



**SOLANO
COUNTY**

FY2016/17 Recommended Budget



Item #1
File #16-520



FY2016/17

**Budget Hearing
Presentation**

June 23, 2016



Budget Overview

Recommended and Supplemental

\$984,836,512 Recommended and Supplemental
1,937,372 Transfers to IGT reserves (technical)
\$986,773,884 FY2016/17 Total Budget



\$32,918,268

Increase of 3.5% from
FY2015/16 adopted budget

Reflects increases in revenues and
use of various fund balances



3,023.85 FTEs

Increase **82.85** from FY2015/16
adopted budget
(excluding extra help)

Modest 2.8% increase to deliver
ongoing programs and services and to
address operational needs in various
departments



Budget Instructions for Departments

- **Start with a base budget from FY2015/16**
- **Target a “no increase” in General Fund cost budget compared to FY2015/16 Midyear**
- **Reduce expenditures where possible and increase cost recovery**
- **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**



Revenues: FY2016/17 over FY2015/16 Adopted

- **Assessed Values Countywide:** up 4% from the FY2015/16 corrected assessment role; total Role as of July 2015 was \$46.4 billion
- **Current Secured property taxes:** up 6% ~ \$4.1 million
 - From FY2015/16 Third Quarter estimates, up 4% in FY2016/17
- **Property Tax in Lieu:** up 4% ~ \$1.8 million
- **ABX1 26:** up 3% ~ \$.6 million
- **Prop 172:** up 6% ~ \$2.0 million increase based on current statewide sales tax trend; however, sales tax revenues are below projections for April and May and the Board of Equalization is calculating overpayments to counties
- **Public Safety 2011 Realignment/AB 109:** up 2.6% ~ \$400,000 increase (\$3.2 million dependence on AB 109 prior year carryover funds)
- **H&SS Federal/State:** up 6% ~ \$14.5 million primarily due to caseload growth in the Affordable Care Act
- **H&SS FQHC:** up 13.6% ~ \$3.7 million based on projected reimbursable encounters resulting from an increase in medical providers
- **Proposition 30:** estimates do not reflect a negative impact if voters do not approve the tax extension in November
- **Court share of filing revenue:** no increase
- **Disposal Fees:** up 5% ~ \$1,900,000 based on current landfill capacity

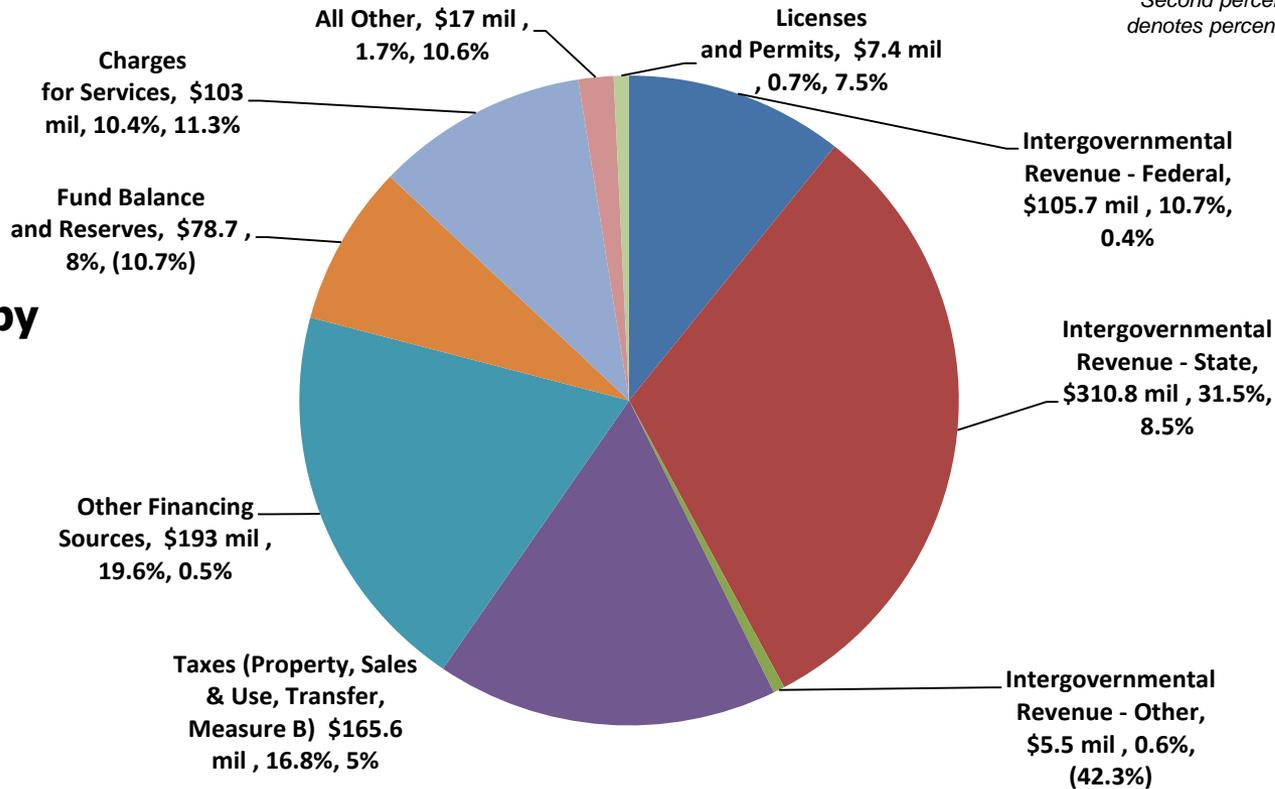


FY2016/17 Recommended Budget - Revenue

Recommended & Supplemental Budget - \$986.77 million

Second percentage data on the pie chart denotes percentage change from previous year adopted budget

Revenue by Source

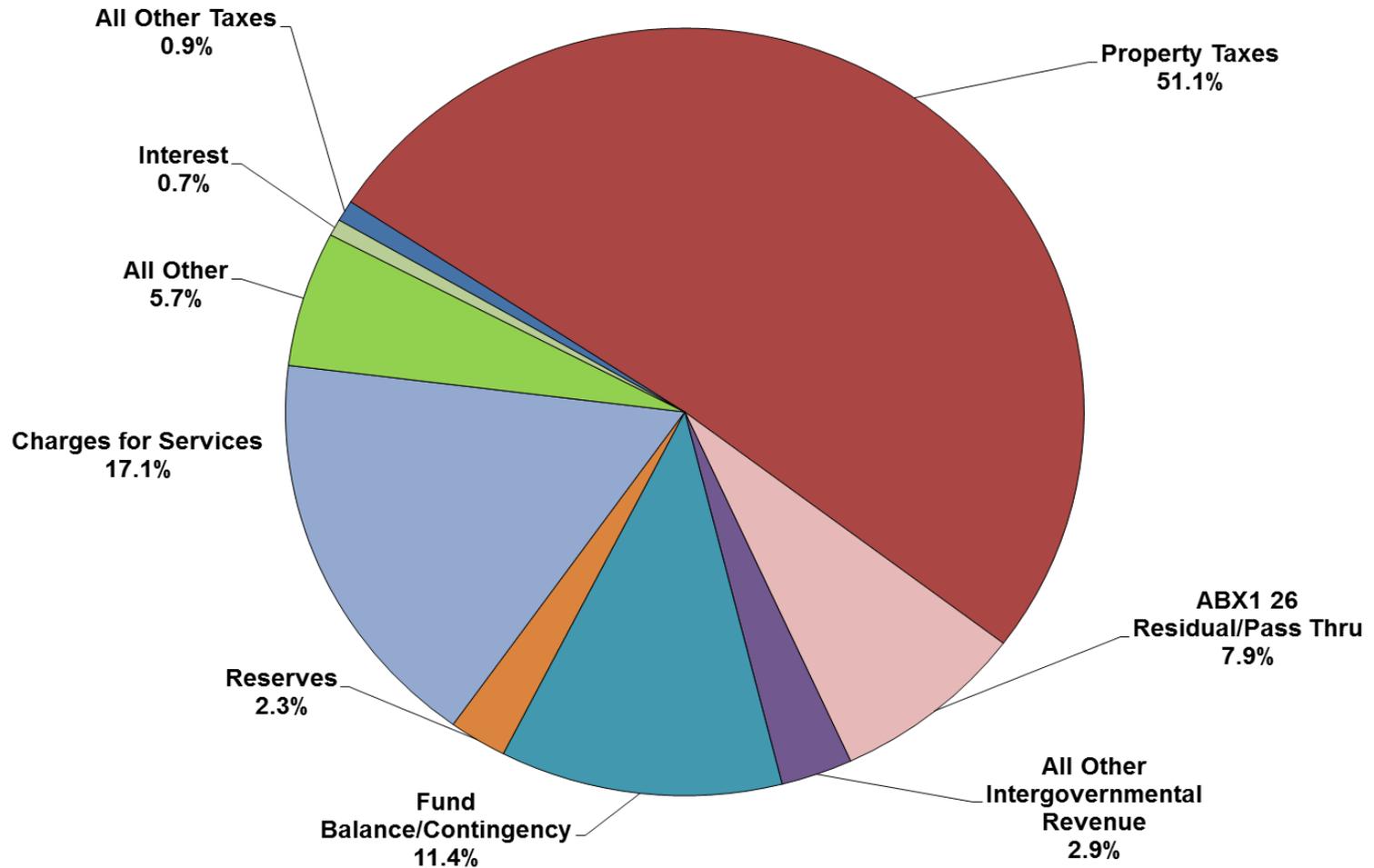


| | FY2015/16 Adopted Budget | FY2016/17 Rec'md & Supl Budget | Change From Prior Year | % Change From Prior Year |
|--------------------------|--------------------------|--------------------------------|------------------------|--------------------------|
| General Fund | 245,792,637 | 246,722,417 | 929,780 | 0.4% |
| Special Revenue Funds | 655,181,828 | 684,783,352 | 29,601,524 | 4.5% |
| Capital Projects | 32,907,526 | 34,888,564 | 1,981,038 | 6.0% |
| Debt Service | 19,973,625 | 20,379,551 | 405,926 | 2.0% |
| Total Governmental Funds | 953,855,616 | 986,773,884 | 32,918,268 | 3.5% |



Sources of General Fund Revenue for FY2016/17

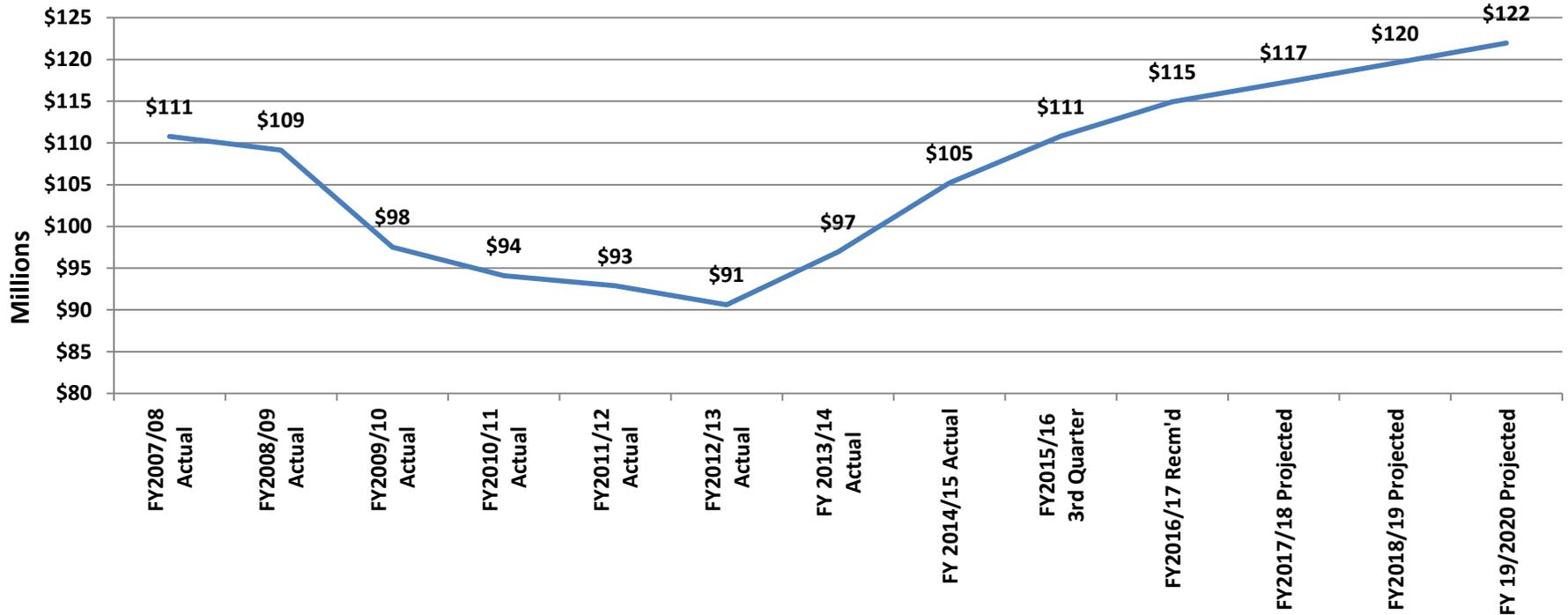
Total General Fund Revenue \$246.7 million





General Fund Property Tax Analysis

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



| | THIRD QUARTER | | | | | | | | |
|--|---------------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|
| | ACTUAL | | | RECOMMENDED | | | PROJECTED | | |
| | FY2011/12 | FY2012/13 | FY2013/14 | FY2014/15 | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 |
| Current Secured & Property Tax in Lieu of VLF (millions) | \$ 92.9 | \$ 90.6 | \$ 96.9 | \$ 105.2 | \$ 110.8 | \$ 114.9 | \$ 117.2 | \$ 119.6 | \$ 122.0 |
| Change from Previous Year | \$ (1.2) | \$ (2.3) | \$ 6.3 | \$ 8.3 | \$ 5.6 | \$ 4.1 | \$ 2.3 | \$ 2.3 | \$ 2.4 |
| % Change from Previous Year | (1%) | (3%) | 7% | 9% | 5% | 4% | 2% | 2% | 2% |

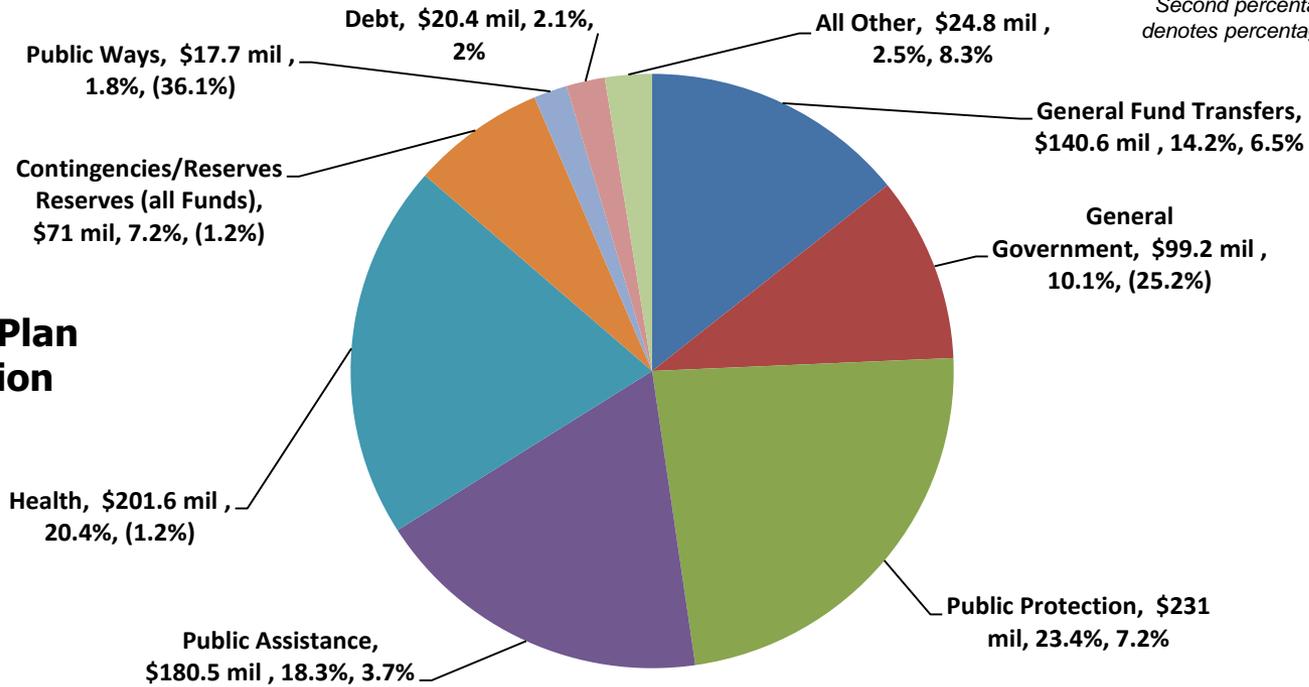


FY2016/17 Recommended Budget - Expenditures

Recommended & Supplemental Budget - \$986.77 million

Second percentage data on the pie chart denotes percentage change from previous year adopted budget

Spending Plan by Function



| | FY2015/6 Adopted Budget | FY2016/17 Rec'md & Supl Budget | Change From Prior Year | % Change rom Prior Year |
|--------------------------|-------------------------|--------------------------------|------------------------|-------------------------|
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| Allocated Positions | 2,941.00 | 3,023.85 | 82.85 | 2.8% |



Expenditure Assumptions – FY2016/17

- **Retirement:** increasing CalPERS employer rates; Misc. budgeted at 20%, a 6% increase over FY2015/16, and Public Safety at 26.38%, a 12% 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 continue
- **Continued investments in technology:** updating and expanding existing systems; adding capacity to backbone infrastructure; looking at new approaches for business operations
- **Continued implementation of outside mandates:** AB 109 (Public Safety Realignment), Affordable Care Act, Federal Qualified Health Care and Mental Health Services Act, Proposition 47 (sentencing revisions), and AB 403 Continuum of Care (Foster Care)
- **Routine & major maintenance:** Phasing of needed repairs; updates/modifications; parking garage and parking lot improvements; office space reconfigurations; fire system equipment replacement; generator replacements; electrical power upgrade, HVAC replacements; and re-budget of SB1022 Jail Project; Capital/Master Plan update



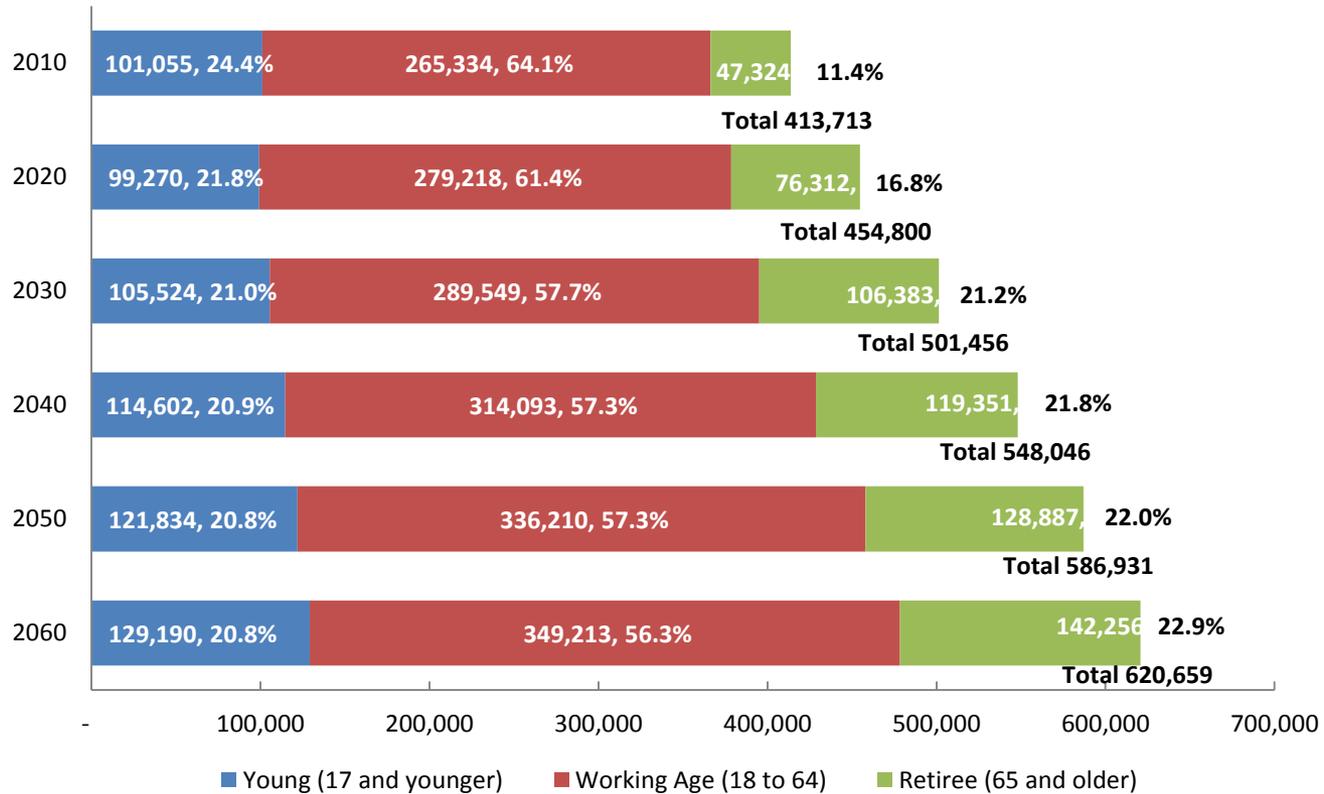
Mixed Signals, Forecasting Challenges

- **Unemployment rate:** 5.7% for March 2016, down from 6.8% a year ago; overall employment increased by 5,000 jobs while the workforce grew by 369, resulting in a net reduction of 4,631 unemployed residents
- **Public Assistance:** 29.3% of county population or 126,800 individuals receiving assistance as of March 2016, up from 28.2% in March 2015
- **Jail Population:** Average jail population of 920 over the last 12 months and 965 over the last 30 days
- **Median Home Price:** \$385,550 in April 2016, up 14% from \$337,930 in April 2015 but still below 2006's average median of \$475,555
- **Personal Income:** Solano County ranks fourth lowest in per capita income as compared to benchmark counties in California, between 2013 and 2014 Solano County's per capita income of \$42,073 outpaced the State's 3.7% growth rate and is among the highest of the benchmark counties
- **Ageing Population:** The population of Solano County is expected to grow to 620,659 by 2060 (or 50% from 2010), and, with an increasingly aging population, the growing number of older adults will significantly affect the types of service demands placed on the County



Aging County Population

Solano County Population by Age Group, 2010 - 2060



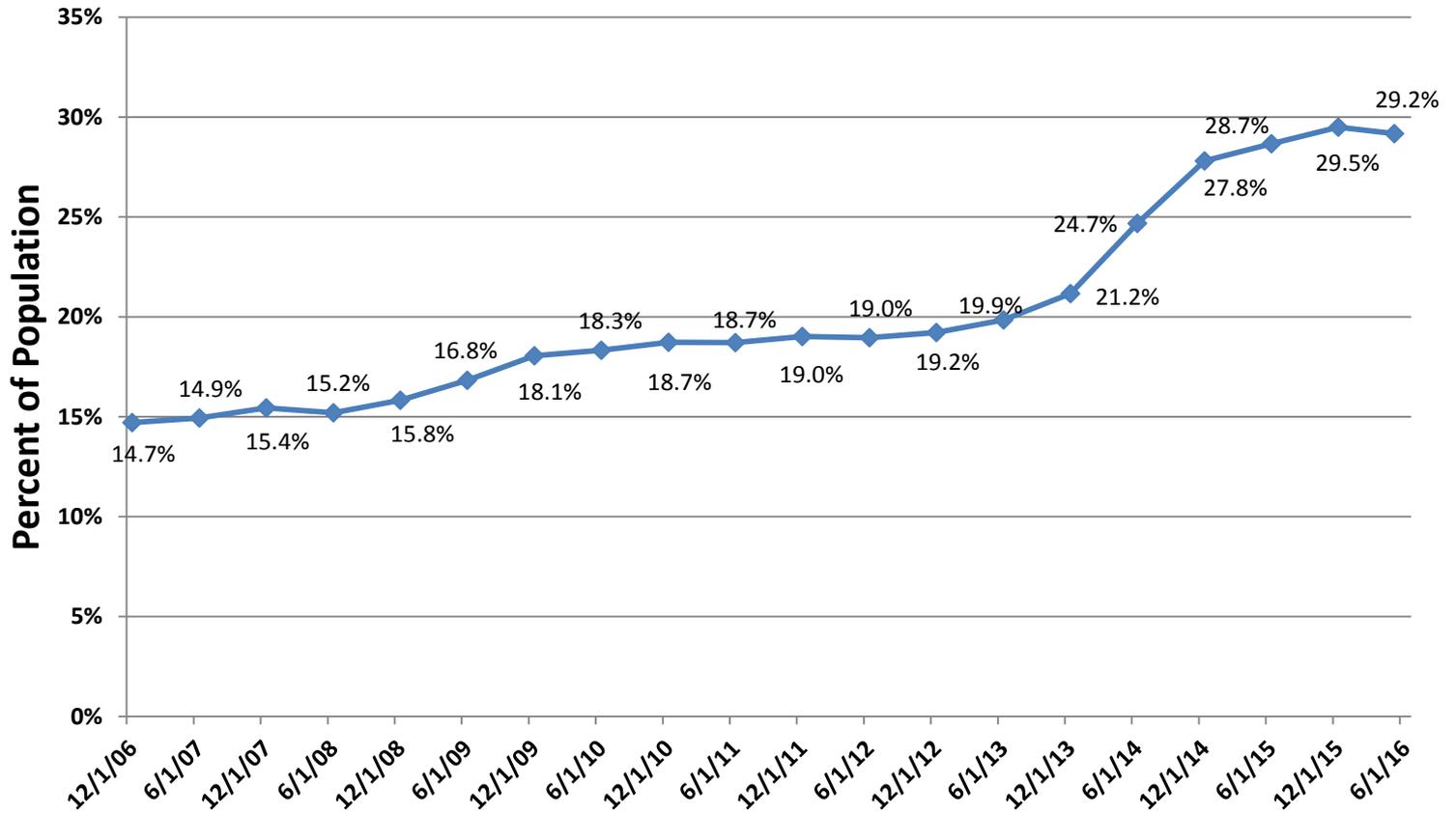


County Population and Public Assistance

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





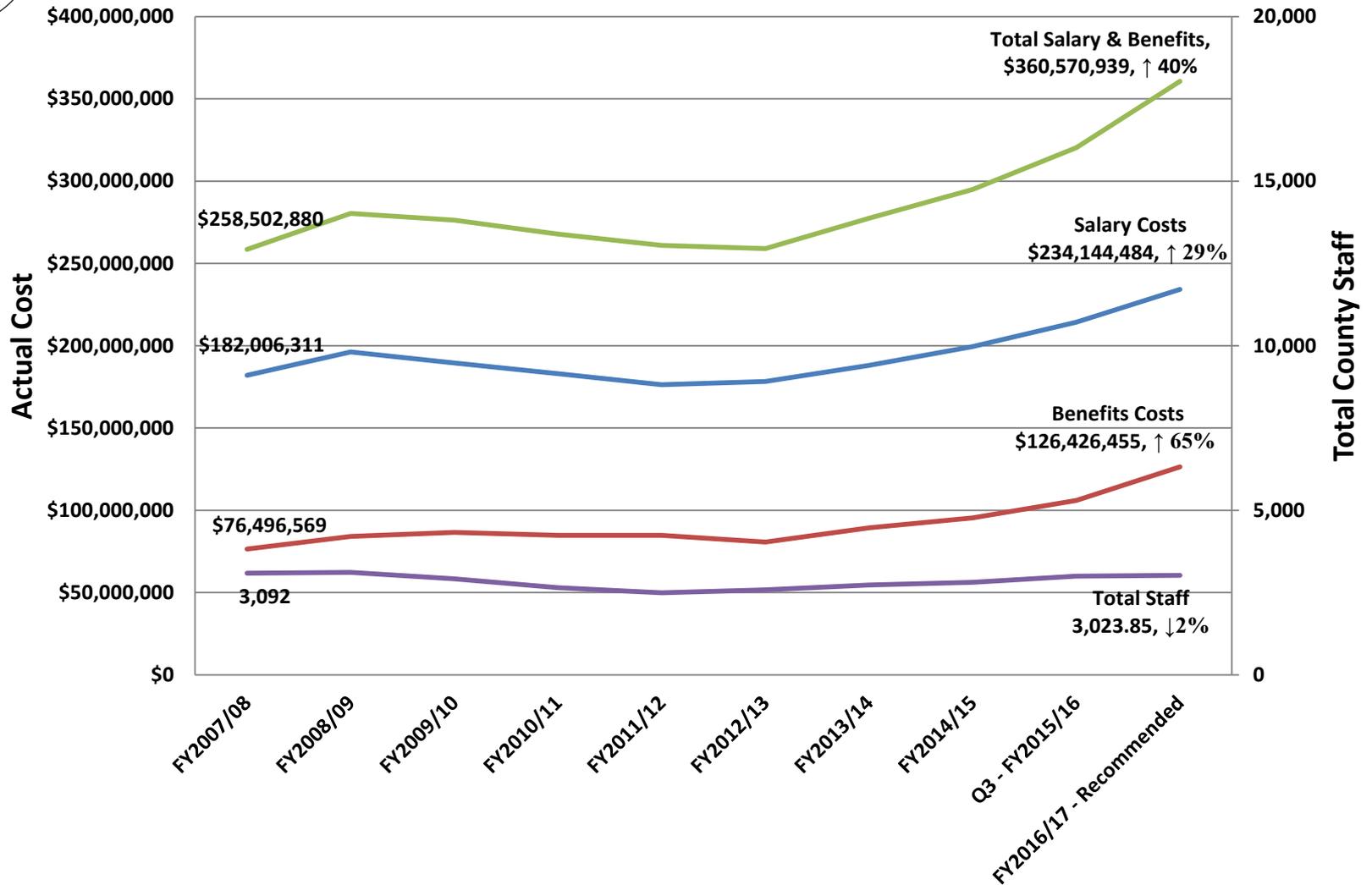
Issues and Exposures - County

General Fund

- **CalPERS pension and medical rates in the future**
- **Property tax revenues and potential appeals on file**
 - \$11.05 billion assessed value at risk due to appeals
- **Ongoing sales tax revenues in light of downward revised estimates**
- **General Fund exposure if Court Fees/Fines continue to be lower than Maintenance of Effort agreement**
- **Not enough funding for robust Capital Renewal**
- **Managing unfunded liabilities**

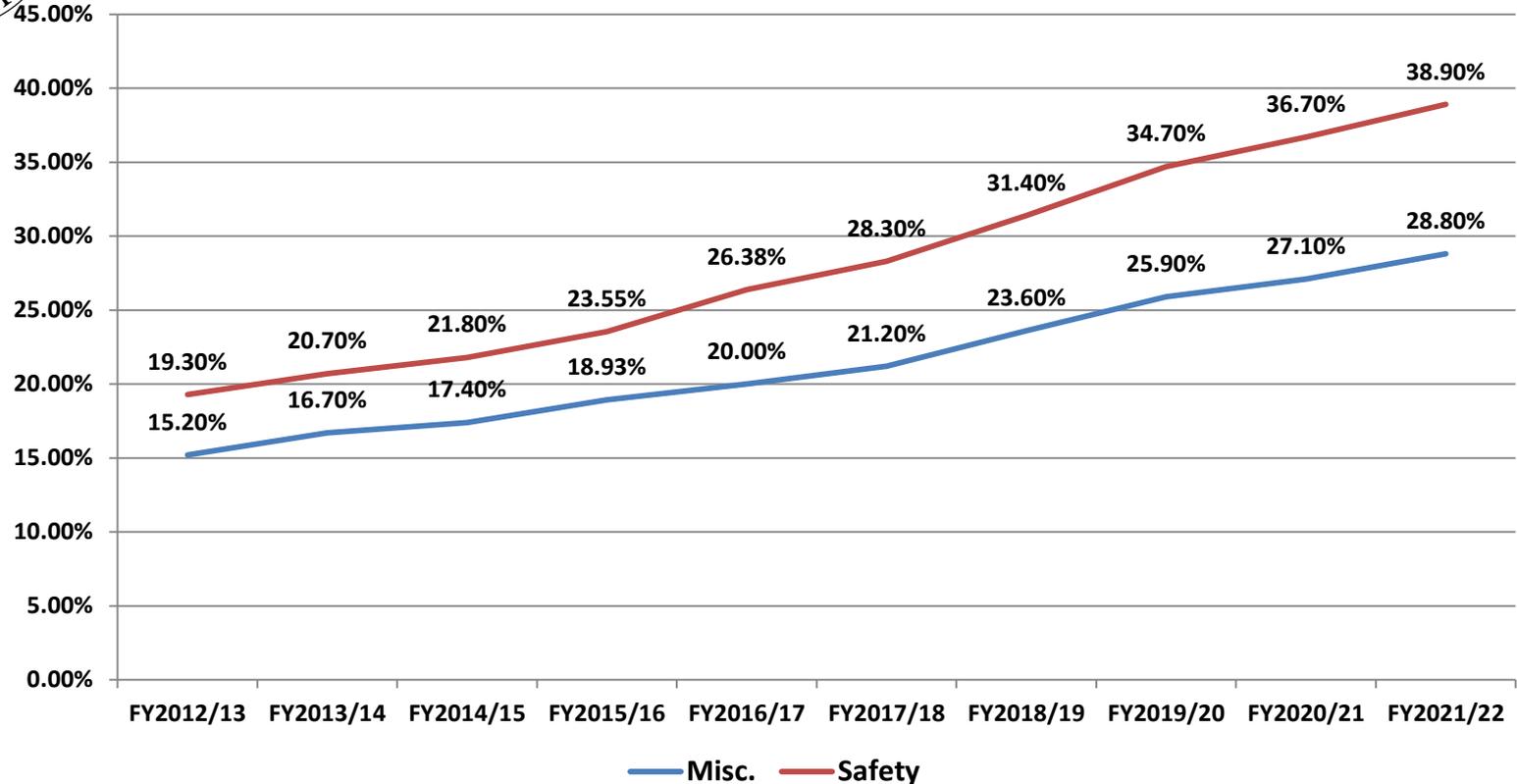


Salary and Benefits Costs vs. Staffing





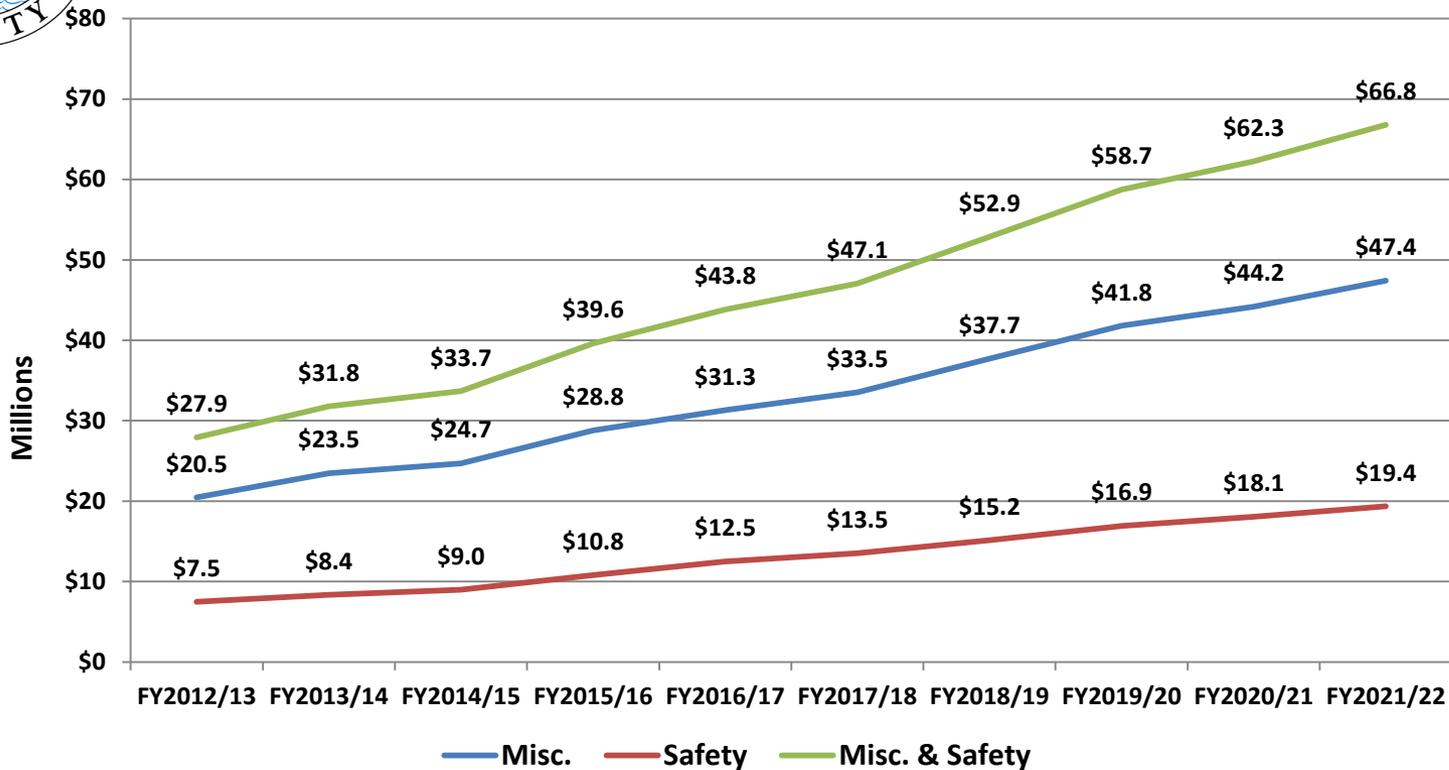
Employer Retirement Rate Increases



- **Misc. rate increases from 15.20% in FY2012/13 to 28.80% in FY 2021/22**
- **Safety rate increases from 19.30% in FY2012/13 to 38.90% in 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 by \$38.84 million from FY2012/13 to FY 2021/22**
- **24.3% of workforce is age 55 or older; 16% between 50-54**



Issues and Exposures - County

Public Safety

- **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**

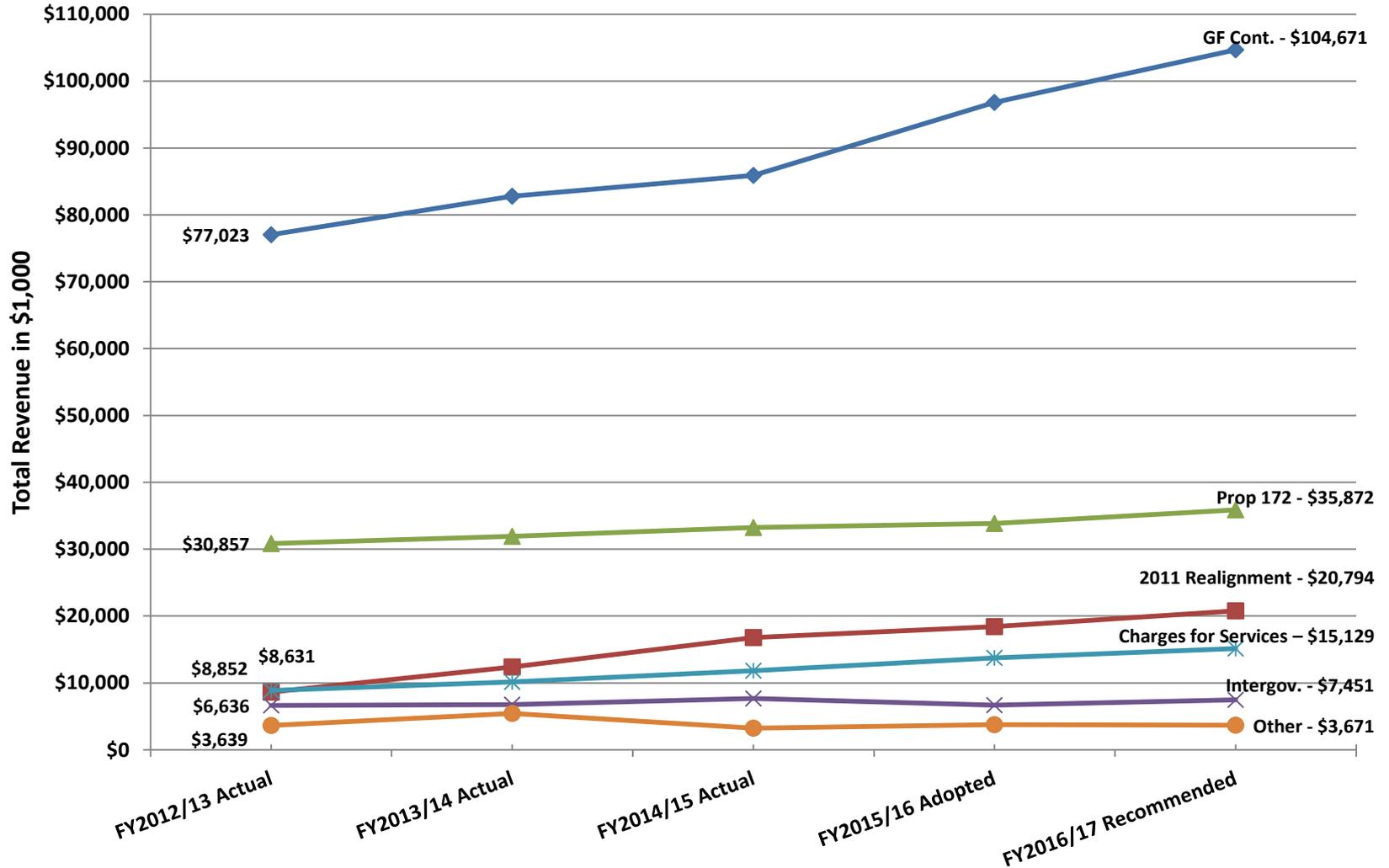
Health and Social Services

- **AB1618 No Place Like Home diversion of Mental Health Services Act funding**
- **Adequate funding for Medi-Cal Administration and reimbursement for prior years' shortfall**
- **General Fund exposure for Behavioral Health and other realigned underfunded programs**
- **Adequate funding for AB403 Continuum of Care Reform**
- **Congregate care group homes**



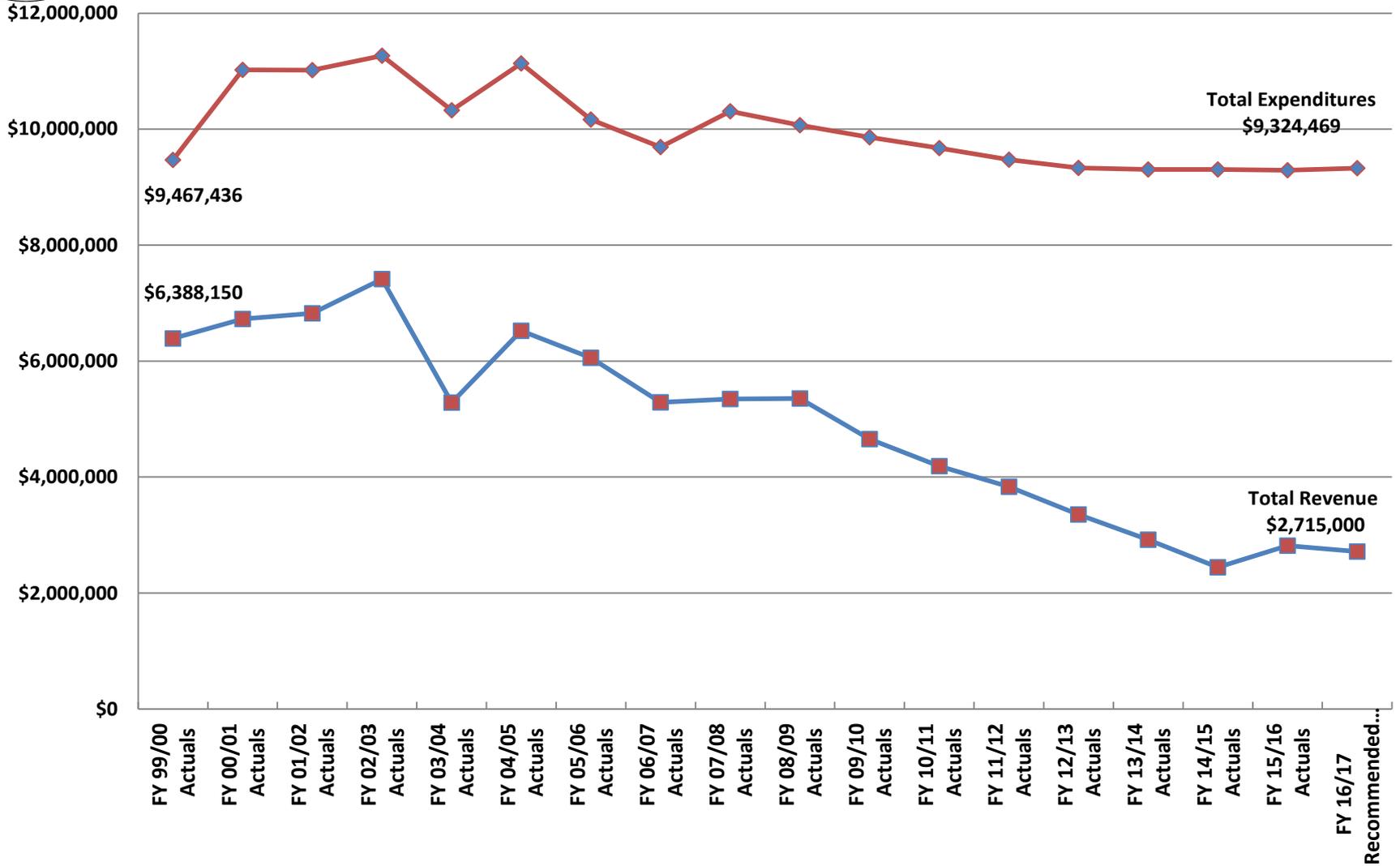
Public Safety Revenue Sources

Public Safety Revenue (Fund 900)
 Total Revenues - \$187,588,228



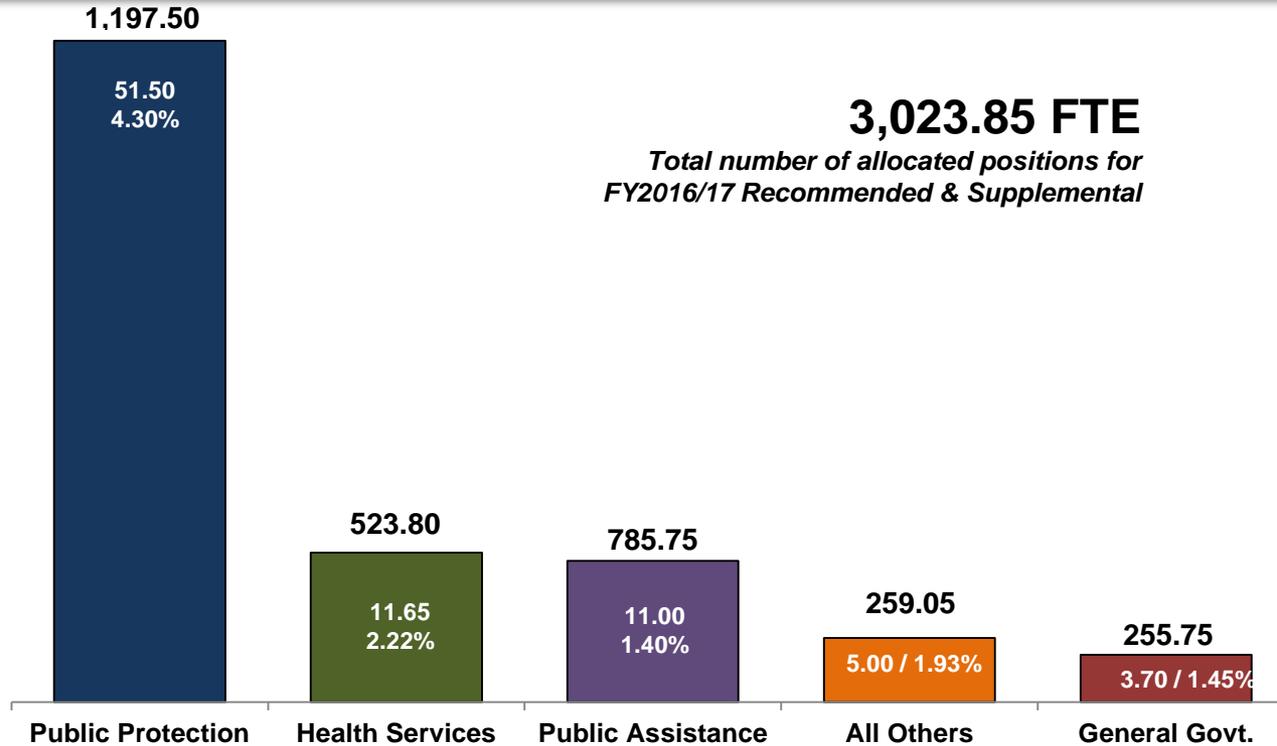


Court Revenues and County MOE Costs





FY2016/17 Budgeted Positions



| PUBLIC PROTECTION | |
|-----------------------------|-----------------|
| District Attorney & OFVP | 134.00 |
| Child Support Services | 102.00 |
| Public Defender | 62.50 |
| Public Defender - Alternate | 21.50 |
| Sheriff | 542.00 |
| Probation | 223.50 |
| Agricultural Commissioner * | 25.00 |
| Animal Control Services | 28.00 |
| Recorder | 14.00 |
| Resource Management | 47.00 |
| TOTAL | 1,199.50 |

| PUBLIC ASSISTANCE | |
|------------------------------------|---------------|
| First 5 Solano Children & Families | 7.00 |
| Veterans Services | 6.00 |
| H&SS Administration | 94.00 |
| Social Services | 678.75 |
| TOTAL | 785.75 |

| HEALTH SERVICES | |
|-----------------------------|---------------|
| In-Home Supportive Services | 7.00 |
| Behavioral Health | 203.20 |
| Health Services | 313.60 |
| TOTAL | 523.80 |

| GENERAL GOVERNMENT | |
|----------------------------|---------------|
| Board of Supervisors | 14.00 |
| County Administrator | 16.00 |
| Employment Dev. & Training | 3.00 |
| General Services | 87.00 |
| Assessor | 38.00 |
| Auditor/Controller | 34.00 |
| Tax Collector/County Clerk | 11.00 |
| Treasurer | 3.00 |
| County Counsel | 19.75 |
| Delta Water Activities | 1.00 |
| Human Resources | 19.00 |
| Registrar of Voters | 9.00 |
| Real Estate Services | 1.00 |
| TOTAL | 255.75 |

| ALL OTHERS | |
|------------------------------|---------------|
| Public Works | 64.00 |
| Library | 111.75 |
| Parks and Recreation | 7.00 |
| Risk Management | 7.70 |
| Dept. of IT | 55.00 |
| Fouts Springs Youth Facility | 0.60 |
| Fleet Management | 10.00 |
| Airport | 3.00 |
| TOTAL | 259.05 |

* Reflects overlap of 2.0 LT FTEs (Feb - Oct)



Workforce Changes Since FY2008/09

| | FY2008/09 Adopted | FY2016/17 Rec'md | Change from FY08/09 to FY16/17 |
|------------------------------------|----------------------|---------------------|--------------------------------------|
| PUBLIC PROTECTION | 1,241.50 | 1,199.50 | (42.00) |
| District Attorney & OFVP | 145.50 | 134.00 | (11.50) |
| Child Support Services | 120.00 | 102.00 | (18.00) |
| Public Defender | 68.00 | 62.50 | (5.50) |
| Public Defender - Alternate | 21.00 | 21.50 | 0.50 |
| Sheriff | 513.00 | 542.00 | 29.00 |
| Probation | 255.00 | 223.50 | (31.50) |
| Agricultural Commissioner * | 23.00 | 25.00 | 2.00 |
| Animal Control Services | 16.00 | 28.00 | 12.00 |
| Recorder | 19.00 | 14.00 | (5.00) |
| Resource Management | 61.00 | 47.00 | (14.00) |
| PUBLIC ASSISTANCE | 726.50 | 785.75 | 59.25 |
| First 5 Solano Children & Families | 8.00 | 7.00 | (1.00) |
| Veterans Services | 6.00 | 6.00 | 0.00 |
| H&SS Administration | 88.00 | 94.00 | 6.00 |
| Social Services | 624.50 | 678.75 | 54.25 |
| HEALTH SERVICES | 505.08 | 523.80 | 18.72 |
| In-Home Supportive Services | 6.00 | 7.00 | 1.00 |
| Behavioral Health | 255.28 | 203.20 | (52.08) |
| Health Services | 243.80 | 313.60 | 69.80 |

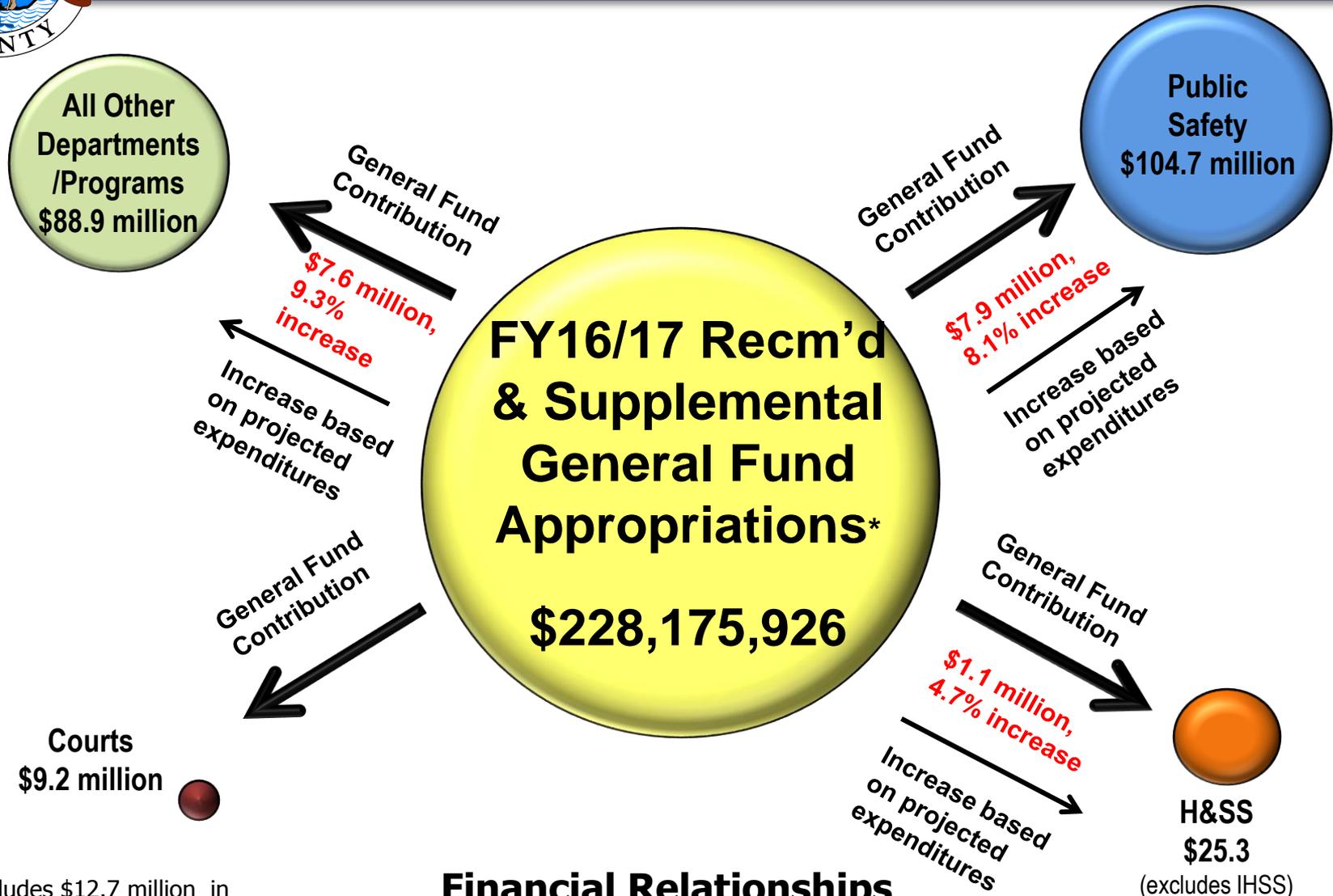
| | FY2008/09 Adopted | FY2016/17 Rec'md | Change from FY08/09 to FY16/17 |
|------------------------------|----------------------|---------------------|--------------------------------------|
| GENERAL GOVERNMENT | 288.00 | 255.75 | (32.25) |
| Board of Supervisors | 10.00 | 14.00 | 4.00 |
| County Administrator | 18.00 | 16.00 | (2.00) |
| Employment Dev. & Training | 1.00 | 3.00 | 2.00 |
| General Services | 106.00 | 87.00 | (19.00) |
| Assessor | 45.00 | 38.00 | (7.00) |
| Auditor/Controller | 35.00 | 34.00 | (1.00) |
| Tax Collector/County Clerk | 14.00 | 11.00 | (3.00) |
| Treasurer | 4.00 | 3.00 | (1.00) |
| County Counsel | 21.00 | 19.75 | (1.25) |
| Delta Water Activities | 0.00 | 1.00 | 1.00 |
| Human Resources | 19.00 | 19.00 | 0.00 |
| Registrar of Voters | 12.00 | 9.00 | (3.00) |
| Real Estate Services | 3.00 | 1.00 | (2.00) |
| ALL OTHERS | 352.73 | 259.05 | (93.68) |
| Public Works | 75.50 | 64.00 | (11.50) |
| Library | 141.48 | 111.75 | (29.73) |
| Cooperative Education | 3.25 | 0.00 | (3.25) |
| Parks and Recreation | 9.00 | 7.00 | (2.00) |
| Risk Management | 16.00 | 7.70 | (8.30) |
| Dept. of IT | 56.00 | 55.00 | (1.00) |
| Reprographics | 4.50 | 0.00 | (4.50) |
| Fouts Springs Youth Facility | 30.00 | 0.60 | (29.40) |
| Fleet Management | 12.00 | 10.00 | (2.00) |
| Airport | 5.00 | 3.00 | (2.00) |

* FY16/17 reflects overlap of 2.0 LT FTEs (Feb - Oct)



FY2016/17 Budget

General Fund Contributions to Other Funds



* Excludes \$12.7 million in Contingencies and \$5.8 million in Committed Fund Balances

Financial Relationships



Recommended Board Action Summary

- **Adopt Budget Resolution:** \$986,773,884 for FY2016/17 Recommended and Supplemental Budget

- **Approve position resolutions, Position Allocation List and amendments**
 - Net increase of 82.85 positions in Recommended/Supplemental
 - Authorize HR Director to make technical changes to the Position Allocation List
 - Authorize CAO to delete positions vacant for 6 months or more

- **Authorize Auditor-Controller, with CAO concurrence, to draw down Committed Fund Balance (Schedule 4)**
 - Capital Renewal by \$2.8 million to fund various project in Accumulated Outlay Fund
 - Employer CalPERS Rate by \$2 million to cover rising retirement costs
 - Unfunded Employee Leave Payouts by \$1 million



Recommended Board Action Summary

- **Authorize Auditor-Controller, with CAO concurrence to**
 - Make adjustments after the close of Budget Hearings to balance FY2016/17 budget
 - Transfer appropriations within a fund to cover year-end close-out if justified
 - Increase the Committed Fund Balance (CFB), including:
 - Capital Renewal by \$3.9 million
 - Employee CalPERS by \$2 million

- **Authorize Auditor-Controller to apply year end fund balances to**
 - Transfer out to Library Contingency from Library Zones 1, 2, 6 & 7
 - Increase appropriations for Child Support Services, E. Vallejo Fire Protection Dist.

- **Authorize the Auditor-Controller with CAO concurrence to**
 - Increase the committed Employer CalPERS Rate Reserve by repayments to the General Fund from Pension Debt Service Fund.



Recommended Board Action Summary

In the event the General Fund's year-end fund balance exceeds the amount needed to balance the FY2016/17 Budget, as may be authorized by the Board of Supervisors following Budget Hearing deliberations,

- **Authorize CAO to direct Auditor-Controller to**
 - Increase the GF CFB for Capital Renewal up to \$4 million
 - Increase the GF CFB for Employer CalPERS by \$3 million
 - Increase the GF CFB by \$4 million in anticipation of funding shortfalls
 - Partially or wholly pay off outstanding GF loan for Pension Obligation Bonds

- **Authorize the County Administrator to**
 - Transfer potential General Fund savings from all effected departments to the Employer CalPERS Rate Reserve resulting from lower than budgeted medical coverage costs for the FY2016/17 Budget.



Recommended Board Action Summary

- **Authorize CAO to sign all agreements and/or contract amendments resulting from Board approval of Recommended and Supplemental budgets**

- **Authorize the County Administrator to**
 - Transfer remaining disaster funds resulting from one-time State Reimbursement of Mandated Costs in FY2015/16 totaling up to \$4.6 million, net of costs for existing work in process on drought and flood related projects to Deferred Maintenance / Capital Renewal Reserves as outlined in the FY2016/17 Recommended Budget

- **Consider approving Recommended Contributions to Non-County Agencies**



Begin Budget Hearing

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