



MEMORANDUM
COUNTY EXECUTIVE OFFICE
ADMINISTRATION
County of Placer

TO: Honorable Board of Supervisors
FROM: David Boesch, County Executive Officer
By: Andy Heath, Assistant County Executive Officer
DATE: March 22, 2016
SUBJECT: FY 2015-16 Fiscal Update and FY 2016-17 Budget Development Overview

ACTION REQUESTED

1. Receive an update on FY 2015-16 revenue and expenditure projections for the County's main operating funds and five-year strategic budget framework as it relates to the County General Fund and Public Safety Fund; and
2. Receive a report on the FY 2016-17 budget development process and provide any necessary direction.

BACKGROUND

On September 15, 2015, the Board of Supervisors approved the FY 2015-16 Operating Budget, while receiving an update of the Multi-Year Strategic Budget Framework as an implementation strategy of the Budget and Financial Policy. Throughout the budget development process, your Board also considered recommendations stemming from the May 19, 2015 "Challenges and Choices" presentation, which outlined one-time and ongoing funding needs for critical County programs and operations. Guidance provided by the Budget and Financial Policy in conjunction with updates to the Multi-Year Strategic Budget Framework while understanding critical funding needs enables staff to both manage existing budget progress while enabling the development of future budgets in a fiscally responsible manner, promoting both short- and long-term fiscal health. Overarching fiscal policy guidelines considered throughout the budget monitoring and development processes include:

- Incorporation of economic analysis and long-term planning into recommended budget actions
- Promotion of cost transparency
- Review and understanding of budget variances
- Establishment and maintenance of reserves
- Development of a spending plan supported by sustainable resources

By following these guidelines as provided by the Budget and Financial Policy, staff has analyzed anticipated current year revenues and expenditures in the County's main operating funds to guide the budget development process for the coming fiscal year.

ANALYSIS

Listed below is an overview of the FY 2015-16 final budget and projected actuals for the County's main operating funds.

GENERAL FUND

The General Fund is the largest countywide fund and underwrites most countywide operations either directly as the “net county cost” of General Fund budgets, or indirectly through contributions to other funds. The General Fund includes appropriations for general government, finance, planning and building inspection, facility services and health and human services. The General Fund also makes contributions to other funds for public safety, fire protection services, capital construction, road maintenance and construction, library services, and debt service.

A synopsis of General Fund FY 2015-16 budget information is provided below:

	FY 2015-16 Final Budget	FY 2015-16 Revised Budget	FY 2015-16 Estimated Actuals
Carryover Fund Balance	\$ 37,777,670	37,777,670	37,777,670
Revenues	399,637,455	400,822,514	401,630,642
Total Revenues and Carryover	\$ 437,415,125	438,600,184	439,408,312
Provision to Reserves	\$ 12,875,724	12,875,724	12,875,724
Expenditures	424,539,401	432,177,511	404,692,871
Total Expenditures and Reserves	\$ 437,415,125	445,053,235	417,568,595
Estimated Carryover / (Used) Fund Balance	\$ -	(6,453,051)	21,839,717

The General Fund FY 2015-16 Final Budget balances carryover fund balance and anticipated revenues with a provision (increase) to various reserves and anticipated expenditures. With the approval of the Final Budget in September 2015, approximately \$12.9 million was allocated to General Fund reserves as follows:

- \$440,000 In-Home Support Services (IHSS) cash flow reserve;
- \$1.1 million Health and Human Support cost reserve;
- \$5.8 million OPEB and CalPERS future unfunded liabilities reserve;
- \$1.5 million infrastructure investment reserve;
- \$2.0 million sewer loan repayment reserve; and
- \$2.0 million general / economic contingency reserve.

With respect to the General and Economic Contingency Reserve referenced above, the additional \$2.0 million maintains the minimum General Fund Budget and Financial Policy general reserve target of 5% of the annual operating budget.

The FY 2015-16 Revised Budget incorporates Board-approved changes to the Final Budget since its adoption in September 2015. Changes include encumbrance rollovers from FY 2014-15 and minor revenue and expenditure adjustments.

Staff has analyzed General Fund revenue and expenditure experience through the first six months of the fiscal year (July 2015 – December 2015) as a means to project where the

General Fund will stand fiscally at the end of FY 2015-16. Staff currently estimates that the General Fund will end the fiscal year with approximately \$21.8 million in carryover fund balance, accounted for in the following areas:

Revenues: \$800,000 over budget (+0.2%)

- Anticipated higher-than-budgeted collections of property and supplemental taxes, transient occupancy taxes and residual former redevelopment tax increment.
- Anticipated lower collections of revenues for reimbursable expenditures related to vacant positions and contracted operations.

Expenditures: \$21.0 million under budget (-4.9%)

- Anticipated \$10.0 million in savings related to salaries and benefits. Vacant funded positions as of March 2016 represent 9.3% of total funded positions in the General Fund.
- Anticipated General Fund expenditure savings of \$4.8 million non-salary budgeted costs.
- Anticipated that the General Fund contingency of \$6.2 million will remain unexpended.

Anticipated Carryover Fund Balance: \$21.8 million

Carryover Fund Balance to FY 2016-17 in the General Fund is anticipated to be \$21.8 million at the end of FY 2015-16. Carryover Fund Balance, which should be construed as a one-time funding source, will be considered as staff develops a recommended budget for the coming fiscal year.

PUBLIC SAFETY FUND

The Public Safety Fund is the second largest countywide fund and is made up of four departments: Sheriff, District Attorney, Probation, and the County Executive Office. The Public Safety Fund receives approximately 55% of its support from a General Fund transfer of discretionary revenues.

A synopsis of Public Safety Fund FY 2015-16 budget information is provided below:

	FY 2015-16 Final Budget	FY 2015-16 Revised Budget	FY 2015-16 Estimated Actuals
Carryover Fund Balance	\$ 9,065,142	9,065,142	9,065,142
Revenues	153,915,790	154,173,982	154,927,358
Total Revenues and Carryover	\$ 162,980,932	163,239,124	163,992,500
Net Provision to Reserves	\$ (209,559)	(209,559)	(209,559)
Expenditures	163,190,491	164,083,131	160,908,862
Total Expenditures and Reserves	\$ 162,980,932	163,873,572	160,699,303
Estimated Carryover / (Used) Fund Balance	\$ -	(634,448)	3,293,197

The Public Safety Fund FY 2015-16 Final Budget balances carryover fund balance and anticipated revenues with a slight decrease to reserves and anticipated expenditures. With the approval of the Final Budget in September 2015, approximately \$209,000 of Public Safety Fund reserves were used to balance the budget, bringing the contingency reserve to approximately \$14.3 million, or 8.7% of the total Public Safety Fund revised budget. These funds, in addition to any carryover fund balances available at the end of each year, may be required to balance future Public Safety Fund budgets consistent with the five-year strategic budget framework.

Similar to the General Fund, the FY 2015-16 Revised Budget incorporates Board-approved changes to the Final Budget since its adoption in September 2015. Changes include encumbrance rollovers from FY 2014-15 and minor revenue and expenditure adjustments.

Staff has analyzed Public Safety Fund revenue and expenditure experience through the first six months of the fiscal year (July 2015 – December 2015) as a means to project where the Public Safety Fund will stand fiscally at the end of FY 2015-16. Staff currently estimates that the Public Safety Fund will end the fiscal year with approximately \$3.3 million in carryover fund balance, accounted for in the following areas:

Revenues: \$ 800,000 over budget (+0.5%)

- Slightly higher than anticipated collection of Public Safety Sales Tax and revenues related to AB-109 growth.

Expenditures: \$2.5 million under budget (-3.7%)

- Anticipated \$790,000 in savings related to salaries and benefits. Vacant funded positions as of March 2016 represent 7.0% of total funded positions in the Public Safety Fund.
- Anticipated Public Safety Fund expenditure savings of \$1.7 million non-salary budgeted costs.

Anticipated Carryover Fund Balance: \$3.3 million

Carryover Fund Balance to FY 2016-17 in the Public Safety Fund is anticipated to be approximately \$3.3 million at the end of FY 2015-16. Carryover Fund Balance, which should be construed as a one-time funding source, will be considered as staff develops a recommended budget for the coming fiscal year.

PUBLIC WAYS AND FACILITIES FUND

The Public Ways and Facilities Fund, commonly referred to as the Road Fund, is maintained by the Department of Public Works and Facilities. The purpose is to categorize costs and revenues in one place for the engineering services of design, construction and contract administration for both the county and private land development road-related capital projects. The fund also includes costs and revenues for maintaining, protecting and improving approximately 1,047 miles of roads, plus road-related storm maintenance, snow removal, and water quality projects. Projects in this fund are budgeted both in the amount anticipated to be

expended in the given fiscal year, and also include amounts covering multiple fiscal years for larger projects.

The Final Budget for the Public Ways and Facilities Fund balances \$91.6 million of financing sources and uses for FY 2015-16. Of this amount, approximately \$71.2 million is allocated for road, bridge, signal, bike, pedestrian, parking, and Tahoe basin enhancement construction projects. During the first half of FY 2015-16, the following major road projects have been completed or are currently underway:

- Kings Beach Commercial Core Improvement Project
- Dowd at Yankee Slough Bridge Replacement
- Alpine Meadows Bridge Replacement
- North Phase of Auburn Folsom Road Widening
- Continued maintenance of approximately 1,047 miles of roadway
- King Road Widening
- Kings Beach Water Quality Improvements
- Lake Forest Water Quality Improvements

CAPITAL PROJECTS FUND

The Capital Projects Fund is maintained by the Department of Public Works and Facilities. The purpose is to categorize costs and revenues in one place for the county's capital improvements of existing facilities and new facility infrastructure. The budget is prepared in collaboration with the County Executive Office for capital projects funded by the General Fund, which includes Capital Facility Impact Fees. Revenue sources outside the General Fund traditionally include federal and state grants, County Service Area assessment fees, enterprise fund reserves, and contributions from other county funds, such as Park Dedication Fee accounts. Projects in this fund are budgeted both in the amount anticipated to be expended in the given fiscal year, and also include amounts covering multiple fiscal years for larger projects.

The Final Budget for the Capital Projects Fund balances \$92.3 million of financing sources and uses for FY 2015-16. Of this amount, approximately \$91.7 million is allocated for improvements and major maintenance of county buildings, parks, trails, and utilities, including costs for feasibility, planning, and design. During the first half of FY 2015-16, the following major capital activities have been completed or are currently underway:

- Auburn Animal Shelter
- SMD #1 Regional Sewer
- Crime Lab Feasibility Study
- SPACF Arraignment Court
- HHS Office Building Program Study
- Elections Warehouse Study
- Martis Valley Trail Phase I
- Hidden Falls Parking Expansion

On the horizon, several major projects such as a potential crime lab, health and human services office building and planning for the Placer government center campus are being considered as part of an update of the county's Capital Facilities Financing Plan (CFFP). This plan was last updated in July 2011 and most of the projects, derived from the 1993 Comprehensive Facilities Master Plan, are complete. As the county's Multi-Year Capital Plan starts to result in these new project endeavors, an update to the CFFP will provide the mechanism to leverage capital funding sources and manage potential debt to offset the costs of new capital projects.

LIBRARY FUND

The Library Fund provides public library services that support the educational, recreational and cultural endeavors of Placer County's citizens. The Library's FY 2015-16 Final Budget maintained service levels at all 11 branches and the Bookmobile, with budgeted expenditures of \$6.6 million. The main revenue source for the Library Fund is Secured Property Tax, which increased 11.3% to \$4.3 million. However, Library revenues continue to be outpaced by ongoing operational costs requiring continued ongoing and one-time General Fund revenue support, including \$400,000 towards e-Resources, materials and sustainability funding. It is anticipated that the Library Fund will end the 2015-16 fiscal year with approximately \$400,000 in carryover fund balance, almost entirely due to staff vacancy savings as the Library System implements updated staffing models. Staff continues to review all cost drivers for efficiencies to prevent further erosion of Library services; and is currently in the process of implementing the Strategic Plan approved by the Board prioritizing the need for delivery of modern library services by offering attractive facilities, plenty collection assets and technology, a sustainable staffing model, and convenient hours of operation for the public.

To further implement the Strategic Plan, staff plans to return to the Board prior to the end of FY 2015-16 with a recommendation for closure of both the Loomis and Meadow Vista Libraries. Although an agreement with the Town for traditional County library services may not be feasible until the Town establishes a municipal library, the County continues to discuss with the Town of Loomis regarding future service delivery to that area, and is exploring opportunities to re-purpose the Loomis Library building for alternative uses. In Meadow Vista alternative delivery of countywide library services are also being discussed and considered with the participation of Library Administration, the Friends of the Meadow Vista Library, the Meadow Vista Municipal Advisory Commission, and community members.

FIVE- YEAR STRATEGIC BUDGET MODEL – GENERAL FUND AND PUBLIC SAFETY FUND

The Five-Year Strategic Budget Model (Model) is built on FY 2015-16 anticipated revenues, expenditures, and carryover fund balance as the starting base, with out-year assumptions for major categories of revenues and expenditures. The Model focuses on the areas of the County Budget with the greatest level of Board discretionary authority: the General Fund and the Public Safety Fund.

The Model was developed based on existing service levels, revenues, and cost drivers. It is intended to reflect the ongoing revenues and costs consistent with the County's current service delivery system given certain fiscal assumptions. As such, it does not include potential new revenues that may become available in future years or service level expansions, including initial supplemental requests received by departments for FY 2016-17. Models for both the General Fund and Public Safety Fund as of March 2016 are presented below:

Total General Fund

All Figures stated in (\$000's)

Est. Fund Balance Carryover	37,778	21,840	15,000	14,000	13,000
% YoY		-42.2%	-31.3%	-6.7%	-7.1%
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Revenues	Projection	Projection	Projection	Projection	Projection
Taxes	181,116	185,160	188,702	192,262	195,894
% YoY	8.8%	2.2%	1.9%	1.9%	1.9%
Intergovt'l Revenue	124,905	138,895	136,672	138,628	140,448
% YoY	-2.7%	11.2%	-1.6%	1.4%	1.3%
Other	95,610	94,012	98,424	99,373	101,358
% YoY	-5.4%	-1.7%	4.7%	1.0%	2.0%
Tota GF Revenue	401,631	418,067	423,798	430,263	437,699
% YoY	1.5%	4.1%	1.4%	1.5%	1.7%
Total Revenue & Carryover	439,408	439,907	438,798	444,263	450,699
% YoY	11.0%	0.1%	-0.3%	1.2%	1.4%
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Expenditures	Projection	Projection	Projection	Projection	Projection
Salaries & Benefits	149,995	161,502	166,320	170,784	175,001
% YoY	-5.4%	7.7%	3.0%	2.7%	2.5%
Retiree Health	7,367	7,605	8,214	8,871	9,581
% YoY	8.3%	3.2%	8.0%	8.0%	8.0%
General Fund Other	144,721	159,056	158,936	159,674	160,508
% YoY	11.9%	9.9%	-0.1%	0.5%	0.5%
Contribution to Gen Safety	85,344	85,544	85,544	85,544	85,544
% YoY	5.3%	0.2%	0.0%	0.0%	0.0%
Capital Improvements & Roads	17,266	8,562	8,482	8,482	8,482
% YoY	54.6%	-50.4%	-0.9%	0.0%	0.0%
Total GF Use of Funds	404,693	422,269	427,496	433,356	439,116
% YoY	4.6%	4.3%	1.2%	1.4%	1.3%
Encumbrance Roll-Over	0	0	0	0	0
Contribution to Reserves	12,876	2,000	2,000	0	0
County Bottom Line	21,840	15,638	9,302	10,907	11,584

Public Safety Fund Total					
All Figures stated in (\$000's)					
Est. Fund Balance Carryover	9,065	3,293	4,500	4,000	3,500
% YoY	0.0%	-63.7%	36.6%	-11.1%	-12.5%
Plus: Cancellation of Reserves	921	0	0	0	0
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Revenues	Projection	Projection	Projection	Projection	Projection
Contribution from General Fund	85,344	85,331	85,344	85,344	85,344
% YoY	5.3%	-0.2%	0.0%	0.0%	0.0%
Intergovt'l Revenue	60,937	59,608	60,533	61,281	62,148
% YoY	3.9%	1.5%	1.6%	1.2%	1.4%
Other	8,646	10,093	10,073	10,242	10,417
% YoY	-9.1%	2.2%	-0.2%	1.7%	1.7%
Total PS Revenue	154,927	155,033	155,951	156,868	157,910
% YoY	3.8%	0.6%	0.6%	0.6%	0.7%
Total Revenue & Carryover	164,914	158,326	160,451	160,868	161,410
% YoY	0.5%	-9.0%	1.3%	0.3%	0.3%
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Expenditures	Projection	Projection	Projection	Projection	Projection
Salaries & Benefits	109,952	116,102	119,557	123,475	127,778
% YoY	5.1%	5.1%	3.0%	3.3%	3.5%
Retiree Health	3,082	3,348	3,615	3,905	4,217
% YoY	13.5%	-0.7%	8.0%	8.0%	8.0%
Operational Costs	47,875	48,172	45,588	45,798	45,939
% YoY	27.2%	-4.2%	-5.4%	0.5%	0.3%
Total PS Use of Funds	160,909	167,622	168,760	173,178	177,934
% YoY	-1.9%	4.2%	0.7%	2.6%	2.7%
Less: Contributions to Reserves	712	0	0	0	0
Adjusted County Bottom Line	3,293	(9,296)	(8,309)	(12,310)	(16,524)

Basic assumptions built into the models include conservative revenue and expenditure estimates and a flat annual transfer of General Fund discretionary revenue to the Public Safety Fund (to determine overall General Fund funding requirement, if necessary). In addition, a vacancy savings factor has been incorporated into the models as a means to reduce large variances between budgeted and actual expenditures incurred for salaries and benefits each year. As indicated in the Public Safety Model above, the Public Safety Fund continues to require use of reserves to balance increased costs in the Public Safety Fund, primarily related to the ongoing operations of the South Placer Adult Correctional Facility (SPACF) and anticipated increases to CalPERS retirement costs.

FY 2016-17 BUDGET DEVELOPMENT

Meetings with each department occurred in January 2016 which set the scene for both the Board Priorities Workshop held on January 26, 2016 and to prepare for the budget submissions received by the County Executive Office on March 1, 2016. Staff is actively engaged in analyzing and developing a recommended budget for FY 2016-17 consistent with existing priorities using a countywide approach. Initial review of the submitted base budgets reflects \$24.5 million in FY 2015-16 carryover fund balance required to cover FY 2016-17 anticipated costs in the General and Public Safety Funds combined. As referenced above, the multi-year models for General Fund and Public Safety Fund reflect a projected FY 2015-16 fund balance carryover of \$21.8 million and \$3.3 million, respectively, for a total of \$25.1 million. As such, there is a remaining carryover fund balance of \$600,000 to address \$15.4 million in initial supplemental requests, critical issues and other board priorities. Your Board can anticipate a recommended balanced budget that maintains current service levels and considers the following:

- Continued *modest* discretionary revenue recovery
Discretionary revenue sources are projected to continue growing modestly, however not at the pace realized over the last three fiscal years since recovering from the “Great Recession”.
- Service delivery models that recognize short- and longer-term cost drivers
Cost increases anticipated during FY 2016-17 in addition to longer-term cost impacts associated of increasing CalPERS retirement premiums will be considered with the recommended budget.
- Analysis and alignment of costing methodologies
Development of a new countywide Internal Service Fund – Building Maintenance, as a means to directly align costs to applicable departments and programs.
- Expanded information - capital and infrastructure projects
Budget development staff will be working with the Department of Public Works and Facilities, and other cross-departmental areas, such as the Treasurer Tax-Collector and project-centric departments to update the county’s Capital Facilities Financing Plan (CFFP), through the annual update of the Multi-Year Capital Plan.
- Succession Planning
Recognizing the likelihood of a continued exodus of tenured, knowledgeable staff due to retirements, the FY 2016-17 budget development process will consider necessary resources towards countywide succession planning efforts.
- Focused reduction of carryover fund balance
Development of sustainable budgets requires careful planning to minimize one-time revenue used for ongoing operating expenditures. Recognizing carryover fund balance is the largest one-time revenue source used to balance the budget each year, revenue and cost components driving the majority of the carryover

each year will be analyzed to develop budgets that more accurately project annual fiscal requirements.

- Priority Based Budgeting – Program/ Services Inventory refinement and costing
 Budget development staff continues to work closely with the *Priority Based Budgeting Coordinating Council*, a cross-departmental team of county management staff, to define program attributes, brainstorm community engagement possibilities, and review the priority-setting process. FY 2016-17 is the first year all county departments have submitted “program budgets,” which will provide further insight into next steps for priority-based budgeting.

Development of a balanced budget for FY 2016-17 must also take into consideration significant near-term fiscal challenges, embodied in many of the FY 2016-17 supplemental requests and emerging critical issues presented at the January 26, 2016 Priorities Workshop. Challenges to be addressed as the coming year’s budget is prepared include the following:

- FY 2016-17 Initial Supplemental Requests
 Recently received department budget submissions for FY 2016-17 include supplemental requests representing approximately \$39.9 million in additional net county cost. Of this amount, \$7.1 million and \$8.2 million of requests were received for the General Fund and Public Safety Fund, respectively. A summary of supplemental requests by fund is provided in the table below:

Supplemental Requests			
Fund	Expenditures	(Revenue)	NCC
General Fund	8,989,320	(1,846,107)	7,143,213
Public Safety Fund	8,521,403	(353,000)	8,168,403
Public Ways and Facilities	4,982,000	-	4,982,000
Capital Improvements	18,850,800	-	18,850,800
Library Fund	288,783	(388,783)	(100,000)
Fire Fund	-	-	-
ISF and ENT Funds	921,029	-	921,029
Total	42,553,335	(2,587,890)	39,965,445

Of the \$7.1 million in net General Fund supplemental requests noted above, approximately \$4.6 million and \$2.5 million represent ongoing and one-time net expenditures, respectively. The \$8.2 million in net Public Safety Fund supplemental requests encompass approximately \$3.3 million and \$4.9 million of ongoing and one-time net expenditures, respectively. The \$24.6 million in net supplemental requests in funds other than the General and Public Safety Funds mostly represent one-time capital project net expenditures that will be displayed as part of an update to the Capital Facilities Finance Plan and Multi-Year Capital plan funding strategies during the budget process.

Noted supplemental requests include the following:

- Capital funding (General Fund and/or Capital Projects Fund) towards security and safety improvements, ADA compliance, parks master plan, and SB863 acute mental health housing at SPACF;
- Capital planning for Placer County Government Center (PCGC) - 1993 Master Plan update costs;
- Continuation of a one-time augmentation initially approved in FY 2014-15 towards the County's Road Overlay Program;
- Staff support and professional services support for Planning activities such as Placer County Conservation Plan; and safety coordination and project management;
- Continuation of one-time augmentation initially approved in FY 2014-15 towards deferred trail maintenance;
- The Public Safety Fund includes a request for on-going expenditures related to funding 30 additional allocations to open the 180 remaining jail beds at the SPACF, while 138 traditional jail beds at the Auburn Jail would be converted to "Program" beds dedicated to evidence-based rehabilitative programming.

- FY 2016-17 Emerging Critical Issues

On January 26, 2016 your Board conducted a Priorities Workshop and heard from the County Executive Office and county departments on emerging priorities and critical issues. Where cost estimates are available, supplemental requests were submitted by departments to incorporate the critical issues noted below:

- | | |
|--------------------------------|---|
| - Parks Master Plan | - Homelessness and Housing |
| - Fairgrounds Future | - Service Delivery Models |
| - Medical Marijuana | - Crime Lab / Morgue |
| - Community Choice Aggregation | - South Placer Jail Transition |
| - Economic Development | - Eastern Placer County Levels of Service |
| - Financial System Replacement | |

As further information develops related to these critical issues, both costs and revenues will be folded into the recommended FY 2016-17 proposed budget.

- FY 2016-17 State of California Governor's Proposed Budget

On January 7, 2016, the Governor presented a budget package that included \$122.6 billion in spending from the General Fund, a \$6.5 billion increase over the FY 2015-16 spending level. Similar to the budgets adopted for the previous two fiscal years, the FY 2016-17 Proposed Budget does not significantly impact local finances for the coming year; and, helps to mitigate what the Administration has identified as the two biggest liabilities facing the state: infrastructure and retiree benefits. The proposed budget supports programs that will help California more readily bounce back from the next recession through workforce training and education transition assistance; and also proposes contributing \$2 billion more

than required to the state's rainy day fund to prepare for a future recession (bringing the balance to over \$8 billion).

Staff will continue to monitor ongoing State Budget developments up to and through the issuance of the May Revise and eventual adoption of the final budget.

BOARD REVIEWS OF THE FY 2016-17 BUDGET

As a means to further the FY 2016-17 budget development process, your Board can anticipate receiving the following over the next several months:

- **May 3, 2016** – Challenges and Choices update on the FY 2016-17 Proposed Budget Development process as it relates to priority initiatives and funding requirements
- **June 7, 2016** – Board consideration of FY 2016-17 Proposed Budget and Position Allocation Ordinance
- **September 13, 2016** – Public Hearing and Board adoption of FY 2016-17 Final Budget

CONCLUSION

As the FY 2016-17 recommended budget is prepared and recognizing the potential challenges in addressing requested one-time and ongoing supplemental requests, staff will incorporate the long-term fiscal impacts presented above while assuring continued adherence to County policy and the delivery of efficient and effective service levels and programs. Staff will continue to update the models presented above to monitor ongoing operations and relieve out-year pressure related to operational cost drivers, while providing the Board with clear information and recommendations supporting effective county service delivery.