

FY 2020-21

BUDGET DEVELOPMENT POLICIES

Board of Supervisors | December 10, 2019



County Executive Office

- 
- FY 2020-21 Budget Development Policies
 - Preliminary Direction on FY 2020-21 Board Priorities

Today's **Report**

2019

NOVEMBER

Five-Year Forecast &
Significant Fiscal
Issues

2020

DECEMBER

Budget Development
Policies

APRIL

Budget
Workshops

JUNE

Budget
Hearings

MAY

Recommended Budget
Released

FY 2020-21 Budget Development

2019

NOVEMBER
Five-Year Forecast
& Significant Fiscal
Issues

Set context for
budget development

DECEMBER
Budget Development
Policies

Serve as the guiding principles for the
FY 2020-21 Recommended Budget

FY 2020-21 Budget Development



Budget Development **Policies**

FY 2020-21 Policies

- Proposed policies similar to FY 2019-20 policies
- 4 new components added to:
 - Promote greater accountability and transparency for budgeting and accounting
 - Establish a minimum annual investment toward the County's compliance with the Americans with Disabilities Act (ADA)
 - Continue the County's investment in critical technology infrastructure projects

Policy 1.e.

Move specific self-funded programs out of the General Fund and into their own Special Revenue Funds

Rationale

- Greater clarity and transparency for budgeting and accounting
- Better consistency with Board's policy intent of full cost recovery when feasible

Departments Affected

- Clerk-Recorder-Assessor (Clerk-Recorder Program)
- Public Health (Environmental Health Services)
- Planning & Development (All services except Long Range Planning)

Fiscal Impact

No net impact anticipated

Policy 3.g.

Eliminate direct charging by central service departments for services provided to Special Revenue Funds, to the extent feasible, and incorporate these expenses into the CAP instead

CAP

Cost Allocation Plan

GFC

General Fund Contribution

Rationale

- Provide more clarity and consistency in how costs are recovered in central service departments
- Improve predictability of charges from one fiscal year to another

Departments Affected

- County Executive Office
- Auditor-Controller
- General Services
- County Counsel
- Human Resources

Fiscal Impact

No net impact anticipated

- **User Departments:** Increased CAP charges offset by decreased direct charges
- **Central Service Departments:** Increased GFC allocations—funded by higher CAP revenue collected—to maintain current budgets

Policy 7.c.

Set aside a minimum ongoing amount of \$500K for ADA improvements to County-owned facilities

Rationale

- Allow the County to continue to address needed ADA improvements in County-owned facilities
- Enhance the County's ADA compliance

Departments Affected

Countywide

Fiscal Impact

Minimum \$500K in discretionary funds

Policy 7.d.

Set aside a minimum of \$2.0M for the Technology Replacement and Investment Fund to address critical countywide and multi-departmental IT project needs

Rationale

Address the growing need for updated technology infrastructure, security, and data storage capabilities across the County

Departments Affected

Countywide

Fiscal Impact

Minimum \$2.0M in discretionary funds



Funding **Strategies**

Five-Year Forecast & Significant Fiscal Issues

Quick Recap

- Limited discretionary revenue likely available in FY 2020-21 if General Fund operations kept at status-quo levels
- Key themes of fiscal issues:



Legislative & Policy Changes



Deferred Maintenance Backlog



Aging Technology Systems










Facility Conditions and Office Reconfiguration



Escalating Workers' Compensation and General Liability Insurance Premiums

Significant Fiscal Issues

Recommended Funding Strategies

Issue	Key Theme	Potential Impact	Recommended Action
Electric Vehicles Charging Infrastructure Installation		\$ 0.5M	Implement
Deferred Maintenance		463.0M	18% funds & available 1x funds
Public Safety Communications System Replacement		45.4M	Consider debt financing portions
Facility Improvements and Office Space Reconfigurations		TBD	Consider annual set-aside and 1x funds according to need
Legacy Financial and HR/Payroll Systems Replacement		10M+	<ul style="list-style-type: none"> • Continue Technology Fund contributions • Allocate funds according to prioritized needs
Sheriff Data Center Replacement and Redundancy		1.5M	
Sheriff Records Management System		0.7M	

Board Priorities

Major Funding Goals

- Northern Branch Jail operations plan
- Fire tax shift
- 18% maintenance plan
- Other requirements
 - Labor agreements
 - Pension payments

Board Priorities

Additional Options for Prioritization

- Expand services in critical or high priority areas
- Set aside revenue to address future year deficits should a recession materialize
- Temporarily increase the Strategic Reserve balance from 8% to 10% of the General Fund operating budget in anticipation of a potential recession
- Address the one-time needs or capital projects identified as Significant Fiscal Issues

Possible Uses of Additional Revenue

- Funding leverage in pursuit of active transportation grants through Public Works
- Explore providing funds to the Human Services Commission for small grants
- Enhancements to early childhood education
- Cannabis enforcement activities
- Maintenance
- Enhance park infrastructure
- Greater bilingual public outreach

Recommended Actions

- A. Adopt the FY 2020-21 Budget Development Policies
- B. Provide staff with any preliminary direction on Board priorities for FY 2020-21, as appropriate
- C. Determine pursuant to CEQA Guidelines §15378 that the above activities are not a project under CEQA.

