

# Executive Summary

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## *County Administrative Officer's Message*

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The County Administrative Office is pleased to present the *Fiscal Year (FY) 2018-19 Recommended Budget*. The Recommended Budget serves as a financial plan, reflecting your Board's priorities and policies within the framework of responsible financial management.

The Recommended Budget proposes a balanced \$1.5 billion spending plan, an increase of \$14.4 million (1.0%) over the current year adopted budget, and supports a workforce of 5,171 employees. Building this spending plan was particularly challenging. As presented in the April 10<sup>th</sup> budget workshop, the County faces a multitude of fiscal pressures including sharply rising employee benefit costs, salary increases authorized in current bargaining agreements, aging infrastructure, higher insurance program expenditures, and increased costs for jail security and inmate medical care. These costs are in addition to your Board's initiatives to meet important needs in the community. Meanwhile, growth in countywide discretionary revenue is not keeping up with costs and some departments are experiencing loss of State revenue. The combination of increasing costs and lagging revenue strains the organizations' financial capacity, with some programs unable to sustain current service and staffing levels.

Public Budget Hearings commence on June 4, 2018, where staff will present an overview of the spending plan, including budget solutions employed to support critical services as well as needs remaining unfunded due to budget constraints. Your Board will also hear presentations from Department Heads and receive input from individuals and organizations within the community. During the hearing, your Board may make additions, deletions or modifications to the recommended spending plan. Understanding the Recommended Budget is balanced as presented, increases should be accompanied by corresponding and sustainable reductions to adapt to the new fiscal reality and minimize programmatic impacts in subsequent budget cycles.

The County of Monterey, as it always does, perseveres through fiscal challenges. I want to thank your Board for its enduring leadership and responsible financial oversight as well as Department Heads and their staff for making the difficult choices in adjusting to our changing fiscal environment. Finally, I express continuing gratitude to our employees for their continued excellence in public service and commitment to the County's long-term success.

The following budget overview provides your Board and the public highlights of the spending plan for next fiscal year.



Lew C. Bauman

County Administrative Officer

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## *Budget Overview*

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### Current Financial Condition

Over the last eight years, the County has experienced favorable revenue growth to make positive investments. Under the Board's prudent financial oversight, the County set aside prior years' operating surpluses into reserves, positioning it to address infrastructure needs such as expanding the jail, building a new juvenile hall, remodeling the East/West Wing buildings, and improving jail security. These infrastructure investments were made while also responding to natural disasters. However, the County has reached a point where the cost of operating is outpacing revenue growth and each year is more difficult to prepare a structurally balanced budget without impacting our employees and the services they provide.

In March, staff presented the Forecast which revealed an estimated \$36.2 million deficit next fiscal year to continue existing operations. The deficit results from inflationary pressures such as labor bargaining agreements, higher employee benefit costs, increased staffing, filling vacancies, higher workers' compensation, and general liability program costs. Additionally, program revenue loss and increased commitments to meet community needs also contribute to the gap. The deficit does not include emerging costs such as unfunded storm repairs, potential litigation, or additional staffing needed for the jail expansion.

While the economy is doing well, the current economic expansion is one of the longest in US modern history and an eventual recession is inevitable. Despite continued expansion, revenue lags the expenditure growth necessary to maintain current operations due to the fiscal pressures. In addition, current year solutions utilizing fund balance expire next fiscal year, adding to the funding gap.

This recommended budget implements solutions described later in the report that support \$11.3 million in augmentations and save 114 positions (including 82 filled positions). However, many needs remain unfunded due to fiscal constraints. To the extent funds are available, the recommended budget targets them to required levels of mandated services and vital programs that best serve our community.

### Recommended Budget – All Funds

**The recommended budget for all funds, departments and programs totals \$1.5 billion next fiscal year, a \$14.4 million increase over the FY 2017-18 adopted budget.** The recommended budget includes 5,171 authorized positions, a reduction of 145.5 positions from the current year adopted budget. Significant budget changes since adoption of the FY 2017-18 budget include:

- **Recommended use of fund balance is \$54.3 million for capital projects and other planned, one-time needs.** Of this amount, \$35.4 million represents a combination of County funds and grant funds for planned capital projects such as the jail and juvenile hall and \$14.9 million is for one-time expenses in the general fund, such as the appropriation for contingencies and Laguna Seca capital projects supporting track operations. The remaining fund balance is primarily used to meet State-County Realignment commitments for public safety, health, and social services programs.
- **Revenue increases \$28.1 million, of which \$13.6 million is improvement in the general fund.** In the general fund, discretionary revenue grows \$5.9 million due to positive property assessments, \$4.0 million is attributed to Laguna Seca operations, and the remaining is improvement in revenue for realigned public safety, health, and social services programs. Revenue also increases in other funds, mainly at Natividad Medical Center (NMC) due to higher patient volume and better collections and

increased revenue in the Behavioral Health Fund due to implementation of new substance abuse disorder and mental health programs, reimbursed by state and federal agencies.

- **Rising labor costs.** Next fiscal year, the County enters into the third and final year of labor agreements that provide most bargaining units wage increases of 7% over the three-year period. Additionally, pension contributions are projected to increase \$8.9 million next fiscal year (all funds). The recommended budget reflects a reduction of 145.5 positions from the current year adopted budget, with most of the reductions in the general fund.

Even with position reductions, salaries and benefits increase by \$19.3 million (\$5.1 million general fund) over the current year adopted budget. Most of the increase is in NMC due to wage increases and added staff in the trauma center; NMC can support the rising cost with additional revenue.

- **Continues to address infrastructure replacement.** The recommended budget provides \$104.5 million in appropriations to continue capital projects such as the new juvenile hall and jail expansion project. The recommended budget also includes \$2.9 million in recently added annual debt service to finance the remodeling of the East/West Wing buildings and tenant improvements at the Schilling Place complex.

All Funds	2016-17 Actual	2017-18 Adopted	2018-19 Recommend
<b>Expenditures</b>			
Salaries & Benefits	\$ 581.7	\$ 639.2	\$ 658.4
Services & Supplies	345.6	367.2	357.8
Other Charges	111.6	102.2	119.8
Fixed Assets	89.3	155.8	134.0
Op. Transfers Out / Other Financing	184.5	228.2	231.6
Extraordinary Items	-	-	2.4
Contingencies	-	3.5	6.3
<b>Total Expenditures</b>	<b>\$ 1,312.8</b>	<b>\$ 1,496.0</b>	<b>\$ 1,510.4</b>
<b>Revenues</b>			
Taxes	\$ 196.2	\$ 207.5	\$ 221.7
Licenses, Permits & Franchises	21.7	22.8	24.1
Fines, Forfeitures & Penalties	9.1	11.0	11.0
State & Federal Aid	554.0	554.7	549.2
Charges for Current Services	377.3	372.7	376.9
Other Revenues	247.8	259.3	273.3
<b>Total Revenues</b>	<b>\$ 1,406.1</b>	<b>\$ 1,428.0</b>	<b>\$ 1,456.1</b>
<b>Use of Fund Balance</b>	<b>\$ (93.3)</b>	<b>\$ 68.0</b>	<b>\$ 54.3</b>
<b>FTE Positions</b>	<b>5,213.7</b>	<b>5,316.9</b>	<b>5,171.4</b>

\*Numbers may not add up due to rounding.

## Recommended Budget – General Fund

**Recommended appropriations for the general fund total \$665.4 million next fiscal year, a decrease of \$14.4 million over the FY 2017-18 adopted budget.**

The general fund supports a workforce of 3,329 authorized positions, a reduction of 144.2 positions from the current year adopted budget. The general fund supports 23 departments which encompass most County services and basic governmental functions including public safety and criminal justice, health, social services, land use, recreation, environment, administration and finance. Following is an overview of the general fund budget:

- **Appropriations decrease \$14.4 million due to expiration of non-recurring expenses.** Departments will no longer be charged Enterprise Resource Planning (ERP) system upgrade charges as the project is set for completion during the current year. Additionally, the County is winding down its local matching funds obligations for the jail expansion and juvenile hall projects.

- **The budget includes \$6.3 million for operational contingencies.** In compliance with the County's financial policies, the budget appropriates \$6.3 million (1% of estimated general fund revenue) for critical, unanticipated needs that emerge next fiscal year and cannot be funded within departments' appropriated resources.

- **Provides funding to the Road Fund.** In agreement with Board policy, the recommended budget includes a contribution of \$5.3 million derived from transient occupancy tax revenue to the Road Fund to support road maintenance.

- **Includes funding for outside agencies.** The general fund budget includes contributions to

outside agencies that promote tourism and public safety in conformance to current policy. The recommended budget includes \$1.9 million to Development Set-Aside agencies to stimulate tourism in the County. The budget also includes discretionary contributions of Proposition 172 funds (Public Safety Sales Tax) of \$3.0 million to support fire agencies and \$1.6 million to user agencies to incentivize participation in the consolidated 9-1-1 dispatch center.

- **Does not include ongoing cannabis revenue or expenditures.** The cannabis tax revenue is a new revenue source that has been tracked separately and is not allocated for ongoing needs in this budget. The industry is newly regulated and the recurring revenue stream from cannabis tax is unpredictable given discussions around a tax rate restructure. Because of the uncertainty, the Board directed staff to utilize cannabis funds for one-time needs only. The recommended budget does not include recurring cannabis revenue, nor does it obligate cannabis revenue for ongoing needs, other than \$374,676 for positions approved in prior years. However, the recommended budget does allocate \$5.4 million in existing (i.e., "assigned") funds as a one-time solution to support next year's appropriation for contingencies. Doing so disencumbers discretionary funding that would have otherwise been used for contingencies to be re-targeted to preserve vital public safety programs, including the Silver Star Youth Program at Rancho Cielo and maintaining public safety staffing levels.

General Fund	2016-17 Actual	2017-18 Adopted	2018-19 Recommend
<b>Expenditures</b>			
Salaries & Benefits	\$ 365.2	\$ 410.0	\$ 415.1
Services & Supplies	145.6	168.4	158.4
Other Charges	23.8	33.6	31.9
Fixed Assets	25.1	9.9	2.9
Op. Transfers Out	41.6	54.4	48.4
Extraordinary Items	-	-	2.4
Contingencies	-	3.5	6.3
<b>Total Expenditures</b>	<b>\$ 601.3</b>	<b>\$ 679.8</b>	<b>\$ 665.4</b>
<b>Revenues</b>			
Taxes	\$ 185.0	\$ 192.2	\$ 198.0
Licenses, Permits & Franchises	21.2	22.0	24.0
Fines, Forfeitures & Penalties	8.1	8.5	8.6
State & Federal Aid	192.0	210.2	202.5
Charges for Current Services	73.5	80.4	81.7
Other Revenues	116.1	123.6	135.8
<b>Total Revenues</b>	<b>\$ 595.9</b>	<b>\$ 636.9</b>	<b>\$ 650.5</b>
<b>Use of Fund Balance</b>	<b>\$ 5.5</b>	<b>\$ 42.9</b>	<b>\$ 14.9</b>
<b>FTE Positions</b>	<b>3,451.8</b>	<b>3,473.6</b>	<b>3,329.4</b>

## Fiscal Pressures Shaping the General Fund Budget

The County's revenue growth has not kept pace with escalating costs. Departments that operate on a cost-reimbursement basis, such as Social Services and Health, can pass along much of the increased cost to the federal and State government or other sources. However, even such departments are presently

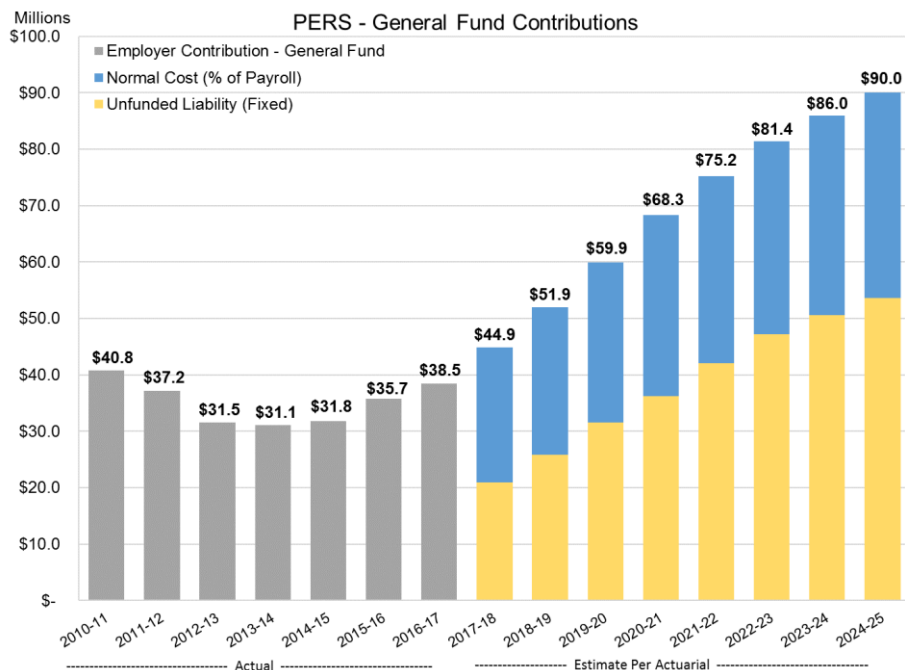
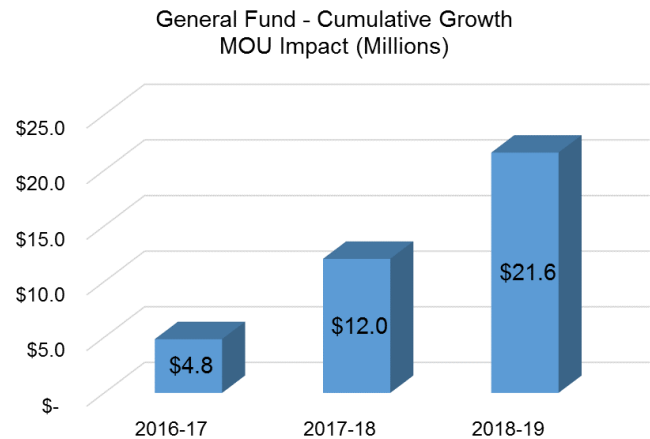


struggling due to their own revenue losses. Following is a discussion of ongoing fiscal pressures affecting operations.

**Bargaining agreements.** The County authorized three-year bargaining agreements with most employee organizations beginning FY 2016-17. Miscellaneous (non-safety) bargaining units and safety units in the Probation Department received a 7.0% increase over the three-year period, while most other safety units received an 8.0% increase over the same period. FY 2018-19 is the third and final year of agreements and most miscellaneous and safety units receive a 3.0% wage increase. Initially, these agreements were estimated to add expenditures of \$19.3

million over the three years based on filled staffing levels using FY 2015-16 as a base year. However, departments have since added staff and filled vacant positions, thus the impact for FY 2018-19 has grown to an estimated \$9.6 million in the general fund alone, with a three-year cumulative growth of \$21.6 million. The impact of wages and benefits continues to magnify over the years, as prior year wage increases, rising pension costs, and health insurance premium hikes accumulate and ultimately have increased cost of salaries and benefits from \$319.4 million in FY 2013-14 to \$415.1 million in the FY 2018-19 recommended budget, an increase of \$95.7 million over the last five fiscal years. The growth would have been even higher without the loss of 144 positions in the general fund.

**Sharp increases to pension contributions.** Employer contributions will increase drastically due to changes in CalPERS' actuarial methodology to improve funding of the pension system. Significant changes affecting the increase in contributions include lowering the discount rate to reflect CalPERS' expected return on investments, updating demographic assumptions that show retirees live longer and require higher lifetime payout of benefits, and accelerating payment of unfunded liabilities by changing amortization policies.



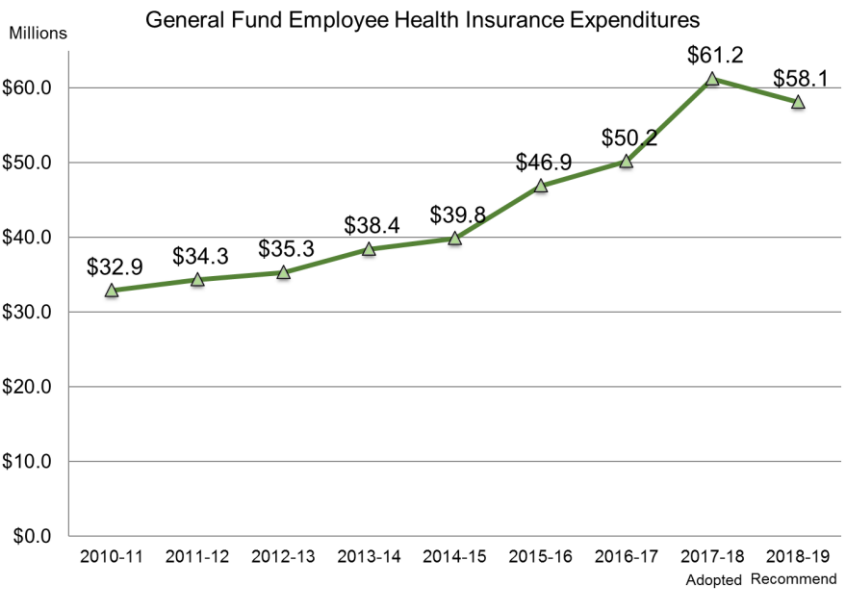
Next year, pension contributions are estimated to increase \$7.0 million in the general fund. The projections in the chart are based on CalPERS actuarial valuations, which are built on actual payroll data obtained by CalPERS, and therefore, based on existing staffing levels. Over the next seven years, employer pension contributions are projected to double, reaching \$90.0 million in the general fund. To the extent staffing levels increase or decrease, growth in pensions costs increase or decrease accordingly.

Pension costs will be a primary cost driver for most California cities and local government agencies in the coming years. Across California, pension contributions are consuming a greater share of budgets and impacting local priority programs and services.

**Rising healthcare costs.**

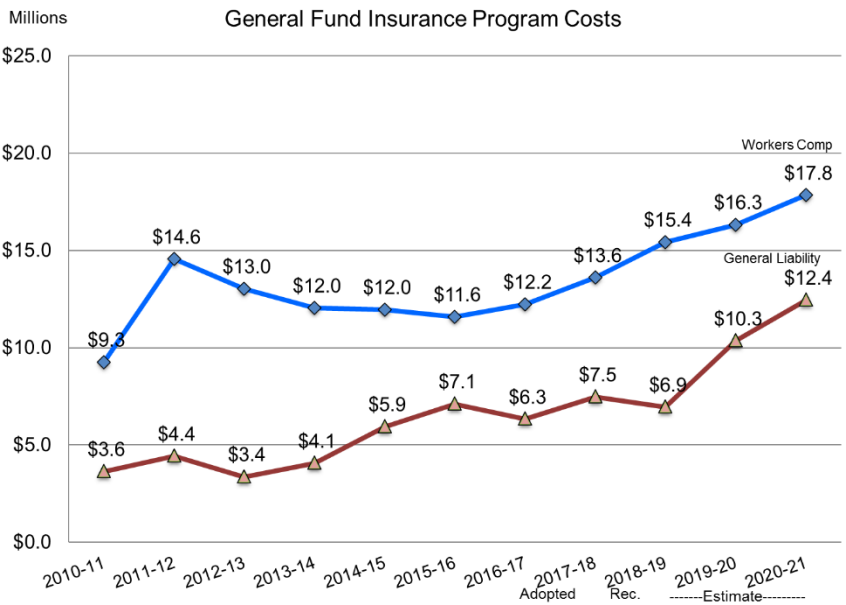
Employee health insurance is another major cost driver. The County has absorbed premium rate increases over the years, protecting this valuable benefit for employees. Premiums increased by 21.26% in January 2016 and have not significantly increased since. The rate for January 2019 is unknown; however, the Human Resources Department anticipates 10% growth beginning January 2019 because based on historical experience, premium hikes are typically cyclical and tend to increase significantly after stable periods. Health insurance cost in the general

fund decreases by \$3.1 million in the recommended budget compared to the current year adopted budget. The decrease is the result of a reduction in authorized positions. However, even with this decrease next fiscal year, the County is paying \$19.7 million more for this benefit than it was five years ago.



**Higher insurance program costs.**

Workers' compensation program charges to departments increase \$1.8 million over the adopted budget. General liability program costs have also been trending up, and were set to increase by \$1.9 million next fiscal year due to an increase in "non-recoverable" general liability charges based on actuarially determined amounts for legal settlements. Staff made an adjustment to budget only 50% of the estimated non-recoverable general liability to free up funding for critical augmentations. The budget solution adds risk of underfunding and additional measures will be required if actual costs go higher than budgeted amounts.



## Other Key Issues Affecting the General Fund

Aside from ongoing inflationary cost pressures, the County faces other issues that place financial pressure on the general fund, including:

**Aging infrastructure.** The County has addressed the need for adequate employee space with the renovation of the East-West Wing and the purchase/renovation of the Schilling Place complex. These investments have added \$2.9 million in annual debt service.

**State redirection of AB 85 Realignment monies.** AB 85 was implemented in 2013 to capture savings under the Affordable Care Act (ACA) related to indigent medical care and redirect county “savings” to social services programs. The *May Revision* to the Governor’s January budget proposal revised the estimated amount that would be redirected to social services programs; for the County, the redirection was \$5.9 million in the current year. The reduced funding impacted the Health Department and the Sheriff’s Office. Loss of this funding translates to reduction of vital health programs such as the Whole Person Care pilot program, the Maternal, Child, and Adolescent Health (MCAH) program, communicable disease program, targeted case management, and laboratory services. For the Sheriff’s Office, the funding partially supports the inmate medical program.

The Health Department made programmatic reductions of \$1.4 million in the current year, with the remaining gap closed with various one-time solutions. Due to the expiration of the fund balance used in the current year, a gap of \$3.5 million remains for funding health programs next fiscal year, resulting in a funding shortfall for continuing 53 positions (23 filled) in public health. The Sheriff’s Office received a one-time augmentation of AB 109 funds in the current year, and managed to backfill the \$1.0 million shortfall of health realignment funding for next fiscal year from AB 109 funds allocated by the Community Corrections Partnership.

**Children’s Medical Services.** Children’s medical programs are transitioning to the State under the Whole-Child Model (WCM). Reductions to these programs total \$1.5 million and impact 29 positions including 14.4 filled positions.

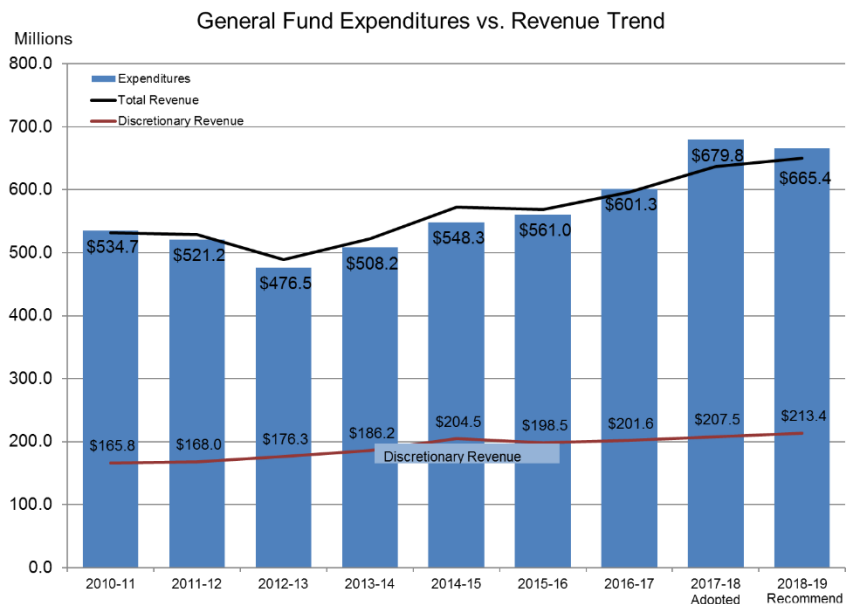
**Enhancements to Social Services Programs.** The recommended budget includes augmented funding of \$524,090 to support increasing the maximum grant amount under the General Assistance Program.

**Countywide Cost Allocation Plan (cost plan).** The cost plan allocates costs from service departments to operating departments. The cost plan allocation charges may result in impacts to specific departments from year to year as charges to operating departments and credits to service departments will fluctuate similar to other cost pressures or revenues. As a whole, the general fund benefits through recovery of indirect costs from other funds and grantors.

## General Fund Revenue

**Discretionary revenue is not keeping up with costs.** The primary driver in discretionary revenue growth has been property taxes due to higher home value assessments, which are projected to increase 5.0% next fiscal year. Despite improvement in program and non-program “discretionary” revenue, expenditures have outpaced revenue growth, due to the inflationary pressures described earlier.

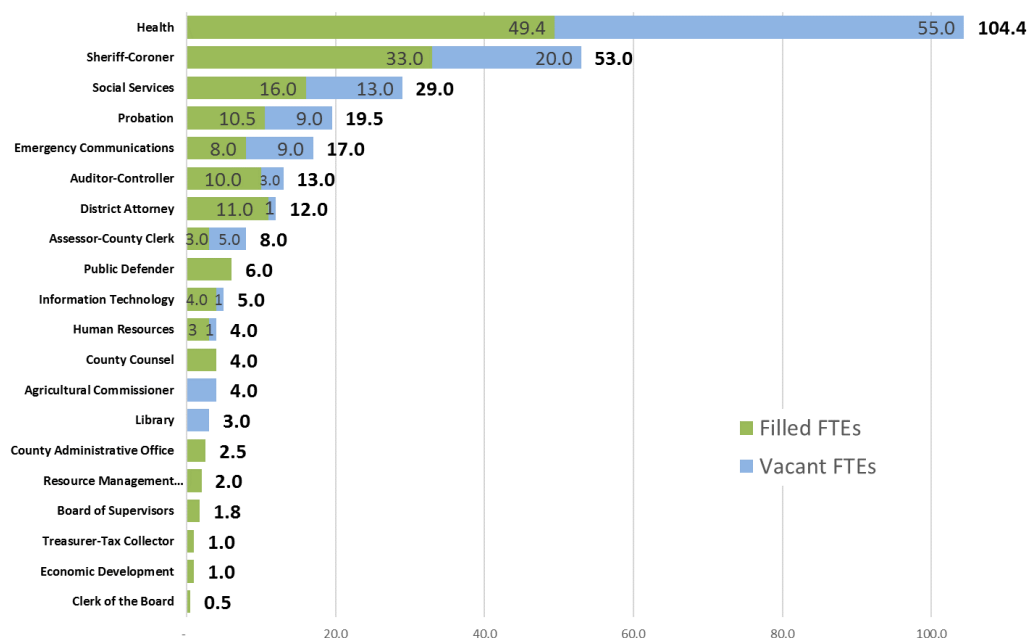
The chart to the right reflects that while expenditures have grown \$157.2 million or 30.9% over the last five years, discretionary revenue has grown \$27.2 million or 14.6% over the same period. In addition to discretionary revenue, departments generate program revenue specific to the services they provide. The chart reflects the total revenue line is below the general fund expenditures beginning with FY 2016-17, indicating fund balance usage to cover shortfalls. Next fiscal year, discretionary revenue grows \$5.9 million or 2.8% over the adopted budget. This reflects a \$1.8 million improvement over preliminary figures reported in the April 2018 budget workshop and reflect the latest property tax estimates from the Assessor's Office.



## Baseline Budgets – Initial Service Level Reductions

In February, staff forecasted a budget deficit of \$36.2 million due to inflationary cost pressures and other fiscal issues. In March, departments submitted initial “baseline budgets” which communicate what level of operations can be afforded, considering the fiscal pressures, if no additional funding is available.

In recent budget cycles and with each year that passes, departments are facing greater operational impacts, resorting to reductions in filled and vacant positions to keep up with rising costs for salaries, employee benefits, technology infrastructure, and other fiscal pressures. In total, departments identified funding gaps for continuing 167 filled positions valued at \$19.5 million and 124 vacancies valued at \$14.0 million next fiscal year.





Departments impacted the most include the Health Department, Sheriff's Office, Social Services, and Probation. Funding gaps in these departments placed 206 positions at-risk prior to augmentations of County contributions.

## Requested Augmentations

Departments submitted augmentation requests to increase funding to mitigate initial service level reductions and to expand programs. Departments did not request to keep all filled or all vacant positions where programs are being reduced or eliminated, primarily in Health and Social Services due to loss of funding and/or lower caseloads. Augmentation requests totaled \$73.3 million for all funds including:

- \$14.7 million to keep 149 filled positions
- \$5.0 million to keep 65 vacant positions
- \$5.9 million to maintain non-personnel "status-quo" operations, such as contracted services for programs in Social Services
- \$9.8 million to add 93 new positions, primarily for the new cannabis program and to support the jail expansion
- \$7.3 million for capital improvements
- \$4.9 million for new or expanded services
- \$25.7 million for contributions to other funds, primarily the Road Fund for storm repairs

During the April 10, 2018 budget workshop with the Board of Supervisors, the County Administrative Office provided perspective on the fiscal context in which the budget was being built and offered information on requested augmentations. As reported at the budget workshop, there was essentially no funding available (other than cannabis monies) for augmentations. The Board provided feedback on priorities and general direction for next years' budget. The County Administrative Office and departments have since worked arduously to refine revenue and expenditure estimates and identify savings opportunities and solutions to minimize staffing and service level reductions. These resulting budget solutions were identified and incorporated into the recommended budget:

- **Partially funds the contingencies appropriation with one-time cannabis funding of \$5.4 million.** The Board of Supervisors directed staff to limit cannabis funding to one-time needs. The recommended budget includes \$5.4 million in one-time cannabis funds to cover most of next year's \$6.3 million contingencies appropriation. The \$5.4 million in cannabis money includes \$3.0 million collected in FY 2016-17 and held in "assignment" (i.e., fund balance) and \$2.4 million collected year-to-date that will also be placed in assignment. Including funding from cannabis for the contingencies appropriation disencumbered \$5.4 million in discretionary revenue to fund critical augmentations including patrol and jail deputy positions and programs such as the Silver Star Youth Program.
- **Reduces funding by 50% for non-recoverable general liability costs, freeing up \$2.4 million for augmentations.** General liability charges to departments were anticipated to sharply increase next fiscal year. Charges are based on actuarial study and take into account estimates of settlement costs. Reducing funding for these estimated expenses released discretionary funding for support of recommended augmentations (discussed later). However, this solution will require the County to closely monitor settlement costs and additional solutions will be necessary if costs exceed budgeted amounts.
- **Utilizes \$2.3 million in estimated unassigned fund balance.** The FY 2016-17 audited financial statements reflect unassigned fund balance of \$8.7 million, of which \$6.0 million is obligated in the current year budget. The Forecast indicated that general fund departments were expected to overrun their allocated general fund contributions by \$0.4 million in the current year. The recommended

budget includes the remaining estimated \$2.3 million of unassigned fund balance for one-time expenditures next fiscal year.

- **Additional reductions (beyond baseline reductions) to non-core programs.** Over the years, the County has implemented important programs to address valuable needs in the community. However, due to fiscal constraints it is no longer feasible to continue some non-core programs, when core programs are at risk. Additional reductions were made beyond baseline allocations primarily to administrative functions, housing programs, and information technology. These reductions will shift approximately \$1.7 million to core services.
- **Internal department solutions were maximized.** In some cases, departments such as the District Attorney and Public Defender identified one-time funding from prior years' restricted revenue or fund balance to soften service level reductions in their departments. One-time funding is not a permanent solution; therefore, funding gaps will emerge the following fiscal year. Additionally, some departments identified new revenue sources and many departments scrubbed their budgets to come up with savings including delayed hiring and/or reducing workforces through attrition.

## Recommended Augmentations

With the budget solutions discussed above, the County Administrative Office recommends augmenting general fund contributions to departments in the amount of \$11.3 million. The \$11.3 million represents funding available within the context of a structurally balanced budget. The following chart reflects the department-requested augmentations compared to the \$11.3 million in CAO recommended augmentations:

Department	Department Requested:		CAO Recommended:				
	FTEs	GFC	GFC	Restore Filled	Restore Vacancies	New Positions	Total Positions
Agricultural Commissioner	2.0	\$ 671,647	\$ -	-	-	-	-
Assessor-County Clerk-Recorder	9.0	838,022	635,409	3.0	4.0	-	7.0
Auditor-Controller	19.0	2,530,355	866,832	6.0	-	-	6.0
Board of Supervisors	1.8	208,679	196,179	1.8	-	-	1.8
Civil Rights Office	-	75,000	-	-	-	-	-
Clerk of the Board	0.5	75,939	-	-	-	-	-
Cooperative Extension	2.0	152,825	-	-	-	-	-
County Administrative Office	2.5	284,891	-	-	-	-	-
County Counsel	6.0	1,066,221	468,230	3.0	-	-	3.0
District Attorney	13.0	1,898,721	656,410	7.0	3.0	-	10.0
Economic Development	1.0	208,785	147,506	1.0	-	-	1.0
Emergency Communications	17.0	885,347	581,890	9.0	8.0	-	17.0
Health	72.3	5,959,862	724,717	6.0	-	3.1	9.1
Human Resources	15.0	2,825,165	-	-	-	-	-
Information Technology	-	4,525,000	-	-	-	-	-
Library	-	300,000	-	-	-	-	-
Probation	19.5	3,064,033	1,207,571	10.5	7.0	-	17.5
Public Defender	11.0	1,983,157	624,998	6.0	-	1.0	7.0
Resource Management Agency	13.0	31,246,161	1,040,192	-	-	-	-
Sheriff-Coroner	85.0	9,352,197	3,648,804	29.0	10.0	-	39.0
Social Services	17.0	4,070,011	524,090	-	-	-	-
Treasurer-Tax Collector	1.0	153,983	-	-	-	-	-
Water Resources Agency	-	891,794	-	-	-	-	-
<b>Totals</b>	<b>307.6</b>	<b>\$ 73,267,795</b>	<b>\$ 11,322,828</b>	<b>82.3</b>	<b>32.0</b>	<b>4.1</b>	<b>118.4</b>

In reviewing requests for augmentation, staff prioritized recommendations based on feedback received at the April 10 budget workshop. The focus of restored funding was limited to addressing mandated/core services and conserving current service levels in public safety functions, including prevention programs, as well as protecting current service levels in departments that generate revenue for the County. Recommended augmentations provide funding for 82.3 filled positions, preserve 32.0 vacancies, and add 4.1 new positions that are fully supported with programmatic revenues. Recommended augmentations include:

- \$3.6 million for the Sheriff's Office to protect current service levels in patrol and at the jail by funding 29 at-risk filled safety positions and 10 vacant positions (sworn officer and custody control specialists).
- \$1.2 million to the Probation Department to fund 10.5 filled positions assigned to the Silver Star Youth Program at Rancho Cielo and the Juvenile Drug Court. The recommended budget also allows the department to maintain seven vacant (unfunded) safety positions in the Juvenile Hall in preparation for the new facility opening.
- \$866,832 to restore four filled ERP Business Analysts and two filled payroll positions in the Auditor-Controller's Office.
- \$724,717 to protect six at-risk filled positions in the Health Department's Public Guardian unit, fund two temporary Sexual Assault Forensic Examiners (SART), and approve 3.1 new positions funded with program revenue.
- \$656,410 to the District Attorney to protect seven at-risk filled positions and preserve three critical vacant attorney positions.
- \$635,409 to preserve current service levels and revenue-generating capabilities at the Assessor-County Clerk-Recorder's Office, funding three filled appraiser positions, two vacant appraiser positions, a vacant map technician, and a vacant transfer clerk.
- \$624,998 to the Public Defender to restore funding for six at-risk filled positions and a new legal secretary funded by AB 109 funds.
- \$581,890 to the Emergency Communications Department to retain nine filled and eight vacant positions, primarily communications dispatchers. The department leverages county contributions and is reimbursed approximately 70% of the cost of operations by user agencies.
- \$524,090 for increased grant amounts under the General Assistance program.
- \$811,915 to restore 5.8 at-risk filled positions in three departments including: Board of Supervisors, County Counsel, and Economic Development.
- \$1.0 million to cover operations, maintenance, and utility costs at the Schilling Place Complex.
- The recommended budget also includes augmentations in the Road Fund supported with SB1 and Measure X revenue (non-GFC) including funding for a new Project Manager, Chip Seal Program, clearing vegetation growth along roadways, annual street sweeping, and for maintenance work along flood prone areas.

## Remaining Unfunded Needs

Many departments find themselves in the uncomfortable predicament of having to reduce service levels to balance expenditures to available financing sources. Due to the slow growth in discretionary funding and limited resources available for redirection from non-core services, there are substantial unfunded needs that are not addressed in the recommended budget. These remaining unfunded requests are described below:

**Staffing impacts.** The recommended budget includes funding to protect 82.3 filled positions; however, funding is not included to continue 83.4 filled positions next fiscal year. Not all at-risk positions were requested to be restored due to program reductions initiated by State policy changes. A list of at-risk positions is included in the Supplemental Charts section and summarized below:

- Loss of 42.9 filled positions in the Health Department, primarily due to the loss of health realignment funding under AB 85 resulting in discontinuation of 23 filled positions across public health programs. Remaining reductions include 14.4 filled positions in the children's medical services program which is transitioning to the State and 5.5 filled positions in Animal Services.
- Loss of 15 filled positions in Social Services including nine filled social workers and a social worker supervisor primarily assigned to family and children services programs supporting and investigating child abuse referrals and in adult protective services programs. Other filled positions impacted include a management analyst supporting homeless services coordination, an office assistant in the military and veterans affairs program, and three filled positions in the Office for Employment Training (OET).
- Loss of three filled positions including a director, an administrative services assistant and a housing analyst in Economic Development.
- Loss of five positions in the Information Technology Department (ITD) including four filled data center operations technicians and a filled data center operations supervisor due to declining workload as the County's servers are moved to a cloud environment resulting in lower maintenance requirements.
- Loss of four filled positions in the County Administrative Office as part of the redirection from non-core services to support core functions. These positions include a filled management analyst supporting the Go Green! Program, a filled assistant county administrative officer for Community Engagement and Strategic Advocacy, a filled management analyst in Intergovernmental and Legislative Affairs supporting legislative advocacy, and a filled buyer position.
- Loss of two professional positions in the Sheriff's Office including a filled corrections specialist and a filled vehicle abatement officer.
- Loss of 11.5 filled positions across six departments, primarily serving in administrative functions. These positions include four ERP analysts and a chief deputy auditor-controller (internal audits) in the Auditor-Controller Office, a management analyst position in County Counsel, a half-time management analyst position in Clerk of the Board, three administrative positions in the Learning and Organizational Development Division of Human Resources, a secretary in the Resource Management Agency (RMA), and a management analyst in Treasurer-Tax Collector.

**Eliminated vacancies.** A total of 101 vacant positions are scheduled to expire at the end of the current year, as of the writing of this document. Not all reductions in vacancies result in service level impacts. Vacant positions set to expire next fiscal year include:

- Loss of 56 vacancies in the Health Department impacting public health and animal services programs. Vacancies were also eliminated for children's medical programs that will be managed by the State.
- Loss of 14 positions in Social Services primarily due to reductions in caseloads and funding for community benefits and employment training.
- The Sheriff's Office has 12 vacancies not funded next year including seven "non-sworn" professional positions and five safety positions including two bailiffs for the court due to loss of realignment funding, two sergeants, and a chief deputy sheriff to oversee the corrections division.
- Nineteen vacant positions across nine departments including a division manager and accountant in ITD, three positions in the Auditor-Controller's Office, an appraiser position in the Assessor-Clerk-Recorder's Office, a risk and benefits analyst in Human Resources, a management analyst in the County Administrative Office, four positions in the Agricultural Commissioner, a probation aide and office assistant in Probation, an investigator and legal secretary in the District Attorney, and three Library positions.

**Unfunded needs for community programs.** The recommended budget does not include \$1.8 million in requested funding for many important programs that provide services to our most vulnerable citizens. Programs at-risk include homeless shelters, day shelters, emergency women's shelter, the Whole Person Care program in coordination with Dorothy's Place and the Coalition of Homeless Services Providers, safe parking program, Pathways to Safety program (child abuse prevention contract), and the Family to Family program (support for families in the child welfare system and foster care).

**Information technology needs.** Funding requests totaling \$4.5 million for IT needs are not included in the budget. Requests included funding to upgrade network technology and equipment, replacement and integration of microwave "backhaul" with existing public safety communications and IT infrastructure, retrofitting existing radio towers to meet seismic standards, continued conversion to wireless networks, video conferencing deployment, and IT building improvements.

**Additional storm related repairs.** On March 14, 2017, the Board authorized a \$16.8 million transfer from the Strategic Reserve to fund critical repairs resulting from the fires and storms. The authorized funding was included in the FY 2016-17 and FY 2017-18 budgets. The County still has significant work to do related to storm damage. Staff estimates that \$24.5 million is needed next fiscal year to complete repairs including debris removal, slope stabilization, repair and/or replacement of culverts, and road repairs.

**Infrastructure maintenance and environmental needs.** The RMA requested funding to maintain status quo operations related to flood management, maintenance of County infrastructure, and contracted services. Significant unfunded requests include a \$1.5 million request for the replacement of tide gates at the Carneros Creek culvert (Elkhorn Rd) that have exceeded their expected life, and \$2.1 million in various requests from the RMA to fully fund capital projects including Carmel River and Carmel Lagoon conservation projects, contractual services for the Salinas Valley Groundwater Basin Study, the general plan implementation, the Local Coastal Program, and a request to establish a revolving fund for nuisance abatement.

**Most new position requests were not funded.** Departments submitted requests to add 93 new positions (34 were related to the cannabis program), of which only 4 positions fully supported with program revenue were added in Health and in the Public Defender. Unfunded needs remain in the Sheriff's Office for additional positions needed to staff the jail expansion, additional staff needed in Human Resources to prepare for increased workload following centralization of HR functions, new positions to staff the internal audit division in Auditor-Controller, and new staff in RMA to support increased workloads.



**Requests for cannabis funding.** Requests for additional resources to operate and enforce the cannabis program were not included in the recommended budget as the allocation of cannabis funding has followed a separate process. Departments submitted requests totaling \$7.6 million including funding for 34 new positions. The Health Department requested 19 new positions to help with increased inspections, prevention, outreach, and substance abuse treatment for youth and adults. The Sheriff's Office requested seven safety positions, vehicles, and equipment to eradicate illegal grows and undertake enforcement operations. An additional eight positions were requested by five departments to address anticipated increase in workload in administration, inspection, and enforcement of the cannabis program. On April 24, 2018, the Board received a report from the CAO – IGLA recommending staffing for the cannabis program. The Board provided conceptual approval of \$3.2 million to support 17 positions for the cannabis program, including five positions that were previously authorized, with final decisions to be made as part of the budget hearings. To the extent cannabis funding is approved at the budget hearings, the costs and allocated cannabis revenue will be added as modifications to the recommended budget and included in the adopted budget.

**Other unfunded needs.** Other unfunded needs include a \$300,000 request to increase the general fund subsidy to the Library's budget for books, \$534,497 for the Agricultural Commissioner to meet its Maintenance of Effort requirement, \$882,400 for the Human Resources Department for first year costs to replace the Learning and Management training system and for a countywide class and compensation study, and \$303,457 to restore contractual services and supplies for the Emergency Communications Department. Other unfunded needs are described in detail in the departmental budget narratives of the recommended budget book.

## Next Steps

The recommended budget will be presented at the Budget Hearings commencing on June 4<sup>th</sup>, where the Board may make modifications to the recommended spending plan. At that time, staff will provide any updates to the at-risk filled positions and Human Resources will request authorization to initiate the *Support for Employment and Educational Knowledge (SEEK)* program to assist County employees in finding placement opportunities. The hiring freeze implemented on April 10<sup>th</sup> will preserve vacancies as turnover occurs in departments and allow for greater prospects for at-risk positions.

Additionally, during the Hearings, the Board can consider other options presented below for potential funding of additional requests.

- **Cannabis funding.** The County collected and assigned \$3.0 million in the prior year and staff estimate \$7.4 million in cannabis revenue in the current year based on the current tax rate. The recommended budget utilizes \$5.4 million (the \$3.0 million held in assignment and \$2.4 million in current year collections) to fund the appropriation for contingencies on a one-time basis to free up funding for vital public safety programs. This leaves an estimated \$5.0 million in current year revenue based on the current tax structure, but that figure would drop if tax rates decrease.
- **Contingencies appropriation.** In accordance with Board policy, the budget includes 1% of estimated general fund revenues (\$6.3 million for FY 2018-19) set aside for operational contingencies that arise next year. Contingencies is considered one-time funding; therefore, to the extent these funds are utilized to fund ongoing operations, funding gaps will be magnified in the subsequent budget cycle.
- **Health Realignment fund balance.** Health Department staff will present information on Health Realignment fund balance available to mitigate the budget gap resulting from reduced funding related to the AB 85 redirection. The Board can incorporate a level of funding from Health Realignment fund balance to soften the impact to public health programs. However, solutions

utilizing fund balance are limited-term and permanent solutions will be needed to structurally balance these programs in the future.

- **Redirection of resources.** The Board can direct staff to delete or modify County programs or contributions to other agencies that are funded in the recommended budget and redirect those resources to fund other requests.

## Other Funds

This section summarizes the recommended budget and anticipated fund balance for other major funds.

### Natividad Medical Center

NMC's spending plan for next fiscal year totals \$323.7 million, an increase of \$40.7 million over the current year adopted budget. In addition to investment in capital improvements, the increase is attributed to approved wage increases, annual employee step

increases, rising employee benefit costs, and new positions to accommodate for volume increases. Planned spending is supported by an estimated \$332.8 million in revenue, an increase of \$39.8 million over the current year adopted budget. The increase is primarily attributed to an increase in the average daily census, an improved payor mix providing a more favorable collection rate, offset with a decline to the 1115 Waiver through 2020 (the State's Medicaid pilot program). The 1115 Waiver, provides federal funding for public hospital redesign and incentives as well as funding to assist with the uninsured population. Although, the Centers for Medicaid and Medicare Services agreed to extend the 1115 Waiver through 2020, there was an overall reduction in funding due to a decline in the uninsured population as a result of the ACA. Based on these assumptions NMC expects to improve its net position by \$9.1 million during FY 2018-19.

NMC has a capital project sub-fund to provide funding for Board-approved capital projects exceeding \$100,000 in cost. NMC transfers funding as needed from the enterprise fund to the capital project fund and draws from the fund to pay for the project.

Natividad Medical Center Fund 451	Actuals 2016-17	Adopted Budget 2017-18	Current Year Estimate 2017-18	Recommend 2018-19
Beginning Net Position	\$ 12,046,325	\$ 73,825,334	\$ 73,825,334	\$ 43,082,483
Revenue	401,021,369	293,035,066	313,535,930	332,772,880
Expenditures	339,242,360	282,940,864	344,278,781	323,644,440
<b>Ending Net Position</b>	<b>73,825,334</b>	<b>83,919,536</b>	<b>43,082,483</b>	<b>52,210,923</b>
Change in Net Position	61,779,009	10,094,202	(30,742,851)	9,128,440

Natividad Medical Center Fund 404	Actuals 2016-17	Adopted Budget 2017-18	Current Year Estimate 2017-18	Recommend 2018-19
Beginning Fund Balance	\$ -	\$ 21,044,995	\$ 21,044,995	\$ 52,553,650
Revenue	27,362,469	22,621,633	57,514,556	10,850,560
Expenditures	6,317,474	16,102,690	26,005,901	32,563,756
<b>Ending Fund Balance</b>	<b>21,044,995</b>	<b>27,563,938</b>	<b>52,553,650</b>	<b>30,840,454</b>
Change in Fund Balance	21,044,995	6,518,943	31,508,655	(21,713,196)

NMC estimates transfers of \$10.9 million from Fund 451 to Fund 404 for new capital projects exceeding \$100,000. NMC expects Fund 404 to reimburse Fund 451 \$32.6 million for capital project costs that will occur next fiscal year. Based on these assumptions, NMC plans to utilize a net of \$21.7 million from Fund 404 for capital projects in FY 2018-19.

## Road Fund

The recommended budget for the Road Fund consists of \$44.3 million in expenditures matched by revenues. The Road Fund has been impacted with a number of events that have diminished fund balance including: declining Highway User Tax (HUTA) revenue, clean-up after the fires and storms, and ongoing inflationary pressures such as approved wage increases, rising healthcare costs, and

increase in employee pension contributions. In FY 2017-18, the Road Fund was also impacted by significant cost plan charges of \$6.7 million. The RMA reviewed charges and brought concerns to the attention of the Auditor-Controller's Office. After discussions, the Auditor Controller's Office agreed to revise the methodology and will present changes to the Board of Supervisors for approval. The revised methodology, once applied, will result in a significant improvement to the Road Fund's financial condition of at least \$5.9 million, and should return it to a positive fund balance.

Road Fund	Actuals 2016-17	Adopted Budget 2017-18	Current Year Estimate 2017-18*	Recommend 2018-19
A. Beginning Fund Balance	\$ 1,330,266	\$ (2,702,044)	\$ (2,702,044)	\$ (4,749,840)
B. Revenue	29,223,382	43,071,208	56,209,767	44,356,998
C. Use of Fund Balance	-	-	-	-
D. Total Financing, A+B+C	30,553,648	40,369,164	53,507,723	39,607,158
E. Expenditures	33,255,692	42,539,672	58,257,563	44,341,162
F. Assignments to Fund Balance		-		-
G. Total Financing Uses, E+F	33,255,692	42,539,672	58,257,563	44,341,162
H. Ending Fund Balance, D-G	\$ (2,702,044)	\$ (2,170,508)	\$ (4,749,840)	\$ (4,734,004)

*\*As of the writing of the Recommended budget, the Auditor-Controller's Office was working on changing its methodology in applying cost plan charges to the Road Fund. In the current year this revision will improve the Road Fund's financial condition by \$5.9 million. The Recommended Budget does not include updated cost plan charges; however, the new methodology should improve the Road Fund's financial condition.*

The Road Fund has two new revenue streams including the Transportation Agency for Monterey County (TAMC) 3/8 cent transportation sales tax (Measure X) and SB1 - Road Maintenance and Rehabilitation Account (RMRA) funds. The recommended budget considers the current repeal effort of SB1 and as such was conservative when including SB1 projects. If the repeal effort is successful, RMA will reprioritize road fund projects and adjust the budget accordingly. The new Measure X revenues are anticipated at \$6.2 million annually. Primary funding for the Road Fund will continue to be from State and local fuel taxes and federal and State grants. The recommended budget includes a contribution of \$5.3 million from the general fund, representing 25% of estimated TOT revenue of \$21.9 million. Of the \$5.3 million, \$0.8 million is available to support the Pavement Management Program, whereas in past years \$2.0 million was used for pavement maintenance. Next fiscal year, \$4.6 million of the TOT funds are earmarked to support salaries and benefits and other non-discretionary costs. Without the redirection of TOT and other cost savings measures, the Road Fund would have 41 at-risk positions. RMA's work plan includes \$19.1 million in Road Fund projects, most notably: the Blanco Road Overlay Project for \$3.6 million; the Hartnell Road Bridge Replacement Project for \$2.4 million; the Davis Road Bridge and Four Lane Road Project for \$2.2 million; and the Hall Road Erosion Project for \$1.2 million.

## County Library Fund

The Monterey County Free Libraries (MCFL) was established to provide library services to communities. Library operations are primarily funded through its own share of property tax. However, it is estimated that by the end of the current fiscal year, the fund will have exhausted its fund balance.

The recommended budget includes expenditures of \$10.0 million, financed by \$10.0 million in revenue, including a mandated \$235,539 general fund contribution to cover the County Librarian's salary. The recommended budget includes a reduction of property tax revenues of \$684,850 from the FY 2017-18

adopted budget to correct previous year overestimates.

Additionally, the Library fund is impacted with ongoing cost pressures such as approved wage increases, rising pension and benefit costs, higher rents and leases, and increased cost plan charges. As a result of funding constraints, the recommended budget does not include funding for three vacant library assistant positions that can no longer be afforded and the Library resorted to shrinking the book collection budget to maintain a balanced budget. The Library has requested \$300,000 in general fund contributions to provide funding for books.

Monterey County Free Library	Actuals 2016-17	Adopted Budget 2017-18	Current Year Estimate 2017-18	Recommend 2018-19
A. Beginning Fund Balance	\$ 371,896	\$ 150,053	\$ 150,053	\$ 861
B. Revenue	9,228,450	10,667,128	8,796,464	9,982,278
C. Use of Fund Balance	-	-	-	-
D. Total Financing, A+B+C	9,600,346	10,817,181	8,946,517	9,983,139
E. Expenditures	9,450,293	9,934,913	8,945,656	9,973,287
F. Assignments to Fund Balance	-	-	-	-
G. Total Financing Uses, E+F	9,450,293	9,934,913	8,945,656	9,973,287
H. Ending Fund Balance, D-G	\$ 150,053	\$ 882,268	\$ 861	\$ 9,852

### Local Revenue Fund 2011

The Local Revenue Fund supports public safety and behavioral health programs. For next fiscal year, the revenue increases to \$63.8 million, while expenditures (operating transfers out for the various public safety, health and social services programs) total \$65.7 million, exceeding revenues by \$1.9 million. The use of fund balance is primarily to cover authorized uses for behavioral health programs and for court security.

Local Revenue Fund 2011	Actuals 2016-17	Adopted Budget 2017-18	Current Year Estimate 2017-18	Recommend 2018-19
A. Beginning Fund Balance	\$ 18,309,610	\$ 24,293,681	\$ 24,293,681	\$ 24,555,024
B. Revenue	59,535,197	59,281,822	60,941,739	63,811,899
C. Use of Fund Balance	-	-	-	-
D. Total Financing, A+B+C	77,844,807	83,575,503	85,235,420	88,366,923
E. Expenditures	53,551,126	62,857,966	60,680,396	65,676,182
F. Assignments to Fund Balance	-	-	-	-
G. Total Financing Uses, E+F	53,551,126	62,857,966	60,680,396	65,676,182
H. Ending Fund Balance, D-G	\$ 24,293,681	\$ 20,717,537	\$ 24,555,024	\$ 22,690,741

### Behavioral Health Fund

The recommended budget for the Behavioral Health Fund increases expenses and revenues \$10.3 and \$8.4 million respectively. Expenses increase due to the implementation of the second phase of the Whole Person Care (WPC) pilot program and cost increases in Behavioral Health services. The increase in revenue

Behavioral Health Fund	Actuals 2016-17	Adopted Budget 2017-18	Current Year Estimate 2017-18	Recommend 2018-19
A. Beginning Fund Balance	\$ 17,539,353	\$ 32,825,508	\$ 32,825,508	\$ 32,540,599
B. Revenue	117,569,748	115,811,703	107,418,239	124,223,560
C. Use of Fund Balance	-	-	-	-
D. Total Financing, A+B+C	135,109,101	148,637,211	140,243,747	156,764,159
E. Expenditures	102,283,593	115,811,703	107,703,148	126,159,886
F. Assignments to Fund Balance	-	-	-	-
G. Total Financing Uses, E+F	102,283,593	115,811,703	107,703,148	126,159,886
H. Ending Fund Balance, D-G	\$ 32,825,508	\$ 32,825,508	\$ 32,540,599	\$ 30,604,273

supports the additional expenditures for the WPC implementation and other behavioral health programs. The fund anticipates \$1.9 million in fund balance use, which is earmarked for capital projects in the Marina clinic. Overall, revenue in this fund helps support the provision of an array of strong behavioral health services both in-house and through contracts with community-based culturally competent contract providers.

### Health and Welfare Realignment Fund

The Health and Welfare Realignment Fund supports social services and health programs, through sales tax and VLF apportioned by the State. The recommended budget includes expenditures of \$68.2 million and revenues of \$65.9 million, anticipating a \$2.3 million reduction to fund balance in FY 2018-19 to support realigned health programs.

Health & Welfare Realignment	Actuals 2016-17	Adopted Budget 2017-18	Current Year Estimate 2017-18	Recommend 2018-19
A. Beginning Fund Balance	\$ 21,357,119	\$ 34,204,705	\$ 34,204,705	\$ 31,539,662
B. Revenue	67,557,440	61,797,300	68,356,128	65,928,568
C. Use of Fund Balance	-	-	-	-
D. Total Financing, A+B+C	88,914,559	96,002,005	102,560,833	97,468,230
E. Expenditures	54,709,854	66,872,485	71,021,171	68,249,824
F. Assignments to Fund Balance	-	-	-	-
G. Total Financing Uses, E+F	54,709,854	66,872,485	71,021,171	68,249,824
H. Ending Fund Balance, D-G	\$ 34,204,705	\$ 29,129,520	\$ 31,539,662	\$ 29,218,406

### Parks Lake & Resort Operations

The Parks Resort enterprise fund is estimated to begin FY 2018-19 with a negative \$6.4 million net position. Revenue improves over the FY 2017-18 adopted budget due to full operation of both Lake Nacimiento and Lake San Antonio North and South Shores during the normal recreational season and large special events held at the lakes such as the Wildflower Festival and the Lightning in a Bottle. Expenditures are still projected to increase steadily as County continues to address deferred maintenance and repairs. Largely due to the Lakes Property and Improvement loan taken in 2007, Lakes operations is and will still be in negative net position until the loan matures in 2024. The Recommended Budget includes expenditures of \$6.0 million and \$6.0 million in revenue to reflect a structurally balanced budget.

Parks Lake & Resort Operations	Actuals 2016-17	Adopted Budget 2017-18	Current Year Estimate 2017-18	Recommend 2018-19
A. Beginning Fund Balance	\$ (5,414,456)	\$ (5,465,290)	\$ (5,465,290)	\$ (6,350,399)
B. Revenue	5,861,720	4,599,294	5,004,486	6,027,418
C. Use of Fund Balance	-	-	-	-
D. Total Financing, A+B+C	447,264	(865,996)	(460,804)	(322,981)
E. Expenditures	5,912,554	4,598,787	5,889,595	5,989,559
F. Assignments to Fund Balance	-	-	-	-
G. Total Financing Uses, E+F	5,912,554	4,598,787	5,889,595	5,989,559
H. Ending Fund Balance, D-G	\$ (5,465,290)	\$ (5,464,783)	\$ (6,350,399)	\$ (6,312,540)

County continues to pursue ideas to generate revenue by reaching out to former park users including event promoters while focusing on safety, maintenance, and infrastructure needs to provide better recreational experience for visitors.



## Budget Hearings

Budget hearings for the FY 2018-19 Recommended Budget are scheduled to begin on Monday, June 4, 2018. The budget hearing schedule will be available online at the Monterey County Clerk of the Board's website on or around Friday, May 25, 2018.

## Appropriation Limits

Article XIII B of the California State Constitution, Proposition 4, or the Gann Limitation, requires local agencies to calculate an appropriations limit, compile revenues that are subject to this limit, and make a comparison between the two. If the local agency's revenues (tax proceeds) exceed the limit, the law allows the voters to approve the increase, or the political entity must return the excess revenues to the taxpayers within two years.

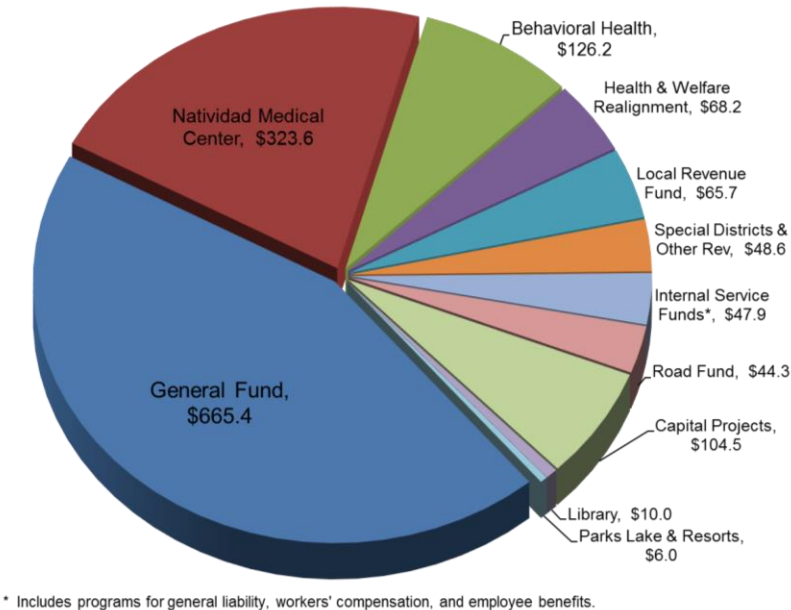
The calculations for the County's general fund and library fund appropriations limit are prepared by the Auditor-Controller's Office with assistance from the County Administrative Office. All districts are within their limits.

## Supplemental Charts

This section provides supplemental information on the recommended budget including recommended appropriations by fund and department, general fund expenditures and revenue, general fund contributions, information on the County’s strategic reserve, and countywide positions.

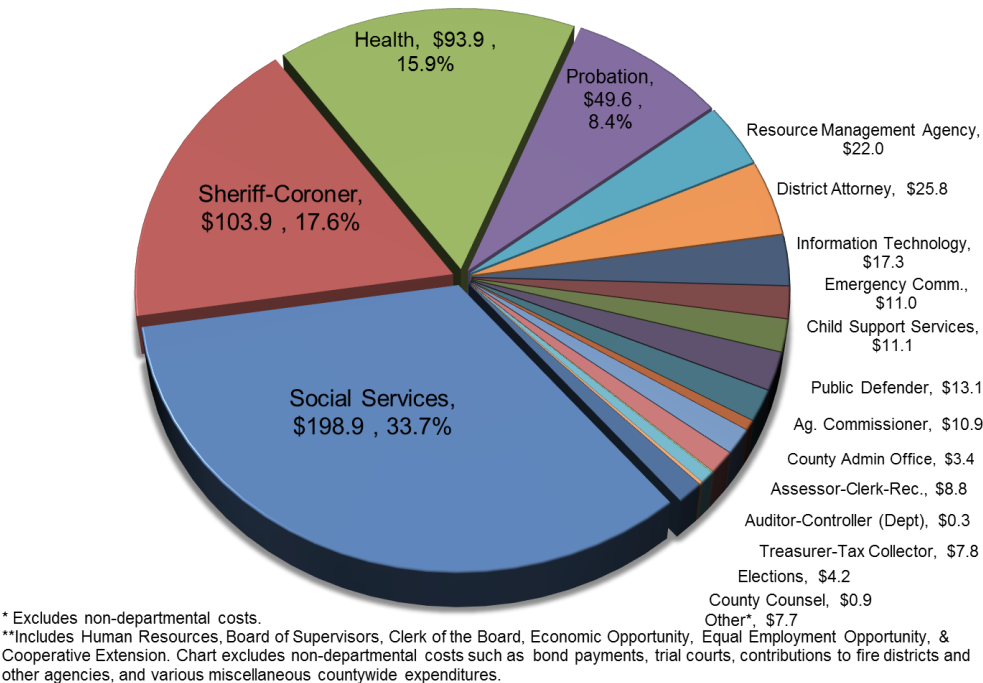
### *All Funds – Appropriations by Fund*

**Chart 1. Recommended Appropriations by Fund (Millions)**

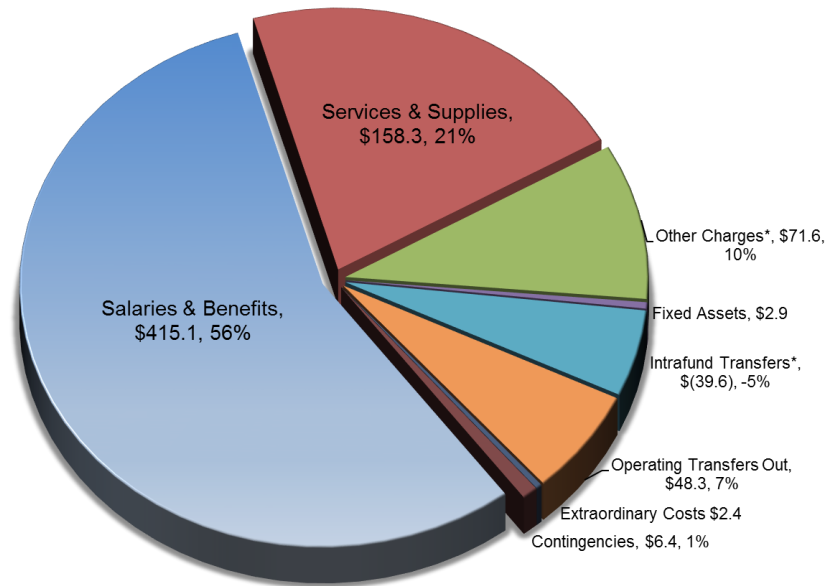


### *General Fund Expenditures*

**Chart 2. General Fund Appropriations by Department (Millions)**



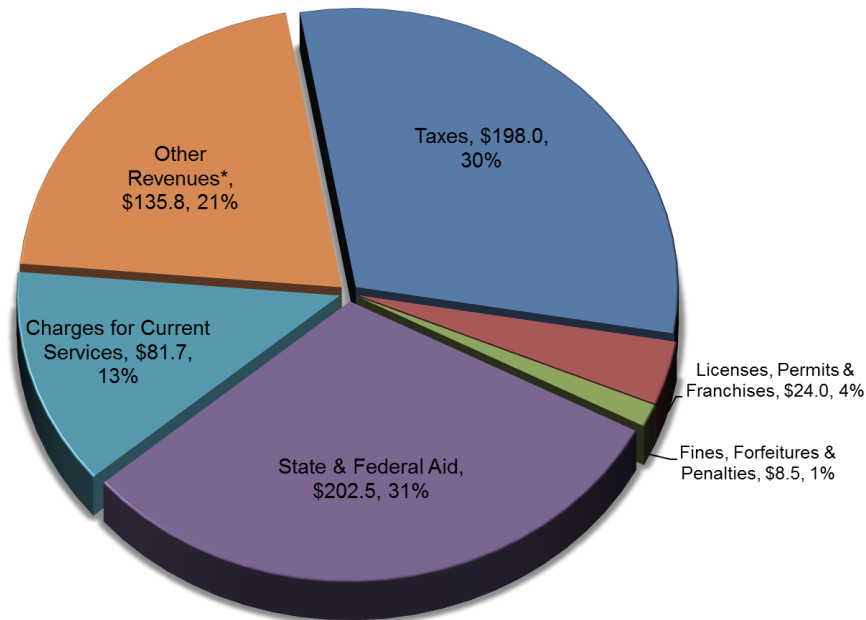
**Chart 3. General Fund Expenditures by Category (Millions)**



\* Other Charges include \$71.6 million for public assistance & out of home care payments. Intrafund Transfers of \$39.6 million are reflected as negative expenditures and represent transfers to County departments for support of various programs/projects from other funds for reimbursement for services provided to non-general fund departments.

*General Fund Sources of Revenue*

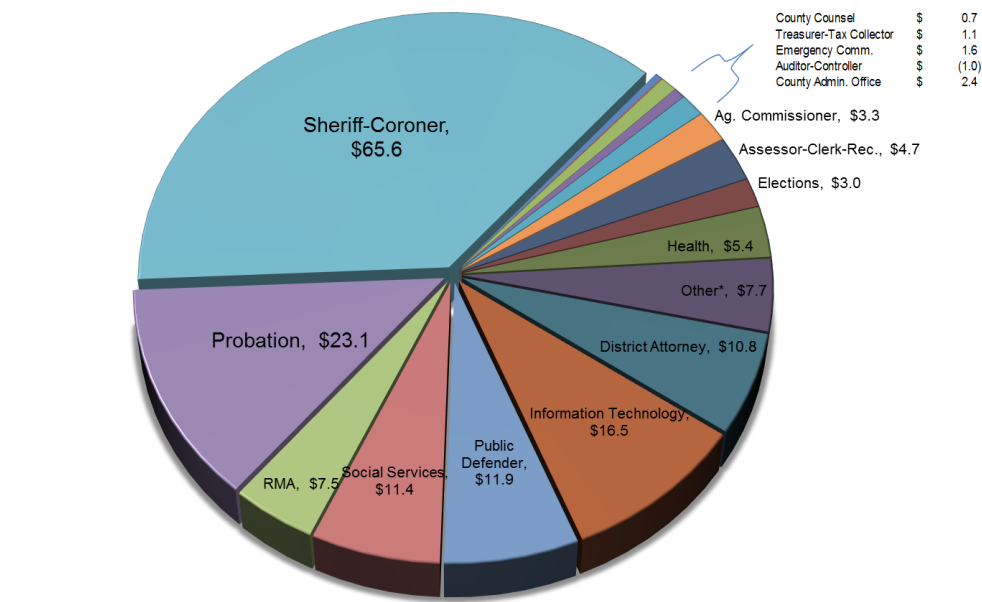
**Chart 4. General Fund Sources of Revenue (Millions)**



\* Includes operating transfers into the general fund from other funds (\$109.0 million), tobacco settlement monies (\$3.7 million), rents & concessions (\$18.2 million), and various miscellaneous revenues.

General Fund Contributions

Chart 5. General Fund Contributions by Department (Millions)

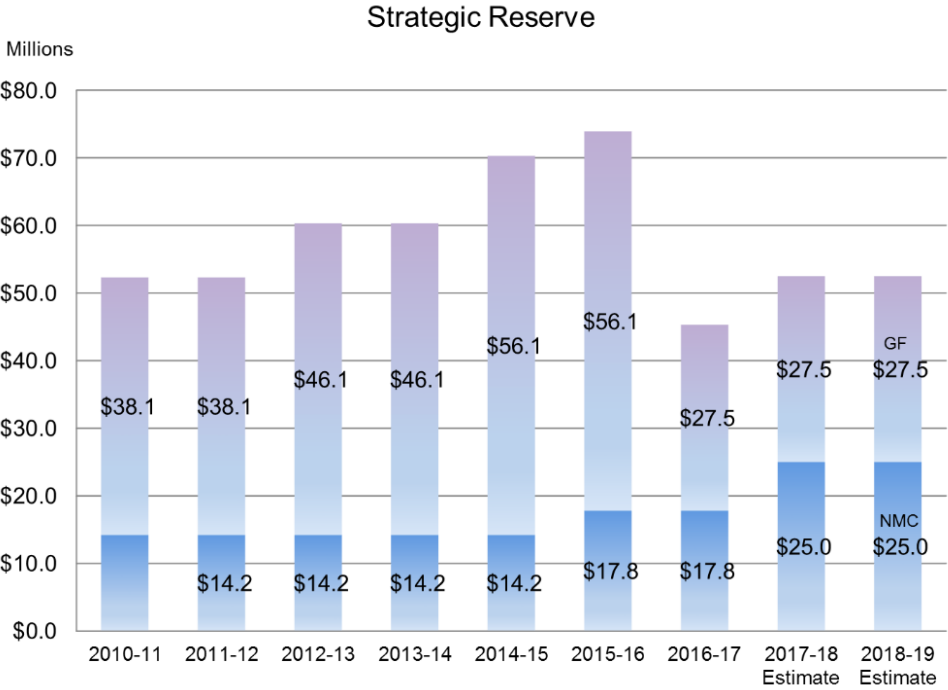


\*Includes Human Resources, Board of Supervisors, Clerk of the Board, Economic Opportunity, Equal Employment Opportunity, & Cooperative Extension. Chart excludes non-departmental costs such as bond payments, trial courts, contributions to fire districts and other agencies, inter fund transfer reimbursements for I.T., and various miscellaneous countywide expenditures.

Strategic Reserve

The chart below reflects funds set aside in the strategic reserve. The general fund portion of \$27.5 million represents 4.2% of estimated revenues in the FY 2018-19 recommended budget, below the 10% policy target. NMC has a designated reserve of \$25.0 million.

Chart 6. Strategic Reserve (Millions)



### *County Employees*

The table below summarizes the authorized positions in all funds by department and recommended changes from the FY 2017-18 adopted budget.

**Table 1. Position Summary**

Department	2017-18	2018-19	Change
	Adopted	Recommended	
Natividad Medical Center	1,218.1	1254.7	36.6
Health	1,122.8	1,026.0	(96.8)
Social Services	882.0	875.0	(7.0)
Sheriff-Coroner	458.0	444.0	(14.0)
Probation	290.0	288.0	(2.0)
Resource Management Agency	283.5	280.5	(3.0)
District Attorney	151.0	150.0	(1.0)
Child Support Services	96.0	96.0	-
IT	101.0	100.0	(1.0)
Agr Comm	87.0	83.0	(4.0)
Emer Comm	75.0	75.0	-
Library	68.0	65.0	(3.0)
Assessor	67.0	66.0	(1.0)
CAO	89.0	85.2	(3.8)
Public Defender	52.5	55.5	3.0
Treas-Tax Collector	49.0	48.0	(1.0)
Econ Develop	37.0	6.0	(31.0)
Auditor-Controller	56.0	43.0	(13.0)
County Counsel	54.0	53.0	(1.0)
Human Resources	35.0	31.0	(4.0)
Board of Supervisors	20.0	20.0	-
Clerk of the Board	5.0	4.5	(0.5)
Cooperative Extension Service	3.0	3.0	-
Civil Rights Office	5.0	7.0	2.0
Elections	12.0	12.0	-
<b>Total</b>	<b>5,316.9</b>	<b>5,171.4</b>	<b>(145.5)</b>



**Table 2. Filled Positions Expiring on June 30, 2018**

Department	Classification	FTE
County Administrative Office	ASSISTANT COUNTY ADMINISTRATIVE OFFICER	1.0
	BUYER II	1.0
	MANAGEMENT ANALYST III	2.0
	<b>1050 Total</b>	<b>4.0</b>
Human Resources	ADMINISTRATIVE SERVICES ASSISTANT	1.0
	MANAGEMENT ANALYST II	1.0
	SENIOR CLERK-CONFIDENTIAL	1.0
	<b>1060 Total</b>	<b>3.0</b>
Economic Development	ADMINISTRATIVE SERVICES ASSISTANT	1.0
	ECONOMIC DEVELOPMENT DIRECTOR	1.0
	REDEVELOPMENT/HOUSING PROJECT ANALYST III	1.0
	<b>1070 Total</b>	<b>3.0</b>
Auditor-Controller	CHIEF DEPUTY AUDITOR-CONTROLLER	1.0
	ERP BUSINESS ANALYST	4.0
	<b>1110 Total</b>	<b>5.0</b>
Treasurer-Tax Collector	MANAGEMENT ANALYST III	1.0
	<b>1170 Total</b>	<b>1.0</b>
County Counsel	MANAGEMENT ANALYST II	1.0
	<b>1210 Total</b>	<b>1.0</b>
Clerk of the Board	MANAGEMENT ANALYST III	0.5
	<b>1300 Total</b>	<b>0.5</b>
Information Technology	DATA CENTER OPERATIONS SUPERVISOR	1.0
	DATA CENTER OPERATIONS TECHNICIAN III	4.0
	<b>1930 Total</b>	<b>5.0</b>
Sheriff-Coroner	CORRECTIONS SPECIALIST	1.0
	VEHICLE ABATEMENT ENFORCEMENT OFFICER	1.0
	<b>2300 Total</b>	<b>2.0</b>
Resource Management Agency	SENIOR SECRETARY	1.0
	<b>3000 Total</b>	<b>1.0</b>
Health	CA CHILDRENS SERVICES CASE WORKER II	2.0
	OCCUPATIONAL THERAPIST-PHYSICALLY HANICAPPED	0.6
	PHYSICAL THERAPIST-PHYSICALLY HANICAPPED CHIL	0.6
	SENIOR THERAPIST-PHYSICALLY HANICAPPED CHILDR	0.2
	OFFICE ASSISTANT II	1.0
	ACCOUNTANT II	1.0
	ANIMAL CARE TECHNICIAN I	0.5
	ANIMAL CARE TECHNICIAN II	3.0
	BEHAVIORAL HEALTH AIDE	1.0
	COMMUNITY SERVICE AIDE III	1.0
	COMMUNITY SERVICE AIDE IV	2.0
	HEALTH EDUCATION ASSISTANT	1.0
	LABORATORY ASSISTANT	1.0
	OFFICE ASSISTANT III	10.0
	PUBLIC HEALTH CHEMIST	1.0
	PUBLIC HEALTH LICENSED VOCATIONAL NURSE	6.0
	PUBLIC HEALTH NURSE II	4.0
	PUBLIC HEALTH NURSE III	1.0
	PUBLIC HEALTH NUTRITIONIST II	2.0
	SOCIAL WORKER V	1.0
	SUPERVISING OFFICE ASSISTANT I	1.0
	SENIOR ACCOUNT CLERK	1.0
	WATER QUALITY SPECIALIST	1.0
	<b>4000 Total</b>	<b>42.9</b>
Social Services	MANAGEMENT ANALYST II	1.0
	OFFICE ASSISTANT II	1.0
	SOCIAL WORK SUPERVISOR II	1.0
	SOCIAL WORKER V	9.0
	OFFICE ASSISTANT II	1.0
	WIB EMPLOYMENT PROGRAMS REPRESENTATIVE II	2.0
	<b>5010 Total</b>	<b>15.0</b>
	<b>Grand Total</b>	<b>83.4</b>