Services (IHSS). While Solano County's sound financial practices and fiscally prudent management policies have ensured continued provision of key services, it is clear we still face budget challenges as we look to FY2018/19 and beyond. While the FY2017/18 Recommended Budget works to address these challenges, additional efforts will be necessary in the coming year.

The FY2017/18 Recommended Budget was published on May 24, 2017, since then departments have identified several budget-related technical and programmatic changes that require your Board's consideration as part of your deliberation of the FY2017/18 Budget. If approved by the Board as presented, the revised total FY2017/18 Budget for all Governmental Funds subject to the Budget Act including the Supplemental Adjustments will be **\$1,038,353,481**, an increase of \$33,036,176. The increase includes \$37,706,808 in supplemental adjustments due to re-budgeting of FY2016/17 capital projects, IGT, programs, etc. and a decrease of \$4,670,632 in other budget adjustments primarily due to reductions in IHSS cost projections. The budget adjustments result in a net decrease \$48,730 in General Fund costs, after a transfer of General Fund savings resulting from reductions in IHSS costs and other H&SS savings to the General Fund Contingency of \$5,873,299 and an additional draw from the Capital Renewal Reserve of \$1,030,000. There is consensus between the County Administrator and Department Heads on the FY2017/18 budget documents presented to the Board for approval.

The County Administrator, in collaboration with the Auditor-Controller, Human Resources, and the Department Heads, has prepared the attached Supplemental Budget Adjustment documents and resolutions for the Board's deliberation during the Public Hearing.

The Supplemental Budget document includes the following sections:

- A. Adjustments to the Recommended Budget including the Re-budgeting of FY2016/17 Appropriations into FY2017/18 (Attachment A)
- B. Supplemental Budget Adjustments - Explanations and Justifications (Attachment B)
- C. Changes in Permanent Position Allocation and related Position Resolutions (Attachment C)
- D. Summary of Contributions to Non-County Agencies (Attachment D)
- E. State and Federal Budget Update (Attachment E)
- F. Projected CalPERS Retirement Rates and Costs (Attachment F)
- G. Capital Facilities Improvement Plan as of May 31, 2017 Summary Table (Attachment G)
- H. Budget Resolution (Attachment H)

Budget Considerations and Recommended Actions:

The following are the recommended budget actions:

1. Adopt the attached Budget Resolution (Attachment H) which includes both the FY2017/18 Recommended Budget and the FY2017/18 Supplemental Budget adjustments (Attachment A & B).

2. Approve the attached Changes in Position Allocation List reflecting allocated positions included in the Recommended and Supplemental Budgets and Approve the Resolutions Amending the List of Numbers and Classifications of Positions incorporating the deletions and additions recommended in the FY2017/18 Recommended Budget, as modified by the Supplemental Budget requests for FY2017/18 (Attachment C).
3. Consider approving the Recommended Contributions to Non-County Agencies as included in the Recommended and Supplemental Budgets (Attachment D).

The following delegated authority is recommended to facilitate the closeout of FY2016/17 and the other actions related to approval and financing of the FY2017/18 Recommended Budget:

4. Authorize the Director of Human Resources, with the concurrence of the County Administrator, to make technical changes to the Position Allocation List.
5. Authorize the County Administrator to delete positions that have been vacant for over six months, in accordance with the 2011 Budget Reduction Strategy of eliminating or freezing vacant positions and only filling positions that are "Mission Critical" to the organization, and to accordingly direct the Director of Human Resources to make technical changes to the Position Allocation List as needed.
6. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to make adjustments after the close of the Budget Hearings and the end of the fiscal year as needed and where applicable to balance the FY2017/18 Adopted Budget.
7. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to transfer appropriations within a fund to cover FY2016/17 year-end close-out if justified, subject to the transfer(s) not increasing the total appropriation within the fund.
8. Authorize the Auditor-Controller, with the concurrence of the County Administrator to increase the committed Employer CalPERS Rate Reserve by repayments to the General Fund from Pension Debt Service Fund.
9. Authorize the Auditor-Controller to apply year-end available fund balance at 6/30/2017 as an Operating Transfer Out to the Library Contingency (BU 9304) in the following Budget Units: Library Zone 1 (BU 6150), Library Zone 2 (BU 6180), Library Zone 6 (BU 6166), and Library Zone 7 (BU 6167).
10. Authorize the Auditor-Controller to increase (decrease) appropriations in the Department of Child Support Services Operations Division (BU 2488, subobject 0002312) by the available year-end fund balance at 6/30/2017.
11. Authorize the Auditor-Controller to increase (decrease) appropriations in the East Vallejo Fire Protection District (BU 9814, subobject 0002245) by available year-end fund balance.
12. As part of FY2016/17 closeout, transfer and/or redistribute BOS approved County General Fund contribution between Departments within Fund 900 (Public Safety) and between Departments/Divisions for Fund 902 (Health & Social Services), provided that the BOS approved General Fund contribution/appropriation amount directed to each of the individual Funds 900 and 902 remains within the approved County General Fund contribution/appropriations amount.
13. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to increase (from the 6/30/2017 year-end close/fund balance) the following (please refer to Schedule 4 of the FY2017/18 Recommended Budget):

- i. Committed Fund Balance - Capital Renewal by \$4.3 million; and
 - ii. Committed Fund Balance - Employer CalPERS Rate by \$4.0 million
 - iii. Committed Fund Balance - Property Tax System Replacement by \$10 million
14. Authorize the County Administrator, assisted by the Auditor-Controller, to draw down:
 - i. Committed Fund Balance - General Reserve by \$10.0 million to fund the Property Tax System Replacement reserve;
 - ii. Committed Fund Balance - Capital Renewal by \$7.8 million to fund the various projects in the Accumulated Outlay Fund; and
 - iii. Committed Fund Balance - Unfunded Employee Leave Payouts by \$1.0 million to fund employee leave payouts that cannot be absorbed within the departmental budgets.
15. In addition, as part of FY2016/17 closeout, if the Third Quarter projection of fund balance for the General Fund is not met (estimated at \$24.5 million), County Administrator will authorize the Auditor-Controller to reduce the General Fund Contingency for FY2017/18 by the amount short of the projection.
16. In the event the General Fund's year-end fund balance exceeds the amount needed to balance the FY2017/18 Budget, as may be authorized by the Board of Supervisors following Budget Hearing deliberations, authorize the County Administrator to direct the Auditor-Controller to (please refer to page D-14 of the Budget Construction & Legal Requirements of the FY2017/18 Recommended Budget):
 - i. Increase the General Fund Committed Fund Balance for Deferred Maintenance/Capital Renewal up to \$5.0 million; and
 - ii. Increase the General Fund Committed Fund Balance for the Employer CalPERS Rate Increases and/or 115 Trust up to \$5.0 million;
 - iii. Increase the General Fund Committed Fund Balance for General Fund Reserves up to \$4.0 million in anticipation of funding shortfalls in FY2018/19.
 - iv. Partially or wholly payoff the outstanding principal balance of the General Fund loan for Pension Obligation Bonds.
17. Authorize the transfer of up to 10% of Public Health 1991 Realignment to Social Services to address caseload growth in In Home Support Services (IHSS)
18. Authorize the County Administrator, to complete all actions necessary, including approval of any necessary Appropriation Transfer Requests (ATR's) related to the Intergovernmental Transfer funds (IGT) previously approved by the Board in March 2017.
19. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to transfer any General Fund savings resulting from the FY2017/18 mandated IHSS program to the General Fund Contingency.
20. Authorize the Auditor-Controller to make a technical correction to the PARS rate from 1.39% to 3.29% for impacted departments due to an increase in unfunded liabilities for this plan.
21. Authorize the County Administrator to sign all agreements and/or contract amendments resulting from

the Board's approval of the Recommended Budget and Supplemental Budget requests.

The following separate attachments have been prepared in support of the recommended Board actions and provide additional detail and explanations:

- Attachment A: Summary of Supplemental Budget Adjustments
- Attachment B: Supplemental Adjustments to FY2017/18 Recommended Budget
- Attachment C: Changes in the Permanent Position Allocation and Resolutions Amending the List of Numbers and Classifications of Positions in the Recommended and Supplemental Budget
- Attachment D: Summary of Contributions to Non-County Agencies
- Attachment E: State and Federal Update
- Attachment F: Projected CalPERS Retirement Rates and Costs
- Attachment G: Capital Facilities Improvement Plan Table
- Attachment H: FY2017/18 Budget Resolution
- Attachment I: [Hyperlink to Solano County FY2017/18 Recommended Budget](#)