

## Spotlight on Critical Issues

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### CRIMINAL JUSTICE MASTER PLAN IMPLEMENTATION

Since the implementation of AB109 in 2011, the County has experienced increased demands for jail bed capacity as a result of the need to house inmates for longer periods of time. In November 2014, California voters approved Proposition 47, which reclassified many lower level drug and property crimes. In January 2015, a presumption for split sentencing went into effect. Together, these legislative measures have created a changing environment for the County's criminal justice system.

The Criminal Justice Master Plan, presented to the Board of Supervisors on February 24, 2015, makes recommendations to be implemented across a multi-year framework. The Proposed Budget recommends continued exploration of funding options for construction of a Crime Lab and Coroner's Facility as part of the Capital Facilities Financing Plan update later this year. As the second phase of a two-year plan, \$2.3 million for 30 additional Sheriff's Office positions and a new booking station at the South Placer Adult Correctional Facility. A \$9.5 million conditional award from the California Board of State and Community Corrections, matched by \$2.1 million, will fund 45 beds for acute mental health treatment at the South Placer Adult Correctional Facility. Staff continues its work to transfer inmates and transition Sheriff staff from the Auburn jail to South Placer.

### PUBLIC DEFENDER SERVICES

Placer County contracted with three firms to provide indigent defense services for ten years. In partnership with the Courts, County staff are re-examining the current contract model in terms of effective representation and to determine the most financially sustainable model moving forward. A Request for Proposal process was initiated in FY 2015-16 for the current Primary Indigent Defense contract.

### PUBLIC SAFETY INFORMATION TECHNOLOGY

Improving public safety information systems, including inmate tracking and data collection, requires the Sheriff's Office to replace the existing Corrections Management System (CMS) and Records Management System (RMS) including computer aided dispatch (CAD). The new CMS system will provide comprehensive tracking of inmates; including, demographics, bookings, charges, and sentencing, and will integrate with other existing third party systems. The new RMS and CAD systems will provide a single repository of warrants, sex offenders, and other cautionary flags, along with call histories and other safety information that will be instantly available to officers in the field. The FY 2016-17 Proposed Budget includes \$3.1 million for Sheriff's Office automated systems replacement, funded with Public Safety Fund automation reserves.

### HOMELESSNESS / AFFORDABLE HOUSING

There are approximately 600 Placer County individuals homeless on any given night, many of whom are chronic in nature. In September 2014, the Board of Supervisors approved a contract with Marbut Consulting for a comprehensive homeless needs assessment and action plan. The study, presented to the Board in April 2015, included key findings and potential strategies to address the unique population centers (South Placer, Auburn, and Tahoe), the lack of a countywide coordinated approach, and low participation in the Homeless Information Management System.

In October 2015, the Board of Supervisors voted to upgrade the temporary homeless shelter located at the Placer County Government Center (PCGC) from day use only to a 24 hour per day, 7 days per week temporary service delivery model. The Board also directed staff to review permanent solutions consistent with the Marbut recommendations. On May 3, 2016, the Board approved staff's recommendation to address homeless issues across a spectrum of county services. The FY 2016-17 Proposed Budget includes \$1.2 million for public safety and systems of care services, and support for requests from the community and agency partners.

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The lack of affordable workforce housing is one of the emerging issues that will require further work in FY 2016-17. The potential need for additional resources will be investigated in the coming months with recommendations provided at Final Budget.

### MEDICAL MARIJUANA

Since the 1996 passage of Proposition 215, local governments have faced uncertainties with implementation and the regulation of medical marijuana. Issues have arisen regarding land use, zoning, environmental impacts, and public safety. The 2015 passage of the Medical Marijuana Regulation and Safety Act (MMRSA) established a statewide regulatory framework for medical marijuana cultivation, manufacture, distribution and sales. Local governments retain explicit authority to enact zoning regulations, impose local taxes and restrict the cultivation, transportation, and distribution of medical marijuana. County costs for administration and enforcement services (Public Health, Agricultural Commissioner, Environmental Health, Public Safety) will likely require augmentation. Revenue to offset costs could occur through the development of fees or local taxes with the Final Budget.

### CAPITAL FACILITIES FINANCING PLAN / INFRASTRUCTURE DEVELOPMENT

The *Capital Facilities Financing Plan* was last affirmed by the Board of Supervisors on July 25, 2011 as the framework for setting priorities and funding levels for the construction of county facilities. To date, major projects have been completed, such as the South Placer Adult Correctional Facility and Animal Services Center, while others are delayed due to competing priorities and/or funding levels adjusting over time. Use of discretionary General Fund funding is guided by the County's Budget and Financial Policy, Debt Management Policy, and Board priorities such as maximizing return on investment.

County departments along with the Board of Supervisors have an interest in reviewing the probability of moving forward with new projects envisioned for the future. For example, the Sunset Area Plan update in western Placer County will define infrastructure requirements for land development in the Sunset Area. The County Executive Office and Department of Public Works and Facilities are preparing to request that the Board affirm its top priorities and a preferred approach to capital project funding. To supplement the County's pay-as-you-go funding approach for most major capital, the County's Finance Committee is analyzing financing options and leveraging other funding sources. Generally, capital projects are funded by dedicated revenue sources, such as the Capital Facilities Impact Fee. The County also maintains a capital reserve balance of currently \$47 million and an uncommitted fund balance in the capital trust fund.

The FY 2016-17 Proposed Budget continues the base General Fund Contribution of \$8.3 million for capital (\$4.5 million) and road overlay (\$3.8 million). The Multi-Year Capital Plan is provided with the Final Budget in September, which will also reflect relevant projects from the *Capital Facilities Financing Plan* update. Two major project areas upcoming for for FY 2016-17 are mentioned below:

#### **Sunset Area Plan**

In unincorporated western Placer County, a re-envisioning of the Sunset Area is underway to implement long-term plans to attract large commercial uses, universities, advanced manufacturing, corporate campuses, and entertainment venues that create primary wage jobs. The update will examine market conditions; assess existing business retention and expansion; identify backbone infrastructure needs and finance alternatives; develop a new land use diagram, and produce a constraints and opportunities analysis. The update to the *Capital Facilities Financing Plan* will include Sunset Area infrastructure, in order to continue this important economic development work effort.

#### **Placer County Government Campus**

An update to the Placer County Government Center Master Plan will verify county government needs on the Dewitt property for the next 20 years. The update will incorporate preserving history at the campus, allow flexibility for additional commercial development, and potentially become the site of a new Health and Human Services office building and county administrative center. Community input will inform uses at this campus and a vision for the future. The master planning effort is fully funded in the Proposed Budget.

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## ENVIRONMENTAL SUSTAINABILITY

County staff, along with each of the water agencies in Placer County, continues to work collaboratively in reaction to the impacts of drought and water resource management challenges experienced during the past several years. The County's partnership with the Placer County Water Agency on the Middle Fork American River Project to produce power also allows for greater cooperation to protect the County from drought years and predicted climate change effects in the future.

In the coming decade and beyond, land development in Western Placer County will have a cumulative impact. Through the Placer County Conservation Plan (PCCP), the County is taking a proactive role in identifying where development can best occur while at the same time preserving important natural resources. The PCCP is now in the final preparation stage and will provide one common conservation strategy, consistent with Federal and State statutes and local plans, to provide streamlined regulatory coverage for 50 years. Placer Legacy is a voluntary program that emphasizes conservation for the enhancement of the agricultural economy, biological resources, scenic and historic resources, urban-rural buffers, public safety, and outdoor recreation. While separate programs, properties acquired under Placer Legacy often also achieve PCCP objectives.

The Tahoe Basin Area Plan update is critical to ensure consistency with the Tahoe Regional Planning Agency's Regional Plan and to set the stage for how the North Lake Tahoe communities will achieve environmental redevelopment goals over the next 20 years. Benefitting from extensive public involvement, the County continues to work with TRPA to align land use with environmental improvements, while achieving the community's vision.

## PLACER COUNTY LIBRARY SYSTEM PLANNING

The Placer County Library system includes 11 separate facilities throughout the County, with the majority of funding coming from a dedicated property tax. Although this funding base is increasing modestly with the economic recovery, it is outpaced by the cost of doing business. This unsustainable fiscal model has continued to erode library services.

Amidst this challenge, the Library is seeking to achieve the recommendations of the Board-approved Library Strategic Plan: reverse the erosion in services; modernize operations; and build capacity for the future. As one step in this process, the closures of the Loomis and Meadow Vista branch libraries are reflected in the Proposed Budget. Existing system-wide resources are reassigned within the County Library service delivery model. In response to the Library Fund's current fiscal state, the FY 2016-17 Proposed Budget recommends a permanent General Fund increase of \$275,000 in order to replace outdated materials and fully fund indirect service costs that are not controllable by the County Library.

## PLACER COUNTY FIRE FUNDING SUSTAINABILITY

Fire services in Placer County are provided through a combination of municipal and Independent Fire Districts, US Forest Service, State, and Placer County Fire, a County Service Area. Placer County Fire is provided under contract with CalFIRE and encompasses seven separate zones of benefit with widely varying property tax funding structures. While zones of benefit are intended to be self-funded, property tax revenues are lagging associated increases in operating expenses. The Countywide Fire Services Study will be presented to the Board of Supervisors in early summer of 2016. The FY 2016-17 Proposed Budget includes a \$50,000 placeholder for additional consultant support in the next steps of achieving sustainable operations among the independent Fire Districts.

Although structural deficits in certain zones of benefit have created a challenging funding model, potential health and safety impacts are heightened with the current State and County declared tree mortality emergency. The FY 2016-17 Proposed Budget recommends the County Fire Fund support restoring the 3rd Battalion Chief in the CalFIRE contract in order to support more rapid systemwide fire management response. In addition, two firefighters are restored at the Sunset West station, funded by the Western Placer zone of benefit. Along with a

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moderate cost of living increase, total CalFIRE contract costs increase \$464,720 for a contract total of \$10,639,978.

### FINANCIAL SYSTEM REPLACEMENT

Placer County's existing financial system (PAS) was put into use by the County in 1999 and has not been upgraded since it was originally implemented. While PAS still meets the core requirements of an accounting system and has been a stable platform for many years, its limitations are numerous. Placer County's human resource/payroll system (ACORN) was implemented in 2004. Although it was recently upgraded and also provides a stable platform, it is a highly complex system that is expensive to maintain and is difficult to operate by department users.

At the Board Priorities Workshop on January 26, 2016 the Auditor-Controller identified replacement of the current Financial System as an emerging issue. Based on an internal review and presentations from several vendors, an independent consultant was hired to evaluate enterprise systems. The total implementation cost to replace both PAS and ACORN is estimated at \$19.6 million over a three year period. Significant economies of scale are being documented to verify this expense as a wise investment.

### POST-EMPLOYMENT LIABILITIES

Placer County is committed to fully fund the annual required contribution (ARC) for both Other Post-Employment Benefits (OPEB) and CalPERS Pension liabilities. Each fiscal year, the Board of Supervisors has the option to appropriate additional contributions to accelerate amortization of the County's post-employment liabilities. In FY 2015-16, \$5.8 million in additional contributions were set aside to pay down OPEB (\$2.9m) and Pension liabilities (\$2.9m).

In FY 2014-15, the Board took action to expedite funding of OPEB by approving a policy change to adjust the amortization period from 30 years to 15 years. Currently, the County pension plans for Miscellaneous and Safety are on a 30-year amortization schedule. The June 30, 2014 Actuarial Valuation for the pension plans reflects a \$314.3 million unfunded actuarial accrued liability (UAAL) for the Miscellaneous (Non-Safety) Plan and \$115.3 million in UAAL for the Safety Pension Plan. County staff are currently researching the option of an Irrevocable Supplemental (IRS §115) Trust to pre-fund the pension plans and mitigate unpredictable swings in CalPERS' employer rate volatility. By paying down post-employment liabilities early, the County will be able to free up operational fiscal capacity for ongoing priorities.