

Spotlight on Priority Issues

Criminal Justice Master Plan Implementation

Since the implementation of AB109 in 2011, the County has experienced increased demands for jail bed capacity 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 changed 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 over multiple years. The approved *Capital Facilities Financing Plan* includes funding for construction of three projects consistent with the Master Plan: 1) a 45-bed acute mental health treatment center at the South Placer Adult Correctional Facility, 2) a 120-bed medium security educational and vocational center at the South Placer Adult Correctional Facility, and 3) a \$3 million retro-fit to the Auburn jail to provide programming space for sentenced offenders. Further, the Board of Supervisors approved the replacement of the Coroner's facility in August 2017.

Homelessness

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 included key findings and potential strategies for a countywide coordinated approach.

On May 9, 2017, the Board of Supervisors voted to extend the temporary homeless shelter located at the Placer County Government Center (PCGC), and further directed staff to continue to pursue permanent solutions consistent with the Marbut recommendations.

Currently, Placer County is actively pursuing bridging the service gap for the homeless including seeking long-term solutions with focused system of care resources leveraging a Whole Person Care grant and Sutter Health funding to purchase housing in Rocklin, and has also contracted with a local social service organization to operate a temporary homeless shelter on the Placer County Government Center campus.

Affordable Housing

Placer County approved its first-ever Housing Work Plan, which focuses on implementing the 2013 Housing Element in key areas of Research and Planning, Finance, Community and Stakeholder Outreach and Incentives and Regulation to ensure a broad spectrum of housing opportunities that supports the County's workforce and other populations. Much of the Work Plan's tasks have been completed and development of a subsequent annual plan is underway.

The FY 2018-19 Proposed Budget includes funding of \$305,000 to fund planning, investment strategies, and housing element updates for Placer County affordable housing initiatives.

Library

The Placer County Library system includes 9 separate facilities throughout the County, plus a bookmobile, with the majority of funding coming from a dedicated property tax. Although this funding base is increasing modestly with the economy, it is outpaced by the cost of doing business.

Amidst this challenge, the Library is seeking to implement the recommendations of the Board-approved Library Strategic Plan. The Library system has drastically reduced its reliance on its extra help workforce. In the FY 2017-18, an additional 5.75 positions were added to the Library's workforce to professionalize library staff services in the

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County. The General Fund will maintain the current level of support provided to the Library Fund in the FY 2018-19 budget (\$2.1 million). This General Fund support will ensure that all nine libraries remain open at current service levels and will help facilitate the replacement of the legacy library cataloging system in the upcoming year.

Development in Placer

County efforts are well underway to capitalize on leveraging public with private investment. The Placer Ranch Specific Plan, Sunset Area Plan, Kings Beach Center and Placer County Government Center Plan achieved critical milestones, and the County is actively partnering on opportunities to accelerate job sector growth and ensure an educated workforce. These efforts will enable Placer County to achieve competitive advantages, marketability, fiscal growth, and ensure a prosperous region with a high quality of life for generations.

Capital Facilities/Infrastructure

An update to the *Capital Facilities Financing Plan* was presented to the Board of Supervisors on August 15, 2017. The *Capital Facilities Financing Plan* acts as the framework for setting priorities and funding County facilities for the next several years. 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.

At the August 15, 2017 Board of Supervisors meeting, the Board affirmed its top priorities and preferred approach to capital project funding. As a result, several major capital projects for County facilities were recommended to be funded in the FY 2017-18 budget and construction will continue into FY 2018-19, including the Auburn jail retrofit project; the Placer County Coroner facility project; the Elections warehouse project; and the SB863 and SB844 grant funded Acute Mental Health Center and Medium Security Educational Center at the South Placer Adult Correctional Facility. Generally, capital projects are funded by dedicated revenue sources, such as the Capital Facilities Impact Fee and General Fund Capital Reserves. The County currently has a capital reserve balance in the General Fund of approximately \$41 million.

The FY 2018-19 Proposed Budget designates General Fund Contributions of approximately \$8.3 million for capital facility projects (\$4.5 million) and road overlay (\$3.8 million) in the Department of Public Works and Facilities budget. Additionally, \$3.0 million in existing General Fund Capital Reserves have been used as a resource to fund the construction of the Coroner's facility and Elections warehouse projects.

The updated *Capital Facilities Financing Plan* includes the Placer Parkway project, in order to continue the important Sunset Area economic development work effort. The Sunset Area planning underway is to better position the area to attract large commercial uses, universities, advanced manufacturing, corporate campuses, and entertainment venues that create primary wage jobs.

Environmental Sustainability

County staff, along with each of the water agencies in Placer County, continues to work collaboratively on water resource management. Additionally, the County partners with the Placer County Water Agency on the Middle Fork American River Project to produce and market power.

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 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. In addition, 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.

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The Tahoe Basin Area Plan is critical to ensure consistency with the Tahoe Regional Planning Agency's (TRPA) Regional Plan and sets 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 worked with TRPA to align land use with environmental improvements, while achieving the community's vision.

Placer County Fire Sustainability

Fire services in Placer County are provided through a combination of municipal and Independent Fire Districts, the US Forest Service, the 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. A financial assessment of fire districts was presented to the Board of Supervisors on April 14, 2017. To maintain existing County fire services, the FY 2018-19 budget includes an additional \$596,000 million of expenditures in order to fund an increase to the CALFIRE contract. The increase is driven in part by a CALFIRE wage increase, which will be phased-in over the next few years. Of concern is the ongoing sustainability of services as costs continue to climb.

On May 22, 2018 the County Executive Office returned to the Board with an update on fiscally distressed independent fire districts and to discuss overall fire services provided to County constituents. Based on the direction received, a coordinated effort by the Board of Supervisors, County Executive Office, County departments, and other stakeholders will be made in FY 2018-19 to review potential service delivery models for countywide fire services, engage in public outreach on services and sustainability of distressed districts and to work on a ballot measure to raise revenues for the Foresthill Fire Protection District. These efforts will work toward ensuring that fire services are delivered efficiently and effectively to all County constituents. The FY 2018-19 Proposed Budget includes an increased General Fund contribution of \$517,000 over the prior year Adopted Budget to maintain services as a more sustainable model is explored and implemented.

The FY 2018-19 Proposed Budget also includes \$263,000 in equipment as a result of the Vehicle and Apparatus Replacement Policy, approved by the Board of Supervisors in November 2016. The policy institutes a system wide acquisition approach for fire vehicles and apparatus for the Placer County Fire System.

Investment in Innovation

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. Placer County's human resource/payroll system (ACORN) was implemented in 2004.

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. Following the evaluation, the County engaged in a contract with Workday, Inc. to implement the County's new enterprise resource planning (ERP) and human resources management software systems. The system will modernize many of the County's business processes, which will reduce reliance on paper records, improve transaction tracking, and provide real-time reporting. Financial accounting in the new ERP system will "go-live" on July 1st of 2018, with Human Resource and Payroll functions following on January 1, 2019. The total implementation cost to replace both PAS and ACORN is estimated at \$19.6 million over a three year period.

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.

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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. The June 30, 2017 Actuarial Valuation for the OPEB plan reflects a \$98.2 million (21.9%) unfunded actuarial accrued liability (UAAL). On April 24, 2017, the Board approved establishing a Supplemental (IRS §115) Trust to pre-fund the pension plans and mitigate unpredictable swings in CalPERS' volatile employer rate. In the FY 2016-17 and FY 2017-18, \$2.9 million and \$1.1 million, respectively, were allocated to fund the Supplemental (IRS §115) Trust in an effort to offset and stabilize future required annual pension contributions. By paying down post-employment liabilities early, the County will be able to free up operational fiscal capacity for ongoing and future priorities. In the FY 2017-18, the County made the initial contribution to the Supplemental (IRS §115) trust fund in the amount of \$4,009,468. Future contributions are proposed to be derived from savings achieved in existing compensation budgets.

Currently, the County pension plans for Miscellaneous and Safety are on a 30-year amortization schedule. The June 30, 2016 Actuarial Valuation for the pension plans reflects a \$434 million (36.6%) UAAL for the Miscellaneous (Non-Safety) Plan and \$155.1 million (38.4%) UAAL for the Safety Plan.

Leading Strategically

In April of 2018, the Board of Supervisors, elected officials, department heads and County executives held a series of workshops to begin building the foundation for a comprehensive Strategic Plan for the County. The working group identified several critical success factors required to achieve the County's overall goal of delivering service excellence to support an exceptional quality of life to County constituents. Those success factors included:

- Outcome-focused development strategies
- Prudent, all-inclusive financial planning
- Diversity of achievable housing throughout the County
- Public serving infrastructure and amenities
- Innovative, implementation-focused, integrated County services
- Land use planning and environmental stewardship
- Strategic relationships and community engagement
- Collaborative health and human services
- Comprehensive public safety

Ultimately, as the critical success factors are refined, performance measures and benchmarks will be established by County officials to ensure that anticipated outcomes are achieved efficiently and effectively.