

County Executive  
Navdeep S. Gill



## County of Sacramento

**Board of Supervisors**  
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August 24, 2018

Members of the Board of Supervisors  
County of Sacramento  
700 H Street, Suite 2450  
Sacramento, CA 95814

### **Re: Fiscal Year 2018-19 Budget Adoption**

Honorable Members of the Board:

I am pleased to present the Adopted Budget for FY2018-19 (Adopted Budget) for your review and consideration. The Budget for All Funds totals \$4,298,376,721 in appropriations. This is a \$7,769,112 (0.2%) increase from the Budget approved in June (Approved Budget). The increase is the net result of:

- An \$8.7 million decrease in restricted, special revenue and enterprise fund appropriations, including a \$58 million reduction in appropriations in the Interagency Procurement and Fixed Asset Revolving Funds due to a change in how the purchase of fixed assets is budgeted and accounted for and a \$59.3 million increase in appropriations related to the re-budgeting of capital and other projects based on changes in project timing and, in some cases, changes in project costs; and
- A \$16.5 million increase in General Fund appropriations.

### **General Fund Overview**

The Adopted General Fund appropriation is \$1,735,552,943.

## **Resource Adjustments**

FY2018-19 General Fund resource estimates have increased by \$24,109,290, as reflected in the following adjustments:

- The unaudited FY2017-18 year-end fund balance carry-forward of \$69,303,395, which is a \$12,603,395 increase compared to the Approved Budget.
- A \$12,794,974 increase in discretionary revenue estimates;
- The net cancellation of \$580,719 in Teeter Reserves; and
- A \$1,869,798 reduction in federal, state and other revenue, due primarily to a \$6.6 million reduction in Immigration and Customs Enforcement (ICE) contract revenue, partially offset by revenue increases in a number of areas.

## **General Fund Reserves/Set-Asides**

The Adopted General Fund Budget includes \$7.6 million in additional reserves and set-asides for the following purposes:

- \$7,511,058 to General Reserves. This is consistent with the Board's General Reserve Policy, which calls for placing 10% of the Available fund balance (\$6,930,339) in General Reserves and for reclassifying any reserves no longer needed for the stated purpose (\$580,719 in Teeter Reserves). With this adjustment, the General Reserves balance will stand at \$21,162,034.
- \$133,589 to the Reserve for Audit Report Payback/Future Litigation Settlement Costs. Given the significant potential costs the County is facing from various lawsuits, any discretionary resources remaining after Base budgets and most critical Growth needs are funded, are being placed in this Reserve.

## **General Fund Appropriations**

The Adopted General Fund budget includes appropriation adjustments totaling \$16,464,643 for the following purposes:

- \$10,680,899 (with a \$16,098,017 increase in Net County Cost) to cover Base Budget increases, including an \$11.1 million increase in appropriations to cover the difference between the 2% Cost of Living

Adjustment (COLA) for County employees included in the Approved Budget and the 3% to 4% COLA being negotiated with most County unions.

- \$5,783,754 (\$4,145,341 in Net County Cost) to fund certain growth requests described more fully in the tables below.

The increase in appropriations is net of \$14,770,564 in additional reimbursements from three of the new Restricted Funds (1991 and 2011 Realignment and Mental Health Services Act) created as part of the Approved Budget, which are reflected as negative appropriations. If that is adjusted for, the increased Adopted General Fund appropriations would be \$31,235,207.

### **Departmental Requests for New or Enhanced Programs**

For the preparation of the FY2018-19 Budget, County departments submitted over \$82 million in requests for new or enhanced programs, including over \$36 million in General Fund (Net County Cost) support. To assist in evaluating those requests, departments were asked to prioritize their needs. This prioritization was taken into account, along with Board priorities and other factors, in making Budget recommendations in June. Not all of the requests were able to be funded in June. The remaining requests were considered in the preparation of the Adopted Budget, as was the County's current fiscal condition and longer-term fiscal outlook.

The Adopted Budget includes an additional \$16.7 million (\$8.7 million in appropriations) for All Funds in funding for new or enhanced programs and services. These are funded with the following resources:

- Discretionary revenue/carryover (Net County Cost) of \$4.15 million;
- Semi-discretionary or other reimbursements of \$7.98 million; and
- Federal, State and fee revenue/fund balance carryover of \$4.55 million.

The bulk of the investment in new and enhanced programs in the General Fund is focused on making needed operational improvements in the jails and addressing critical needs in Child Protective Services. The Adopted Budget includes an investment of \$5.5 million in the Sheriffs and Correctional Health Services budgets to provide half a year's funding to add 63 positions and contract for increased psychiatric services to address inmate classification and supervision issues and provide enhanced medical and mental health services in the County's two jails. In future years, the annualized cost of these Growth requests will be approximately \$10.6 million. The Adopted

Budget also includes an investment of \$4 million and the addition of 36 positions in the Child, Family and Adult Services budget to create an additional Emergency Response Field Unit, an additional Informal Supervision Unit and two additional Permanency units. This will assist DCFAS in complying with State standards, keep more children with their families and reduce the amount of time children remain in foster care.

**Funded Net County Cost New or Enhanced Programs** - The table below shows new or enhanced programs that are wholly or partially funded with Net County Cost.

**Funded - Net County Cost New or Enhanced Programs**

<b>Department</b>	<b>Description</b>	<b>Costs</b>	<b>Reimburse-ments</b>	<b>Appropriations</b>	<b>Net County Cost</b>	<b>FTE</b>
Coroner	Mobile X-ray machine and PAC File System	\$ 79,650	\$ -	\$ 79,650	\$ 79,650	0.0
Correctional Health Services	Increased staffing and contracted services	\$ 1,568,413	\$ (1,133,413)	\$ 435,000	\$ 435,000	12.0
Non-Departmental Costs	Library Master Plan study	\$ 250,000	\$ -	\$ 250,000	\$ 250,000	0.0
Sheriff	Increased staffing to address issues at Rio Cosumnes Correctional Center and Main Jail	\$ 3,885,691	\$ (505,000)	\$ 3,380,691	\$ 3,380,691	51.0
<b>TOTAL</b>		<b>\$5,783,754</b>	<b>\$ (1,638,413)</b>	<b>\$ 4,145,341</b>	<b>\$4,145,341</b>	<b>63.0</b>

**Funded Non-Net County Cost New or Enhanced Programs** - The table on the following pages shows the funded new or enhanced requests that do not require Net County Cost.

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**Funded - Non Net County Cost New or Enhanced Programs**

<b>Department</b>	<b>Description</b>	<b>Costs</b>	<b>Reimburse-ments</b>	<b>Appropriations</b>	<b>FTE</b>
<b>General Fund:</b>					
Animal Care and Regulation	Donation funding for emergency and specialty medical services	\$ 28,047	\$ -	\$ 28,047	0.0
Child, Family and Adult Services	Birth and Beyond - Preservation of Family Resource Centers (FRCs) - funding for 3 more months	\$ 325,000	\$ (325,000)	\$ -	0.0
Child, Family and Adult Services	Child Welfare Services - 1 Emergency Reponse Field Unit	\$ 888,638	\$ (888,638)	\$ -	8.0
Child, Family and Adult Services	Child Welfare Services - 1 Informal Supervision Unit	\$ 882,322	\$ (882,322)	\$ -	8.0
Child, Family and Adult Services	Child Welfare Services - 2 Permanency Units	\$ 1,757,276	\$ (1,757,276)	\$ -	16.0
Child, Family and Adult Services	Child Welfare Services - Management/Supervision staffing for the Emergency Response/Informal Supervision Program	\$ 485,261	\$ (485,261)	\$ -	4.0
<b>Subtotal - Child Family &amp; Adult Services</b>		<b>\$ 4,338,497</b>	<b>\$ (4,338,497)</b>	<b>\$ -</b>	<b>36.0</b>
Health Services	Additional Clinic Staff; Rapid Syphilis Testing Training	\$ 131,960	\$ (131,960)	\$ -	1.0
Health Services	Mental Health Non Medi-Cal Provider Cost of Living Adjustment	\$ 685,909	\$ (685,909)	\$ -	0.0
<b>Subtotal - Health Services</b>		<b>\$ 817,869</b>	<b>\$ (817,869)</b>	<b>\$ -</b>	<b>1.0</b>
Human Assistance	Contract with Sheriff Security Services for armed security at two additional DHA bureaus (partially offset by other contract reduction)	\$ 866,501	\$ (58,403)	\$ 808,098	0.0
Probation	Purchase 46 Mobile Device Terminals (MDTs) for Fields Units	\$ 146,000	\$ -	\$ 146,000	0.0
Regional Parks	Grant funds to provide debris clean up on the American River Parkway	\$ 50,000	\$ -	\$ 50,000	0.0
Sheriff	1.0 FTE Deputy Sheriff and 5.0 FTE Sheriff Security Officer to provide security services at DHA facilities	\$ 1,136,501	\$ (1,136,501)	\$ -	6.0
<b>TOTAL GENERAL FUND</b>		<b>\$ 7,383,415</b>	<b>\$ (6,351,270)</b>	<b>\$ 1,032,145</b>	<b>43.0</b>

<b>NON-GENERAL FUND:</b>					
Aiports	Staffing increase for Regulatory Compliance, Operational Efficiency, and growth in services/ customer service	\$ 1,141,749	\$ -	\$ 1,141,749	11.0
Development and Code Services	1.0 FTE Principal Civil Engineer to assist with increases in development and economic development projects	\$ 199,330	\$ -	\$ 199,330	1.0
Technology	Staffing changes for 311 Program, net increase of 1.0 FTE	\$ -	\$ -	\$ -	1.0
Technology	IT Analyst contractor to assist with special projects for Waste Management	\$ 135,200	\$ -	\$ 135,200	0.0
<b>Subtotal - Technology</b>		<b>\$ 135,200</b>	<b>\$ -</b>	<b>\$ 135,200</b>	<b>1.0</b>
Solid Waste	Contract IT Analyst in Department of Technology for projects and move to new facility	\$ 135,200	\$ -	\$ 135,200	0.0
Solid Waste	Add 1 knuckle boom truck, 1 claw loader, and 1 rear loader in the Appointment Based Neighborhood Clean Up and Bulky Waste Collection Program	\$ 800,000	\$ -	\$ 800,000	0.0
<b>Subtotal - Solid Waste</b>		<b>\$ 935,200</b>	<b>\$ -</b>	<b>\$ 935,200</b>	<b>0.0</b>
Water Resources	2 light vehicle upgrades	\$ 103,224	\$ -	\$ 103,224	0.0
Water Enterprise	Staffing increase and vehicles to support operations and maintenance activities at the Vineyard Surface Water Treatment Plant	\$ 885,426	\$ -	\$ 885,426	5.0
Water Enterprise	Add 1.0 FTE Sr. Engineering Tech to support asset management and conservation efforts; replace Principal Engineering Technician with Assistant Civil Engineer Level 2 to meet current workload needs	\$ 115,867	\$ -	\$ 115,867	1.0
<b>Subtotal - Water Resources</b>		<b>\$ 1,104,517</b>	<b>\$ -</b>	<b>\$ 1,104,517</b>	<b>6.0</b>
<b>TOTAL - NON-GENERAL FUND</b>		<b>\$ 3,515,996</b>	<b>\$ -</b>	<b>\$ 3,515,996</b>	<b>19.0</b>
<b>TOTAL - ALL FUNDS</b>		<b>\$ 10,899,411</b>	<b>\$ (6,351,270)</b>	<b>\$ 4,548,141</b>	<b>62.0</b>

## FTE Positions

The table below provides information concerning the County's FTEs.

Existing FTE	12,240.4
Recommended Net County Cost FTE	63.0
Recommended Non-Net County Cost (Fully Funded) FTE	62.0
FY2018-19 Adopted Base Adjustments	(4.2)
Total Recommended for Adoption FTE	12,361.2

## FY2018-19 Adopted Budget – One-Time Revenue

The Adopted General Fund budget is balanced using the following one-time sources:

Description	FY2018-19 Approved	FY2018-19 Adopted
One-time Discretionary	\$ 1,150,000	\$ 14,080,000
Fund Balance/Carryover	\$ 56,700,000	\$ 69,303,395
Reserve Cancellation	\$ 1,160,297	\$ 2,251,016
Realignment Revenue Carry-over	\$ 12,121,276	\$ 21,911,400
<b>Total</b>	<b>\$ 71,131,573</b>	<b>\$ 107,545,811</b>

## Transient Occupancy Tax Revenue Allocations

The Adopted Budget reflects a \$154,738 reduction in Transient Occupancy Tax (TOT) revenue. In addition, the transfer of TOT revenue from the General Fund to the TOT Fund is reduced by \$30,113 in the Adopted Budget due to an increased available balance in the TOT Fund, while the Transfer of TOT revenue from the General Fund to the Economic Development Fund is increased by \$30,000 due to the provision of increased funding for the Property and Business Improvement District (PBID Academy). This results in a net \$154,625 reduction in the amount of TOT revenue available to cover general Net County Cost needs.

## Attachments to the Budget Transmittal Letter

There are several attachments included with this transmittal letter that provide in-depth information concerning the Budget:

- Attachment 1 presents the All Funds Budget;

- Attachment 2 provides more information on the General Fund Budget;
- Attachment 3 provides a summary of significant changes by department or budget unit.

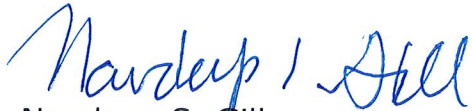
### **Conclusion/Acknowledgement**

As with the Recommended Budget presented in June, I would like to acknowledge the hard work and dedication of the County's department heads and fiscal staffs in preparing the Budget you have before you today. Their input and judgement has been critical in crafting a Budget that attempts to address important community needs in a fiscally responsible manner.

The Budget will be presented to the Board on September 5, 2018, at 9:30 a.m., with deliberations on that date and September 6 as needed.

We look forward to working with you as you review the Budget Recommended for Adoption. During your review, please contact me with any questions that you may have concerning the Budget.

Respectfully submitted,



Navdeep S. Gill  
County Executive