

Spotlight on Critical Issues

SUSTAINABILITY OF OPERATIONS

Longstanding budget and financial direction from the Board of Supervisors enabled Placer County to overcome significant budget and operational challenges, past and present. As a result, the County is positioned relatively well in the wake of a modest economic recovery subsequent to the prolonged “Great Recession”. Revenues in the gradually improving economy are expected to be outpaced by significant cost pressures requiring a continued prioritization of constrained resources for the foreseeable future.

Sustainability of operations includes the following elements:

- ✓ *Priority Based Budgeting:* Clearly align the distribution of County resources to prioritized programs and services.
- ✓ *Multi-year Budget Framework:* Periodic update of a policy-based framework that estimates short and long-term revenues and costs and identifies fiscal, policy, and operational challenges to be addressed.
- ✓ *Maximize Stability and Flexibility:* Continued evaluation and update of existing and consideration of new County Financial Policies, funding of reserves, infrastructure, and other priorities, reduced reliance on carryover fund balance, dedication of one-time funding for one-time purposes, and pursuit of economic development and other leveraging opportunities that best meet community needs while enhancing sustainability of operations.

To continue the path towards greater sustainability of county operations, and prioritized distribution of resources, the Board has implemented a multi-year budget framework. The multi-year budget framework is founded upon identification of the most reasonable balance between County priorities and available resources and will enable the Board to meet the highest County priorities while providing flexibility to adapt to changing revenues, costs, and service demands over the next several years. Current focus is on the General Fund and Public Safety Fund, as well as the County Library which is challenged with providing the most appropriate level of services to a growing population with limited property tax revenues and resources.

The FY 2014-15 Final Budget has been developed consistent with the multi-year budget framework.

PRIORITY BASED BUDGETING

Priority Based Budgeting is an approach to clearly align the distribution of County resources to prioritized programs and services. It is a critical component of achieving long-term sustainability based on identified priorities while enhancing transparency. Doing so is intended to increase communication to the public regarding County priorities and their reflection in the budgeting and decision making process.

Priority Based Budgeting continues to be implemented using a three-phased approach:

Communication: As the annual blueprint of Board priorities, the County Budget must clearly communicate County priorities, challenges, and significant changes for the upcoming year and beyond. For FY 2014-15, the public budget development process began with the March 25, 2014 update of FY 2013-14 revenue and expenditure projections, multi-year budget framework, and an overview of the FY 2014-15 budget development process. This update provided the Board and public with information regarding anticipated FY 2013-14 budget-to-actual results, an update of the multi-year budget framework, and a preview of the FY 2014-15 budget, including fiscal impacts of initial departmental budget submissions and long-term challenges likely to impact the County’s budget.

Performance measures: As a segue into the second phase of implementing a Priority Based Budgeting approach, the FY 2014-15 budget development process includes a concerted effort to align countywide costs within the departments for which the costs are incurred. The budget development process will also include an initial presentation of the array of programs and services offered by countywide departments. The initial programs and services inventory, which has been included in the County Organization section

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of this budget document, was introduced by each County department to the Board and public as the Proposed Budget was being considered. During FY 2014-15, departments, the County Executive Office, and the recently created Priority Based Budgeting Coordinating Council will be tasked to collaboratively develop and implement key performance measures linked to the true costs to provide each program and service as a means to assess the value of services provided by the County and identify opportunities to enhance service delivery in the most cost effective and responsive manner. This is an integral component to a successful organization with the focus on ongoing service improvements to best meet resident needs and expectations.

Priority Based Budgeting: The approach to organizing and delivering County services, and funding them within the annual budget will integrate Communication, Performance Measures, and focus on results. More than a budget tool, Priority Based Budgeting seeks to achieve the best balance of costs to the prioritized distribution of resources, in alignment with County Financial Policies and the long-term sustainability of operations.

The FY 2014-15 Final Budget continues to highlight County priorities and challenges, communicates the compelling public value of the breadth of programs and services provided to County residents, and strives to increase the overall context and usability of the information.

In addition, the County webpage (www.placer.ca.gov) includes a link to the County Budget page and materials that have assisted in the public budgeting process.

AFFORDABLE CARE ACT IMPLEMENTATION

The Patient Protection and Affordable Care Act (ACA), also known as comprehensive health reform, was signed into federal law in March 2010. The ACA included a multitude of changes for health plans provided by employers, with substantial penalties for non-compliance. To comply with the ACA and mitigate potential exposure to penalties, the Placer County Affordable Care Act Policy was implemented in September 2013. This policy identifies the methods by which Placer County will determine employees to be treated as full-time employees under ACA and methods for implementing required components of the law.

Additionally, counties are the mandated provider of last resort for the medically indigent population. Placer County had an estimated 33,000 uninsured residents prior to ACA implementation. Outreach and enrollment efforts have been very successful, including our county's call center which achieved some of the best response rates across the state. And despite problems with Covered California's electronic interface with county eligibility systems, over 12,000 Placer residents are being enrolled in Medi-Cal through Placer County's eligibility system, while another 13,000 have obtained coverage through Covered California, with at least 11,000 eligible for subsidies.

With the ACA framework, the County is reviewing its clinic services in the Auburn area to determine the best long-term sustainable model to provide high quality, accessible and cost effective health services to low-income individuals. Other efforts underway include Medi-Cal expanded treatment for substance use disorder and mental health services. Finally, special efforts will be directed to enroll all eligible Probationers in Medi-Cal, as well as those incarcerated in the County jail system who will be discharged in the near future.

ENVIRONMENTAL STEWARDSHIP

Actions taken by the Board of Supervisors demonstrate the many ways Placer County is an effective steward of the environment we live in. Placer County has developed a program to support USFS National Forests and other valued areas of our forested community via a Strategic Plan for wildfire protection and biomass utilization adopted by the Board of Supervisors. The Cabin Creek Biomass Facility, expected to be operational in early 2016, allows for sustainable forest waste removal operations that protect the forest from fire and significantly reduce the amount of air emissions from open burning.

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Placer County has also embarked on a path to ensure the current drought being experienced in California and potential future droughts and state projects do not create a situation that has lasting effects on our citizens, economic growth or agricultural opportunities. Pursuant to direction from the Board of Supervisors, specific practices, regulations and multiple use options will be evaluated and, where feasible, put into action. Partnering with other agencies such as Placer County Water Agency (PCWA) and incorporated cities to find and develop reclaimed water methodologies to replace and / or reduce use of scarce fresh water, provide value during dry seasons and potentially lower the costs of major new infrastructure by requiring less fresh water. Additionally, working in collaboration with PCWA on the Middle Fork American River Project will not only produce power, but also allow for greater options to protect the County from the drought years and predicted climate change effects.

In October 2013, the Board of Supervisors accepted the City of Lincoln's \$73.2 million offer to implement the Midwestern Placer Regional Sewer Project as a way for the County's Sewer Maintenance District (SMD) #1 (North Auburn) to achieve compliance with more stringent discharge requirements. In November 2013, the City of Auburn entered into a \$2.2 million funding agreement with the County to oversize a portion of the regional pipeline being constructed as part of the larger project to accommodate their future wastewater flows. Construction on all components began in February 2014 and the project is on scheduled to be operational prior to SMD #1 final discharge standards taking effect in September 2015. Final completion of the Regional Project including decommissioning the existing SMD #1 Wastewater Treatment Plant is set for December 2015.

INFRASTRUCTURE

Countywide capital infrastructure planning, investment, and maintenance are key components of the County's long-term sustainability approach. Accompanying the delivery of the FY 2014-15 Proposed Budget, the Board of Supervisors also received the first publication of a comprehensive Multi-year Capital Plan and Finance Summary of capital and supporting projects across countywide program functions. Over the past two years, the Infrastructure and Investment Committee and newly formed Capital Projects Team have prioritized and made budgetary recommendations on various projects based on direction received from the Board of Supervisors. Projects focus on activities required for operational and service sustainability, and include new projects aimed at economic development, improvements to public and county facilities with programs directly serving the community. Funding for these projects is leveraged from multiple sources, including Federal, State, fees, reserves, and the General Fund.

Capital infrastructure project recommendations align with Board priorities and policies, uphold the delivery of County services to the community, and will have potential to improve or create new investment opportunities. The Infrastructure Investment Committee and Finance Committee will continue the evaluation of new project requests as they occur and the finances required to fulfill these investments. Comprehensive information will be delivered to the Board of Supervisors, as needed throughout the year, to guide decision-making and ensure transparency of the County's capital expenditures and uses of funds.

PLANNING FOR THE FUTURE

After years of setting the stage through implementation of the County's General Plan, Placer County is approaching a point of realizing significant planning efforts that have become the foundation for how development occurs in the County. Planning efforts currently taking place, from the reaches of Western Placer County and the Sunset Industrial Area to the Lake Tahoe Basin, are beginning to set in place the future of the County.

Using as a foundation the Placer County Conservation Plan, the County is taking an active role in identifying where development can occur while at the same time preserving the natural resources enjoyed by all County residents. The recommended update to the Sunset Industrial Area (SIA) Specific Plan will begin establishing a framework better enabling the County to secure an economic job base that has long been envisioned for the Sunset Industrial Area. Coupled with existing and proposed housing developments in the Western Placer County area, the update to the SIA Specific Plan fosters the creation of a true jobs-housing balance where residents can live, work and recreate without having to leave their neighborhood.

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Soon-to-be-completed Community Plans for the Lake Tahoe Basin will set the stage for how the Lake Tahoe communities will build-out over the next twenty years. Through extensive public involvement, the community has set the tone for how and where development should occur, with the Community Plans serving as the vehicle to implement the community's vision. Public-private partnerships, which have been the foundation for growth in the Lake Tahoe Basin, will facilitate demonstration of how public agencies can utilize private assets to implement the community's vision.

ECONOMIC DEVELOPMENT

Placer County remains one of the fastest growing counties in California, so it is no surprise that the entire county is experiencing a new surge of business development, film production, and tourism-related activity. North Lake Tahoe continues to rank as a world-class destination for vacations and outdoor recreation, while the Gold Country has emerged as a hub for boutique wineries producing award-winning wines. The Auburn Airport Area has become a magnet for tech companies drawn to the foothills lifestyle. South Placer's Sunset Industrial Area (SIA) and its nucleus of 150 companies generates more than 10,000 jobs and \$1 billion in economic output. Several large-scale projects within the SIA, including plans for higher education campuses, will serve to catalyze significant economic activity.

Current Economic Development Department efforts are focused on promotion, business assistance, and special projects. A new branding/logo initiative was recently launched that will spawn marketing campaigns to promote the outstanding quality of life in Placer County and showcase the many reasons people are moving here to live, work and play. Business assistance programs are offered to companies of all sizes, with an emphasis on small and medium business expansions. Special projects have been identified throughout the county, where opportunities to revitalize town centers, bolster manufacturing, and boost tax revenues are prevalent.

Economic Development will continue to coordinate with local, regional, State and Federal partners to leverage and strengthen our capacity and resources to ultimately maximize return on investment and foster job growth.

SOUTH PLACER ADULT CORRECTIONAL FACILITY

After eight years of planning, design and construction the South Placer Adult Corrections Facility (SPACF) is nearing completion and will open in June 2014 at a first year cost of \$7.4 million, increasing to \$11 million in year two when the facility assumes full-year operations. The SPACF Phase I Transition Plan approved by the Board of Supervisors on May 7, 2013 allows the facility to open in 2014 as originally intended and moves the County a step closer to achieving the justice center campus envisioned in the original 1990's Master Plan that called for co-location of the Courts, county public safety office and a correctional facility near the County's population center in South Placer. It also allows for the opening of 240 beds at SPACF and the closure of 160 beds in the antiquated 1940's era minimum security facility at the DeWitt Center, which due to its age and design, creates numerous cost and operational challenges. The net addition of 80 beds to total system capacity allows the Sheriff's Corrections Division to more safely and effectively manage jail impact from the 2011 public safety realignment legislation. A Federal District Court order has been in place in Placer County since 1990 requiring the Sheriff to release inmates early if necessary to avoid overcrowding. While the additional 80-bed capacity will provide some relief to the Sheriff's Correction Program, it will not be a long-term solution for the Sheriff's Corrections Program if current trends continue.

With the opening of SPACF, the Probation Department will also be opening a Community Transition Center. Approved by the Board of Supervisors in October 2013, the new Placer Re-Entry Program (PREP) will be designed and constructed at the Bill Santucci Justice Center. This facility will provide a single point of entry, assessment and linkage to comprehensive re-entry services for offenders under Probation Department jurisdiction in Placer County. These services will include substance abuse screening and treatment, educational programs, life skills and job assistance. The facility is scheduled to open late 2014.

The County's Criminal Justice System Master Plan is intended to identify future justice system needs and funding recommendations that prioritize public safety, reduce recidivism and assist in the successful transition of offenders back into society.

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EMPLOYEE ENGAGEMENT

A key to any successful organization is employees who rise to the demands and expectations of their clients. For the County, our clients are the residents we serve across the broad spectrum of County responsibilities. Employee engagement is focused on improving performance by supporting and connecting employees and encouraging people to be self-directed and fully involved in their jobs. It reinforces that each employee plays an important role in the county's success, while striving constantly to get even better at what they do as valued members of County service delivery. Employee engagement means having employees that boost the County's efforts to serve the public while retaining high-quality workforce that works collaboratively with our many partners and embraces innovative approaches to meet and exceed community expectations.

Employee feedback and insights are critical to help guide how we invest in people and programs and will be invaluable in our ongoing drive to better serve the public and provide the best possible working conditions. In the Spring of 2014, the County partnered with an independent human resources research firm, to administer our first Employee Engagement survey. Seventy-two percent of county employees completed the survey. The level of survey completion highlights our shared commitment to employee engagement and our organization. The survey will help the county benchmark what we're doing well, identify and prioritize change initiatives from the results and create action plans to leverage the county's priorities. The leadership team is committed to continuous improvement, building organizational intelligence and creating positive employee relations to exceed employee and community expectations.

An important component of employee engagement is the Learning and Development program. Organizational benefits achieved through Learning and Development activities include service enhancements, process improvements, reduced costs, improved employee retention and engagement. Retaining employees and building our bench for the future is a high-priority for the County. Succession planning efforts are continuing with the development of a talent management strategy. Talent management goes beyond managing employee performance by expanding to a holistic approach whereby all departments play a role in helping the organization as a whole develop a high-quality workforce prepared to meet the demands and expectations of our residents.