# BOARD OF SUPERVISORS
# AGENDA LETTER

**Agenda Number:**

**Clerk of the Board of Supervisors**
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

| | |
|---|---|
| **Department Name:** | County Executive Office |
| **Department No.:** | 012 |
| **For Agenda Of:** | November 19, 2019 |
| **Placement:** | Departmental |
| **Estimated Time:** | 1 hour |
| **Continued Item:** | No |
| **If Yes, date from:** | |
| **Vote Required:** | Majority |

**TO:** Board of Supervisors

**FROM:** Department Director(s): Mona Miyasato, County Executive Officer
Contact Info: Jeff Frapwell, Budget Director

**SUBJECT:** **FY 2020-25 Five-Year Forecast**

**County Counsel Concurrence**
As to form: N/A

**Auditor-Controller Concurrence**
As to form: N/A

Other Concurrence: N/A

## Recommended Actions:

That the Board of Supervisors:

a) Receive and file the FY 2020-25 Five-Year Forecast, including potential fiscal issues facing the County in the coming fiscal years; and

b) Determine pursuant to CEQA Guidelines §15378 that the above activity is not a project under the California Environmental Quality Act.

## Summary

This five-year forecast report is presented to the Board of Supervisors in advance of budget development to provide a context for balancing short-term objectives with long-term goals during budget consideration. This report also identifies fiscal issues that have the potential to impact demands on County resources during the forecast period.

A similar report has been presented to the Board each year for over a decade and has included broad issues with countywide impact and smaller, specific issues within departments. These represent fiscal items that the County Executive Office believes will be necessary to fund in the immediate or near-term to set the financial context for the coming years.

**Five-Year Forecast**. We anticipate that FY 2020-21 will be a fiscally healthy year, assuming no new staffing or program expansions, and no significant policy or environmental events. However, the years beyond FY 2020-21 are expected to show growing funding shortfalls. The five-year forecast anticipates that discretionary revenue will continue to grow modestly in FY 2020-21 and includes the possibility of a recession in the middle of the forecast period. Though it is unknown whether a recession will occur, the forecast is built conservatively to show the potential impacts if revenue growth does slow significantly, which would cause increasing budget gaps in the forecast years beyond FY 2020-21. Because of the degree of uncertainty involved in forecasting, this report provides ranges of possible growth rates for major discretionary revenue sources to stress test the County's fiscal outlook.

**Significant Fiscal Issues.** In addition to regular cost increases, there are fiscal issues, valued at millions of dollars, which may become necessary for the Board to fund during the next five years. This year, as we identify and analyze the issues on the horizon, a new landscape comes into view. While a few specific department needs or funding gaps exist, we are in the fortunate position of having addressed many of these narrower fiscal issues that have come before the Board in prior years' reports. This has been achieved through direct funding allocations or funding plans.

Next year we will continue to address issues arising from external factors, such as changes in State law and the insurance market, as well as the more costly, broader countywide issues. These broader issues, such as the deferred maintenance backlog and need for improved facilities, aging IT systems, and greater demand for technology solutions, have surfaced repeatedly in past years. These are more difficult to fund given limited and finite resources, and have been addressed using an incremental approach in prior years. This approach has been necessary because new revenue growth that would otherwise be available for these projects has already been committed to other priorities, such as the new Northern Branch Jail operations and fire tax shift.

**Summary of Fiscal Issues**

| Fiscal Issue | Potential Impact | Recommended Action |
|---|---|---|
| **Legislative and Policy Changes** | | |
| Elimination of 340B Savings (Public Health) | $6M per year | Continue to monitor |
| Adult Fee Collections (Probation) | $2M per year | Continue to monitor |
| Criminal Justice Legislation (District Attorney) | Additional Mandates/ Workload | Continue to monitor |
| Criminal Justice Legislation (Public Defender) | | |
| Conversion of County Fleet to Electric Vehicles (General Services) | $0.5M one-time | Implement |
| **Deferred Maintenance Backlog** | | |
| Public Works | Estimated at $315M | Allocate 18% ongoing maintenance funding and any available one-time funds according to prioritized needs. |
| Parks | Estimated at $52M | |
| General Services | Estimated at $96M | |
| **Aging Technology Systems** | | |
| Public Safety Communications System Replacement (Countywide) | $45.4M over three years | Allocate available funding according to prioritized needs; continue to contribute to Technology Replacement and Investment Fund. |
| Data Center Replacement and Redundancy (Sheriff) | $1.5M one-time; $0.4M ongoing | |
| Records Management System (Sheriff) | $0.7M one-time; $0.15M ongoing | |
| Enterprise Resource Planning System (Countywide) | Estimated at more than $10M | |
| **Facility Conditions and Office Space Reconfiguration** | | |
| Santa Maria Substation (Sheriff) | Impact being determined | Allocate available funding according to prioritized needs through the CIP. |
| Santa Maria Office Space and Renovation (District Attorney | | |
| Santa Barbara, Lompoc, and Santa Maria Office Space (Public Defender) | | |
| **Escalating Insurance Premiums** | | |
| Workers' Compensation Insurance | $0.7M | Incorporate any increases into budget. |
| General Liability Insurance | $2.2M | Incorporate any increases into budget. |

Given the possibility of a recession and remaining need to address long-standing fiscal issues, continued discipline in our spending—even in FY 2020-21 when discretionary revenues are expected to modestly exceed countywide costs—must remain a guiding principle. Fiscal prudence prior to any potential economic slowdown will be one of the most important contributing factors in how well we weather a financial downtown as an organization and for the critical programs we provide.

## Background

The FY 2019-20 budget required no service level reductions as discretionary revenue growth was sufficient to avoid potential cuts and departments have continued to implement restructuring initiatives to enhance services or increase efficiencies. In addition, revenues have now recovered from the losses experienced as a result of the disasters of winter 2017-18.

**Possibility of Mild Recession Continues.** At the time of last year's forecast report, we had experienced over nine years of economic expansion and cited a poll showing that 80% of economists expected a recession in 2020 or 2021. Now, one year later, we find ourselves in similar circumstances, with over ten years of growth and a recent survey showing that 75% of economists predict a recession by 2021.[1] However, the Wall Street Journal also asserts that recessions are difficult to predict, and in fact economists had predicted recessions in 2011 and 2016, neither of which materialized. Though recession predictions aren't necessarily reliable, due to the possibility of a recession during the forecast period, we have built in an assumption that the net rate of total discretionary revenue growth will slow in FY 2021-22, and then begin a gradual recovery over the following three years in the forecast period. In an effort to conservatively stress test the forecast and set expectations for the amount of discretionary revenue that would be available under varying fiscal conditions, the report presents three forecast scenarios: (1) a continued growth scenario with no recession, (2) a most likely scenario with a mild recession beginning in FY 2021-22, and (3) a worst case scenario with a deep recession beginning in FY 2021-22. These three models are included to present ranges of possible growth for major revenue sources. The mild recession scenario is considered for the purposes of this report as the most likely one, though even within this scenario there are expenditure and revenue variables that are vulnerable to change.

Regardless of whether we experience a recession, we will continue to pursue efficiencies and improvements in the way we do business through Renew '22 initiatives, many of which are well into planning or implementation stages, and which will help position us to mitigate or avoid the difficult funding choices that were necessary during the last recession.

Departments developed five-year forecasts of revenues and expenditures for the General Fund and other major operating funds based on the assumptions detailed below using the mild recession scenario. These forecasts are based on best estimates of expenditure and revenue growth rates available at the time of this report. As FY 2020-21 budget development approaches, estimates will be refined, and will continue to be refined until budget adoption to ensure available funds are appropriated responsibly and according to Board priorities.

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[1] Marte, J. (2019, August 19). 3 out of 4 economists predict a U.S. recession by 2021, survey finds. Retrieved from https://www.washingtonpost.com/business/2019/08/19/out-economists-predict-us-recession-by-survey-finds/.

## Forecast: Expenditure Assumptions

### *Salary and Benefit Growth*

The major countywide cost drivers are salaries and benefits, which make up over half of total operating costs in the FY 2019-20 adopted budget and the forecast years. The largest components of salary and benefit costs are regular salaries, retirement, and health insurance. In the current budget year, total salary and benefit costs equate to just over $637 million countywide.

- **Salary Costs.** Memoranda of Understanding for the majority of non-safety represented employees have been negotiated through the end of FY 2020-21, with safety MOUs ending in FY 2021-22. These have resulted in an average annual increase of 3.1% across all employee groups (although the increase varies by bargaining group) and include salary increases, step and merit increases, and other negotiated allowances. Employee costs are assumed to continue at approximately this rate in the forecast years. For the purposes of this forecast, staffing was assumed to remain at the adopted FY 2019-20 levels, with the exception of a few decreases in departments to reflect the removal of positions funded with grant funds or other one-time allocations. Over the five-year forecast period, salary costs increase by a cumulative $61.6 million.

- **Pension increases.** In the current year, the County has budgeted $143 million for net retirement costs. Retirement costs are anticipated to increase by an average of 4.7% in each year of the forecast, reflecting salary increases, pension investment return assumptions, and expectations regarding existing and future retirees. However, these increased costs are partially offset by the pension cost-sharing provisions between the County and employees, which will bring the growth in County costs down to an average of 4.5% in each year of the forecast. The cost sharing was phased in over a three-year period beginning in FY 2018-19, and is expected to generate $7.4 million in savings in the first forecast year (the final year of the phase-in), growing to $8.4 million by the fifth year. Over the forecast period, net retirement costs are expected to increase by $34.8 million.

  The Board of Retirement commissions annual actuarial evaluations as well as triennial experience studies, which update the annual actuarial valuations for economic and non-economic assumptions. The current assumptions, upon which the five-year forecast is based, include an assumed rate of return of 7%. On October 23, 2019, the retirement board received a preliminary actuarial valuation and triennial actuarial experience study for the period ending June 30, 2019. The retirement board is expected to adopt the FY 2020-21 retirement rates in December 2019, and those rates will be incorporated into the FY 2020-21 budget (the Board of Supervisors will adopt the employer contribution rates for FY 2020-21 in spring 2020).

- **Health insurance.** In the current year, health insurance costs are budgeted at nearly $44 million. Health insurance costs are assumed to increase by about 4.8% per year based on recent premium increases for the County health plans. In years past, the County experienced significant year-over-year increases, reaching as high as 15.3% in 2015, but, more recently, the County has taken steps to bring costs down and premium increases in 2018, 2019, and upcoming in 2020 were all under 4%. Increases from one year to the next can be unpredictable, as they are driven by the total costs experienced by the plan in the prior year, but, given the recent downward trend, a 5% annual increase is assumed in the forecast. This amounts to an increase of nearly $11.5 million countywide from the FY 2019-20 adopted budget to the final forecast year.

***Ongoing Commitments***

- **Northern Branch Jail Set-Aside.** The annual set-aside for Northern Branch Jail operations is increasing according to the funding plan approved and implemented in FY 2011-12. The contribution of $12.7 million in FY 2019-20 will grow annually to the targeted funding level of $19.3 million by FY 2022-23. The forecast also assumes additional increases of $1.2 million in each of the final two years of the forecast to cover annual cost increases and medical contract costs that will likely be higher than were anticipated when this funding plan was first developed.

- **Fire tax shift.** The shift of property tax revenue in increasing amounts to the Fire District will have met its 17% target in the current year. This means that one-quarter of new revenue growth will not be automatically diverted to the Fire District. Ongoing property tax revenue at the 17% target, however, will continue to grow as property taxes grow. By the end of the forecast period, and using the mild recession assumptions, the cumulative "shifted" revenue will equate to approximately $111.1 million.

- **18% Maintenance Funding Plan.** In the current year, the County has allocated about $40 million in all funds for maintenance work, of which $16 million is General Fund. In June 2014, the Board directed staff to implement a maintenance funding plan that would direct 18% of unallocated discretionary general revenues towards maintenance projects to address the deferred maintenance backlog. There is currently an estimated $463 million in deferred maintenance needs, which is discussed in more detail in the fiscal issues section of this report.

  This forecast assumes that the 18% maintenance allocation will increase by $1.1 million in General Fund over the five-year forecast period, growing from $6.4 million in the FY 2019-20 budget to $7.5 million in the FY 2024-25 forecast year. This is in addition to SB 1 transportation funding and other maintenance funding expected to be received by the departments from sources other than the General Fund. For the purposes of the forecast, additional one-time maintenance funds provided in the adopted FY 2019-20 budget are not included in the forecast, as these are discretionary budget decisions made each year by the Board depending on available funding. However, maintenance funding needs are given priority consideration during budget development.

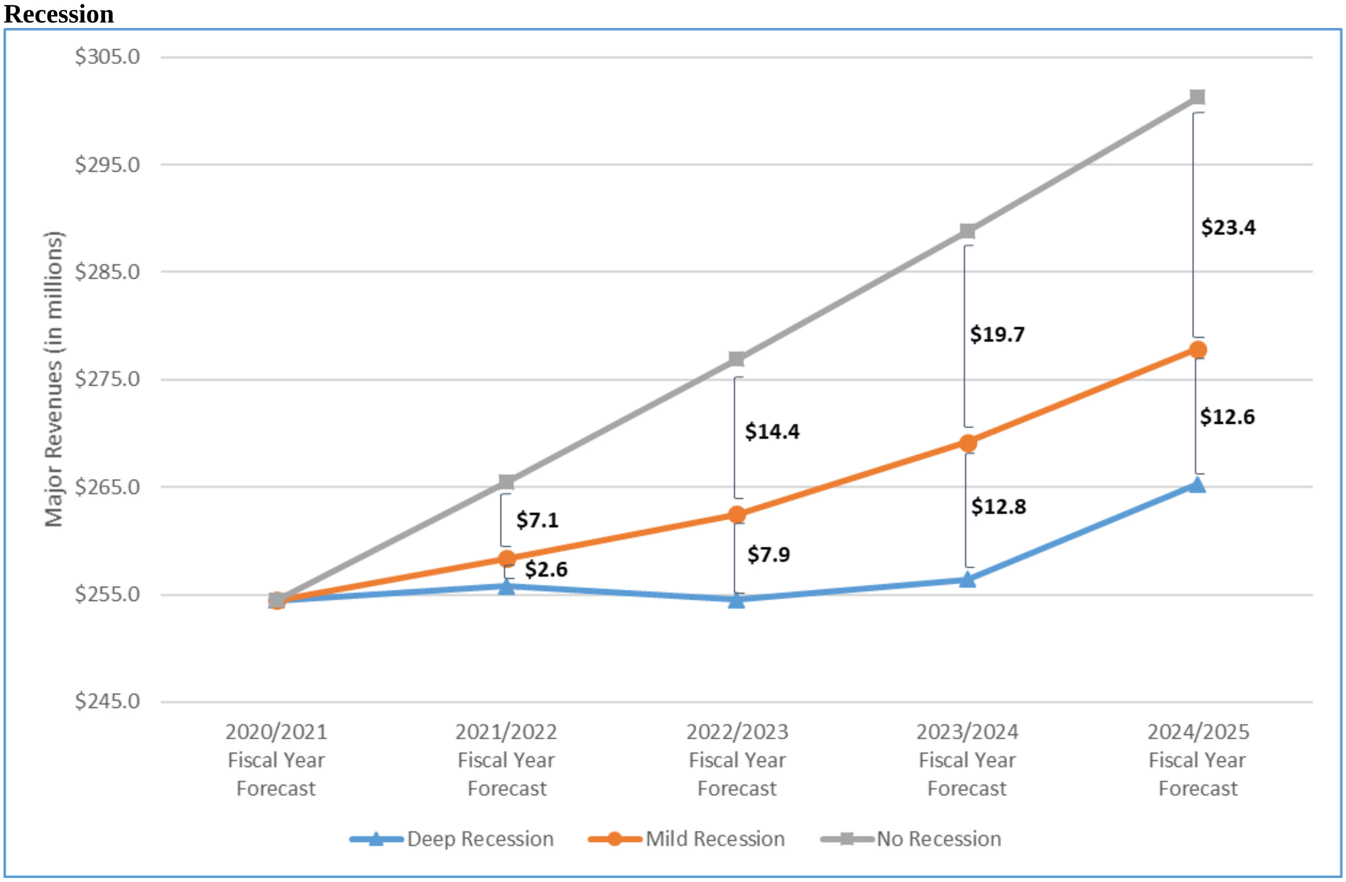
- **Strategic Reserve.** The General Fund Strategic Reserve is fully funded in FY 2019-20 with a balance of $36.4 million. Based on average annual operating revenue growth, the Strategic Reserve policy would call for an account balance of $45.6 million by FY 2024-25, which equates to an average contribution of $1.8 million to the account in each year of the forecast period. Funding sources for this contribution could be filled by FEMA reimbursements for funds expended from the Strategic Reserve for damages following the Thomas Fire and 1/9 Debris Flow or other one-time sources, which would reduce the amount of discretionary General Fund needed to maintain a fully funded Strategic Reserve.

## Forecast: Revenue Assumptions

### *Major Discretionary Revenues*

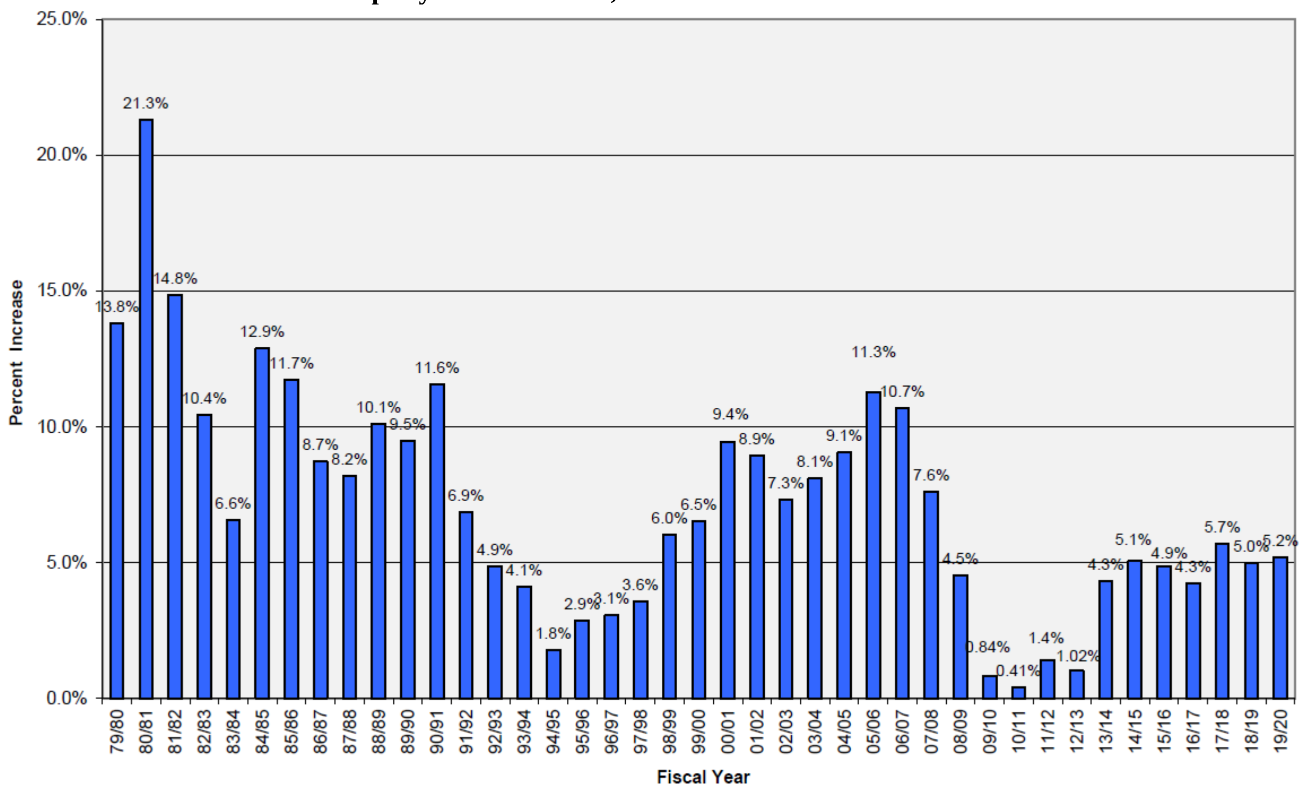
The primary discretionary General Fund revenue sources are property, sales, and transient occupancy taxes. The County's unincorporated areas have limited capacity for generation of sales tax or TOT revenues. Cannabis tax revenue is becoming a significant source of revenue (discussed below) which is projected to contribute $8 million in FY 2020-21, compared to $11.2 million in sales tax and $13.6 million in transient occupancy tax. While steady growth has occurred in these taxes over the last several years (with the exception of sales tax and TOT losses following the Thomas Fire and subsequent debris flow), the forecast presents three scenarios with differing revenue assumptions: the **no recession** scenario assumes the continuation of recent growth trends throughout the forecast period; the **mild recession** scenario is modeled after the prior recession, though the recession is not forecast to last as long or be as deep; the **deep recession** scenario assumes a recession similar to the one experienced a decade ago. With a mild recession in year 2 of the forecast, approximately $7.1 million in discretionary revenue would go unrealized and, by the fifth year, a cumulative $23.4 million in revenue would go unrealized. With a deep recession in year 2 of the forecast, nearly $9.7 million would be lost and, by the fifth year of the forecast, a cumulative $36.0 million would be lost.

**Major Discretionary Revenues: Three Growth Scenarios Showing Potential Revenue Changes in the Event of a Recession**




- **Property Tax.** In the current year, FY 2019-20, the County is expected to receive $230 million in property taxes, which constitutes about 80% of the County's discretionary revenue. In recent years, property tax revenues have grown by 4%-5% annually, tracking the growth in assessed value of properties in our county. In the no recession scenario, this growth is anticipated to continue throughout the forecast period. In the mild recession scenario, growth is assumed to slow to around 2% in the second and third years of the forecast, before climbing to about 3% by the fourth and fifth years. In the deep recession scenario, property tax revenues are projected to experience no growth in the first two years of the forecast and then slowly increase with 1% and 2% growth in the final two years, respectively. The County's historic growth in secured property values is shown below and demonstrates that, while year-over-year growth has always been positive, the recent rate of growth has been lower than in prior recovery periods.

**Percent Increase in Secured Property Tax Roll Value, 1979-80 to 2019-20**




- **Sales Tax.** In the current year, sales tax revenue is budgeted at $11 million, which makes up 4% of discretionary revenue. In the no recession scenario, sales tax revenue is anticipated to increase by 2% in each year of the forecast. If there is a mild recession, sales tax revenues are forecast to experience a decline of 1% in FY 2021-22, with no growth the following year, and then a slow recovery to 2% growth by the final year of the forecast. In dollar amounts, this means sales tax revenue, projected at $11.2 million in FY 2020-21, wouldn't return to that level until FY 2023-24. In the case of a deep recession, sales tax revenues would be expected to decrease by 2% in the first year of the recession (FY 2021-22), decrease by 1% in the second year, remain flat in the third year, and, finally, experience minimal 1% growth by FY 2024-25.

- **Transient Occupancy Tax.** The second largest discretionary revenue source, Transient Occupancy Tax (TOT) revenue, is currently budgeted at $13.2 million and is projected to achieve 3% growth in every year of the forecast absent a recession. In the case of a mild recession, the forecast anticipates 3% growth in FY 2020-21, and then remaining flat until growth of 2% returns in FY 2023-24 and 3% in FY 2024-25 for projected revenue of $14.3 million. In the case of a deep recession, a decline of

2% would be expected in FY 2021-22, followed by flat revenues, 1% growth, and, in the final year of the forecast, 2% growth.

***Cannabis Tax Revenue***
In FY 2018-19, the first full year of receipts, cannabis tax revenue totaled $6.7 million, $2.3 million of which was received in the fourth quarter. The FY 2019-20 budget, adopted before the fourth quarter of receipts had come in, assumed revenue of $5.6 million; however, current projections anticipate FY 2019-20 revenues of $7.0 million based on the fourth quarter trend. These receipts will continue to be monitored and the estimated revenue will be modified if warranted based on trends during the current fiscal year. The forecast assumes cannabis tax revenue of $8.0 million in FY 2020-21 (a 16% increase over FY 2018-19 actual receipts), and then assumes annual increases of 5% over the remaining four years of the forecast period. Although other major discretionary revenue sources are expected to experience declines during the forecast recession, the cannabis industry is assumed to be relatively recession-resistant, much like the alcohol market. All cannabis enforcement activities are fully offset by cannabis tax revenue throughout the forecast period. Because the business licensing program has not yet been in place for a time sufficient to evaluate revenues related to storefront retail operations, the forecast does not assume any new revenues at this time. Estimates for these new tax revenues are being developed and will be incorporated into discussions during budget workshops in April once the business licensing process is further along.

## Forecast: Projected Budget Gaps in Major Operating Funds

We anticipate that FY 2020-21 will be a fiscally healthy year, assuming no new staffing or program expansions, and no significant policy or environmental events. However, the years beyond FY 2020-21 are expected to show growing funding shortfalls. Looking forward, stable and sustainable revenue is needed for the County to fulfill its commitments to funding priorities, such as the future Northern Branch Jail operations, deferred capital maintenance, public safety, negotiated employee contracts, and pension costs.

Forecast budget gaps displayed in this report are cumulative over the five-year forecast period. However, by law, the Board must adopt a balanced budget and, as such, the gaps in each of the forecast years would necessarily diminish by the amount of the prior-year's gap solved with ongoing expenditure reductions or revenue increases. The gaps presented in this report therefore represent the differences between expenditures and revenues if no mitigating actions were to be taken in any of the years.

***General Fund***
The General Fund forecast projects a modest surplus of less than $1 million in the first forecast year, with discretionary revenues in excess of expenditures, as displayed in the table below. The incremental change is a calculation of the amount by which the gap would grow from one year to the next and a significant deficit would appear in the second year due to the assumed mild recession (considered the most likely scenario). Under this scenario, the modest budget surplus forecast in FY 2020-21 of $0.8 million quickly turns to significant forecast deficit of $9.7 million by the following year, growing by 60% to $15.9 million in the third year. However, given that the budget must be balanced at the time of adoption, the gap to be solved in any one year is equal to the incremental change number since the prior-year's gap would necessarily have been solved through budget balancing measures. By summing the incremental changes, we can see that a total of $22.8 million in cost reductions or additional revenue would need to be identified to eliminate the gaps across all five forecast years under the mild recession scenario.

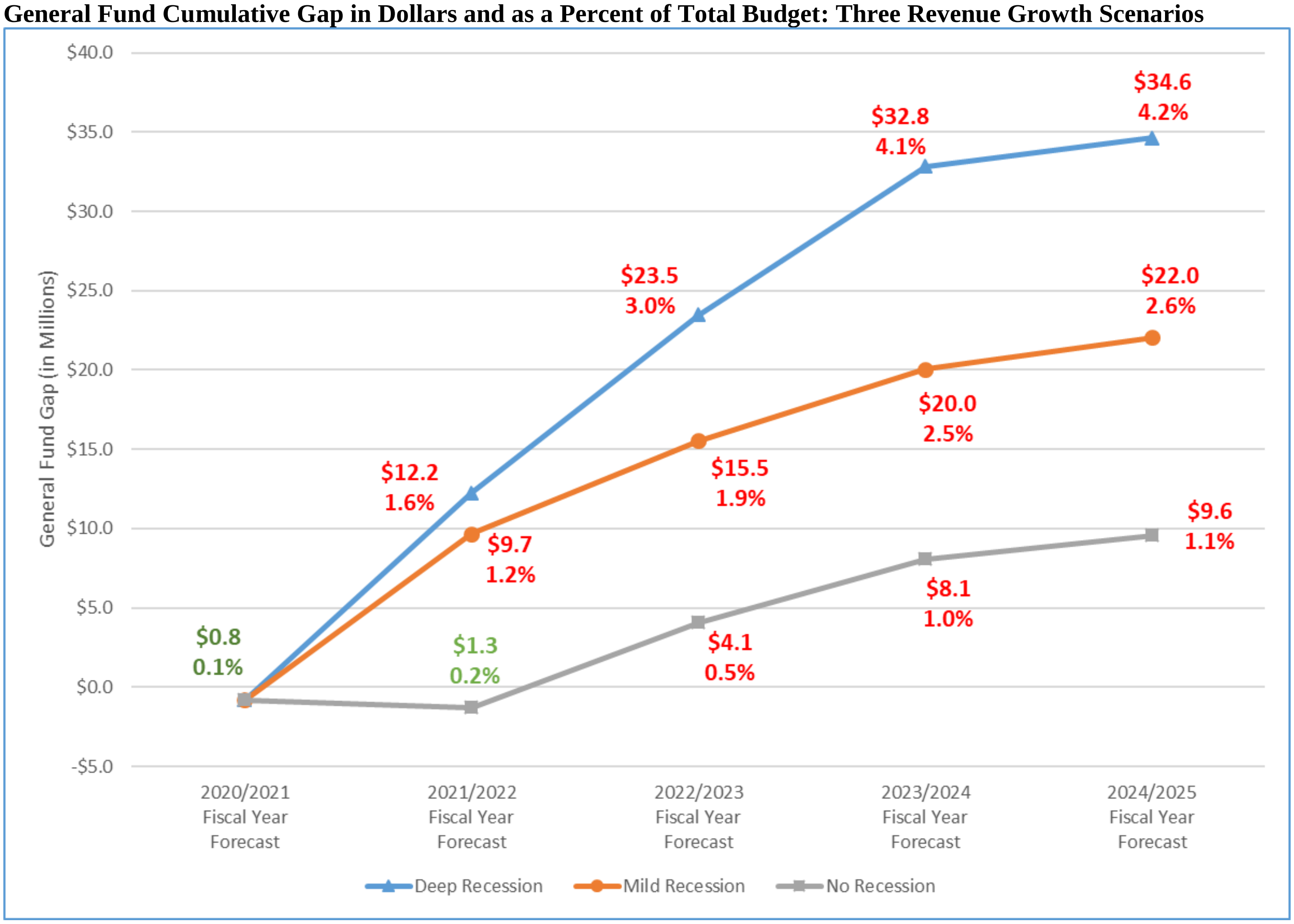
**General Fund Five-Year Forecast Cumulative Gaps ($ in millions)**

| | FY 2020-21 Forecast | FY 2021-22 Forecast | FY 2022-23 Forecast | FY 2023-24 Forecast | FY 2024-25 Forecast |
|---|---|---|---|---|---|
| General Fund (*mild recession* scenario) | $ 0.8 | $ (9.7) | $ (15.5) | $ (20.0) | $ (22.0) |
| *Incremental Change by Year* | | *(10.5)* | *(5.9)* | *(4.5)* | *(2.0)* |

Most General Fund departments are projecting gaps between expenditures and revenues. The forecast allocates an increasing amount of discretionary revenue growth to each department to cover a portion of their salary and benefit cost increases; nevertheless, the net impact of departmental cost increases and revenue levels still creates funding gaps each year. The County Executive Office will be working closely with all departments during FY 2020-21 budget development and the coming years to monitor revenues and ensure sustainability in operations to minimize the necessity for, and impacts of, any service level reductions.

The chart and accompanying narrative below provide the forecast gaps between revenues and expenditures over the five-year forecast period under the three revenue growth scenarios. These gaps are presented in gross dollar amount as well as expressed as a percent of total budget to provide context for the potential impacts of such gaps. Note that even in a "no recession" forecast, a slight funding gap exists. Even with new cannabis revenue included in the forecast, expenditures outpace revenue in all scenarios.

**General Fund Cumulative Gap in Dollars and as a Percent of Total Budget: Three Revenue Growth Scenarios**



- **Mild Recession.** This scenario forecasts a budget surplus of $0.8 million in FY 2020-21, reflecting general discretionary revenues in excess of projected expenditures. However, if all discretionary revenue were used to close gaps within General Fund departments, discretionary revenue would already be insufficient to keep pace with cost increases and departmental revenue shortfalls by the next forecast year, which forecasts a gap between revenues and expenditures of $9.7 million. By the fifth year of the forecast, the anticipated gap grows to $22.0 million, or 2.6% of the total General Fund budget.

- **No Recession.** This scenario assumes that major discretionary revenues continue to experience growth in all of the five forecast years, with a potential budget surplus of $0.8 million in FY 2020-21 growing to $1.3 million in the second year. However, because of anticipated cost increases outpacing revenue growth beyond the second year, even this most optimistic scenario forecasts gaps between revenues and expenditures of $4.1 million, $8.1 million, and $9.6 million in the third through fifth forecast years. By the end of the forecast period, the cumulative gap is equivalent to 1.1% of the total General Fund budget.

- **Deep Recession.** This scenario includes more severe recessionary impacts on major discretionary revenue sources, and forecasts a surplus of $0.8 million in the first year of the forecast as revenues are not anticipated to begin experiencing recessionary impacts until the following year. Once the revenues do begin to slow, a gap of $12.2 million is forecast to appear in the second year of the forecast. This gap continues to grow, to $23.5 million in the third year, $32.8 million in the fourth year, and $34.6 million in the fifth and final year of the forecast. By the end of the forecast period, the cumulative gap is equivalent to 4.2% of the total General Fund budget.

While all General Fund departments will experience general cost increases throughout the forecast period, some departments expect additional fiscal challenges during this period, which will be addressed during the budget development process. There are also major fiscal issues on the horizon, discussed later in this report, which would require significant investment of discretionary revenues to address. Regardless of whether a recession occurs, it will be necessary to look to cost-savings and revenue-generating initiatives to prepare for the out-years, as one year of surplus is not sufficient to mitigate cost increases, particularly those related to salaries and benefits, that are expected in the years beyond under all three revenue growth scenarios. FY 2020-21 should therefore be used as a preparation year, with limited budget expansions and instead a focus on building up reserve funds to be used during future times of need.

***Other Major Operating Funds***

Taken together, other funds appear nearly balanced throughout the five-year forecast period. Although not specifically mentioned as issues in this report, some funds anticipate use of balancing measures to bring revenues and expenditures in line during the forecast period. The Child Support Services Fund assumes salary and benefit reductions to bring the budget into balance, due to the expected continuation of years of flat funding from the State, while the First 5, Roads Operations, and Health Care Funds rely on fund balance draws throughout the five-year period, which, in the case of Roads Operations and the Health Care Fund, will be depleted by the end of the third forecast year. The table below presents the forecast gaps in major operating funds, with three funds in particular projecting deficits beginning in the first year of the forecast.

**Five-Year Forecast Cumulative Gaps ($ in millions): Major Special Revenue Funds**

| Fund | FY 2020-21 Forecast | FY 2021-22 Forecast | FY 2022-23 Forecast | FY 2023-24 Forecast | FY 2024-25 Forecast |
|---|---|---|---|---|---|
| Roads Operations (Public Works) | - | - | - | (3.1) | (3.4) |
| Health Care (Public Health) | - | - | - | (1.0) | (5.3) |
| Mental Health Services (Behavioral Wellness) | (0.3) | (0.6) | (0.9) | (1.3) | (1.6) |
| Social Services (Social Services) | (3.3) | (7.4) | (8.8) | (10.6) | (12.4) |
| SB IHSS Public Authority (Social Services) | (0.5) | (0.8) | (0.1) | (0.5) | (0.5) |

- **Mental Health Services Fund.** The Mental Health Services Fund projects a gap of $0.3 million in FY 2020-21 (0.7% of the fund’s annual budget), increasing to $1.6 million, or 3.4% of the fund’s budget, by FY 2024-25 if no mitigating actions are taken. These gaps are driven by the increasing costs of state hospitals as well as out-of-county IMD (Institution for Mental Disease) beds. If in-county beds can be secured within the forecast period, additional Medi-Cal revenues would be able to be drawn down to close a portion of the gaps. These gaps do not anticipate any one-time transfer of funds from General County Programs, though there is a $1.0 million contingency for mental health services, based on Board policy, built into the General County Programs five-year forecast. In prior years, the department has been able to draw on these contingency funds by closely managing resources.

- **Social Services Fund.** In the Department of Social Services’ fund forecast, projected revenue growth does not keep pace with increases in salaries and benefits and, to a lesser degree, cash assistance payments to eligible program beneficiaries, professional service costs, and other operating expenses such as rent and utility expenses. As state and federal funds for social services are allocated on an annual basis, the Department made conservative projections of its revenues, with no growth assumed in FY 2020-21 and slight year-over-year growth in the remaining forecast years. The $3.3 million funding gap projected in FY 2020-21 is 2.0% of the fund’s annual budget. In last year’s five-year forecast report, the Department projected a FY 2019-20 gap of $1.5 million in this fund and was subsequently able to balance their budget without service level reductions as a result of higher-than-expected state revenues. The CEO has asked the department to provide a proposal showing how they plan to close this gap, and the department will begin a practice of truing up revenues early when state revenue allocations are received.

- **IHSS Public Authority.** Over the past few years, the State made revisions to the In-Home Supportive Services (IHSS) MOE that included increases to the annual inflation rate and temporary additional revenue to offset cost increases. To create a more sustainable fiscal structure for the IHSS MOE, the State reduced the annual inflation rate from the planned 7% to 4% beginning FY 2020-21 and committed additional state revenues in the next few years to help counties absorb the cost impact of the new IHSS MOE structure. Despite the cost offsets, the Department projects gaps varying from $0.14 million to $0.82 million in the forecast period. The forecast gap of $0.5 million in FY 2020-21 equates to 4.6% of the fund’s annual budget. These gaps reflect not only the effects of the 4% annual inflation rate to the MOE net of expected additional state revenues, but also the effects of potential negotiated wage increases to individual providers net of expected additional revenue to offset those wage increases and the delay in receipt of any additional revenues. Should these gaps materialize, one-time funds set aside by the Board would be sufficient to close the revenue shortfalls for the first several years.

These special revenue funds are projecting deficits in anticipation of state and federal revenue levels that will not keep pace with increases in salaries and benefits and reinforce the importance of limiting ongoing expansions in the coming years to ensure that these funds remain self-sufficient. If a recession does occur, we could see further declines in federal or state revenue levels during times when our communities may need increased support.

## Significant Fiscal Issues

In addition to countywide and department-specific factors driving the budget gaps discussed above, departments have identified potential issues that could have significant fiscal impacts over the next five years. These are not all included in the forecast assumptions because of the uncertainty surrounding their occurrence or because they would require Board policy to pursue; however, if some or all of these do occur, they have the potential to present difficult choices about where to direct our limited discretionary resources. Many of these issues were previously identified in last year's fiscal issues report. Information about these issues is provided to serve as context for future decisions about allocation of one-time and ongoing resources, potential establishment of reserves for specific projects, and scope of fiscal demands within the next several years.

***Legislative and Policy Changes – mandates will increase costs and/or workload.***
When federal and state legislation is enacted, there can be significant impacts on our county departments. The State will sometimes provide funding sources to cover new mandates or backfill losses in funding, such as with the Prop 172 public safety sales tax initiative or the "triple flip." Other times, the state does not establish any funding mechanism to address changing or increasing responsibilities, in which case the county or specific departments will engage in advocacy efforts to address the unfunded mandates through industry groups or local lobbying efforts. However, and often at the beginning of new legislative requirements taking effect, departments find themselves without the additional resources necessary to address increased demands on their staff workload and responsibilities. Several impending areas of potential legislative change are discussed below, and categorized according to legislative status.

- **Elimination of 340B Savings (Public Health) – potential loss of up to $6 million annually**. Since 1992, the Federal 340B Drug Discount Program has helped provide low-cost medications and better health outcomes for millions of Americans and the non-profit clinics, such as those operated by the Public Health Department (PHD), and the hospitals who serve them. PHD invests all of the savings from the 340B program into additional services for patients, savings which allow PHD to support health care centers, pharmacies, and homeless shelter clinics serving the County's most vulnerable residents. In January 2019, Governor Newsom signed an executive order to create a single-purchaser system for prescription drugs in California, which will eliminate savings that PHD's health centers receive from the 340B program beginning on January 1, 2021. Unless successful political advocacy or policy change occurs, PHD would lose over $6.0 million in savings annually. These increased costs would lead to difficult service level reductions, including reduced staffing, limited hours and facilities, limited access to pharmacies, and potentially discontinuation of treatment programs for services that require costly drugs, such as cancer and Hepatitis C.

Unless there is a reversal of policy on the state level that exempts Federally Qualified Health Centers (FQHCs), this is slated to occur on January 1, 2021 and PHD could lose up to $3.0 million in the second half of FY 2020-21, with potential ongoing annual losses of $6.0 million thereafter. It is unclear as to when the state system will actually start, and the impacted entities are advocating for a backfill of lost savings (or exemption). If the 340B savings are eliminated, and there is no backfill to offset the loss of revenues, PHD will engage internal and external stakeholders in prioritizing services to be realigned and will work with the community and partners to suggest other options for access to pharmacy and specialty services. The County will continue to actively lobby for a change to assist our situation.

Status: Legislation enacted but not yet in effect. The County Executive Office will continue to monitor and work with department to actively lobby for possible change or backfill of lost revenue.

- **Adult Fee Collections (Probation) – potential loss of over $2 million annually.** SB 144 was introduced in January 2019, and would go into effect in the second year of the forecast period. In current form, it would eliminate numerous fees imposed on criminal offenses and Vehicle Code violations. While the categories for fee elimination are numerous with broad implications for all justice-partner agencies, of specific impact to the Probation Department are the fees associated with the cost of probation supervision and fees related to any pre-plea or pre-sentence investigation reports. The State passed previous legislation which eliminated juvenile fees, which reduced Probation's revenue by about $0.3 million annually; the elimination of adult fee revenue would result in the loss of over $2.0 million per year for the Probation Department. The Department, through the Chief Probation Officers of California, are advocating for backfill from the State. Absent a backfill, the loss of the revenue could necessitate service level reductions.

  The bill may be acted upon in FY 2020-21, or may be reintroduced in a future legislative session. While there have been discussions at the State regarding the need to backfill lost revenue if the bill does become law, there have been no agreements, estimates, or consensus as to whether funding would be available. If the bill moves forward and is enacted, the impacts would be based on the timeframes included in the legislation.

  Status: Legislation not enacted. The County will continue to monitor and work with the department and lobbyists to advocate for backfill.

- **Criminal Justice Legislation (District Attorney) – increased mandates and workload to meet mandates.** Recently implemented legislation significantly impacts post-conviction litigation. The new laws, which include Senate Bill 1437 that amends the Felony Murder Rule and Prop 51 that mandates the DA to inform victims of any change in release date of a convicted offender, permit retroactive requests for reduced or vacated sentences. In addition, the new laws expand the rights of access to discovery materials for certain sentenced individuals, thereby increasing the mandates for the District Attorney's Office and the workload associated with meeting those mandates. The Office's workload associated with these changes includes analyzing motions, investigating allegations, preparing responses, and engaging in additional hearings within identified time limits.

  Status: Legislation enacted and effective. The County Executive Office will continue to monitor workload impacts upon the department and justice system.

- **Criminal Justice Legislation (Public Defender) – increased mandates and workload to meet those mandates.** California Senate Bill 1437, signed into law last year and already in effect, amends California's felony murder rule and requires the public defender's office to participate in the resentencing process, and, depending on the number of cases, could require significant public defender staff time. Penal Code Section 1001.36 gives the court the discretion to divert qualifying individuals into mental health diversion treatment programs and defense council is responsible for petitioning the court and providing information in support of the application (with assistance of the qualified mental health expert). The Franklin decision impacts juveniles tried in adult courts and requires a defense lawyer to conduct a full social and psychological history to be preserved in a time capsule for a future parole hearing (the most uncomplicated investigation, involving a person without a great deal of childhood trauma, the average investigation takes approximately 120 hours).

  Status: Legislation enacted and effective. The County Executive Office will continue to monitor workload impacts.

- **Conversion of County Fleet to Electric Vehicles (General Services) – upfront costs of infrastructure is $450,000 - $550,000.** The Board of Supervisors provided direction to the General Services Department to significantly expand the number of all electric vehicles in the County's fleet. The Department intends to replace approximately 250 gasoline-powered vehicles with electric-powered vehicles over the next five to seven years. The incremental cost to purchase an electric vehicle compared to the purchase price of conventional gasoline-powered replacement vehicles, once determined, will be borne by user departments beginning in FY 2020-21. The Department is currently negotiating an agreement that may result in the County acquiring the charging equipment at little or no cost in exchange for the Low Carbon Fuel Standard credits earned by the County as part of the fleet conversion. However, General Services estimates the upfront cost of installing the vehicle charging infrastructure necessary to support this electric fleet transition to range between $450,000 and $550,000. These costs will be recovered through fleet rates charged to County departments for use of assigned vehicles beginning in FY 2020-21.

  Status: Policy adopted and will begin implementation in FY 2020-21. The General Services Department will integrate costs into FY 2020-21 budgeted vehicle rates per policy

***Deferred Maintenance Backlog (Public Works, General Services, and Community Services) - continues to grow and is addressed as funding is available.***

The estimated backlog of deferred maintenance projects is approximately $463 million countywide according to inventories maintained by the three departments with maintenance responsibilities—Public Works, Community Services, and General Services. Backlog estimates are updated annually by departments. Funding dedicated to addressing the maintenance backlog includes the 18% funding plan. In addition to the ongoing funding allocated through the plan, there is also one-time funding that is allocated to specific projects each year and is dependent on available revenues, and therefore any prospective projects must be prioritized.

- The **Public Works** backlog of deferred maintenance is $315 million and the County's road Pavement Condition Index (PCI) is 57 on a scale from 0 (worst) to 100 (best). The average PCI by road classification is 69 for arterial roads, 53 for collector roads, 42 for rural roads, and 60 for residential roads. Backlog and PCI numbers will be updated in April 2020. Nearly half of the deferred maintenance backlog is in pavement preservation needs. The remainder is bridges, hardscape and trees, drainage facilities, and traffic operations devices. Road maintenance priorities include rehabilitation of failing roads before they create structural and safety issues, like extensive potholes and deep cracks, and preserving roads in good condition so they don't deteriorate into at-risk condition. For every $1 million in funding, the department is able to rehabilitate 2 lane miles or apply preventive treatments to 9 lane miles of road. Other priorities are to improve safety, replacement and repair of deficient or failing bridges, sidewalks, and drainages, as well as traffic operations improvements.

- **Parks** has a deferred maintenance backlog of $52 million, which includes identified needs at County park amenities, systems, and infrastructure. Critical maintenance issues would cost approximately $6.7 million to address. In 2019, Parks completed a tree risk assessment survey to determine the number of trees needing to be maintained in the County's parks and opens spaces. The report found there are approximately 3,500 trees in the park system that need maintenance or removal. This equates to a back log of approximately $7 million in tree maintenance needs. Parks was given an additional $250,000 in FY 2019-20 and will use this funding to address trees in order of priority. Parks also completed a pavement assessment in the spring of 2019 which identified a Pavement Condition Index of 55. The overall paving maintenance backlog needs are $24 million and are incorporated in the $52 million of overall Park maintenance needs. Parks would need approximately $6 million to address the most critical pavement maintenance needs, plus an additional $1.4 million per year just to maintain current pavement conditions during the final 4 fiscal years of the forecast period.

- **General Services** has identified a deferred maintenance backlog of $96 million for County buildings, systems, and facility infrastructure needs. The backlog of critical deferred maintenance needs (those with health and safety risk or legal mandates) is estimated at $25 million. Of note, it's estimated that $6 million annually is required so that the current backlog does not grow. Top priorities include Countywide Security Upgrades and Installations ($300k), Santa Maria – Behavioral Wellness (Foster Road) Roof and HVAC Replacement ($450k), and Santa Maria Betteravia Admin Building D Roof and HVAC Replacement ($125k). In addition, General Services has identified a need for a $3 million recurring annual appropriation for a CIP "revolving" fund for accessibility, small projects, pavement management, electrical system and generators, and space planning. This investment in preventative maintenance and capital project planning, coordination, and management will result in cost avoidance and the extension of the useful life of the county's infrastructure and assets.

Status: The Board's policy is to allocate 18% ongoing funding and available one-time funds to maintenance projects based on prioritized needs. The County Executive Office will continue this policy in FY 2020-21 and prioritize needs for one-time funding.

***Aging Technology Systems – reaching end of useful life and/or unable to meet complex demands***

The County relies upon hundreds of technology systems to support operations throughout County departments. Some systems are managed centrally in the General Services Department or the Auditor-Controller's Office and others are maintained by individual departments to support specialized services. Many of these individually maintained systems, in particular, were purchased many years ago without a plan to build up funds for eventual replacement. Because of this, many systems have now reached the ends of their useful lives and are in need of upgrade or full replacement. In addition, the County has systems that were developed in-house decades ago that no longer are able to meet the complex demands of the County's business operations.

- **Public Safety Communications System Replacement (Countywide) – estimated $45.4 million; debt financing or other options continue to be explored.** The County's public safety communications system is at the end of its useful life. The current system has been in place for more than 20 years and is beyond manufacturer support and unable to support new technologies, such as video capabilities. In addition, there are coverage issues as land development has expanded in the County. The replacement system must meet public safety standards for performance and reliability and provide radio communications for the next 10 to 20 years. The County contracted with Federal Engineering Consultants to provide options for a cutover plan, and Federal Engineering has prepared a report that includes system and site drawings and coverage maps, implementation plans, schedules and costs, systems alternatives analysis, conceptual design, and recommendations in consideration of County needs and existing investments. Federal Engineering has written project specifications and a Request for Proposals will be released in November 2019 with vendor selection set to occur in July 2020. Based on estimates from Federal Engineering, the project is expected to cost $45.4 million over a three-year implementation period.

  Status: This project has been identified as a priority, and we continue to explore debt financing as a funding solution as the most feasible option in the near-term. If debt financing is pursued, debt service payments would begin within the first few years of the forecast period.

- **Data Center Replacement and Redundancy (Sheriff) - $3.5 million for system and replacement funds.** The Sheriff's Office uses a data center (an architecture of server and networking hardware) for all patrol, dispatching, custody, and administrative processes and business applications. This data center must be kept up-to-date and reliable for the safety of the public and first responders who depend on the applications and services provided by this equipment. The normal life expectancy of this type of hardware is five years; currently, this hardware is seven years old and is several years overdue for replacement. The General Services Department and Sheriff's Office are working together to design and implement the most cost-effective solution to meet the Sheriff's data requirements and satisfy the stringent security protocols attendant to criminal justice data. The cost to replace this equipment is estimated at $1.5 million, followed by an annual contribution of $400,000 for five years to build up replacement funds.

  Status: The Sheriff's Office does not have sufficient reserves to fund this project and has identified it, along with the following item, as a critical need. The County Executive Office will continue to explore options with the Sheriff.

- **Records Management System (Sheriff) - $681,000 plus annual license fee of $150,000.** The Sheriff's Office utilizes a Criminal Records Management System (RMS) to perform Deputy reporting and supervisor approval, criminal report management, record archival, sharing reports with the District Attorney and other agencies, and it also serves as one of the Sheriff's Office CLETS (California Law

Enforcement Telecommunications System) switches. The RMS system is in need of upgrade as it is outdated and out of compliance with the Department of Justice's security policy. This RMS upgrade includes the ability to provide reporting to The National Incident-Based Reporting System (NIBRS), which will be a requirement for participation in any federal grants beginning January 1, 2021. The Sheriff's Office upgraded to the Tiburon (now owned by Central Square Technologies) RMS System in 2010. Technology has advanced significantly since this time, with increasing security and functionality. This system is at the core of the Sheriff's Office operations and updating this system will allow seamless integration with the Compute Aided Dispatch system, the Jail Management System, and Accurint Virtual Crime Center, reducing redundant work load and human error and increasing efficiency. The estimated cost of upgrading the RMS is a one-time impact of $681,000 and annual licensing fees thereafter of $150,000.

Status: The Sheriff's Office does not have sufficient reserves to fund this project and has identified it, along with the prior item, as a critical need. The County Executive Office will continue to explore options with the Sheriff.

- **Enterprise Resource Planning System (Countywide) – potential cost of $10 million.** The County's general ledger system was internally developed by the Auditor-Controller's Office in 1995, and follow-on systems have been developed over the years with varying degrees of integration with the general ledger system. In addition, departments have developed or acquired systems to meet other countywide or department-specific business needs. As a result of this piecemeal and—to some extent—decentralized organization of systems, there is some degree of duplicative data storage, redundant procedures, and manual processes. The County has an identified need to invest in improved and expanded technology as an important strategy to position the County to provide key public services in the most cost-efficient and effective manner. The Auditor-Controller's Office, in partnership with many County departments, is currently working to identify a consultant to conduct a technology needs assessment, with the eventual goal of evaluating the feasibility of implementing an ERP system to streamline and improve the integration of the County's financial, payroll, and human resource technology needs. A full ERP system could cost more than $10 million to implement.

  Status: While current systems continue to function, the need for an ERP system is borne out by the changing business needs of the County and inadequacies that have been identified in existing systems. Because of the large investment required to fund an ERP system, as well as the time necessary to identify a suitable product, this project may be considered for future implementation.

In recent years, the Board has allocated funds through the budget process for high priority technology replacement needs, which have grown in recent years. As in past years, the County Executive Office, based on a prioritized needs assessment, will allocate funding to address technology requirements, with a focus on supporting foundational technology systems and continue to set aside funding in the Technology Replacement and Investment fund.

***Facility Conditions and Office Space Reconfiguration – unknown costs but potentially several million***

A 2014 facility condition assessment of County facilities reviewed over 8.5 million square feet of space and found that the average age of County buildings was between 35 and 45 years old. Because of the age of the buildings, in combination with historical underfunding of routine maintenance and repair, many buildings are in deteriorating condition and are not equipped with appropriate equipment, space allocation, or general amenities necessary for today's operations and programmatic needs. Below are several examples of the challenges departments are facing in their deteriorating or insufficiently equipped workspaces. In order to prioritize upgrades to space conditions and office configurations, staff will be prioritize those projects with health or safety concerns and create an upgrade plan to be implemented through the County's annual Capital Improvement Plan. To begin to address the many needs throughout county departments, an inventory of needs, a prioritization system, and then a plan to systematically address the identified deficiencies, conditions, and space needs will be developed. An option to fund these needs would be the establishment of a set amount of one-time funds each year, to be leveraged or matched with department reserves or budget savings.

- **Santa Maria Substation (Sheriff).** The current Santa Maria Sheriff's Station was built around 1971 and intended to be a Patrol and Custody facility. For nearly 50 years the facility has serviced the local impacted community. With the new Northern branch jail set to open, the "SMSO" station needs to be repurposed and modernized to ensure that the administration of the modern law enforcement function is provided optimally for the local communities serviced by this facility. Repurposing the Santa Maria Sheriff's Station with appropriate housing and storage space would ensure appropriate service and service level capability to local impacted communities.

- **Santa Maria Office Space and Renovation (District Attorney).** DA branch offices are located in County facilities adjacent to the Courts in Santa Barbara, Santa Maria, and Lompoc in order to maintain close proximity to the courtrooms. In Santa Maria, the majority of DA staff is housed in the Santa Maria Court Complex. In addition, the Santa Maria Juvenile Court facility provides space for DA staff assigned to the Juvenile criminal caseload, as well as investigative and IT staff. Finally, the Santa Maria Welfare Fraud Unit is co-located with the Department of Social Services. In FY 2017-18, 3,000 sf on the first floor of Building C was renovated for the Victim-Witness Assistance Division. The remaining space is in need of renovations to build out more space for staff and update the common workspace areas. The North County Space Utilization Report estimated that 25,400 sf is needed to accommodate all DA staff in Santa Maria. Even with the additional 3,000 sf on the first floor, there remains a space deficit. This facility requires updating to maximize the workspace and create a functional space that can be fully occupied.

- **Santa Barbara, Lompoc, and Santa Maria Office Space (Public Defender).** Currently, the building housing Public Defender staff in Santa Maria location is over 66 years old and experiences ongoing problems with heating and air-conditioning, electrical and plumbing systems, as well as other structural issues. Items that need replacement or repair include the roof, carpet and flooring, heating/ventilation/air conditioning systems, interior and exterior paint, office workspaces, IT infrastructure, furniture and equipment, and ADA and safety compliance. Additionally, the Public Defender's Lompoc Office is need of remodel that includes the following: access to private staff restrooms, office space remodel, kitchen and breakroom within the office, furniture and equipment, and ADA and safety compliance. The Santa Barbara office is in need of a remodel to address space issues. The department lacks confidential meeting space for attorneys to consult with their clients.

Status: Based on historic funding restraints, the only internal remodel or improvement projects that have been done are those which departments were able to fund using fund balances or other departmental sources of revenue. The County Executive Office will review proposals with General Services to prioritize projects within the annual CIP and attempt to begin address funding needs so that resources can be allocated appropriately to areas of highest demonstrated need. An option would be to set aside one-time General Fund revenues to be leveraged or matched with other funding sources.

***Escalating Insurance Premiums - $2.2 million additional in general liability and $700K in additional workers compensation.***
An additional potential impact on the expenditure side is driven by the hardening of the workers' compensation and general liability insurance markets. The forecast assumes growth of about $3.0 million, or 18%, in workers' compensation costs from FY 2019-20 adopted budget to the final year of the forecast. However, a recent estimate from CSAC Excess Insurance Authority indicates that actual increases could be much higher. Specifically, FY 2020-21 could see an additional increase of $0.7 million over the FY 2019-20 adopted amount, with total growth of 29% by the end of the forecast period. Similarly, the forecast assumes growth in general liability insurance costs of about $3.8 million, or 28%, from the FY 2019-20 adopted budget to the final year of the forecast. CSAC indicates that actual increases from FY 2019-20 to FY 2020-21 could be $2.2 million more than anticipated in the forecast, with total growth of 55% by FY 2024-25.

Status: Insurance premium rates had moderated in past years and are now increasing faster than is typical for other expenditure items. The County Executive Office will work with County departments to ensure balanced budgets despite the growth.

When considering these fiscal issues in the context of the five-year forecast, it is clear that the County will need to focus in the coming years to align expenditures with revenues. In the near-term, salary and benefit costs will continue to rise, state and federal revenues will continue to provide uncertainty, and service demands will continue to change and, in some cases, expand. Over the next several months, we will continue to evaluate these issues, refine estimated impacts, and bring updated information to the Board through the budget development process to ensure the County is responsive to department needs and community and Board priorities.

Looking to the next fiscal year, FY 2020-21, several fiscal issues identified in this report will likely require funding or intensive planning to address. Issues considered likely to require a solution in FY 2020-21 are those related to already enacted legislation or in response to analysis provided by industry experts. Some of these fiscal issues that are expected to impact FY 2020-21 will not have dedicated new funding streams to address, such as backfill from the State, debt financing proceeds, or draws from existing reserve funds. In these cases, the County Executive Office will work with departments to best absorb any losses, and some issues may require additional one-time or ongoing allocations of General Fund to address.

## Looking Forward

This five-year forecast and fiscal issues report is intended to serve as a backdrop to the FY 2020-21 budget development process. The numbers presented in this forecast are preliminary and will change throughout the coming months leading up to budget development; however, they provide a starting point as we look forward towards mitigating negative trends and future anticipated budget gaps. Over the next five years, retirement and other personnel-related costs will continue to rise, state and federal revenues will continue to provide uncertainty, the cannabis market and regulations will become stabilized, new federal and state legislation will be enacted, and community needs will continue to evolve.

Though discretionary revenues continue to increase, a recession during the next several years is possible, and it is critical that we build a disciplined FY 2020-21 budget, with a plan to address future year deficits. Strategies to prepare for future deficits may include allocation of ongoing revenue growth to one-time purposes and setting aside revenues for future use. In addition, budget workshops in April will be used as a time to bring forward information about how certain issues have been or will be addressed through the recommended budget, and will provide a framework for Board consideration of options to prepare for and address anticipated fiscal demands in the coming years.

The Renew ’22 initiative is a five-year plan now entering its third year, and many initiatives are underway within departments and countywide. Some are designed to enhance revenues or reduce expenditures, and still others are focused on more holistic change within the County. The initiative as a whole is designed to allow the County to thrive as an organization in times of fiscal uncertainty and improve how we do our work.

While we focus on improvements to the organization over the next five years, the Board and County departments will also be focusing on what is essential to serve our communities and maintain a financially sustainable organization. This will mean doing the most important things well, and acknowledging that our organization can do anything, but not everything, over the next five years.

**Authored by:**

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