



## County Administrator's Office

September 12, 2019

TO: Board of Supervisors

FROM: Tracie M. Riggs, County Administrator  
Eric Erhardt, Assistant County Administrator  
Jason Terry, Senior Administrative Analyst

SUBJECT: FY 2019/20 Adopted Budget

The County budget cycle requires the Board to approve a Recommended budget in June. The intent of the Recommended budget is to establish the legally mandated spending plan to fill the gap between July 1<sup>st</sup> and approval of the Adopted Budget.

Budget preparation began this year with the annual Board workshop in January where the Board set the priorities for the coming year. In April departments were directed to create a "status quo" budget for FY 2019-2020. The direction provided to departments was to develop a budget that accurately reflected what it would cost to continue today's programs and services at tomorrow's cost. Budgets submitted by staff projected a \$3.7 million deficit in the General Fund and a \$500,000 deficit in the Fire Fund, for a combined deficit of \$4.2 million. Staff recommended development of an interim recommended budget in order to begin a zero-based budgeting process. The Recommended budget was approved by your Board on June 18, 2019.

The process for creating and approving an Adopted budget was done differently than in past years. First, each department was directed to develop two different budget scenarios; 1) mandated services only; and 2) a recommended budget knowing we needed to reduce spending by \$4.2 million. Department head presented both scenarios to the Board during a special Board meeting. The purpose of this process was to create a more transparent process and to provide education to the Board, community and staff.

The next step was for the County Administrator to provide recommendations to the Board to develop a final balanced budget. On September 3<sup>th</sup>, a presentation on the budget recommendations was given and your Board then provided staff direction. The accompanying reports are the culmination of that direction.

The following chart illustrates the change between the FY 2018/19 Adopted Budget and the FY 2019/20 Adopted Budget:

*We support the Board of Supervisors in achieving their goals through service and collaboration with County Departments and the Community.*

	<b>Adopted FY 2018/19</b>	<b>Adopted FY 2019/20</b>	<b>Change</b>	
General Fund	79,215,635	81,102,929	1,887,294	2.4%
Governmental	217,784,461	184,399,509	(33,384,952)	-15.3%
Enterprise Funds	7,992,840	8,589,777	596,937	7.5%
Internal Service Funds	19,637,296	19,005,514	(631,782)	-3.2%
All Budgeted Funds	245,414,597	211,994,799	(33,419,798)	-13.6%
Permanent Employees	638.28	656.20	17.92	2.8%

## Summary

The **General Fund** is reflecting a relatively minor increase of 2.4%. This is due to grant funds for the Master Stewardship Agreement (MSA), and California Climate Investments (CCI) and the new Jail. The \$33.4 million decrease amongst all **Governmental Funds** is driven by the capital improvement projects (Road Capital, Airport Construction, and the Jail) and the timing of these construction projects. This budget also accounts for a change in practice in budgeting for Road Capital projects. Past practice was to budget the cost for an entire project, even when it was projected to span multiple years. The current practice is to budget for the work expected to be completed during the current fiscal year.

The **Internal Service Funds** are lower due to the fact that in FY 2018-19 Fleet Services was moved from Internal Services to the Road Fund, which is included in Governmental Fund.

## **PREPARING THE ADOPTED BUDGET – Major Factors**

Development of the FY 2019-20 Adopted Budget commences with Board direction given at the annual Board workshop and during board meetings. The next steps include: 1) working with the Auditor-Controller for final fund balances; 2) meeting with the General Revenue team to analyze general revenues; 3) consideration of State and Federal budget actions; 4) re-budgeting for capital projects not completed during the year; and 5) re-budgeting for various grant activities that span multiple years.

The Board approved an early retirement program. This program offered an incentive to eligible employees who opted to retire by September 28<sup>th</sup>, 2019. For every year of County service, employees would receive \$1,000 with a cap of \$20,000. The intent of this program was to provide additional employment opportunities within the County for staff who may have been affected by potential layoffs and to reduce ongoing cost associated with tenured employees. There are 12 employees who opted to take advantage of this program which creates a savings of \$112,000 this year and will provide \$100,000 savings in future years.

## **Fund Balance Changes**

The changes in beginning fund balances can be viewed in Tab 2 – Attachment A. Overall, the Governmental fund balances were \$5 million higher than originally projected. The largest variances were in the General and Social Services Funds. A combination of higher than anticipated revenues and lower expenses accounted for the **General Fund's** \$2 million improvement. The Social Services funds ended the year better than anticipated (\$1.6 million) due to significantly lower expenses and increased revenues. Enterprise and Internal Service Funds did not change significantly from the Recommended budget.

## **General Revenue Changes**

Overall there was an increase of \$847,000 in General Revenue. The projection for property tax increased by \$363,000, Transient Occupancy Tax (TOT) increased by \$185,000 and Property in Lieu of Vehicle License Fee (VLF) increased by \$285,000.

## **Law & Justice Project Budgeting**

The new jail is approximately 75% complete and is expected to open later this fiscal year. This project is within budget and has been re-budgeted this fiscal year.

## **PREPARING THE ADOPTED BUDGET – Department Level Changes**

The departmental changes outlined below are a comparison of the FY 2018/19 actuals to the Adopted Budget proposal. Only material changes to department budgets are identified within this memo.

## **Appropriations for Contingencies**

Per Board policy, appropriations for contingencies within the General Fund are set at 1% of the operating budget. This budget includes an additional \$245,000 in contingencies, in the event that recreation revenues are not met. This is a total of \$1,053,000 in contingencies.

## **County Administrative Office**

The cost (\$52,000) of a new full-size 4-wheel drive SUV was included to replace a high millage unreliable vehicle used by County staff.

## **Assessor-Recorder**

This budget includes the conversion of 2 Appraiser II positions to Senior Appraiser. Staff recently received the required certification to meet the minimum qualification for Senior Appraiser. The cost for the conversion of these two positions is

approximately \$9,800 for this fiscal year. The increase for this fiscal year will be offset by anticipated savings from the retirement of the Assistant Assessor in December of 2019.

### **County Counsel**

The County Counsel Attorney Assistant which has been vacant for fiscal year 2019/20, has been eliminated from this cost center. The reduction of this position creates an annual savings of \$74,567. Additionally, there is a decrease of \$45,000 for outside counsel services.

### **Human Resources**

In past years, Human Resources would charge direct time for services provided to internal service funds. This practice has been changed and now the General Fund supports the full cost of this department.

### **Employee Development and Recognition**

This is a new cost center with allocations primarily for the County's Education reimbursement program. It includes funding for a 3-day High Performance Organization training.

### **County Clerk-Elections**

The Elections Clerk received State funding for the purchase of new elections equipment (\$292,000) which is required by State law. There is a required match of approximately \$42,000.

### **Facilities Management**

This cost center includes the anticipated increase (\$136,000) in utilities and maintenance of buildings.

### **General Services Agency (GSA)**

This department has been eliminated and the appropriations are based on the department being active for a partial year. Oversight provided by GSA will primarily fall back to the CAO's office. The Staff Service Analyst position has been reallocated to Facilities Maintenance.

### **Economic Development and Promotion**

The most notable change in this cost center is the dissolution of the Joint Powers Authority (JPA) for the Tuolumne Economic Development Authority (TCEDA). This cost center still contains \$85,000 to cover any residual costs related to finalizing the

dissolution of the JPA. This budget includes an increase in Professional Services (\$68,500.00) for public outreach and education. There is an increase (\$46,000) to the Tuolumne County Visitors Bureau based on anticipated increase in TOT.

### **Economic Development Department**

This is a newly created department following the dissolution of TCEDA. The cost related to this department are directly related to the appointment of a county Economic Development Director and ancillary cost associated with the creation of this new department.

### **Information Technology**

The conversion to the new Finance/Budget software is still in process requiring the remaining portion of this project to be re-budgeted (\$824,000).

### **Outside Agency Partners**

In fiscal year 2017-2018 your Board agreed to provide one-time funds of \$25,000 to the Highway 108 Safety Council. In the 2018-2019 budget another \$20,000 was provided to the Highway 108 Safety Council. The intent of these payments was to help that organization to hire administrative support to secure grants. Since that time the Highway 108 Safety Council has been successful in obtaining grants which now fund their organization.

### **Tree Mortality**

This cost center includes the elimination of 1.0 FTE Administrative Analyst (vacant) and 1.0 FTE Office Assistant and the creation of 1.0 FTE Administrative Tech and 1.0 FTE Administrative Assistant. These positions are grant funded.

The State Responsibility Area (SRA) grant activity is winding down as the grant ended last fiscal year. The projects funded by the United States Forest Service, which county staff oversee, are coming to an end which is reflected in the reduction in appropriations and revenues.

The California Disaster Assistance Act (CDAA) is still available and staff is doing a final round of tree removal. These projects are taking place on County owned or maintained properties as well as on properties where the trees pose a threat to County property and should be completed by December 2019.

### **Master Stewardship Agreement**

The Master Stewardship Agreement (MSA) is now set to begin large scale projects. This cost center has an increase in appropriations of \$2.6 million.

## **Hazardous Fuel Reduction Grant**

The Hazard Fuel Reduction Grant was secured in the prior fiscal year and projects will commence this fiscal year. This grant provides funding to reduce roadside fuels, to help those with access and/or functional needs to create defensible space around their homes, and to help communities become certified as fire wise communities. Appropriations have been increased to \$1 million dollars.

## **District Attorney**

A vacant Senior Office Assistant position was removed from this cost center and moved to the Victim Witness cost center. This will provide an annual savings of \$55,000 for the District Attorney's cost center.

## **Victim Witness**

As mentioned above, a Senior Office Assistant was added to this cost center which will be covered by grant funds. The grant is covering the cost of a new vehicle (\$30,000).

## **Public Defender**

The most notable changes in the Public Defender's Office were the appointment of a new Public Defender and the creation of the Conflict Division as noted below. Furthermore, a line item was added to pay for expert witnesses (\$10,000).

## **Public Defender Conflict Division**

This is a new cost center which is a division of the Public Defender's Office. This cost center includes two full time attorneys, two part time legal assistants, and all necessary ancillary cost (\$454,000).

## **AB233 - Court**

The expense for the previous Conflict Counsel contract (\$554,000) was decreased out of this cost center.

## **Sheriff-Coroner**

The Sheriff's Office recently received a tobacco grant which will fund a School Resource Deputy Sheriff. The revenue and expense for this position are included in this budget.

In an effort to reduce cost in the General Fund, the Sheriff agreed to downgrade a Sheriff's Sergeant (vacant) and Sheriff Corporal (vacant) to the classification of Deputy. The Sheriff is reorganizing the structure of his administrative support staff to further increase efficiency and reduce cost. This is being accomplished by eliminating a Fiscal Tech (vacant) and a Sheriff's Clerk while adding a Senior Account Clerk.

The Sheriff's Patrol Division and the Investigations Division were recently relocated from three buildings into one. As a result, there is an increase in rent for this new facility (\$50,000).

### **Jail**

In preparation for the opening of the new Jail facility later this fiscal year, additional staffing has been added. Five new Jail Deputies will be added in March along with four Jail Technicians in April. The cost for the Jail Deputy positions have been offset by a onetime increase in AB109 revenue (\$109,000).

### **Probation**

The Tuolumne County Courts recently received grant funding to provide pretrial release supervision. A portion of these funds are being allocated to the Probation Department to provide the staffing necessary for pretrial release supervision. As a result, there have been two Probation Techs added to this cost center which will be fully funded through the grant. In an effort to reduce cost, the Chief has agreed to the elimination of Legal Assistant.

Currently within the Probation Department there are two Division Managers. One oversees adult supervision while the other oversees the supervision of juveniles. It is anticipated that later this year one of those managers will retire. This will lead to a reorganization between the Probation Department and Juvenile Hall.

### **Juvenile Hall**

Upon the retirement mentioned above, the Superintendent position will be eliminated. A supervising Juvenile Corrections Officer will be created to take the place of the Superintendent. The Division Manager within the Probation department assigned to the Juvenile division will become responsible for the management and supervision of the Juvenile Hall in addition to other juvenile programs.

### **Agri-Weights and Measures**

Within this cost center there is an increase in revenue from Fish & Wildlife to offset the cost of State Wildlife Service Specialist (\$39,546). Additional changes include the

reduction of one Senior Agriculture Biologist to an Agriculture Biologist which will provide an annual savings of \$10,317.

### **Community Resources Agency (CRA)**

The current CRA is comprised of the Building and Planning division, the Public Works Division and Solid Waste Division. The CRA is being eliminated and will be separated into two departments, the Community Development Department and Public Works Department, which will include Solid Waste. Through this reorganization the classifications of CRA Director and the two Assistant CRA Directors will be eliminated. The Community Development Director and a Public Works Director classification have been created and will be responsible for the oversight of these two new departments.

As a result of the changes highlighted above, there are significant modifications to CRA personnel which are outlined in Tab 2-Attachment B.

### **Animal Control**

Currently the Animal Control Department has one functional vehicle which was purchased in 2017. Your Board approved the purchase of a new vehicle and animal compliant carrying unit last fiscal year. Due to the time it takes to construct the animal carrying unit, this vehicle will not be serviceable for several more months. This leaves one vehicle for four Animal Control Officers, a supervisor and the Animal Control Manager. This budget does include the purchase of another vehicle and animal compliant carrying unit (\$70,000).

### **Cannabis Compliance Department**

This cost center has been eliminated and the Administrative Assistant assigned to this department has been reallocated to the Community Development Department. The Community Development Department will oversee cannabis compliance in the future.

### **Veterans Services**

The Veteran's Service Officer position was increased from .75 FTE to 1.0 FTE. A vacant Veteran Service Representative position has been eliminated.

### **Library**

The service and supply expenses have been restored to the library cost center. This includes funding the Twain Harte branch and the Bookmobile.

In further efforts to reduce cost, there has been a reorganization between the Library and Recreation Department supervision. This resulted in the elimination of the Library



Director in this budget. Additionally, the two .75 FTE Senior Library Assistant positions have been increased to 1.0 FTE.

### **Recreation**

This budget reclassifies the Recreation Manager to a Recreation and Library Manager expanding the duties to oversee the day to day Library operations. An Activity Coordinator was added which was offset by the elimination of a vacant Recreation Supervisor.

Revenue assumptions included in this cost center are contingent upon Board approval of increased fees. General Fund Contingencies have been increased should fees not be approved or revenue comes in lower than anticipated.

### **Standard Park**

As with the Recreation department, revenue assumptions in this cost center are contingent upon Board approval of increased fees. General Fund Contingencies have been increased should fees not be approved or revenue comes in lower than anticipated. The cost of a new tractor (\$50,000) was included in this budget.

### **Youth Centers**

Revenue assumptions include an increase in fundraising activities. General Fund Contingencies have been increased should fees not be approved or revenue comes in lower than anticipated.

### **Debt Service**

This cost center includes an additional payment of \$28,093 which will pay off the Law and Justice Property Loan. This will free up approximately \$381,000 in ongoing debt payments.

### **Transfers Out**

This budget includes a total increase of \$1,225,923 Transfer out to fire. This increase is for the purchase of a new fire engine (\$700,000) plus an additional \$526,000 to balance the fund. The total transfer out to the Fire Fund this year is \$1,676,000, which is the largest transfer to fire over the last ten years.

There is an additional transfer out to Capital of \$506,000 which will pay off the internal loan for the Law and Justice Center property as well as the Juvenile Hall construction. This additional payment will free up approximately \$400,000 in ongoing debt payments.

Below is a chart illustrating all the Transfers out from the General Fund.

**TRANSFERS OUT**

SDE- San Francisco Pass thru Ag	\$	8,439.00
Operating Transfer Out - Road	\$	942,066.00
Transfer Out - County Fire	\$	1,675,923.00
Transfer Out- Road Construction	\$	-
Transfer Out - Airport Const	\$	-
Transfer out- County Capital	\$	1,140,049.00
Operating Transfer Out - PML Airport	\$	40,939.41
Transfer Out - Ambulance	\$	56,808.00
Transfer Out-Mental Health	\$	20,042.00
Transfer Out - Health (Ab8)	\$	305,830.00
Transfer Out - Mental Health-VLF	\$	155,448.00
Transfer Out - Welfare - VLF	\$	238,531.00
Transfer out- VLF DSS FS	\$	277,814.00
Transfer Out-Health (VLF)	\$	1,912,837.00
Transfer Out - Ccs (Moe)	\$	40,029.00
Total Transfers out	\$	6,814,755.41

**PUBLIC WORKS FUND**

**Public Works Administration**

The reorganization of the Community Resource Agency included the elimination of the Assistant CRA Director and creation of a Public Works Director. Additionally, an Environmental Analyst is being added in this cost center.

**Road Maintenance**

The Secure Rural Schools (SRS) funding has not been renewed for this fiscal year resulting in a reduction of \$400,000 in revenue for this cost center. NACO, CSAC and RCRC are currently lobbying for the renewal of this funding.

**SB1- Transportation Funding**

This budget includes an increase of approximately \$2.2 million in revenue with like expenditures. This is a new funding source approved by voters that is expected to increase in future years.

**Fleet Services**

This department was moved back into the Road Fund at the end of FY 2018-2019. As a result, revenue from the Road Fund into this department was significantly reduced from the prior year.

## **TUOLUMNE COUNTY FIRE FUND**

### **County Fire Department**

As mentioned in the Transfers Out section, there is an increase (\$1,226,000) in General Fund contribution to the Fire Fund. This is for the purchase of a fire engine (\$700,000) plus an additional \$526,000 to help balance the fund.

## **NATIONAL DISASTER RESILIENCE FUND**

### **National Disaster Resilience**

The appropriations in this cost center have been increased (\$445,000) to move into the design and construction phase of the Community Resiliency Centers.

## **SOLID WASTE**

### **Solid Waste Management Compliance**

This cost center contains increased appropriations to facilitate the closure of the Groveland and Jamestown landfills. Appropriations for contingencies have been increased by \$1.1 million dollars.

## **HUMAN SERVICES AGENCY**

There are no significant changes to services or programs with the Human Services Agency.

## **HEALTH FUND**

### **Public Health**

This fund had a large beginning fund balance with a large portion of that being placed into contingencies (\$552,000). This fund carries the cost for the Jail Medical which was increased in anticipation of the opening of the new jail

## **BEHAVIORAL HEALTH FUND**

## **Behavioral Health**

This cost center has a large beginning fund balance of which \$1.5 million has been placed into appropriations for contingencies. The department will be transitioning to Drug Medical reimbursement program resulting in an increase in Medical Revenue. Contractual services have been increased to meet the need of the community.

## **DEPARTMENT OF SOCIAL SERVICES FUND**

### **Social Services Administration**

Due to higher than anticipated beginning fund balance, the most significant change is an increase to Appropriations for Contingencies of \$842,274 for a total of \$1,550,272. There are no significant changes to programs within Social Services Administration.

Refer to Tab 2-Attachment B for recommended personnel changes.

### **Welfare & Securities**

Foster Care and Adoption Assistance revenue and expenses were adjusted based on prior year actuals.

## **ROAD CONSTRUCTION CAPITAL FUND**

This fund contains Road Capital Projects, Storms 2017, Storms 2018 and Public Works Projects.

The budgets for Storms 2017 & 2018 and Road construction have all been modified to reflect more accurate projections of work to be completed this fiscal year. The 2017 and 2018 Storm projects are now going into construction which is reflected in the increase in revenue and expenditures.

Refer to Tab 2 -Attachment F for Road Construction projects.

## **AIRPORT CONSTRUCTION FUND**

This budget includes the final phase of construction for the Columbia taxi-lane project.

## **COUNTY CAPITAL FUND**

## **County Capital**

The largest project in County Capital is the construction of the new jail facility which is approximately 75% complete. The fund contains the cost associated with the space needs study to complete the Law and Justice Campus.

Tab 2 – Attachment E provides a detailed list of County Capital Projects.

## **AMBULANCE FUND**

### **Ambulance**

The most significant change in this budget is the purchase of two new ambulances (\$370,000).

## **FINAL SUMMARY**

The FY 2019-2020 Adopted Budget closely follows and reflects the Board direction provided during the year. As a general reminder, the FY 2019-20 Adopted Budget:

- **Maintains all core County services**
- **Balances ongoing General Fund expenses solely with ongoing revenues**
- **Provides \$250,000 to begin building back the County's General Reserves**
- **Fully funds General Fund Contingencies at \$810,000**
- **Provides a sound foundation for developing future year budgets**
- **Provides for transition into the new Jail Facility**
- **Contributes \$700,000 to Fire fund for the purchase of a new Fire Engine**

## **FUND OVERVIEWS**

All funds are balanced. Summaries of all funds can be viewed on the State Controller's Summary Reports under Tab 3 of this binder. Line-item budgets for each cost center within each fund (Governmental, Enterprise and Internal Service) can be viewed under Tabs 4, 5 and 6, respectively.

## **CAPITAL PROJECTS**

The revised capital projects lists for the County Capital, Road Construction, Road Storm Construction and Airport Construction Funds can be found in Tab 2, Attachments E, F, G, and H, respectively.

## **APPROPRIATIONS FOR CONTINGENCIES BY FUND**

General Fund	\$	1,053,416
Public Works	\$	174,180
Monument Preservation	\$	31,239
Solid Waste Management	\$	1,106,704
Health Fund	\$	551,951
Behavioral Health	\$	1,527,254
Department of Social Services	\$	1,531,608
Behavioral Health Housing	\$	3,000
Ambulance	\$	<u>1,220,102</u>
Total Appropriations for Contingencies all funds	\$	7,199,454

### **GENERAL FUND CONTINGENCIES**

All available one-time funding has been concentrated in the General Fund's Contingencies which currently stand at \$1,053,000.

### **USE OF ONE-TIME DOLLARS IN THE GENERAL FUND**

The Recommended General Fund Budget contains two major sources of one-time funding:

Beginning Fund Balance	\$ 3,192,909
Contingencies	\$ 1,053,000
Reserves	\$ 250,000
Pay off Juvenile Det. Facility Debt	\$ 506,000
Additional Transfer out to Fire	\$ 1,226,000
Purchase of Vehicles/Equipment	<u>\$ 157,909</u>
	\$ 3,192,909

### **PERSONNEL ACTIONS**

A list of recommended personnel actions can be found on the FY 2019-20 Adopted Budget Personnel Changes spreadsheet and associated memorandum on new and revised position classifications (see Tab 2 - Attachment B). Also provided in Tab 2 - Attachment C is the Final Allocated Positions by Department Chart and Attachment D has the current Classification listing.

### **RECOMMENDATION**

It is recommended that your Board conduct a public hearing to consider adoption of all budget actions contained in the FY 2019-20 budget document (*with modification as desired by the Board*), including:

1. All personnel recommendations as outlined in Tab 2 – Attachments B, C and D;
2. The appropriation limit computation method as presented by the Auditor-Controller prior to the Hearing in Tab 2 – Attachment J; and
3. The FY 2019-20 Adopted Budget Resolution as presented along with the appropriation limit computation in Tab 2 – Attachment K.

*Please note that both the appropriation limit computation and budget resolution mentioned above may need to be changed based on Board direction given during the hearing. This will require a break during the meeting to allow the Auditor-Controller and CAO staff time to prepare revised documents for final action by your Board.*

Cc: County Department Heads  
CAO Staff  
Ann Fremd, HR/Risk Manager

**A copy of the full budget package (i.e. budget memo, attachments, controller reports and line-item details) can be viewed at the following link:**  
**<http://www.tuolumnecounty.ca.gov/budget>**