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Title: a) Consideration of the FY 2017-18 Recommended Budget; b) Consideration of the proposed Resolution Establishing New Classifications and Amending the Position Allocation Table for FY 2017-18 to Conform to the Recommended Budget; c) Consideration of Authorization for affected Department Heads to proceed with purchasing selected Capital Assets prior to the adoption of the FY 2017-18 Final Recommended Budget; d) Consideration of proposed Resolution Cancelling General Reserves for FY 2017-18 Recommended Budget

Sponsors: Administrative Office

Indexes:

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Attachments: 1. Fiscal Impact Narrative Rev, 2. Position Allocation Resolution for Recommended Budget, 3. New Classification Position Allocation FY 17-18, 4. Resolution to Cancel General Reserves, 5. fund summary FY 17-18, 6. F2 All Funds Summary EXP, 7. F2 All Funds Summary REV, 8. F3 Fund-Dept Summary EXP, 9. F3 Fund-Dept Summary REV

Date	Ver.	Action By	Action	Result
6/13/2017	1	BOARD OF SUPERVISORS		
6/13/2017	1	BOARD OF SUPERVISORS		

MEMORANDUM

TO: Board of Supervisors

FROM: Carol J. Huchingson, County Administrative Officer

DATE: June 13, 2017

SUBJECT: a) Consideration of the FY 2017-18 Recommended Budget

b) Consideration of the proposed Resolution Establishing New Classifications and Amending the Position Allocation Table for FY 2017-18 to Conform to the Recommended Budget

c) Consideration of Authorization for affected Department Heads to proceed with purchasing selected Capital Assets prior to the adoption of the FY 2017-18 Final Recommended Budget

d) Consideration of proposed Resolution Cancelling General Reserves for FY 2017-18 Recommended Budget

EXECUTIVE SUMMARY:

Presented for your consideration is the proposed Recommended Budget for fiscal year 2017-18. By approving a Recommended Budget, you are authorizing the expenditure of funds for operational needs until such time as the Final Recommended Budget is adopted in September ("Adopted Budget"). As noted this time last year, we continue to face unprecedented fiscal and operational challenges as will be detailed during discussion with your Board.

As required by law, the proposed Recommended Budget is balanced, meaning that there is sufficient revenue to support recommended appropriations. Like the FY 2016-17 Adopted Budget, however, the FY 2017-18 Recommended Budget is not structurally balanced, meaning that it reflects the use of unreserved fund balance carryover to support on-going operational costs in the General Fund. Consistent with your Board's commitment to incrementally reduce reliance on such one-time funds, the amount of unreserved fund balance carryover used to balance the FY 2017-18 budget is less than the amount required to balance the FY 2016-17 budget. The exact figures are delineated in the attached Fiscal Impact Narrative.

Achieving a reduction in the use of one-time funding has been particularly challenging in light of the extraordinary increase in the cost of retirement contributions and additional costs of labor agreements instituted in FY 16/17. In order to offset these increases while also reducing reliance on one-time funding, the FY 2017-18 Recommended Budget reflects reductions in staffing and appropriations for services and supplies. Additional reductions were achieved by recognizing significant amounts of salary savings from anticipated vacancies. Since salary savings has historically been a major contributor to the fund balance carryover for each following fiscal year, we anticipate a greatly reduced fund balance carryover in FY 2018-19, leading to further cuts at that time, absent new revenue streams.

In fact, as detailed in the Fiscal Impact Narrative, most departments that are reliant on General Fund discretionary revenues (with the exception of Public Defender, Sheriff and Planning) will have lower appropriations FY 2017-18 than in FY 2016-17. These reductions will impact our ability to perform basic functions and deliver core services in a timely manner and will exacerbate the ability to retain, as well as attract, quality staffing. One of the greatest challenges we are all facing is staffing and our ability to fill positions and keep them filled. As of May 31, 2017, 20% of all positions County-wide are vacant.

The time is upon us to reinvent the way we do business and this budget provides one-time funding for a third-party assessment of organizational efficiencies, to include recommendations for redesign.

Long-term solutions to addressing both the budgetary and staffing challenges will require strengthening revenue streams. Although it provides a relative modest impact, budget development has emphasized the ongoing administration of the Master Fee Schedule.

As detailed in the attachments hereto, appropriations for all County funds in the FY 2017-18 Recommended Budget total \$223,713,787 (an increase of \$4,082,212 million over the FY 2016-17 Adopted Budget). Of this total, \$2.4 million is for disaster recovery (a decrease of over \$11 million).

General fund appropriations total \$55,542,932 (an increase of \$377,824 compared to FY 2016-17).

I would like to express my gratitude for the support and selfless dedication of all County employees who continue to serve the residents of Lake County despite the local economic difficulties. Their commitment has made so much possible despite having limited resources at their disposal.

More specifically, I want to extend my thanks to the County Department Heads who have remained positive and collaborative throughout the especially challenging budget preparation process that leads us to today. Our office simply could not accomplish this process without the exemplary dedication and support of the Department Heads and their key fiscal staff. In the event our circumstances improve in the coming weeks, we are committed, to the extent possible, to working with them to restore appropriations cut from their original requests.

Fiscal Impact:

Your approval of this Recommended Budget will enable the County to meet its statutory obligations and continue operations from July 1, 2017 until the Final Recommended Budget is presented to your Board for adoption on September 12, 2017.

Fiscal Impact Narrative:

Attachment

RECOMMENDED ACTION:

Staff recommends your Board take the following actions:

- a) Approve the FY 2017-18 Recommended Budget
- b) Adopt the Resolution Establishing New Classifications and Amending the Position Allocation Table for FY 2017-18 to Conform to the Recommended Budget
- c) Authorize, by motion, the Purchase of Certain Capital Assets Prior to Approval of the Adopted Budget
- d) Adopt the Resolution Cancelling General Reserves for FY 2017-18 Recommended Budget

Attachments:

- 1) Fiscal Impact Narrative
- 2) Proposed Position Allocation Resolution Establishing New Classifications, the Effective Date Thereof, and Amending the Position Allocation Table for FY 2017-18 to Conform to the Recommended Budget
- 3) Position Allocation Table for FY 2017-18

- 4) Proposed Resolution Cancelling General Reserves for FY 2017-18
- 5) Fund Summary for FY 2017-18
- 6) Budget Unit Detail for FY 2017-18