

Agenda Item No. 1

June 23, 2014



**SOLANO
COUNTY**

FY2014/15 Recommended Budget



FY2014/15

Budget Hearing Presentation

June 23, 2014



Budget Instructions for Departments

- **Base budget from FY2013/14**
- **Limit addition of new positions to those with revenue offset**
- **Position increases targeted at mandated programs**
- **Continue policy of not backfilling losses of state or federal revenue with General Fund**
- **Continue strategies to use automation tools to streamline processes and self-help access to services**
- **Reduce expenditures where possible**



Revenues: FY14/15 over FY13/14 Adopted

- **Current Secured property taxes:** up 7% ~ \$4.1 million
 - From FY13/14 Third Quarter estimates, up 2% in FY14/15
- **ABX1 26:** Relatively flat General Fund share of former pass thru payments and residual taxes
- **Disposal Fees:** up 43% ~ \$1.2 million based on current landfill contracts
- **Prop 172:** up 4%, ~ \$1.2 million increase based on current statewide sales tax trend
- **Public Safety 2011 Realignment:** up 7% ~ \$1 million with dependence on AB 109 carryover funds; growth factor for public safety still unresolved
- **State Other:** up 57% ~ \$1 million due to increase state allocation of SB678 funding in Probation
- **Contracted Services:** up 30% ~ \$1.8 million due to Sheriff's expanded law enforcement services contracts with Solano Community College, Library and other County locations
- **H&SS Federal/State:** down 13% ~ \$21 million primarily due to reductions in FQHC funding from reduced claiming capacity



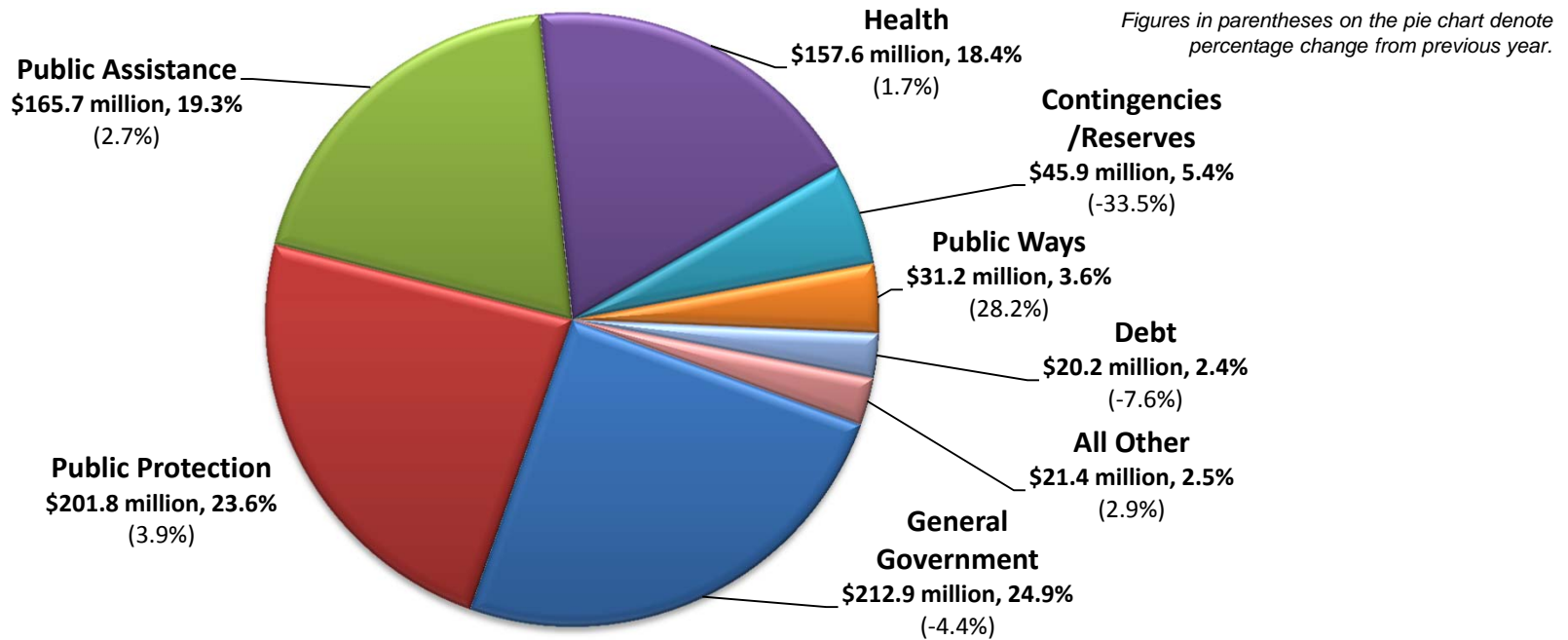
Expenditure Assumptions

- **Retirement:** increasing CalPERS rates; budgeted for a 7% increase
- **Medical costs:** insurance rates budgeted a 10% increase
- **Allocated positions filled:** assumes all vacant positions are filled; some salary savings identified based on timing of vacancies
- **Continued investments in technology:** updating existing systems, adding capacity for new approaches to business operations
- **Continued implementation of outside mandates:** AB 109 programs, Affordable Care Act, Federal Qualified Health Care and Mental Health Services Act
- **Routine & major maintenance:** roof replacements, replace generators, lobby improvements, Court projects
- **Claybank campus:** Completing and staffing Stanton Correctional Facility; initiate design and build facilities for adult offenders (SB 1022)



FY2014/15 Recommended Budget

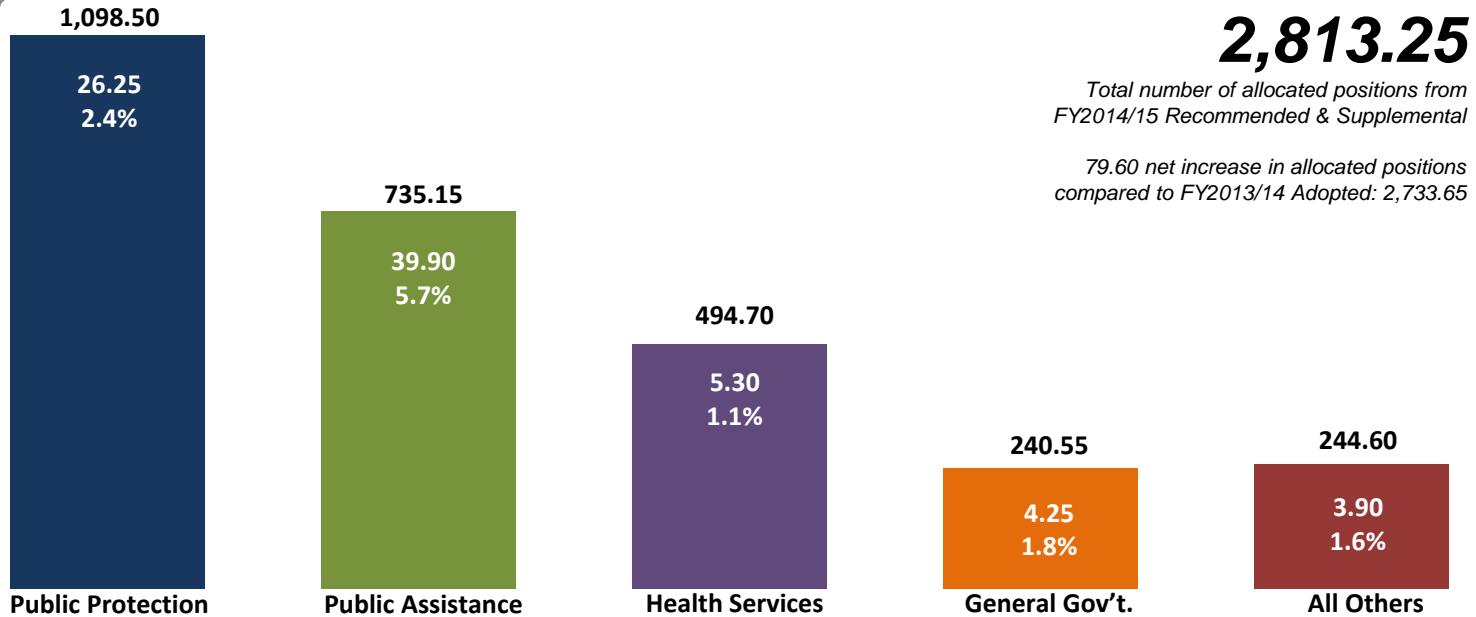
Recommended & Supplemental Budget - \$856.7 million



	FY2013/14 Adopted Budget	FY2014/15 Rec'md & Supl' Budget	Change From Prior Year	% Change From Prior Year
General Fund	\$227,930,171	\$214,256,814	(\$13,673,357)	(6.0%)
Special Revenue Funds	\$571,732,687	\$589,310,929	\$17,578,242	3.1%
Capital Projects	\$47,610,154	\$32,850,940	(\$14,759,214)	(31.0%)
Debt Service	\$21,840,832	\$20,261,039	(\$1,579,793)	(7.2%)
Total Government Funds	\$869,113,844	\$856,679,722	(\$12,434,122)	(1.4%)
Allocated Positions	2,733.65	2,813.25	79.60	2.9%



FY2014/15 Budgeted Positions



Total number of allocated positions from FY2014/15 Recommended & Supplemental

79.60 net increase in allocated positions compared to FY2013/14 Adopted: 2,733.65

PUBLIC PROTECTION	
District Attorney & OFVP	125.00
Child Support Services	105.00
Public Defender	58.50
Public Defender - Alternate	19.50
Sheriff	474.00
Probation	214.50
County Local Revenue Fund	1.00
Agricultural Commissioner	22.00
Animal Care Services	22.00
Recorder	13.00
Resource Management	44.00
Total	1,098.50

PUBLIC ASSISTANCE	
First 5 Solano	7.00
Veterans Services	4.00
H&SS Administration	83.50
Social Services	640.65
Total	735.15

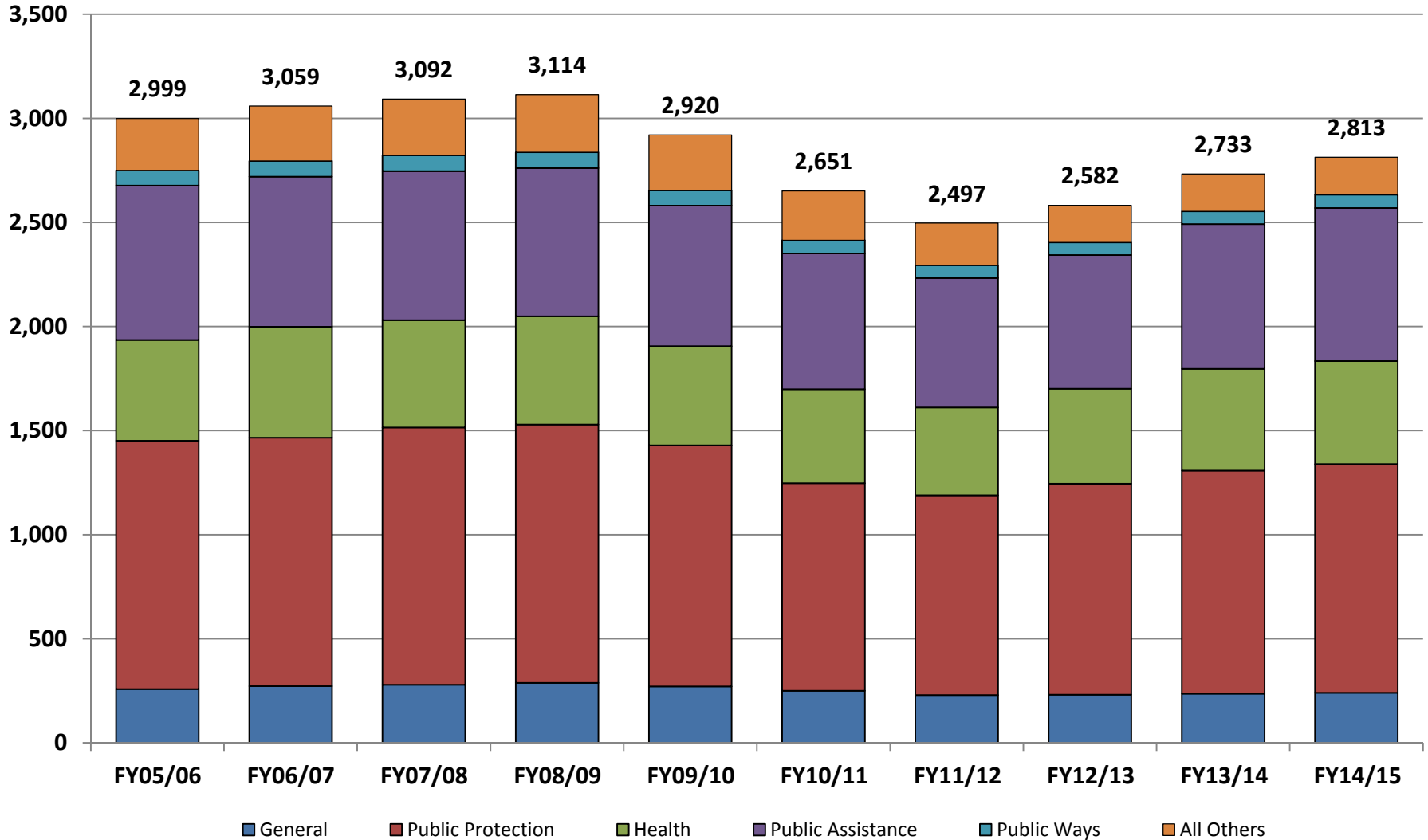
HEALTH SERVICES	
IHSS	5.00
Behavioral Health	181.00
Health Services	308.70
Total	494.70

GENERAL GOVERNMENT	
Board of Supervisors	10.00
County Administrator	16.00
Employment Dev. & Training	2.00
General Services	81.00
Assessor	37.00
Auditor/Controller	33.00
Tax Collector/County Clerk	10.50
Treasurer	3.00
County Counsel	17.80
Delta Water Activities	1.00
Human Resources	18.00
Registrar of Voters	10.00
Real Estate Services	1.00
Total	240.30

ALL OTHERS	
Public Works	64.00
Library	108.00
Parks and Recreation	8.00
Risk Management	6.00
Information Technology	46.00
Fouts Springs Youth Facility	0.60
Fleet Management	9.00
Airport	3.00
Total	244.60



Workforce Changes Since FY2005/06



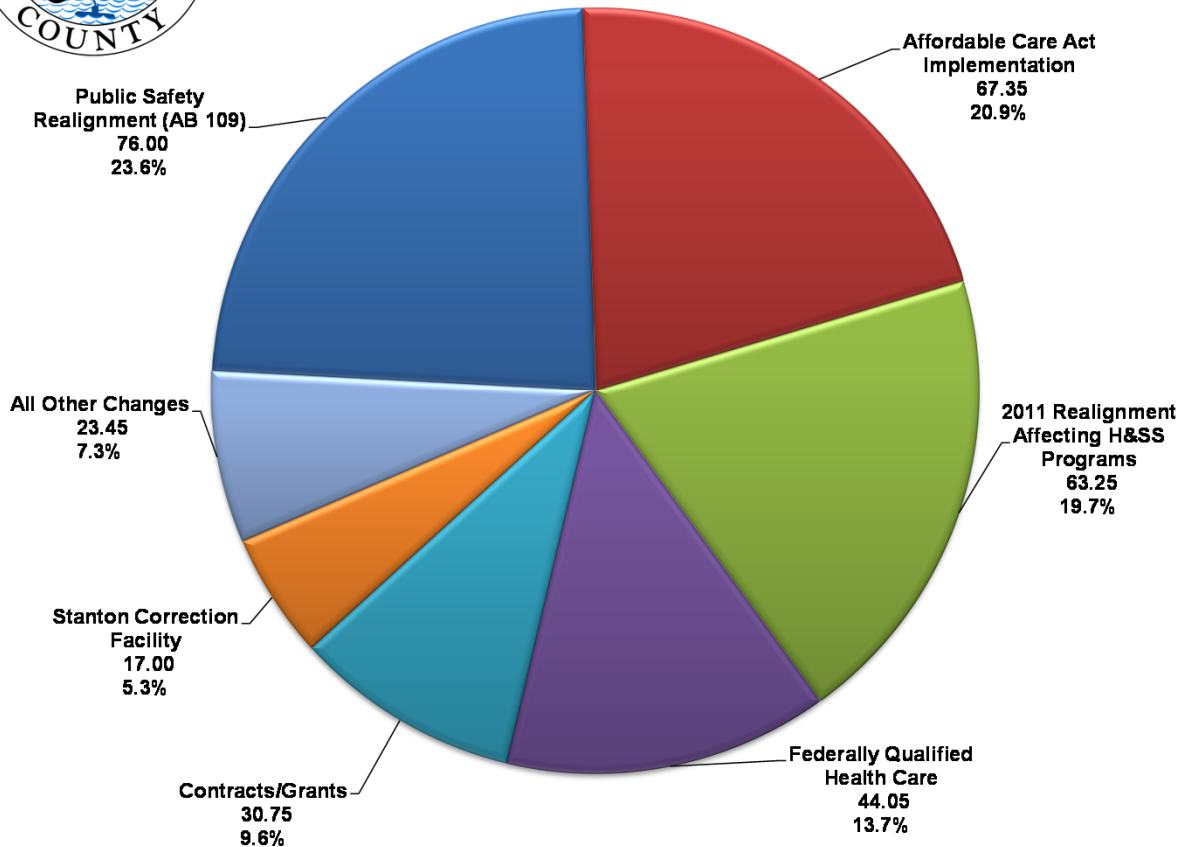


Workforce Changes Since FY2008/09

	FY2008/09 Adopted	FY2014/15 Rec'md	Change from FY08/09 to FY14/15		FY2008/09 Adopted	FY2014/15 Rec'md	Change from FY08/09 to FY14/15
PUBLIC PROTECTION	1,241.50	1,098.50	(143.00)	GENERAL GOVERNMENT	288.00	240.30	(47.70)
District Attorney & OFVP	145.50	125.00	(20.50)	Board of Supervisors	10.00	10.00	-
Child Support Services	120.00	105.00	(15.00)	County Administrator	18.00	16.00	(2.00)
Public Defender	68.00	58.50	(9.50)	Employment Development & Training	1.00	2.00	1.00
Public Defender - Alternate	21.00	19.50	(1.50)	General Services	106.00	81.00	(25.00)
Sheriff	513.00	474.00	(39.00)	Assessor	45.00	37.00	(8.00)
Probation	255.00	214.50	(40.50)	Auditor/Controller	35.00	33.00	(2.00)
County Local Revenue Fund	-	1.00	1.00	Tax Collector/County Clerk	14.00	10.50	(3.50)
Agricultural Commissioner	23.00	22.00	(1.00)	Treasurer	4.00	3.00	(1.00)
Animal Care Services	16.00	22.00	6.00	County Counsel	21.00	17.80	(3.20)
Recorder	19.00	13.00	(6.00)	Delta Water Activities	-	1.00	1.00
Resource Management	61.00	44.00	(17.00)	Human Resources	19.00	18.00	(1.00)
				Registrar of Voters	12.00	10.00	(2.00)
PUBLIC ASSISTANCE	712.50	735.15	22.65	Real Estate Services	3.00	1.00	(2.00)
First 5 Solano Children & Families	8.00	7.00	(1.00)				
Veterans Services	6.00	4.00	(2.00)	ALL OTHERS	352.73	244.60	(108.13)
H&SS Administration	88.00	83.50	(4.50)	Public Works	75.50	64.00	(11.50)
Social Services	610.50	640.65	30.15	Library	141.48	108.00	(33.48)
				Cooperative Education	3.25	-	(3.25)
HEALTH SERVICES	505.08	494.70	(10.38)	Parks and Recreation	9.00	8.00	(1.00)
In-Home Supportive Services	6.00	5	(1.00)	Risk Management	16.00	6.00	(10.00)
Behavioral Health	255.28	181	(74.28)	Department of Information Technology	56.00	46.00	(10.00)
Health Services	243.80	308.7	64.90	Reprographics	4.50	-	(4.50)
				Fouts Springs Youth Facility	30.00	0.60	(29.40)
				Fleet Management	12.00	9.00	(3.00)
				Airport	5.00	3.00	(2.00)



New Mandates Growing Workforce

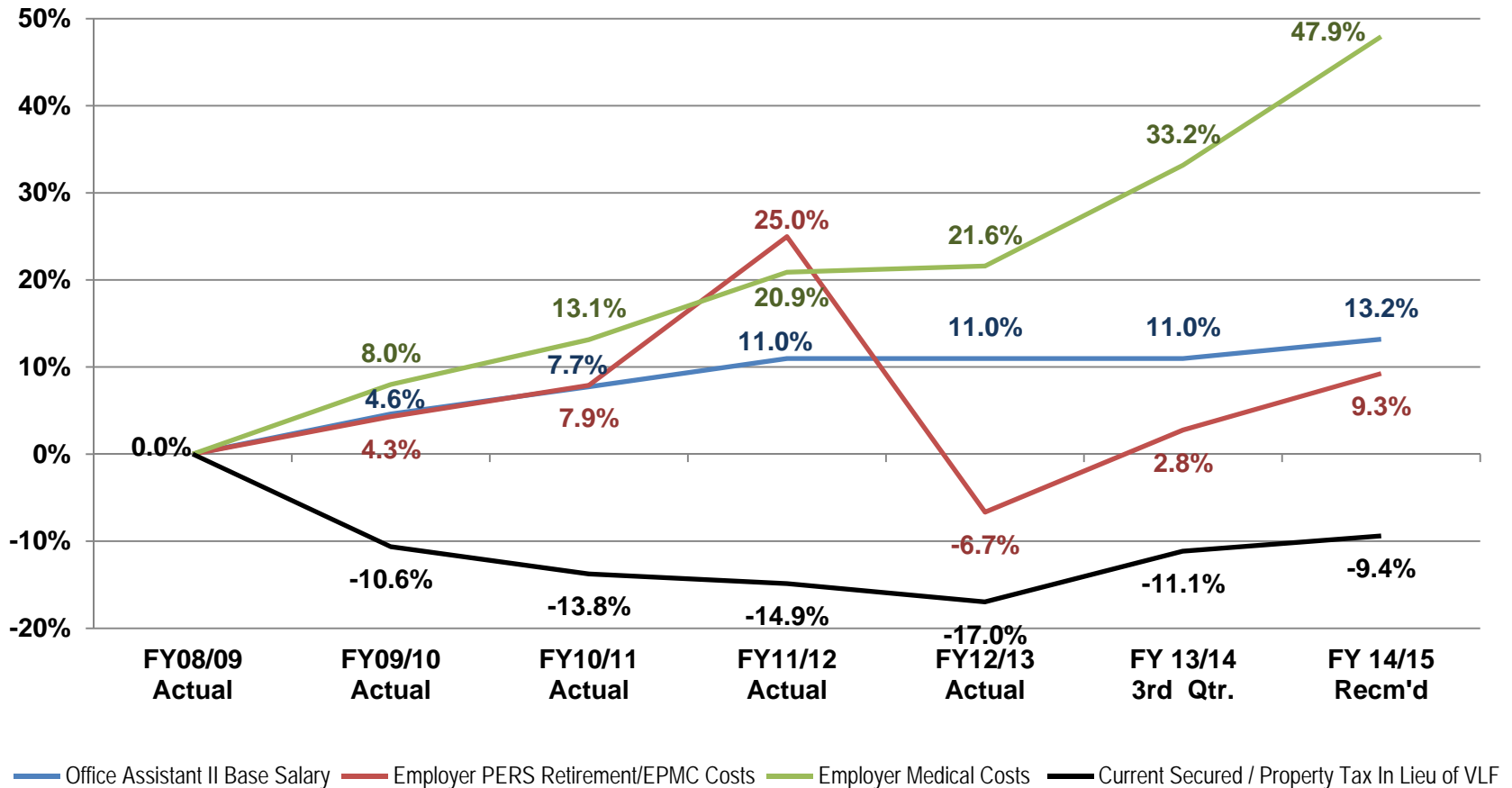


Department	Value
District Attorney	10.00
Public Defender	6.50
Public Defender - Alternate	2.50
Sheriff	65.00
Probation	45.00
County Local Revenue Fund	1.00
H&SS Administration	9.00
H&SS Social Services	104.85
In-Home Supportive Services	1.25
H&SS Behavioral Health	(4.15)
H&SS Health Services	75.90
General Services	5.00
Total of Affected Depts.	321.85

- **State/federal programs driving increase in workforce**
 - Countywide workforce grew 312.475 between FY11/12 and FY14/15
 - Changes in remaining departments result in net loss of 9.375 positions
 - Some departments contracted, programs eliminated due to funding



Labor Costs vs Revenue Recovery Rate

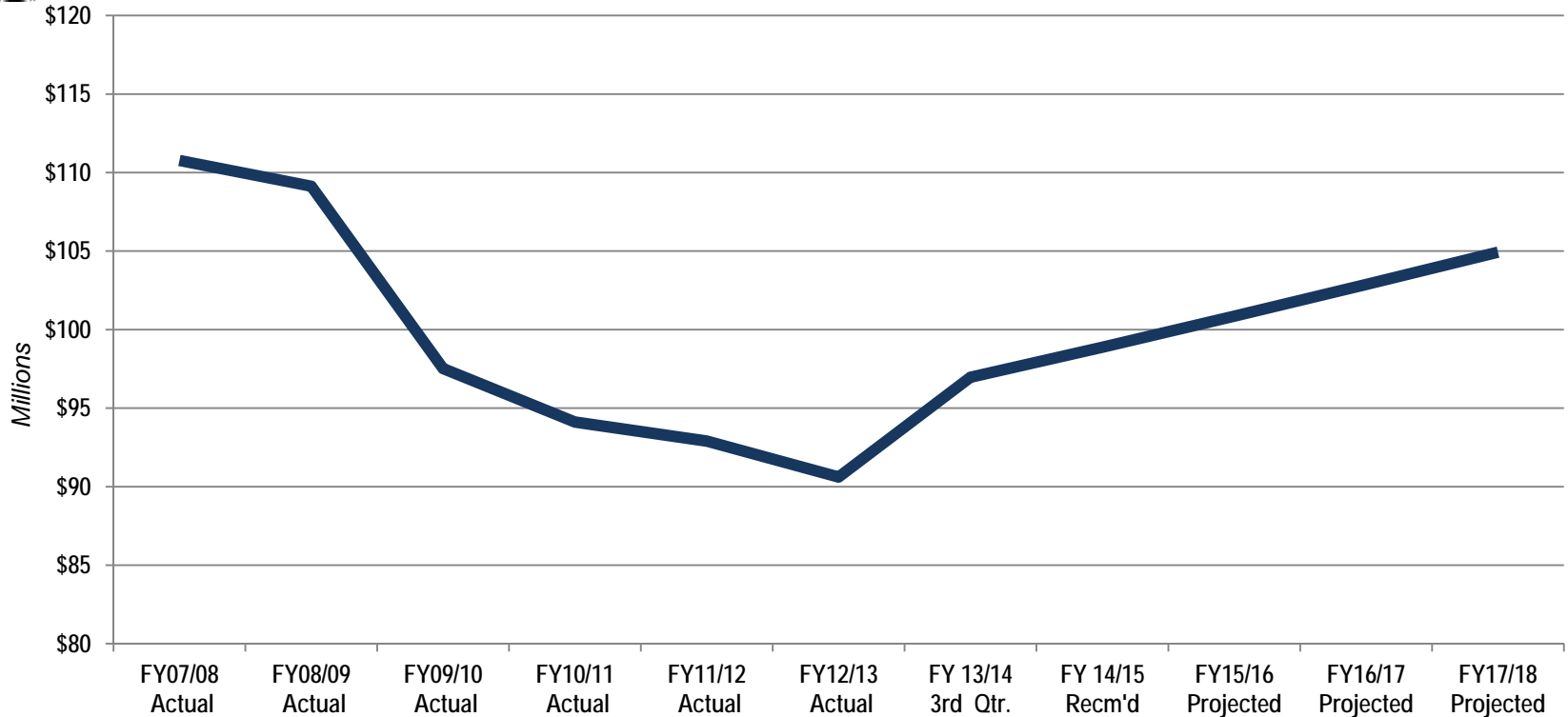


- **Property tax recovery lagging growth in labor costs**



Property Tax Analysis

Current Secured and Property Taxes in Lieu of VLF

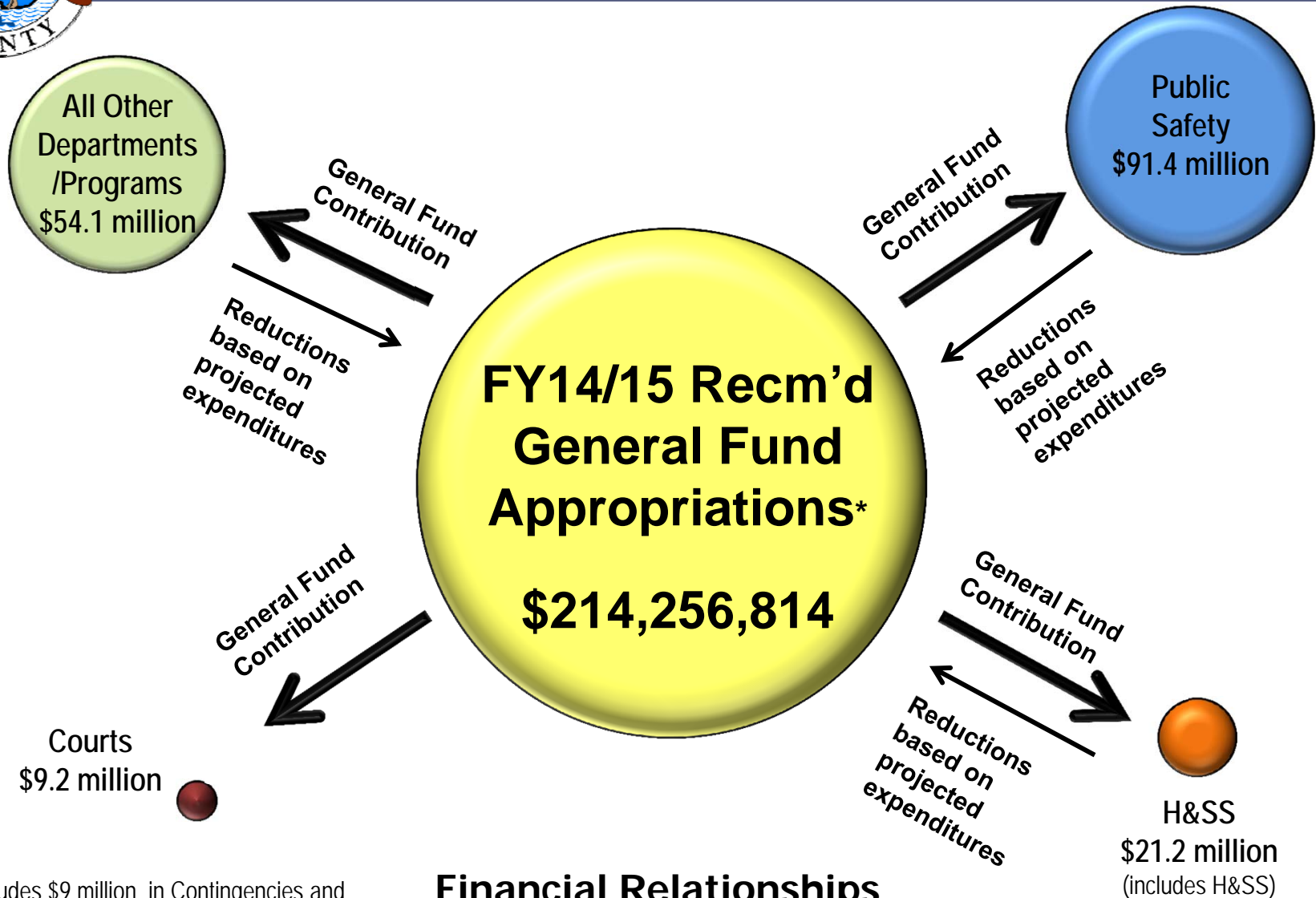


	ACTUAL				TQ	PROJECTED			
	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Current Secured & Property Tax in Lieu of VLF (millions)	\$97.5	\$94.11	\$92.90	\$90.61	\$96.97	\$98.88	\$100.86	\$102.87	\$104.93
Change from Previous Year	(\$11.61)	(\$3.41)	(\$1.21)	(\$2.30)	\$6.36	\$1.91	\$1.98	\$2.02	\$2.06
% Change from Previous Year	(10.6%)	(3.5%)	(1.3%)	(2.5%)	7.0%	2.0%	2.0%	2.0%	2.0%



FY2014/15 Budget

General Fund Contributions to Other Funds



* Excludes \$9 million in Contingencies and \$29.4 million in Committed Fund Balances

Financial Relationships



Total Public Safety Budget & Positions

FUND 900

\$ in Millions

	FY2012/13 Actual	FY2013/14 Adopted	FY2014/15 Recm'd	Change from Adopted	% Change from Adopted
REVENUES	\$136.17	\$156.31	\$163.84	\$7.53	4.8%
2011 Realignment/AB 109	\$8.83	\$16.98	\$18.21	\$1.23	7.2%
Prop 172	\$30.86	\$30.77	\$32.00	\$1.23	4.0%
General Fund Contribution	\$77.02	\$89.44	\$91.40	\$1.96	2.1%
All Other Revenues*	\$19.46	\$19.12	\$22.23	\$3.11	16.5%
EXPENDITURES	\$135.64	\$156.31	\$163.84	\$7.53	4.8%
Salaries/Benefits	\$93.05	\$105.79	\$110.76	\$4.97	4.7%
Services/Supplies	\$30.17	\$34.44	\$37.26	\$2.82	8.2%
All Other Expenditures	\$12.42	\$16.08	\$15.82	(\$0.26)	(1.7%)
POSITIONS	810.50	864.25	886.50	22.25	2.6%

FUND 900 – represents District Attorney, Public Defender, Public Defender Alternate, Probation and Other Public Defense

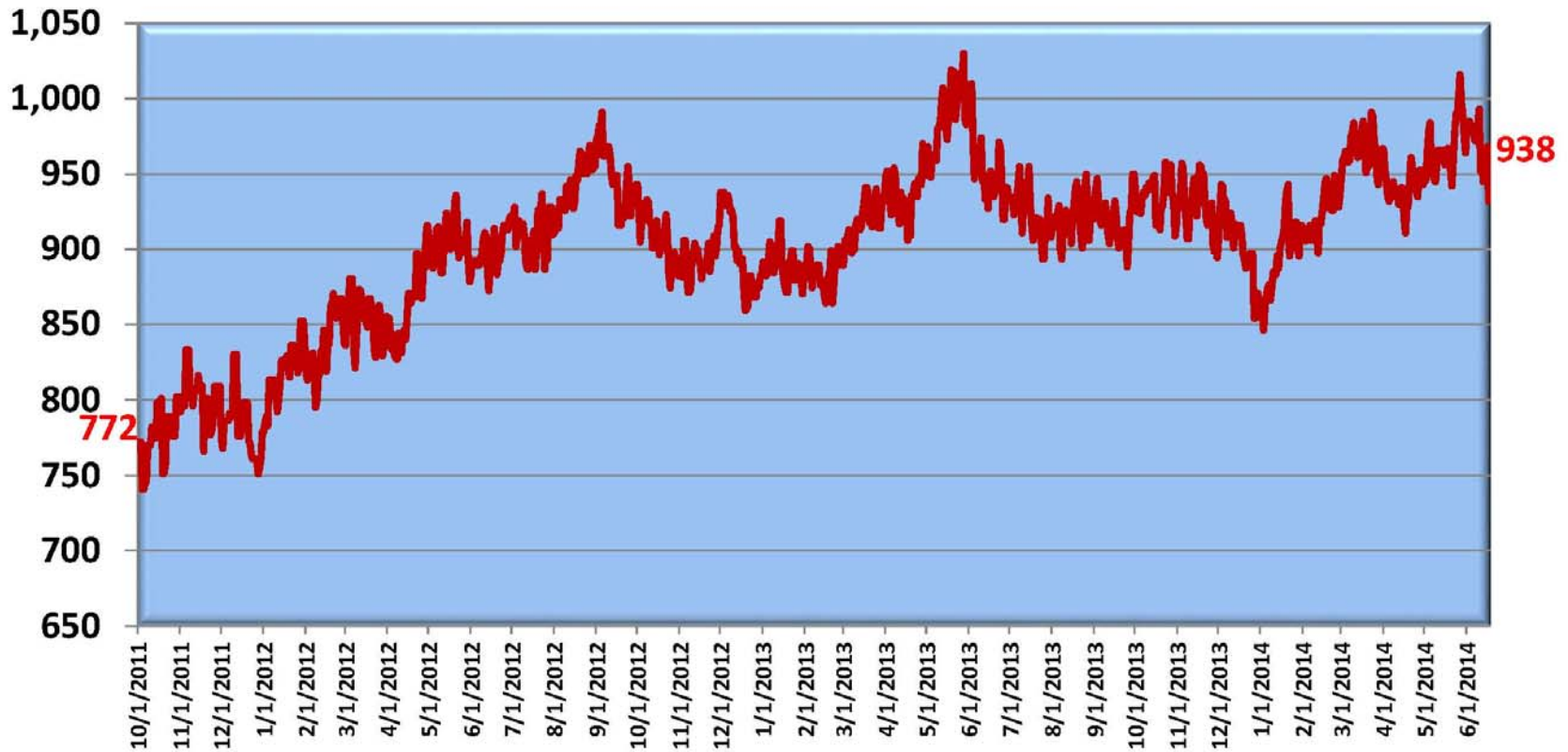
*All Other Revenue includes Court Security Revenue

- **Sheriff staffing based on construction design to operate new jail**



Jail Population Trend

Oct. 1, 2011 to June 18, 2014



- AB 109 continues to impact inmate population
- On average 30% of jail population sentenced inmates



Total H&SS Budget & Positions

FUND 902

\$ in Millions

	FY2012/13 Actual	FY2013/14 Adopted	FY2014/15 Recm'd	Change from Adopted	% Change from Adopted
REVENUES	\$262.09	\$284.76	\$290.74	\$5.97	2.1%
1991 & 2011 Realignments ¹	\$66.55	\$74.69	\$78.45	\$3.76	5.0%
Mental Health Services Act	\$13.42	\$16.92	\$16.71	(\$0.21)	(1.2%)
Federally Qualified Health Clinics	\$14.71	\$25.10	\$22.75	(\$2.35)	(9.4%)
Other State/Federal	\$134.59	\$138.14	\$136.82	(\$1.32)	(1.0%)
General Fund Contribution ²	\$21.92	\$21.00	\$20.68	(\$0.32)	(1.5%)
All Other Revenues ³	\$10.90	\$8.91	\$15.32	\$6.41	71.9%
EXPENDITURES	\$252.12	\$284.76	\$290.74	\$5.97	2.1%
Salaries/Benefits	\$98.36	\$122.13	\$124.43	\$2.30	1.9%
Services/Supplies	\$22.23	\$27.64	\$28.06	\$0.42	1.6%
All Other Expenditures	\$131.53	\$134.99	\$138.24	\$3.25	2.4%
POSITIONS	1,086.95	1,173.65	1,218.85	45.20	3.9%

1) 1991 & 2011 Realignments for Health, Social Services and Mental Health.

2) General Fund Contribution does not include In-Home Supportive Services and contributions to non-profits.

3) All Other Revenues includes Early Periodic Screening Diagnostic and Treatment (EPSDT) and A87 Cost Plan Distribution.



ACA Impact on Solano residents

Information as of April 1, 2014

- **Over 74,000 Medi-Cal recipients as of Dec. 1, 2013** *(excludes CMSP)*
 - Anticipated 5,800 newly eligible under ACA + 3,100 currently eligible and not enrolled
- **Over 7,900 CMSP recipients as of Dec. 1, 2013**
 - Over 6,400 individuals (81%) transitioned from Path2Health to Medi-Cal without having to re-apply
 - Over 300 former CMSP recipients have applied for Medi-Cal or subsidized plans
 - Almost 150 eligible for Medi-Cal; about 80 eligible for Covered CA plans; about 90 pending
- **89,100 Medi-Cal recipients as of April 1, 2014 (includes converted cases from CMSP)**
 - Over 5,500 cases (can be family groups) pending as of the end of March 2014 – nearly double the number from March 2013
 - About 4,000 individuals referred by Covered CA – currently reviewing and consolidating duplicates



General Fund Budget & Positions

FUND 001 \$ in Millions	FY2012/13 Adopted	FY2013/14 Adopted	FY2014/15 Recm'd	Change from Adopted	% Change from Adopted
REVENUES	\$221.67	\$227.93	\$214.26	(\$13.67)	(6.0%)
Property Taxes	\$100.45	\$100.44	\$109.00	\$8.56	8.5%
ABX1 26 Residual/Pass Thru*	\$15.20	\$17.32	\$17.35	\$0.03	0.1%
Charges for Services	\$32.15	\$33.06	\$34.86	\$1.80	5.5%
Other Revenues	\$25.64	\$25.30	\$23.38	(\$1.92)	(7.6%)
From Committed Fund Balance	\$3.60	\$3.23	\$7.41	\$4.18	129.4%
Carry Forward Fund Balance	\$44.62	\$48.58	\$22.26	(\$26.32)	(54.2%)
EXPENDITURES	\$221.67	\$227.93	\$214.26	(\$13.67)	(6.0%)
Salaries/Benefits	\$37.69	\$38.79	\$41.12	\$2.33	6.0%
Services/Supplies	\$20.62	\$20.97	\$21.54	\$0.57	2.7%
General Fund Contributions	\$122.92	\$120.01	\$123.10	\$3.09	2.6%
Reserves/Contingencies	\$29.19	\$36.55	\$16.67	(\$19.88)	(54.4%)
All Other Expenditures	\$11.25	\$11.61	\$11.83	\$0.22	1.9%
POSITIONS	333.05	342.05	350.30	8.25	2.4%

*Includes Redevelopment Pass-Thru Revenues prior to dissolution of Redevelopment Agencies



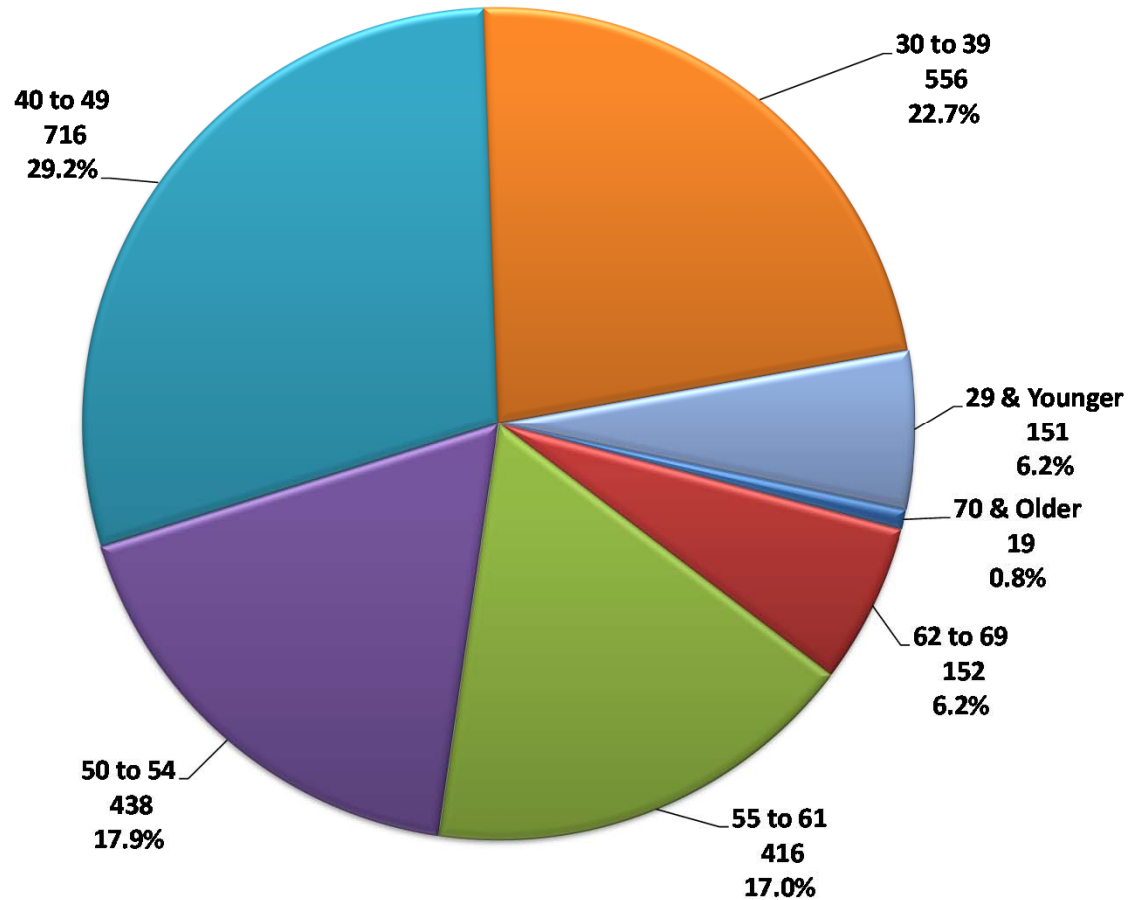
General Fund Reserves/Fund Balances

	Policy Target	FY2012/13 Adopted	FY2013/14 Adopted	FY2014/15 Recommended	
				Increases / Decreases	Balance
Committed Fund Balances	-- Deferred Maintenance	\$7.6 million	\$8.3 million	(\$3,265,000) \$2,673,105	\$5.7 million
	-- Unfunded Employee Leave Payoff	\$4.9 million	\$6.6 million	(\$800,000)	\$5.8 million
	-- Employer PERS Rate Increase		\$13.0 million	(\$2,000,000) \$5,000,000	\$16.0 million
	-- Housing/SB375		\$2.0 million		\$2.0 million
General Fund Reserve	10% of Total Budget, excluding transfers; \$20 million floor	\$39.5 million*	\$46.1 million*	\$47.6 million*	
General Fund Contingencies	10% of General Fund total, excluding Contingencies	\$18.3 million	\$8.9 million	\$9 million <i>(currently 4.3%)</i>	

*Total General Fund Reserve excludes Non-Spendable Long-term Receivables, which is \$28.7 million in FY2014/15. Increase in General Fund Reserve is due to loan repayments and interest.



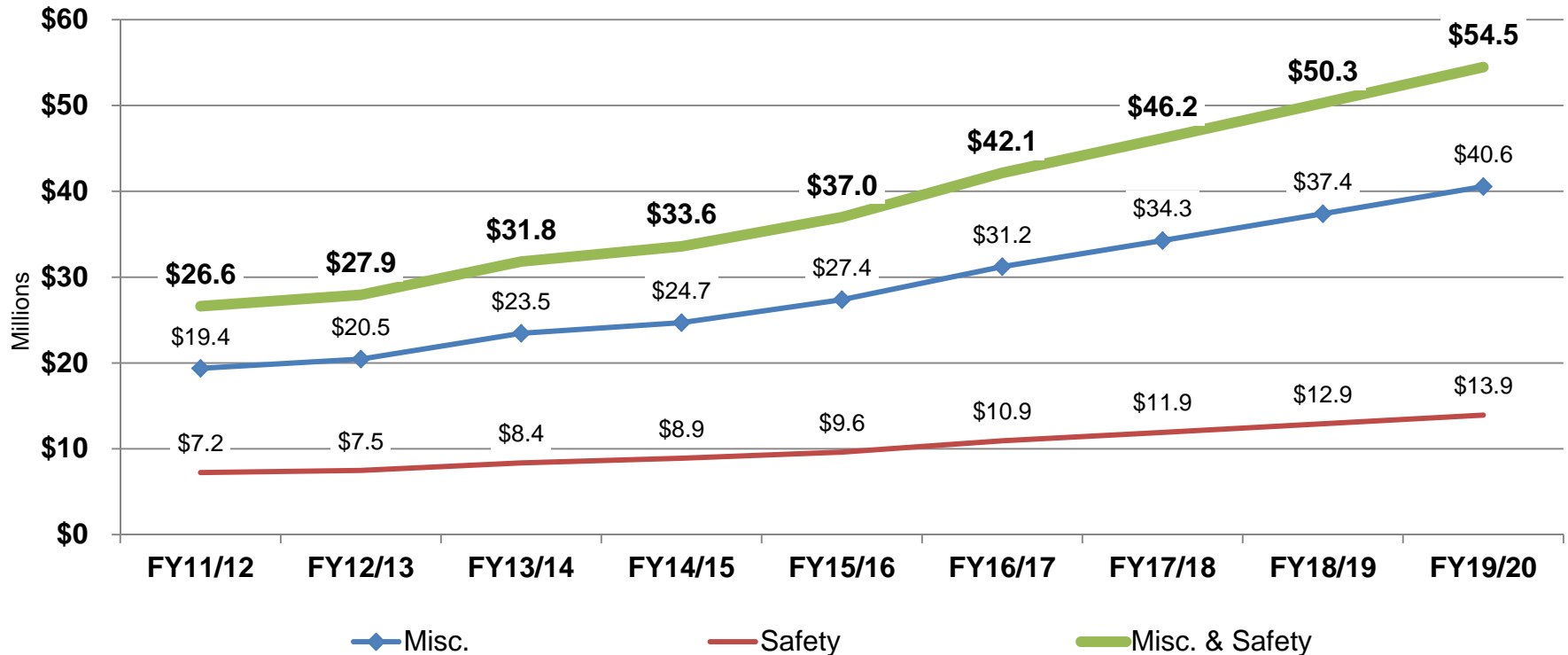
Age of County Workforce *(as of June 30, 2013)*



- **24% of workforce is age 55 or older**
 - Value of their accrued vacation, sick & comp time: \$12.5 million, per Auditor-Controller analysis



Employer Retirement Rate/Cost Increases



- Employer retirement rate costs expected to increase dramatically due to CalPERS changes**

- Misc.: From 14.333% rate in FY11/12 to 27.2% rate in FY19/20
 - Public Safety: From 18.427% rate in FY11/12 to 32.5% rate in FY19/20
 - Total cost increase of 51.2% ~ \$27.9 million from FY11/12 to FY19/20



Pension Funding Policy Strategies

1. Fund a pension reserve for use in achieving the goals of this policy
 - a) As existing pension and other outstanding debt is retired, those payment streams may be redirected to the CalPERS Pension Reserve
 - b) A portion of year-end fund balance directed to the CalPERS Pension Reserve
 - c) Use of one-time revenues not committed to ongoing operations per Board policy
 - d) Board allocating assets to the CalPERS Pension Reserve as part of the annual Budget Hearings
2. In consultation with PARS, work to establish a 115(P) trust fund after IRS private ruling is issued to PARS
3. Maximize cost sharing and recovery from state and federal programs
4. Make ongoing contributions to CalPERS in excess of normal contribution if financially feasible
5. Prepay CalPERS annual contribution early to achieve a discount if conditions permit, and place savings in reserve
6. Approve filling of only mission critical positions
7. Legislative initiatives as necessary
8. Issue debt (e.g. pension obligation bonds) when practical to achieve the state goals when market conditions allow.



What's Not in the FY2014/15 Budget

- **Items approved but not included in budget recommendations pending more details on actual impact for Solano County**

Federal

- Payment in Lieu of Taxes (PILT): \$14,500

State

- Pre-2004 Mandate Claims: \$ 1,048,625 in FY14/15 (\$73 million)
- Pre-2004 Mandate Claims: up to \$ 8.4 million of the remaining \$800 million); trigger pending State revenue collections above Administration's predictions
- Trial Court Security in New Facilities: funding allocation pending
- Post Release Community Supervision (PRCS): funding allocation pending; \$11.3 million in State budget
- Community Recidivism Reduction Grants: \$100,000
- Commercially Sexually Exploited Children: \$5 million statewide
- Relative Caregiver Funding Option Program (foster care) allows counties to opt-in by October 2014: \$30 million statewide
- Early Repayment of Highway User Tax Account (HUTA) Loan: \$1,361,887
- Black Infant Health Program: funding allocation pending; \$4 million statewide
- Extended funding for Veteran Services Offices: ~ \$100,000 for Solano County



Pending Issues & Exposures

- **CalPERS pension and medical rates in the future**
- **Property tax revenues and potential appeals on file**
 - \$9.96 billion assessed value at risk due to appeals
- **Adequate AB 109 funding from the State for Public Safety realignment programs**
- **General Fund exposure for County clinics**
- **General Fund exposure if Court Fees/Fines continue to be lower than Maintenance of Effort agreement**
- **Not enough funding for Deferred Maintenance**
- **Managing unfunded liabilities**



Recommended Board Action Summary

- **Adopt Budget Resolution:** \$856,679,722 for FY2014/15 Recommended and Supplemental Budget
- **Approve position resolutions, Position Allocation List & amendments**
 - Net increase of 31.05 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 changes in Committed Fund Balances**
 - Unfunded Employee Leave Payout: Draw \$800,000
 - Deferred Maintenance: Draw \$3.27 million, increase \$2.67 million
 - Employer CalPERS Rate Increases: Draw \$2 million, increase \$5 million
- **Authorize Auditor-Controller, with CAO concurrence, to make technical adjustments to close year end**
 - Includes transfer of appropriations within a fund to cover FY13/14 year-end close out, subject to transfers not increasing total appropriations



Recommended Board Action Summary

- **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.
- **In the event, General Fund's year end fund balance exceeds amount needed to balance adopted FY2014/15, authorize the CAO to direct Auditor-Controller to:**
 - Increase Employer CalPERS Rate Increases by up to \$5 million
 - Increase Deferred Maintenance by up to \$5 million
 - Increase General Fund Reserves by up to \$5 million
 - Partially or wholly payoff outstanding principal balance of General Fund loan for Pension Obligation Bonds
- **Authorize CAO to sign all agreements and/or contract amendments resulting from approval of Supplemental Budget requests**



Begin Budget Hearing

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



FY2014/2015 Budget Hearings: Additions

The Solano County Board of Supervisors adopted the 2014/2015 recommended and supplemental budget on Monday, June 23 at the Budget Hearings. The Board also approved the following expenditures, including charitable contributions and new positions, making for a total adopted budget of **\$857,012,457**.

FY2014/15 Budget Hearings Budget Units for Discussion

BU	Department	Page	CK	Add	Delete	Revenue	GF Conting.	Other Fund Bal. / Conting.	Notes
1001	BOS - District 1	F-3		52,547			52,547		\$2,500 additional charitable contribution; add 0.5 FTE Board aide (\$50,047)
1002	BOS - District 2	F-6		52,547			52,547		\$2,500 additional charitable contribution; add 0.5 FTE Board aide (\$50,047)
1003	BOS - District 3	F-9		0			0		\$2,500 additional charitable contribution; add 0.5 FTE Board aide (\$50,047)
1004	BOS - District 4	F-12		52,547			52,547		\$2,500 additional charitable contribution; add 0.5 FTE Board aide (\$50,047)
1005	BOS - District 5	F-15		0			0		\$2,500 additional charitable contribution; add 0.5 FTE Board aide (\$50,047)
1903	General Expenditures	F-27		77,708			77,708		SafeQuest up to \$25,000; K to College, up to \$37708; Vacaville Leavin, \$15,000
1150	Assessor/Recorder	F-40		97,386			97,386		Add 1.0 FTE (TBD) Appraiser (Senior) for real property

TOTAL

\$332,735 0 0 \$332,735 0

FY2014/15 Recommended/Supplemental

\$856,679,722

FY2014/15 Budget with Additions

\$857,012,457