



## Legislation Text

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**File #:** 18-491, **Version:** 1

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### MEMORANDUM

**TO:** Lake County Board of Supervisors

**FROM:** Carol J. Huchingson, County Administrative Officer

**DATE:** June 12-13, 2018

**SUBJECT:** a) Consideration of the FY 2018-19 Recommended Budget

b) Consideration of the proposed Resolution Establishing New Classifications and Amending the Position Allocation Table for FY 2018-19 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 2018-19 Final Recommended Budget

### EXECUTIVE SUMMARY:

Presented for your consideration is the proposed Recommended Budget for fiscal year 2018-19. 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 2017-18 Adopted Budget, however, the FY 2018-19 Recommended Budget is not structurally balanced, meaning that it reflects the use of one-time funds such as 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 2018-19 budget is less than the amount required to balance the FY 2017-18 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 flat revenue projections, the extraordinary increase in the cost of State-mandated retirement contributions and additional costs of law enforcement labor agreements implemented in FY 2016/17

that were necessary to address the staffing crisis. In order to offset these increases while also reducing reliance on one-time funding, the FY 2018-19 Recommended Budget reflects continuation of reductions in discretionarily funded staffing as well as strict limitations on appropriations for services, supplies and fixed assets. Additional reductions were achieved by recognizing significant amounts of salary savings from anticipated vacancies. In fact, many departments that are reliant on General Fund discretionary revenues will have lower appropriations FY 2018-19 than in prior year.

Departmental funding reductions will continue to impact our ability to perform basic functions and deliver core services in a timely manner. It will also exacerbate our challenges retaining and attracting quality employees. Five years ago, the success rate for County recruitments was 90%. Today, that success rate is 50%, and County-wide staff vacancy rates average 20%. County departments have long lost key staff to neighboring jurisdictions offering higher wages. Recently, local businesses and online work opportunities have brought additional competition. Long-term solutions to addressing both the budgetary and staffing challenges will require identifying organizational efficiencies, staff restructuring and strengthening revenue streams.

As detailed in the attachments hereto, appropriations for all County funds in the FY 2018-19 Recommended Budget total \$229,576,348 which is decrease of \$819,411 from the prior year Adopted Budget. This includes funding for the following projects:

Roads: \$18,988,494  
Anderson Springs Sewer project: \$10,002,112  
Reclamation Area Property Purchases: \$5,000,000  
Clearlake Oaks Sidewalk: \$5,319,853  
South Main Street Water: \$2,427,602  
Lampson Airport Pavement Rehabilitation: \$720,500

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 lead 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 and Staffing Impact:**

Your approval of this Recommended Budget will enable the County to meet its statutory obligations

and continue operations from July 1, 2018 until the Final Recommended Budget is presented to your Board for adoption on September 11, 2018.

**Fiscal Impact Narrative:**

Attachment

**RECOMMENDED ACTION:**

Staff recommends your Board take the following actions:

- a) Approve, by motion, the FY 2018-19 Recommended Budget
- b) Adopt the Resolution Establishing New Classifications and Amending the Position Allocation Table for FY 2018-19 to Conform to the Recommended Budget
- c) Authorize, by motion, the Purchase of Certain Capital Assets Prior to Approval of the Adopted Budget

**Attachments:**

- 1. Fiscal Impact Narrative
- 2. Capital Asset List
- 3. Resolution Establishing New Classifications/Position Allocation for FY 2018-19
- 4. Fund Summary for FY 2018-19
- 5. Budget Unit Detail for FY 2018-19