

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 three jail projects consistent with the Master Plan: 1) A \$9.5 million conditional award from the California Board of State and Community Corrections (BSCC) for a 45 bed acute mental health treatment center, 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.

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 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.

The lack of affordable workforce housing is one of the issues that will require further work in FY 2017-18. The budget includes \$225,000 in additional resources committed for the implementation of the FY 2017-18 Housing Program Work Plan.

CANNABIS REGULATION

Since the 1996 passage of Proposition 215, local governments have faced uncertainties with the regulation of medical marijuana. 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. In November 2016, voters approved the legalization of recreational cannabis via Proposition 64, the Adult Use of Marijuana Act ("AUMA"). Under Prop 64, commercial sales and production of adult use cannabis will require separate licensing by both the state and local agencies under similar, but different regulations to those developed under MCRSA (Medical Cannabis Regulation and Safety Act) in 2015. State agencies in conjunction with local governments are preparing for full implementation of both AUMA and MCRSA in 2018 when all commercial marijuana, both adult use and medical, will be subject to the new state tax and licensing structures. Local jurisdictions retain full autonomy to allow or prohibit commercial production within their jurisdictions. Placer County's Ordinance went into effect in February 2017 and prohibits any commercial activity within the unincorporated areas of Placer County. FY 2017-18 County costs for administration and enforcement of the cannabis ordinance are \$655,500.

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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. For example, the Library has drastically reduced its reliance on its extra help workforce, and is now in a position where a thoughtful increase to permanent staffing is required. An additional 5.75 positions will continue the current level of public hours and provide reliable services to all of the libraries in the County system. An increase of \$821,000 in General Fund support will fund these additional positions (\$364,000) and in addition will balance the Library's FY 2017-18 budget (\$457,000). This additional support will ensure that all nine libraries remain open at current service levels.

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, 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 \$35 million.

The FY 2017-18 budget designates General Fund Contributions of approximately \$5.3 million for capital (\$1.5 million) and road overlay (\$3.8 million) in the Department of Public Works and Facilities budget. Additionally, \$3.3 million in existing General Fund Capital Reserves have been used as a resource to fund the Auburn jail retrofit project.

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. The plan will examine market conditions; assess existing business retention and expansion; identify backbone infrastructure needs and finance alternatives; develop a new land use diagram; and analyze constraints and opportunities.

The Placer County Government Center Master Plan identified County government needs on the Dewitt property for the next 20 years. The update incorporates preserving history at the campus and allows flexibility for additional commercial and residential mixed-use development.

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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.

The Tahoe Basin Area Plan is critical to ensure consistency with the Tahoe Regional Planning Agency's (TRPA) Regional Plan and 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 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, 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. 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 2017-18 budget includes an additional \$1.5 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 four years. Of concern is the ongoing sustainability of services as costs continue to climb.

The FY 2017-18 Budget also includes an increase of \$261,000 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.

At the same time that structural deficits are creating challenges, potential health and safety impacts are heightened with the current State and County declared tree mortality emergency.

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. 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 new ERP system is anticipated to "go-live" on July 1, 2018. The total implementation cost to replace both PAS and ACORN is estimated at \$19.6 million over a three year period.

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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 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, 2016 Actuarial Valuation for the OPEB plan reflects an \$82.8 million (20.2%) 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.

Currently, the County pension plans for Miscellaneous and Safety are on a 30-year amortization schedule. The June 30, 2015 Actuarial Valuation for the pension plans reflects a \$360.6 million (32.2%) UAAL for the Miscellaneous (Non-Safety) Plan and \$129.5 million (34.4%) UAAL for the Safety Plan.

LEADING STRATEGICALLY

Strategic planning is less effective when it's about preparing a document that often is outdated by the time it's published. Leading strategically is about cultivating the capacity to think critically and strategically across the organization in order to capitalize on emerging trends and opportunities to continuously improve service effectiveness.

Our organization is focused on advancing current efforts underway while recognizing the critical interrelationships that create synergy and positive momentum. In FY 17-18, we will further progress on important initiatives including succession planning/talent management; innovative service delivery; aligning individual goals with organizational (Board) priorities; multi-disciplinary and inter-jurisdictional collaborations on complex issues (i.e. homelessness, economic development); and the advancement of technology to automate, streamline and engage.