

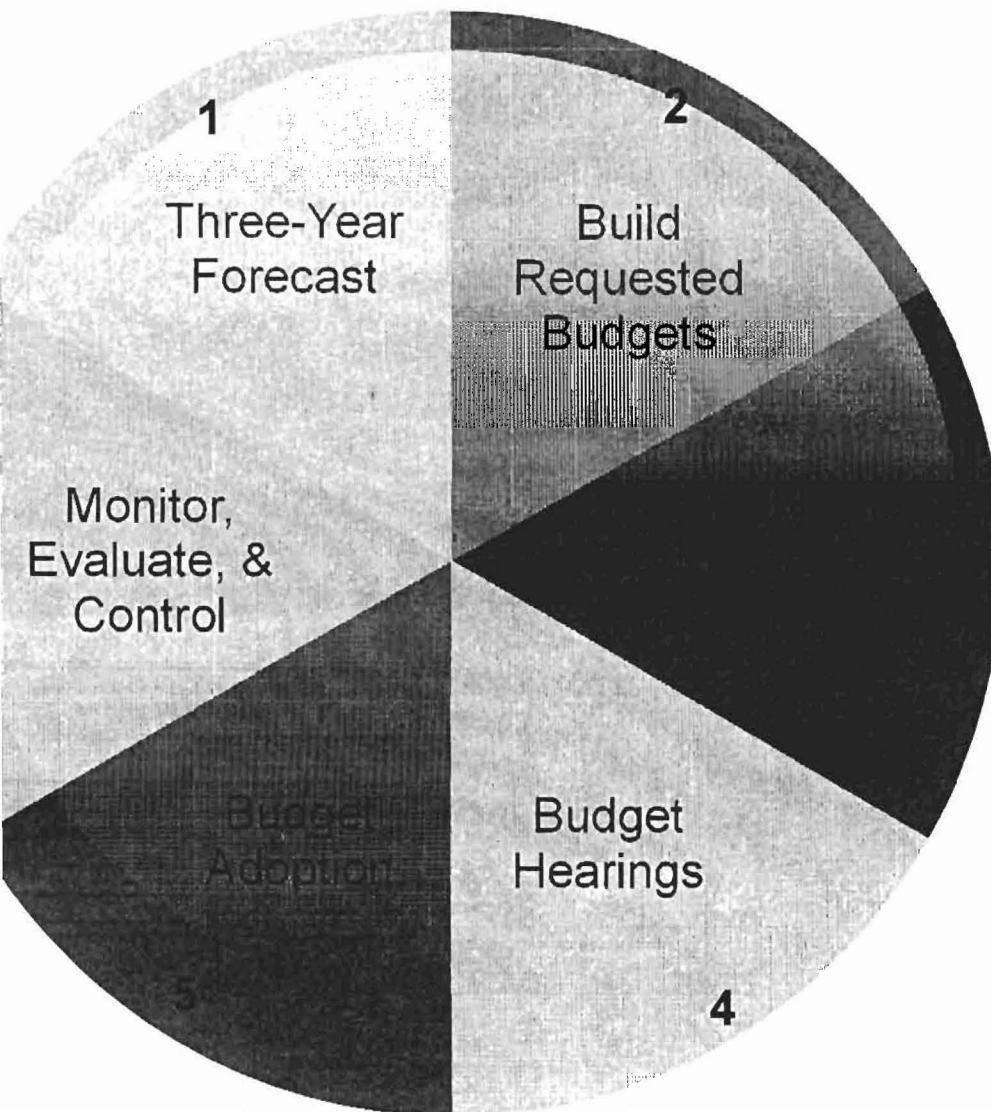
County of Monterey

Board of Supervisors FY 2015-16 Budget Workshop



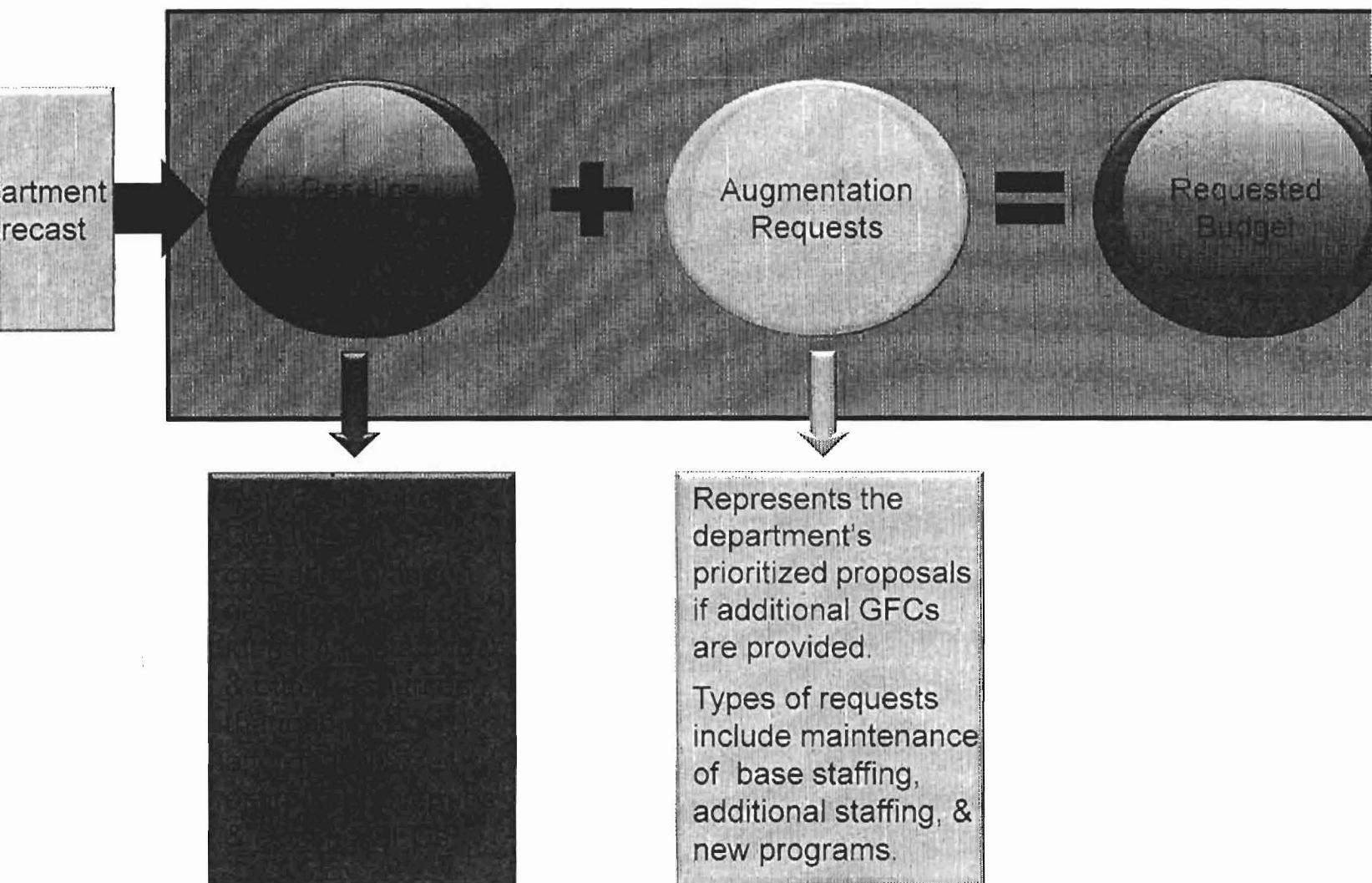
County of Monterey | County Administrative Office | April 20, 2015

nterey Budget Development Process

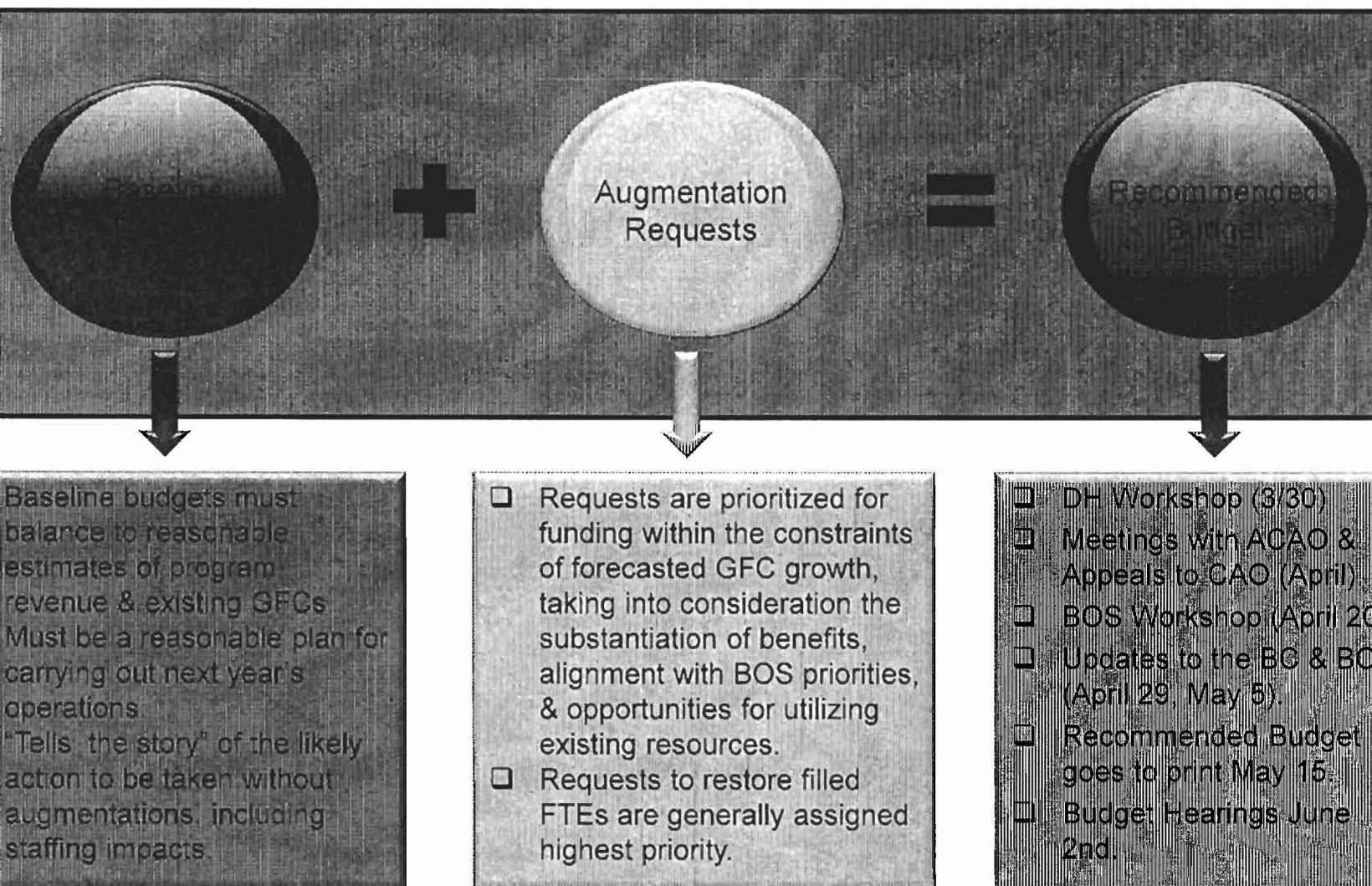


1. **Dec – Feb** The financial forecast is the first step of the annual budget cycle in which departments estimate the level of services that can be afforded with existing revenues next fiscal year and beyond.
2. **Feb – Mar** Departments build requested budgets for next fiscal year. Requested budgets include: (1) a base plan that can be met with existing general fund contributions (GFC); and (2) augmentations requesting additional funding.
3. **Mar – May** The County Administration builds the recommended budget including proposed augmentations.
4. **Early June** The Board of Supervisors holds budget hearings to review/provide direction on recommendations.
5. **Late June** The Board adopts the budget for the new fiscal year.
6. **Ongoing** County staff monitor results against appropriations and revenues, recommending modifications as necessary.

Components of a Requested Budget



Building the Recommended Budget



2015-16 Requested Budget (*Dollars in Millions*)

	2014-15	2015-16		
	Adopted	Baseline	Augmentation Requests	Total Request
ble Financing:				
of Fund Balance	\$8.7	\$16.2	\$0.0	\$16.2
venues	<u>545.4</u>	<u>574.4</u>	<u>6.3</u>	<u>580.7</u>
Financing Sources	\$554.1	\$590.6	\$6.3	\$596.9
cing Uses:				
nditures	550.2	572.1	50.0	622.1
ngencies	<u>3.9</u>	<u>5.7</u>	<u>0.0</u>	<u>5.7</u>
Financing Uses	\$554.1	\$577.8	\$50.0	\$627.8
ce	\$0.0	\$12.8	(\$43.7)	(\$30.9)

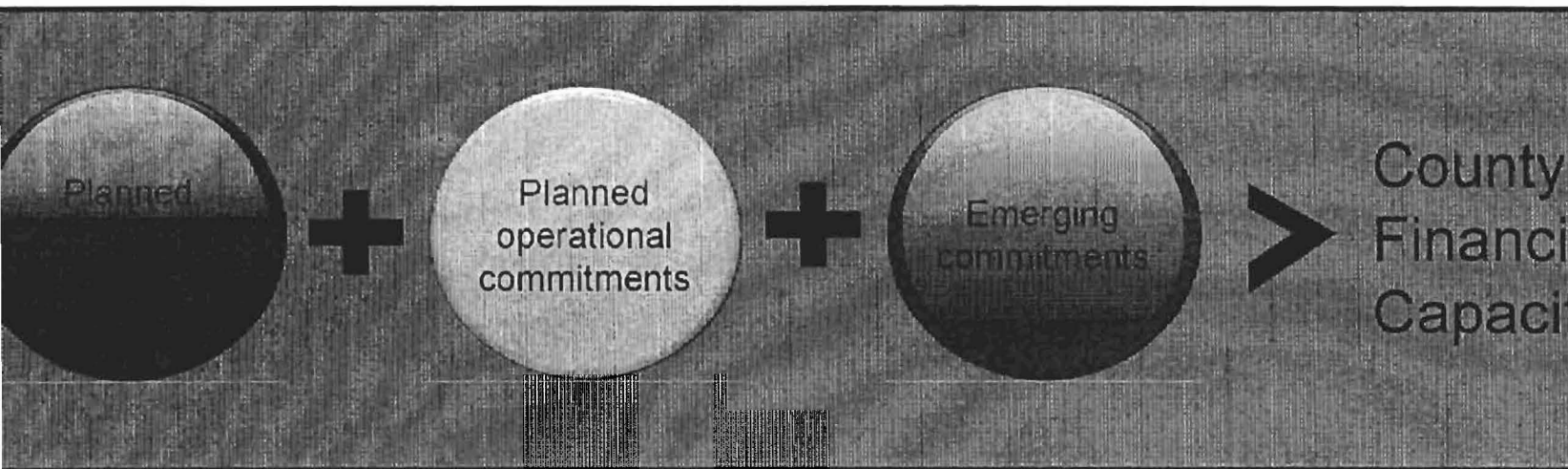
- ☐ Departments submitted balance baseline budgets; planned expenditures are matched to expected available financing.
- ☐ Departments requested baseline expenditures totaling \$5 million, an increase of \$ million over the current adopted budget.
- ☐ Increases in expenditures funded by planned increase program revenue and, in some cases, use of fund balance in cases where funding was aside for planned 1-time needs.
- ☐ The baseline budget includes \$12.8 million for contingencies.
- ☐ The balance available for augmentations is \$12.8 million.
- ☐ Augmentations total \$50.0 million supported by \$6.3 million in revenues and a requested \$43.7 million in GFC.

Baseline Budget Impacts

Department	Filled Positions:		Vacant Positions:	
	FTEs	\$	FTEs	\$
Cultural Commissioner	0.0	\$0	5.0	\$392,099
essor-County Clerk-Rec.	0.0	0	3.0	208,979
d of Supervisors	1.0	161,196	0.0	0
d Support Services	4.0	126,687	3.0	106,894
ict Attorney	8.0	890,038	1.0	79,564
omic Development	1.0	232,997	5.0	553,017
al Opportunity Office	0.0	0	0.5	46,504
an Resources	0.0	0	1.0	66,715
s	6.0	536,907	6.0	694,851
ation	20.0	1,863,928	1.0	95,160
ic Defender	3.0	400,875	1.0	139,156
ource Management Agency	0.0	0	11.0	0
iff-Coroner	23.0	3,326,937	31.0	2,633,736
Is	66.0	7,539,565	68.5	5,016,675

- ❑ Due to cost pressures, departments are unable to afford their current level of operations next fiscal year without augmentation of their GFCs.
- ❑ To balance their budgets, departments cut essential spending by \$1.0 million, recognizing that remaining budgetary flexibility has eroded in recent years.
- ❑ Departments also unfilled 68.5 vacancies for savings of \$5.0 million.
- ❑ As a last resort, departments unfunded filled positions to reduce costs by an additional \$7.5 million in order to achieve balanced budgets.
- ❑ Augmentations submitted for additional GFCs to restore the 68.5 positions.

What's causing the budget impacts?



Capital Commitments:

Outstanding Debt:	Amount
2007 debt issuance	\$118,955,000
NGEN site acquisition ¹	6,919,432
Total, Outstanding Debt	\$125,874,432

Current Capital Commitments:	Amount
Shilling Place addition (County match)	8,900,000
New juvenile hall (County match)	17,791,824
Shilling Place Buildings	13,000,000
Enterprise Resource Planning Upgrade	4,477,080
IT infrastructure replacement	7,351,255
Total, Current Capital Commitments	\$51,520,159

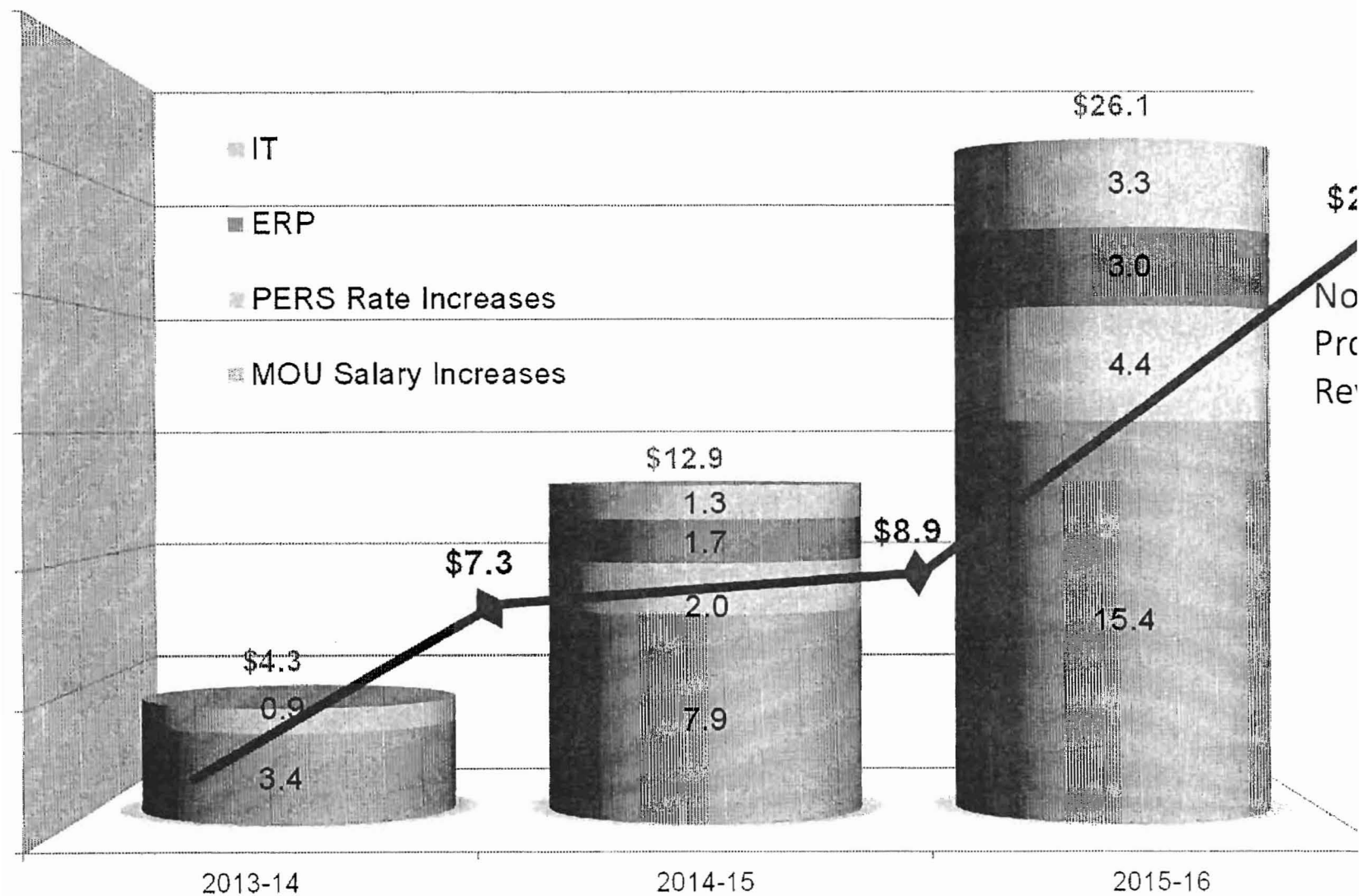
Future Priority Projects:	Amount
Shilling Place improvements	16,000,000
East/West Wing	36,000,000
Government Center improvements	4,000,000
Total, Future Capital Commitments	\$56,000,000

¹ represents outstanding balance of the 2007 debt issuance, which included financing for the Gov't Center, Sheriff's building, North Wing, & NMC).

- The County's current outstanding includes \$119.0 million from the 2007 Certificates of Participation (COPs) and \$6.9 million for NGEN site acquisition. Annual debt service totals \$5.7 million on the 2007 COPs.
- Conservative financial policies employed by the Board of Supervisors has enabled the County to identify new investment opportunities for new investment in capital infrastructure, including:
 - The \$88.9 million, 576-bed expansion of the jail;
 - A \$52.8 million new juvenile hall;
 - The \$13.0 million cash purchase of Shilling Place buildings;
 - Upgrade of the Enterprise Resource Planning (ERP) System; and
 - The multi-year replacement of the County's IT infrastructure.
- Future priority projects include the improvements needed to prepare the Shilling Place buildings to house County employees, the East/West Wing renovation, and the improvements to the second floor of the Government Center to house the Probation Department, Defender and Human Resources.

Operational Cost Drivers

Amounts are Cumulative and Expressed in Millions



Growth in General Fund Cost Drivers - Salaries

Expenditure Type	Fiscal Year:			
	2013-14	2014-15	2015-16	Cumulative
Salaries - Misc.	\$1,033,293	\$3,941,936	\$6,312,264	\$11,287,493
Salaries - Safety	<u>2,409,531</u>	<u>541,762</u>	<u>1,157,057</u>	<u>4,108,350</u>
Total	3,442,825	4,483,698	7,469,321	15,395,843

Growth in General Fund Cost Drivers – PERS Retirement

Expenditure Type	Fiscal Year:			
	2013-14	2014-15	2015-16	Cumulative
PERS - Misc.	\$249,519	\$1,389,040	\$1,589,291	\$3,227,849
PERS - Safety	<u>676,243</u>	<u>(342,492)</u>	<u>834,378</u>	<u>1,168,129</u>
Total	925,762	1,046,548	2,423,668	4,395,978

Growth in General Fund Cost Drivers – General Liability Insurance Program

Expenditure Type	Fiscal Year:			
	2013-14	2014-15	2015-16	Cumulative
en. Liability - Misc.	\$693,627	\$906,188	\$550,236	\$2,150,05
en. Liability - Safety	<u>(130,861)</u>	<u>980,200</u>	<u>621,383</u>	<u>1,470,72</u>
otal	562,766	1,886,388	1,171,619	3,620,77

Growth in General Fund Cost Drivers – IT & ERP

Expenditure Type	Fiscal Year:			
	2013-14	2014-15	2015-16	Cumulative
ERP Maint./Upgrade	(5,568)	1,689,003	1,318,443	3,001,8
Charges/Infrastructure	<u>(1,195,678)</u>	<u>2,517,603</u>	<u>2,027,422</u>	<u>3,349,3</u>
total	(1,201,246)	4,206,606	3,345,865	6,351,2

Emerging Cost Drivers:

General liability insurance program charges to general fund departments are increasing \$1.9 million in the current year and an additional \$1.2 million next year.

\$3.1 Million

Staff's Office Overtime exceeded budget by \$2.2 million last fiscal year, with a \$3.1 million overage expected in the current year.

\$3.1 Million

Interlake Tunnel project will cost \$3.0 million, including \$1.9 million next fiscal year.

\$3.0 Million

State medical costs increased by \$2.9 million beginning in the current year to pay for increased medical services and related transportation costs.

\$3.0 Million

Resort operations continues to require help from the general fund, with deficits of \$2.0 million in FY 2013-14 and \$2.0 million in both the current and budget years.

\$2.0 Million

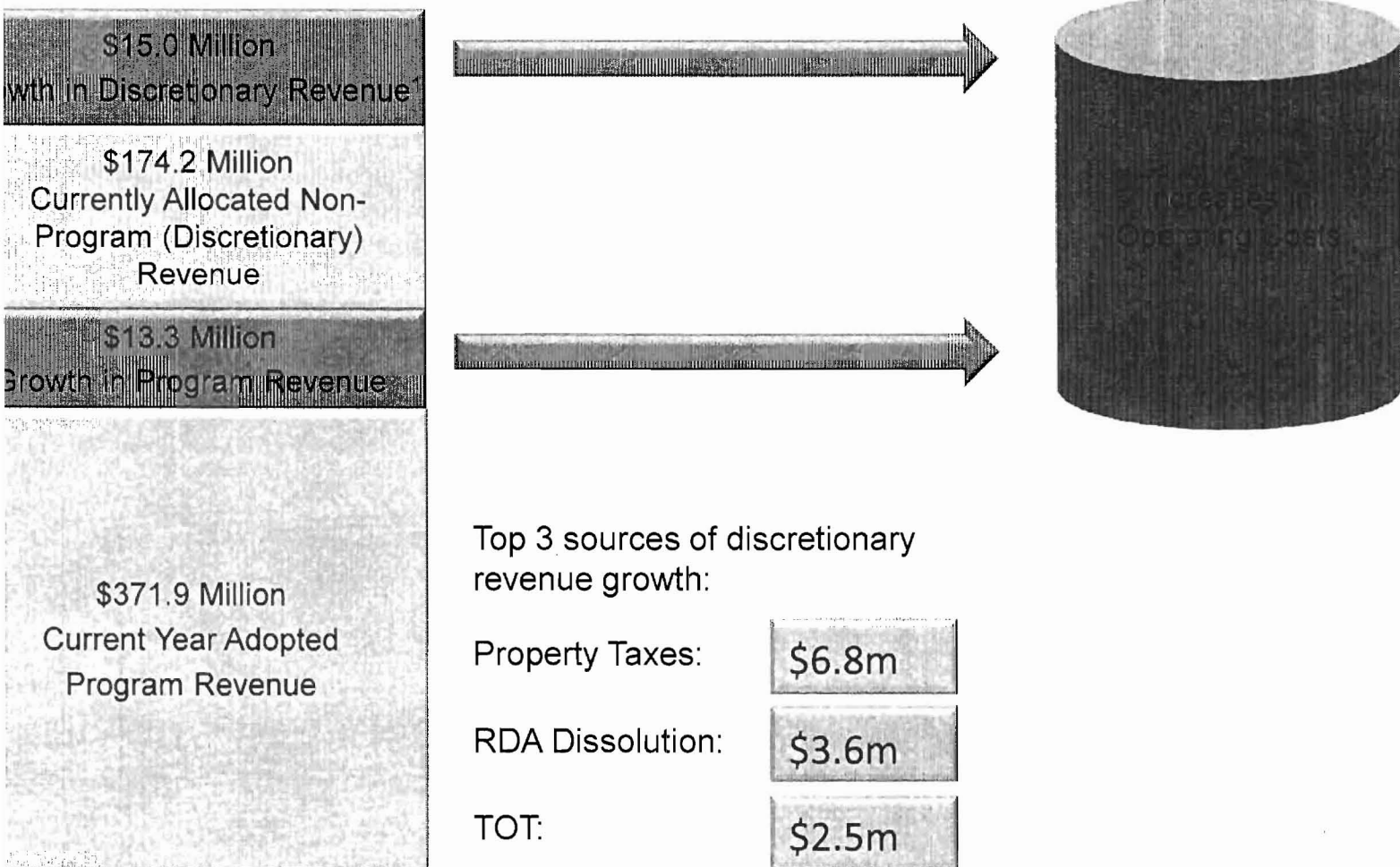
Schillings buildings may cost up to an additional \$2.4 million for basic operations (utilities, landscaping, janitorial, insurance, etc.)

\$2.4 Million

Rising costs in baseline staffing and services has consumed gains in revenue and eroded most departments' flexibility to....

- ✓ *Maintain current staffing levels*
- ✓ *Replace or keep up with infrastructure & equipment*
- ✓ *Respond to emerging issues & needs*

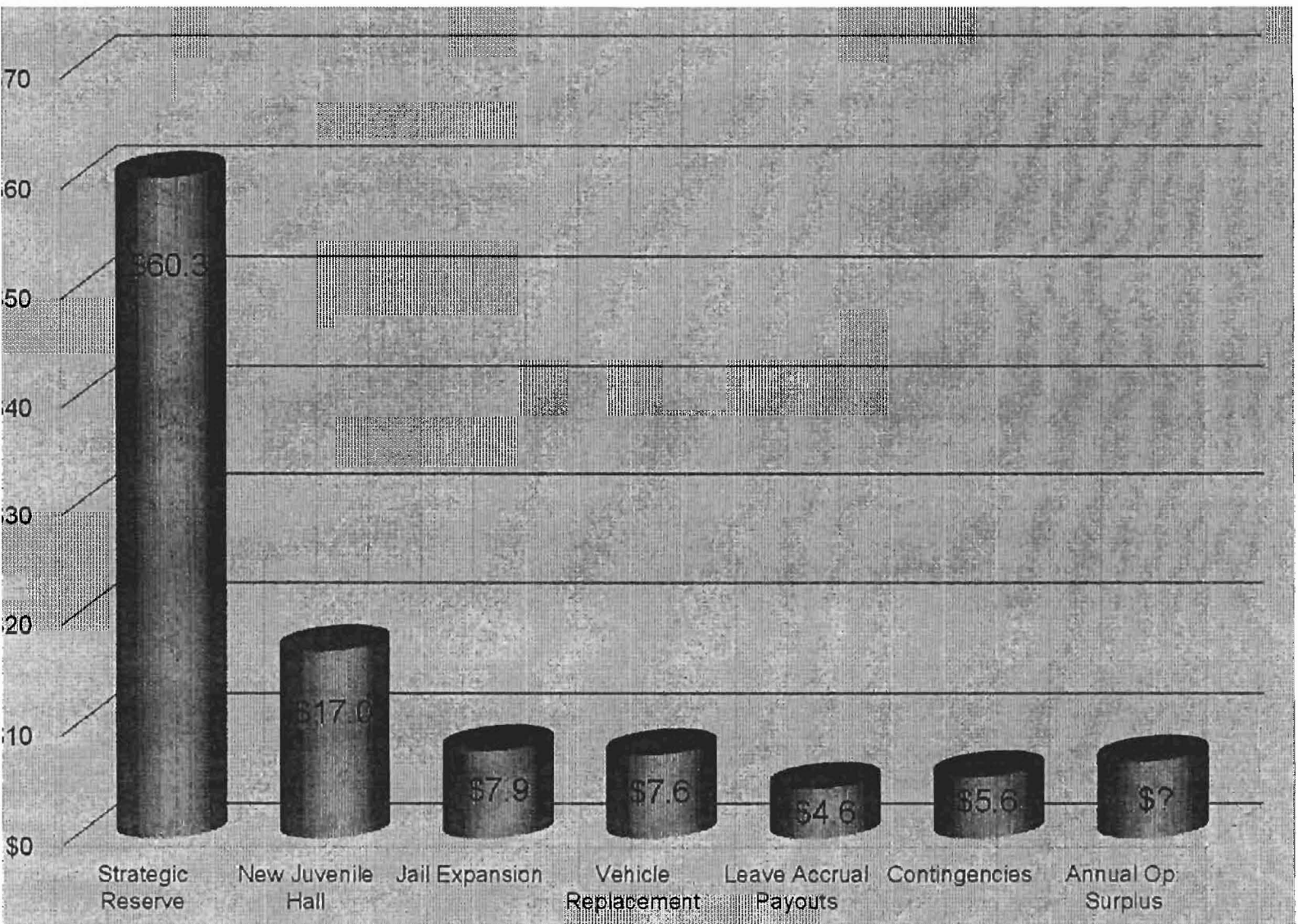
Sources of Revenue for Funding Annual Operating Costs



Formula Driven Contributions by County Policy

Program/Need	2014-15	2015-16	Increase
CCVB	\$1,076,729	\$1,192,875	\$116,146
ts Council	355,320	393,649	38,329
m Commission	170,482	188,872	18,390
usiness Council	87,210	87,210	0
e Agencies	2,607,735	2,714,110	106,375
mergency Communication User Agencies	1,428,113	1,486,369	58,256
ad Fund Contributions	<u>3,819,050</u>	<u>4,373,877</u>	<u>554,827</u>
	\$9,544,639	\$10,436,962	\$892,323

General Fund Purpose Driven Reserves & One-Time Funds



Investment of Past Annual Operating Surpluses

Annual operating surpluses occur when departments do not spend all of their appropriations, mostly due to unplanned vacancies, or when revenues exceed budgeted expectations.

Operating surpluses are unpredictable; following the recession the County experienced four years of operating deficits, while the last three years have returned surpluses.

In recent years, the County Administrative Office recommended investing one-time unplanned surpluses to fund future one-time needs, including:

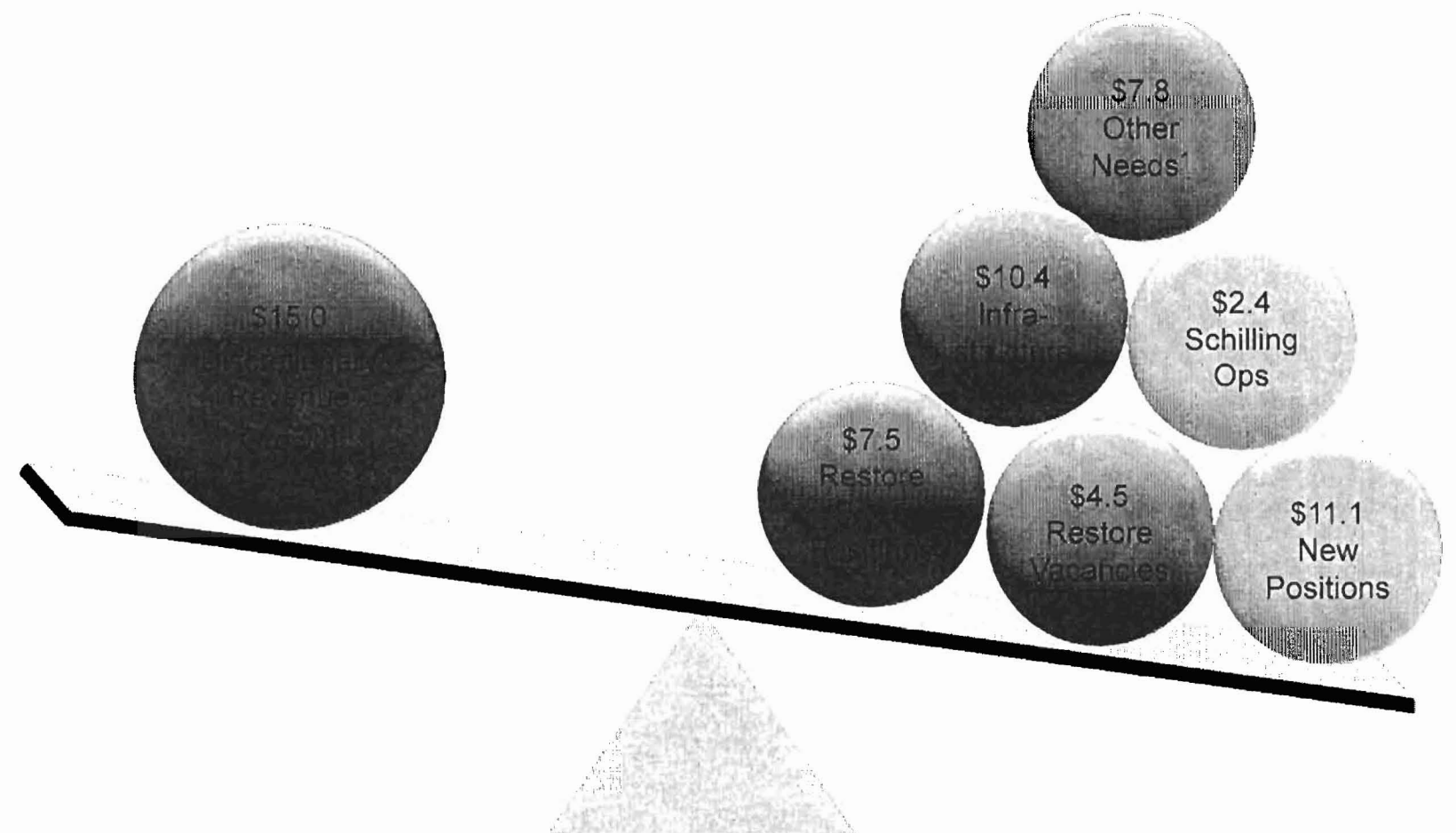
- Increasing the Strategic Reserve to \$60.3 million (\$46.1 million general fund) to fund settlement of legal judgments in excess of reserves normally designated for litigation, short-term revenue reductions due to economic downturns, declared natural disasters, or local emergencies;

- \$17.8 million to pay the County match for the new juvenile hall;

- \$8.9 million to pay the County match for the jail expansion; and the

- \$13.0 million cash purchase of the Schillings Place buildings to help meet critical space needs and end the use of modular buildings.

The Budget Outlook for FY 2015-16



includes funding for inmate medical (\$1.4 million), presidential primary election (\$1.2 million), indigent defense (\$1.0 million), revenue bonds, a supervised children's visitation center, office supplies & equipment, and various other needs.

Requested Augmentations

Department	Requested GFC	Requested Position Augmentations:			
		Restore Vacancy	Restore Filled	New Position	Total
Cultural Commissioner	\$690,334	5.0	0.0	0.0	5.0
essor-County Clerk-Rec.	208,979	3.0	0.0	0.0	3.0
or-Controller	778,472	0.0	0.0	5.0	5.0
of Supervisors	186,409	0.0	1.0	0.0	1.0
Support Services	233,581	3.0	4.0	0.0	7.0
of the Board	26,032	0.0	0.0	0.0	0.0
erative Extension Service	1,524,300	0.0	0.0	0.0	0.0
ty Admin Office	3,958,588	0.0	0.0	5.0	5.0
ty Counsel	656,232	0.0	0.0	2.0	2.0
st Attorney	1,882,473	1.0	8.0	4.0	13.0
omic Development	1,446,158	5.0	1.0	1.0	7.0
ons	1,311,000	0.0	0.0	0.0	0.0
gency Communications	92,098	0.0	0.0	8.0	8.0
Opportunity Office	66,504	0.5	0.0	0.0	0.5
1	0	0.0	0.0	83.8	83.8
n Resources	946,722	0.0	0.0	6.0	6.0
iation Technology	513,694	0.0	0.0	1.0	1.0
	4,338,325	6.0	6.0	0.0	12.0
tion	1,959,088	1.0	20.0	1.0	22.0
Defender	2,459,050	1.0	3.0	4.5	8.5
urce Management Agency	4,874,438	0.0	0.0	3.0	3.0
f-Coroner	15,194,117	31.0	23.0	41.0	95.0
Services	335,000	0.0	0.0	0.0	0.0
	\$43,681,594	56.5	66.0	166.3	288.8

Departments submitted a total of \$43.7 million in requests for additional general fund contributions.

The largest needs (in terms of overall dollar value) include:

- ☐ Restoration of 66 filled positions (\$7.5 million);
- ☐ Restoration of 56.5 vacancies (\$4.5 million);
- ☐ Addition of 166.3 new positions at a cost of \$11.1 million;
- ☐ Various requests for infrastructure replacement, repair, and maintenance (\$10.4 million);
- ☐ Funding to operate the Schriber Place building (\$2.4 million); and
- ☐ Requests for inmate medical services (\$1.4 million), funding to cover an extra (presidential primary) election (\$1.2 million), indigent defense (\$1.0 million), and requests to restore base operating budgets.

Summary of Augmentation Requests – Administration & Finance

2 Million	Board of Supervisors	<input type="checkbox"/> Restore Board Aides to full-time positions and restore funding for basic operating expenditures
7 Million	CAO – Departmental	<input type="checkbox"/> Add 5.0 new positions, including a Go Green Coordinator, gang violence prevention research analyst, OES administrative assistant, & two fleet positions <input type="checkbox"/> Restore funding for baseline operating expenditures including contracted services for legislative advocacy
2 Million	CAO – Non-Depart.	<input type="checkbox"/> Provide first year funding for the Interlake Tunnel (\$1.3) <input type="checkbox"/> Provide first year funding of debt service for East/West Wing & Schilling Place tenant improvements (\$1.3)
4 Million	Economic Opportunity	<input type="checkbox"/> Restore Economic Development Department Director <input type="checkbox"/> Restore 5.0 vacancies due to loss of federal funding <input type="checkbox"/> Add an accounting technician to support RDA <input type="checkbox"/> Request funding for small business revolving fund, Salinas Valley Tourism & Visitor's Bureau, annual memberships, & professional services contracts

Summary of Augmentation Requests – Administration & Finance (Continued)

08,979	Assessor	<input type="checkbox"/> Restore 3.0 vacant positions
3 Million	County Counsel - Departmental	<input type="checkbox"/> Request 1.0 deputy county counsel, 1.0 financial manager, and funding to pay employee leave benefits upon separation.
4 Million	County Counsel – Non-Departmental	<input type="checkbox"/> Request funding to pay Fort Ord insurance premium.
26,032	Clerk of the Board	<input type="checkbox"/> Request funding for position reallocation.
9 Million	Human Resources	<input type="checkbox"/> Provide funding to assume the <i>Office Star</i> training responsibilities previously performed by ITD <input type="checkbox"/> Add 6.0 new positions <input type="checkbox"/> Request funding for workforce planning & leadership development and labor-related legal consultation

Summary of Augmentation Requests – Administration & Finance (Continued)

8 Million	Auditor-Controller	<input type="checkbox"/> Request 5.0 positions, including a chief deputy auditor-controller to oversee the ERP systems, pay technician, a chief deputy auditor-controller to perform audits, and restoration of 2.0 internal auditor positions (last funded in FY 2013-14).
3 Million	Elections	<input type="checkbox"/> Provide funding for the presidential primary election (\$1.2 million) and \$145,000 for rent.
66,504	Equal Opportunity	<input type="checkbox"/> Restore vacant administrative secretary (from 0.5 to FTE) <input type="checkbox"/> Provide mandated training on County policies and state & federal laws

Summary of Augmentation Requests – Health & Social Services

3 Million	Social Services	<ul style="list-style-type: none"> <input type="checkbox"/> Request funding for a therapeutic and supervision center for children removed from their parents' care (\$300,000). <input type="checkbox"/> Request funding for homeless veterans stand-down (\$35,000)
9 Million (General Fund)	Health	<ul style="list-style-type: none"> <input type="checkbox"/> Add 83.75 positions for support of health clinic, behavioral health, public health, and other health-related programs.

Summary of Augmentation Requests – Resource Management

9 Million

Resource Management
Agency

- ☐ Request funding for street sweeping (\$300,000)
- ☐ Request funding for the storm water program (\$660,000)
- ☐ Fund increased utility costs for shared facilities (\$230,000)
- ☐ Fund operations & maintenance, utilities, & insurance costs for the Schillings Place buildings (\$2.4 million)
- ☐ Provide support for the general plan (\$1.2 million)
- ☐ Fund repairs to the San Ardo landfill (\$220,000)
- ☐ Support clean-up of homeless camp (\$120,000)
- ☐ Fund rising custodian costs (\$90,000)
- ☐ Support storm drain maintenance, land management obligations at Fort Ord, update of the Land Map Record database, and design for the San Lucas Water Supply Replacement Project

7 Million

Agricultural
Commissioner

- ☐ Maintain funding in support of five vacant positions

5 Million

Cooperative Extension

- ☐ Request \$1.5 million to fund a building expansion and \$24,300 for base level operating expenses.

Summary of Augmentation Requests – Parks & Library

8 Million	Parks – General Fund	<ul style="list-style-type: none"> <input type="checkbox"/> Request \$1.4 million for maintenance, repairs, improvements to Laguna Seca facilities <input type="checkbox"/> Fund various projects to maintain and improve County parks, including bat removal from museums at San Lorenzo park, tree removal, restroom repairs, evaluation of the Toro Park playground, and other projects
6 Million	Parks – Resorts	<ul style="list-style-type: none"> <input type="checkbox"/> Request \$546,505 to restore 6.0 filled positions in resort operations <input type="checkbox"/> Request \$177,000 to restore temporary labor in resort operations <input type="checkbox"/> Request \$1.4 million for various capital improvements at the resorts <input type="checkbox"/> Request \$255,100 to restore base level services at Loma San Antonio and \$75,000 to hire a management specialist to implement an online reservation system
5 Million (General Fund)	Library	<ul style="list-style-type: none"> <input type="checkbox"/> Add 4.0 new positions and re-allocate an existing position

Summary of Augmentation Requests – Public Safety

7 Million	District Attorney	<ul style="list-style-type: none"> <input type="checkbox"/> Request \$890,038 to restore 8.0 filled positions <input type="checkbox"/> Restore one legal secretary vacancy <input type="checkbox"/> Restore \$226,896 in base level operating expenses <input type="checkbox"/> Add 4.0 additional positions at a cost of \$0.7 million
5 Million	Public Defender	<ul style="list-style-type: none"> <input type="checkbox"/> Request \$427,752 to restore 3.0 filled deputy public defender positions <input type="checkbox"/> Request \$147,060 to restore a vacant deputy public defender position <input type="checkbox"/> Add \$838,823 for Alternate Defender Office attorney investigations, and trial-related expenses <input type="checkbox"/> Increase funding by \$815,025 to support 4.5 new positions and reclassification of 8.0 positions <input type="checkbox"/> Request \$230,390 to pay for public defender trial-related expenses, purchase laptops, and pay employee leave benefits upon separation from County service

Summary of Augmentation Requests – Public Safety (Continued)

233,581	Child Support Services	<input type="checkbox"/> Restore four filled positions and three vacant position a cost of \$233,581
92,098	Emergency Communications	<input type="checkbox"/> Add 8.0 new positions, the cost of which would partially offset by user agency contributions reductions in overtime
0 Million	Probation	<input type="checkbox"/> Restore 20.0 filled positions and 1.0 vacancy at a cost \$1,959,088 <input type="checkbox"/> Add 1.0 Senior Secretary to be self-funded from AB public safety realignment funds.

Summary of Augmentation Requests – Public Safety (Continued)

.2 Million

Sheriff

- ☐ Request ongoing funding of \$1.4 million to support inmate medical services
- ☐ Restore 23.0 filled positions at a cost of \$3.4 million
- ☐ Restore 31.0 vacancies at a cost of \$3.3 million
- ☐ Fund replacement of 58 high mileage patrol cars, bus, and two transportation vans at a cost of \$3.7 million
- ☐ Add 41.0 new positions at a cost of \$3.5 million

Funding Approaches:

Currently, departments receive baseline general fund contributions equal to their current year allocation plus a share of growth in discretionary revenue, as prioritized by the County Administrative Office in the recommended budget and adopted by the Board.

The County Administrative Office grouped requested augmentations into 2 categories:

Priority Considerations Level 1: the most critical needs, such as restoring filled positions to maintain current service levels, that can be funded with the growth in discretionary revenue; and

Priority Considerations Level 2: other high priority requests for general fund contributions.

Options for funding Category 2 requests:

- Remove items from Level 1

- Re-prioritize base funding. Under this option, the County Administrative Office would recommend reductions in non-core operations or formula driven contributions to fund critical new needs. These reductions could be applied to County departments and/or contributions to outside agencies.

- Use the \$5.7 million available to fund next year's operational contingencies.

Priority Considerations – Level 1

9.9 Million

Restore 60 filled positions, including the Board of Supervisors (1), Economic Opportunity (1), Probation (20), Child Support Services (4), Public Defender (3), District Attorney (1), and the Sheriff's Office (23).

75,092

Restore 12 vacancies, including one position in the Assessor's office (in the final stage of hiring) and 11 positions in the County jail.

92,098

Establish 93.75 new positions, including: 69.75 in Health that are self-supported through Health & Welfare Realignment, clinics, or other program revenue sources; 5.0 self-funded library positions; and 8.0 positions in emergency communications funded by user agency contributions, a reduction in overtime, and \$92,098 in County GFCs.

3.3 Million

Fund first year debt service for the East/West Wing renovation and Schilling Place terminal improvements.

3.3 Million

Fund the non-recurring expense of an extra (presidential primary) election.

739,602

Provide funding to the Public Defender to cover increased costs for alternate defense attorney services and trial-related expenses.

Priority Considerations – Level 1 (Continued)

510,000	Provide first year funding for the Sheriff's Office to participate in the County's fleet management program and replace an estimated 30 high mileage patrol cars.
60,000	Fund the Storm Water Program managed by the Resource Management Agency.
90,000	Fund increased custodial costs for the County's shared facilities.
400,000	Fund insurance for the Fort Ord lands.
4 Million	Provide ongoing funding for the current year increase for inmate medical services.
332,494	Provide funding to restore 5.0 vacant Agricultural Commissioner positions.
201,240	Add 1.0 new Chief Deputy Auditor-Controller to oversee the ERP systems.

Priority Considerations – Level 1 (Continued)

2 Million

Provide funding for General Plan implementation.

Priority Considerations – Level 2

7 Million Restore remaining 39.5 vacancies funded in current year budgets.

9 Million Fund the first year cost of the Interlake Tunnel.

314,000 Replace one bus and two vans used for jail transportation.

225,000 Provide funding to Human Resources to assume responsibility for Office Star computer training to employees and to improve management of the program.

150,000 Fund a Human Resource's request to provide workforce planning and leadership development.

246,417 Establish a new management analyst as the County's Go Green! Coordinator and a research analyst to support the gang violence prevention initiative.

rity Considerations – Level 2 (Continued)

20,000

Increase general fund contributions to the San Ardo Landfill for capital repairs.

08,418

Add 1.0 code enforcement officer for short term rentals and events.

37,183

Add Biologist/Management Analyst to support the Resource Management Agency.

120,000

Increase general fund contributions for homeless encampment clean-up.

.2 Million

Laguna Seca capital improvements, repairs, and maintenance.

.0 Million

Cover the deficit at the Lakes Resort with general fund contributions to restore 6 f
positions and meet operating needs.

t Steps:



Meetings with department heads to discuss preliminary recommendations

Department Heads Workshop (March 30)

BOS Workshop (April 20)

Budget Update to Budget Committee (April 29)

Recommended Budget goes to print (May 15)

Budget Committee receives the recommended budget (May 27)

Discussion