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Title: 9:00 A.M. - PUBLIC HEARING - Consideration of the Final Recommended Budget for Fiscal Year 2019/2020 for the County of Lake and Special Districts Governed by the Board of Supervisors

Sponsors: Administrative Office

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Attachments: 1. BOS memo CAO Recommended Budget 2019-2020 060519 FINAL, 2. Table of Contents, 3. Position Allocation, 4. Capital Asset List, 5. Adjustment Summary, 6. Budget Narratives, 7. BudgetResoFinal, 8. BudgetResoNewClass

Date	Ver.	Action By	Action	Result
9/10/2019	1	BOARD OF SUPERVISORS	Adopted	

MEMORANDUM

TO: Board of Supervisors

FROM: Carol J. Huchingson, County Administrative Officer

DATE: September 10, 2019

SUBJECT: 9:00 A.M. - PUBLIC HEARING - Consideration of the Final Recommended Budget for Fiscal Year 2019/2020 for the County of Lake and Special Districts Governed by the Board of Supervisors

EXECUTIVE SUMMARY:

I am pleased to present, for your consideration, the Fiscal Year (FY) 2019-20 Final Recommended Budget. This memorandum is intended to serve as an update to our June 5, 2019 memorandum introducing the FY 2019-20 Recommended Budget. For your reference, that memorandum is also attached to your agenda packet as much of it is still applicable.

As noted in June, this FY budget is structurally balanced, meaning on-going revenues account for all on-going appropriations. We are continuing to take steps toward fiscal recovery after the recession and the unprecedented 10 declared disasters we have endured.

Fund balance carry-over has resulted in the availability of one-time funds for needed projects including roofs on the courthouse and for jail phase II. Fund balance carry-over is available primarily because of the 23% General Fund and 22% County-wide employee vacancy rate. During FY 2018-19 County departments utilized 89% of budgeted payroll which is the lowest we have seen in many

years.

Property tax: The net total tax roll percentage increase for FY 2019-20 is 5.61%, which is a 2.28% increase over FY 2018-19's 3.33% net total tax roll. Additionally, starting in 2018-19 and continuing for two additional FY's, the County will receive property tax backfill for losses resulting from the wildfire disasters. (The County did not receive property tax backfill for our losses in FY 2016-17 or FY 2017-18.)

Sheriff: Staff is recommending reinstating the \$150,000 transfer from budget unit 1892 to the Sheriff's office, and the \$100,000 transfer from budget unit 1918 to the Sheriff's office for Middletown patrol services. By side letter, your Board has approved continuation of the 80/20 health benefit for LCDSA employees, resulting in an estimated additional cost of \$105,000 for the first year.

DPW: The airport runway project is on track for resurfacing before the end of the calendar year at a budgeted cost of \$1,138,530.

Generators: Your Board approved backup generators for multiple sites in the County and we continue to move forward in the purchase and installation process. This approval will help provide County service stability in times of power outages and disasters. The courthouse generator should be fully installed by the end of September.

This budget is constrained by minimal increases in revenue which are unable to keep pace with the mandated increases in retirement contributions and minimum wage impact on the low end of our salary scale. In order to strengthen revenue streams where possible, this budget continues to emphasize the ongoing administration of the Master Fee Schedule. This budget provides required support to our General Fund discretionary revenue driving departments and invests in enhancements to operational efficiencies through the Technology Modernization Reserve.

The first year of the Fiscal Crisis Management Plan (FCMP) has been implemented, resulting in a reduction to the net County cost of General Fund department budgets by over \$1,100,000 from the prior year. This reduction has contributed to the contingencies budget, set aside to cover future emergent costs.

The cost of new General Fund positions included in this budget are absorbed within previous year's funding levels. With the continuing FCMP, further reduction of vacant, permanent positions and reallocation of staffing to meet business needs will be necessary over the next two FY's.

Your Board has recently committed to pursue funding for the feasibility study planned through your participation in the Potter Valley Ad Hoc Committee lead by Congressman Jared Huffman. In addition, during Recommended Budget hearings, culvert funding for the Scotts Valley area was contemplated. During our Final Budget presentation, staff will provide your Board with options for funding these projects, enabling you to make decisions during your hearing.

In the face of such unprecedented challenges, County staff continue to reflect extraordinary dedication to providing public programs and services, despite diminishing operational budgets and employee recruitment and retention issues. It is because of the incredible dedication of County Department Heads and staff that we are able to bring this budget forward for the consideration of your Board and we are grateful to all who contributed.

FISCAL IMPACT (Narrative):

Your approval of this Recommended Final Budget will enable the County to meet its statutory obligations and continue operations for FY 2019-20.

RECOMMENDED ACTION:

- (a) Adopt the Resolution Adopting the Budget for Fiscal Year 2019-20 as detailed in the attached, incorporating any changes desired by your Board following budget hearings.
- (b) Adopt the Resolution Establishing New Classifications, the Effective Date Thereof and Amending the Position Allocation Chart for Fiscal Year 2019-20 to Conform to the Final Recommended Budget.
- (c) Approve Continuation of the Informal Hiring Freeze for General Fund departments, delegating authority to the County Administrative Officer to waive as appropriate.