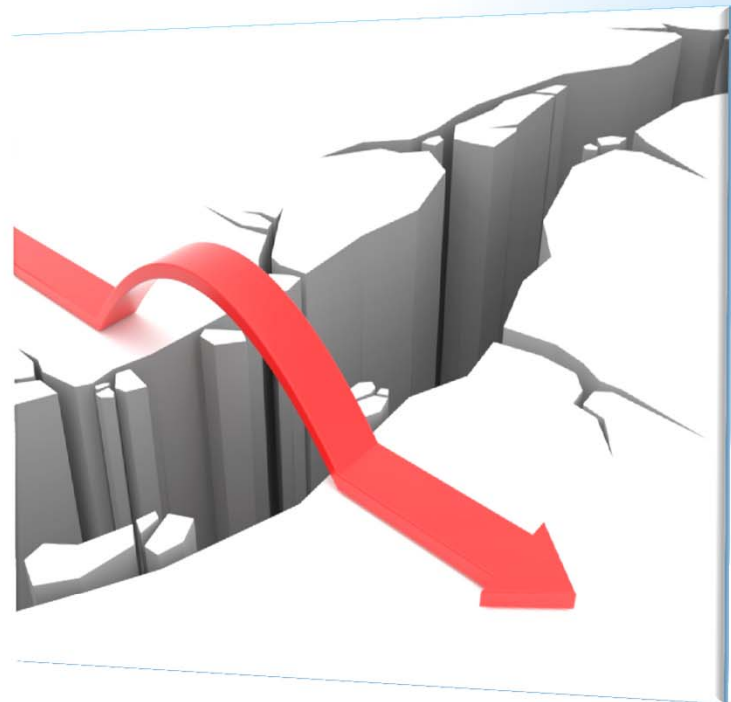


17-18 Budget Gap Update Presentation

March 7, 2017

Purpose of GAP Presentation:

- * Provide an update to the Board of Supervisors on the FY17-18 Budget Gap from the previous hearings.
- * Review certain existing discretionary Board funding priorities for possible revision
- * Seek any additional direction as appropriate on Budget and/or any other Board priorities.



Budget Status Update

- * Departments have loaded budgets with targeted GFC reductions (to generate options)
- * CEO and Auditor review of budgets
- * Preliminary CEO Meetings with Departmental Financial Officers
- * Summarize gap and present options to address
- * Departments developing service level reductions and/or other measures to balance

Preliminary Gap Factors

- * A budget gap is when projected expenditures exceed projected revenues
- * Indicates a structural imbalance in some departments and increased funding needs in others
- * Higher than anticipated/typical cost increases for Salaries & Benefits
- * Changing Federal & State Program Funding and Maintenance of Efforts

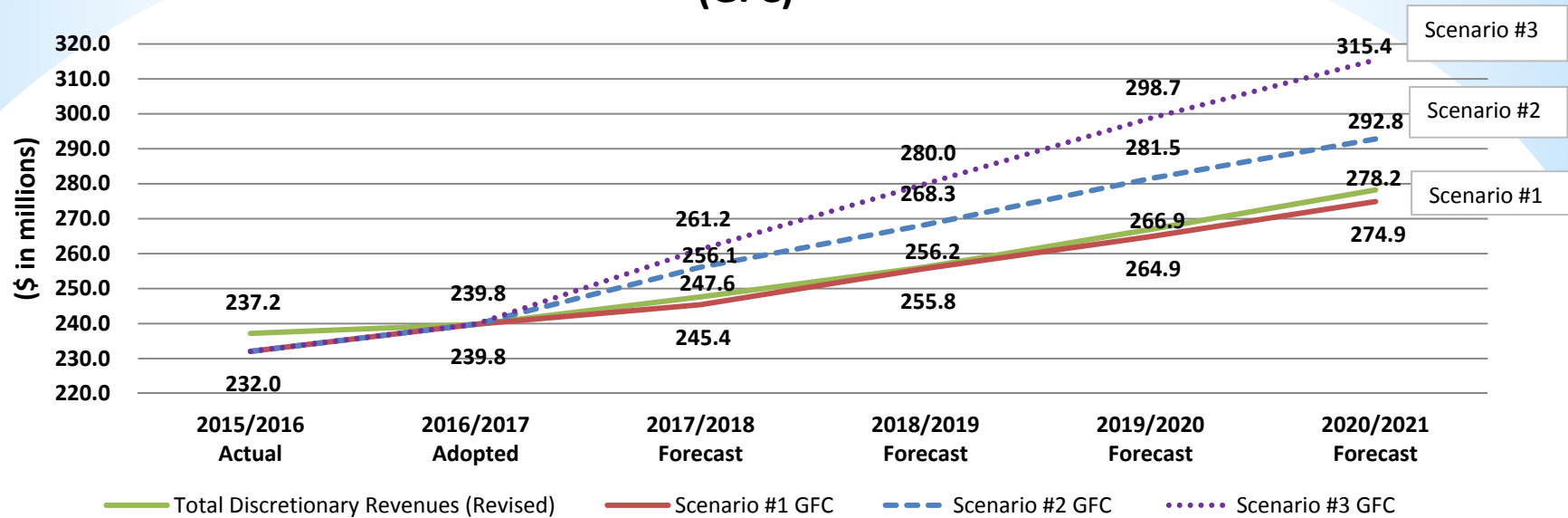
Closing the Gap

Departments then prepare balanced budgets, which take into account:

- * Adjusted General Fund Allocations
- * Changes to all Other Revenues/Expenses (including salaries & benefits)
- * Service Level Reductions (to help balance)
- * Operational efficiencies
- * Use of one-time funds for ongoing operations

Preliminary GAP from January Update

Discretionary General Revenue and General Fund Contributions (GFC)



	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast	2020/2021 Forecast
Disc. General Revenue	247.6	256.2	266.9	278.2
Scenario #1 Gap	2.2	0.4	2.1	3.3
Scenario #2 Gap	(8.5)	(12.1)	(14.5)	(14.6)
Scenario #3 Gap	(13.6)	(23.8)	(31.8)	(37.2)

17-18 MAJOR FISCAL ISSUES*

17-18 Major Fiscal Issues (in millions)	Reported in December	Current Estimates	Included in Budget Gap
Sheriff Main Jail Capital Needs	2.6	2.6	No
Jail Medical & MH Enhanced Inmate Services	1.0	1.9	Yes
PHF Audit	0.7	0.7	Yes
DBW Inpatient Services	4.0	8.1	Yes
DSS MOEs	1.1	2.9	Yes
Deferred Maintenance	1.4	1.4	No
Total Cost of Fiscal Issues	10.8	17.6	

* Scenario 2 Items from Fiscal Outlook Report with updated amounts

Largest Departmental Gaps

Revised: General Fund and Non General Fund Budget Gaps FY 2017-18 (March 2017)		
General Fund	\$(4.4)M	Includes Sheriff -\$4.4M; Probation -\$0.5M; DA -\$0.3M. These are partially offset by a positive balance in General Discretionary Revenues
Non General Fund	\$(31.0)M	Largest is -\$23.0M for DSS; -\$8.6 M for DBW (inpatient services); partially offset by GFC savings to non-GFC funds.
Total	\$(35.4)M	

General Fund Contribution Needs - Including Certain Special Revenue Funds

General Fund Contributions –FY 2017-18 Funding Gap (March 2017)	
General Fund Departments Budget Gaps <i>Includes Fiscal Issue for Sheriff Jail Medical contract</i>	\$(4.4)M
Fiscal Issue: Behavior Wellness PHF Audit and Inpatient	\$(8.6)M
Fiscal Issue: Department of Social Services MOE's	\$(2.9)M
Total General Fund Contribution Gap	\$(15.9)M

Discretionary General Revenue Board Funding Priorities

FY 17-18 Estimates:

- Northern Branch Jail \$9.1 M (could defer or delay; not recommended)
- Behavioral Wellness \$8.6 M (inpatient services; evaluate/April W/S)
- Fire 17% Tax Shift \$8.6 M (could defer or delay; evaluate/April W/S)
- Employee Compensation \$6.0 M (evaluate as part of labor neg. in fall 2017)
- Maintenance- Roads, Facilities \$3.0 M (consider 1x allocation to augment funding)
- Prop 172 \$2.0 M (accelerate shift of Fire's portion of 172 to other depts.; recommended)
- Tobacco Settlement Use larger portion for DBW inpatient needs (rec.)
- Workers' Comp Deficit Plan \$0.9 M (spread final year of deficit funding over two years; recommended)
- Strategic Reserve \$0.7 M (recommend not adding .7M in FY 2017-18)
- Outside Agency Funding \$0.4 M (funded \$427k last year; not recommended)
- Fed/State Funding Shortfall Practice of not backfilling such cuts - recommended

Board Priorities for FY 2017-18

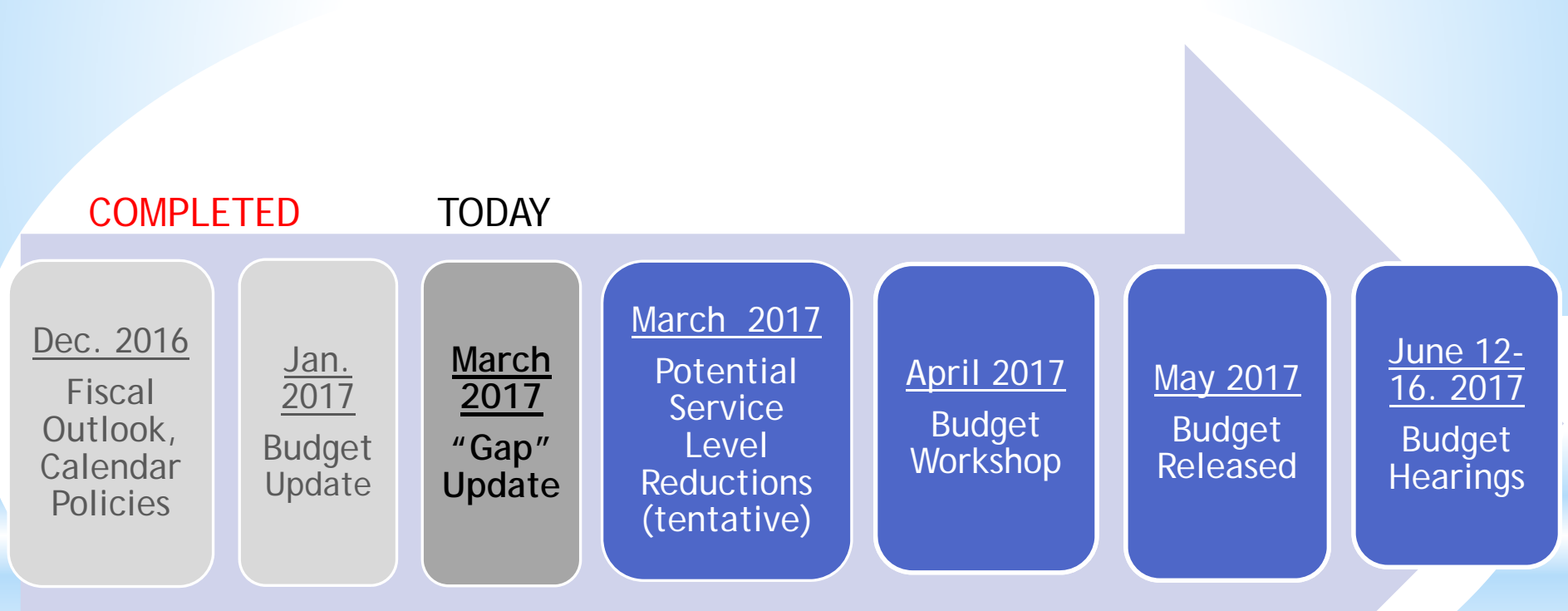
Current Initiatives in Discussion

- Preparation for possible cannabis ordinance and ballot measure (beg. current year and extending through next year)
- Dispatch services
- Reducing the jail population, and in particular, mentally ill individuals in the jail
- Options for reducing costs or implementing other models to address mental health inpatient services

Other Possible Priorities:

- Investing in technology improvements that will save money or increase efficiency
- One-time funding for program audits or evaluations, and other suggestions from the Budget Rebalancing process
- Implementing the internal-facing Strategic Plan (improved HR, IT practices, etc.)

Budget Development Process



Recommended Actions

That the Board of Supervisors:

- a.) Receive an update on the Budget Gap for FY 2017- 18 and future years; and
- b.) Review certain existing discretionary Board funding priorities for possible revision; and
- c.) Provide direction as appropriate to staff on these matters and any other Board priorities.



QUESTIONS?

17-18 Summary of Budget Gap*

Summary of FY 2017-18 Gap & Requested Reductions			
Item	GF	SRF & Other Funds	Total
Budget Gap	(4.4)	(31.0)	(35.4)
5% Target GFC Reduction	(9.6)	(1.6)	(11.2)
Countywide Gross Requested Reductions	(14.0)	(32.6)	(46.6)
Countywide Gross Requested Reductions			
Department	General Fund Ongoing	SRFs Ongoing	GF & SRF Total
Sheriff	(8.1)	-	(8.1)
DA	(1.0)	-	(1.0)
Probation	(1.9)	-	(1.9)
DSS	-	(23.4)	(23.4)
DBW	-	(8.8)	(8.8)
All Other	(3.0)	(0.4)	(3.4)
Countywide Gross Requested Reductions	(14.0)	(32.6)	(46.6)
Unallocated Gen. Revenue (5% GFC)	11.2	-	11.2
Budget Gap	(2.8)	(32.6)	(35.4)

Northern Branch Jail Revised Operations Funding Plan

If Jail Opens Fully Staffed March 1, 2019

Fiscal Year	GFC Base	GFC Increase	Total GFC	County Match Construction	Operating Costs	End of Year Balance
2011-12	\$ -	\$ 1.0	\$ 1.0	\$ -	\$ -	\$ 1.0
2012-13	1.0	1.0	\$ 2.0	(3.0)	-	-
2013-14	2.0	1.3	\$ 3.3	-	-	3.3
2014-15	3.3	1.3	\$ 4.6	-	-	7.9
2015-16	4.6	1.5	\$ 6.1	-	(0.2)	13.8
2016-17	6.1	1.5	\$ 7.6	(12.2)	(2.0)	7.2
2017-18	7.6	1.5	\$ 9.1	-	(3.8)	12.5
2018-19	9.1	1.8	\$ 10.9	-	(11.1)	12.3
2019-20	10.9	1.8	\$ 12.7	-	(17.9)	7.2
2020-21	12.7	2.2	\$ 14.9	-	(18.4)	3.7
2021-22	14.9	2.2	\$ 17.1	-	(19.0)	1.8
2022-23	\$ 17.1	\$ 2.2	\$ 19.3	\$ -	(19.5)	1.6

Jail
opens
March
2019

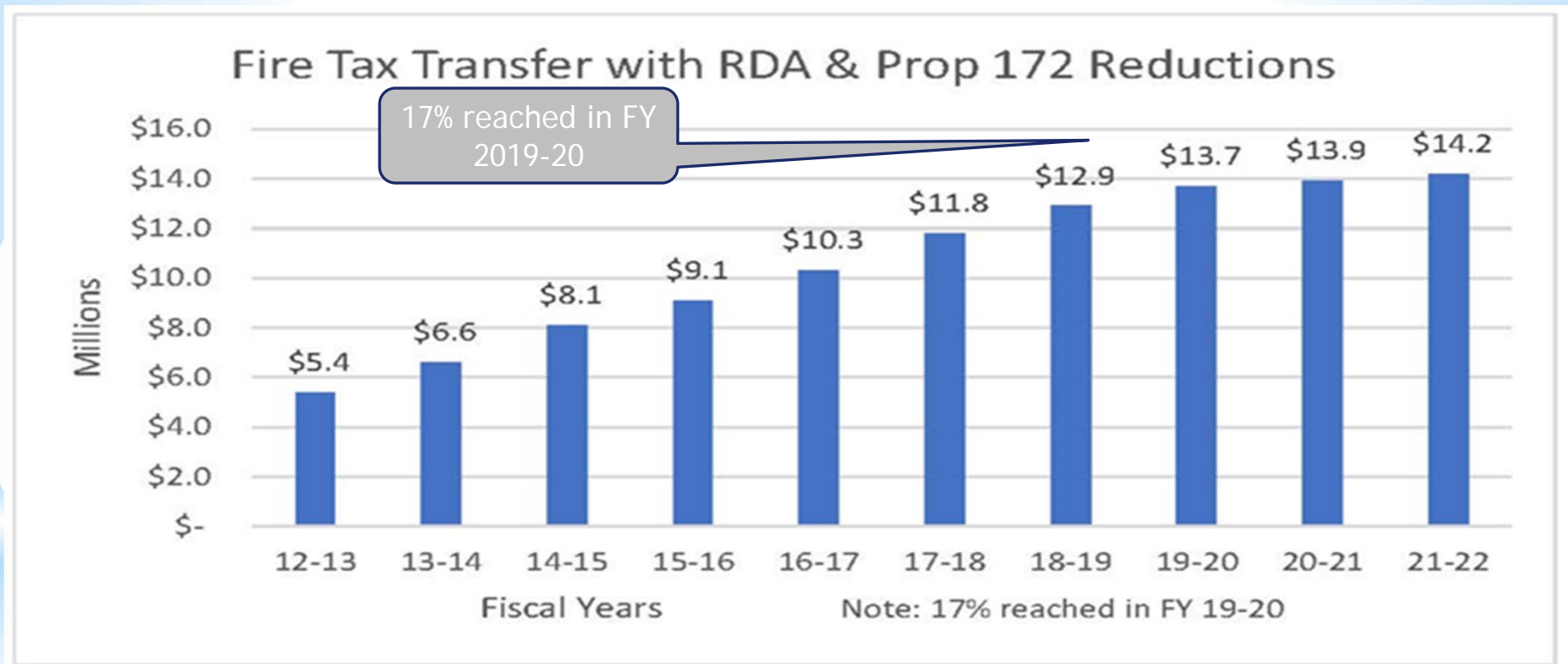


Additional construction costs

Savings from Delay in NBJ Opening

NBJ Operating Costs at Differing Opening Dates (\$'s in millions)				
Year	Original	March 2019	Variance	
2015-16	\$ (0.3)	\$ (0.2)	\$	0.1
2016-17	\$ (2.7)	\$ (2.0)	\$	0.7
2017-18	\$ (10.5)	\$ (3.8)	\$	6.7
2018-19	\$ (17.3)	\$ (11.1)	\$	6.3
2019-20	\$ (17.9)	\$ (17.9)	\$	0.0
Total Operating Costs	\$ (48.7)	\$ (34.9)	\$	13.8
Savings from Original Plan		\$	13.8	

Fire Property Tax Shift



18% Maintenance Funding Plan

