



DATE: June 13, 2017

TO: Honorable Board of Supervisors
County Departments and Employees
Members of the Public

FROM: David Boesch, County Executive Officer

SUBJECT: **PLACER COUNTY FISCAL YEAR 2017-18 PROPOSED BUDGET**

Introduction:

The County Executive Officer presents Placer County’s Proposed Budget for Fiscal Year 2017-18 for the Board of Supervisors’ consideration. This document provides the County’s legal authority to spend beginning July 1, 2017, and is the culmination of a comprehensive countywide effort to develop a budget that maintains critical services for our communities, recognizes future obligations, and positions the County to adapt to foreseeable Federal and State impacts.

Executive Summary

The FY 2017-18 Proposed Budget is balanced at \$796,495,106 and continues to provide current core services to our constituents. In addition, the Proposed Budget uses realistic revenue estimates and maintains appropriate reserves and contingencies. The Proposed Budget is our spending plan for the fiscal year, subject to adjustment for receipt of unanticipated revenues and any changes to expenditure priorities driven by the Board in time for the Final Budget to be adopted in September. The following table summarizes net budget and staffing changes year-over-year for each fund.

Budgets by Fund

Fund	FY 2016-17 Final Adopted Budget	FY 2016-17 Position Allocations	FY 2017-18 Recommended Proposed Budget	Percent Change	FY 2017-18 Recommended Position Allocations	Percent Change
General Fund	\$ 451,927,218	1483	\$ 459,331,669	1.6%	1484	
Public Safety Fund	180,428,666	852	182,143,922	1.0%	853	
Public Ways and Facilities Fund	77,541,516	128	58,396,272	-24.7%	128	
Capital Project Funds	70,589,797	16	63,782,035	-9.6%	16	
Other Operating Funds	35,293,541	46	32,841,208	-7.0%	54	
Subtotal	\$ 815,780,738	2524	\$ 796,495,106	-2.4%	2535	0.4%
Proprietary Funds		374			359	
Total Operating, Capital and Proprietary	\$ 815,780,738	2899	\$ 796,495,106	-2.4%	2894	-0.2%

The year-over-year decreases and fluctuations are described in further detail within the County Funds Overview section.

The Proposed Budget is prepared using conservative estimates and assumptions, given an environment with flattening revenues and economic uncertainty. Property Tax, the County’s largest discretionary revenue source, continues to increase as property values and median prices trend upward. Sales taxes, transient occupancy “hotel” taxes, and other revenue sources tied to the economy are also increasing modestly. However, other revenues, such as gasoline taxes, have declined and state and federal spending is ratcheting downward. Given the foresight of the Board and the ongoing



commitment of departments to deliver the most cost effective services, Placer County is fiscally strong. Moving forward in FY 2017-18, the County is positioned to provide quality, sustainable and responsive services, while continuing to invest in economic development, infrastructure and paying down accrued retiree health care and pension liabilities.

Ongoing FY 2017-18 Priorities

The FY 2017-18 Proposed Budget is a reflection of the long-standing dedication to excellence that the Board and employees exemplify on a daily basis in fulfilling the needs of our community. The following highlights the ongoing priorities that will continue into FY 2017-18. Greater detail is provided within the Spotlight on Priority Issues section.

- *Focus on Development:* County efforts are well underway to capitalize on leveraging public with private investment. The Sunset Area Plan and Placer County Government Center Plan achieved critical milestones, the Tahoe Area Plan has been adopted 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.
- *Criminal Justice Master Plan:* In coordination with the Community Corrections Partnership and the Criminal Justice Policy Committee, efforts continue to implement recommendations over the next several years as funding is available. The Capital Facilities Financing Plan update later this year will address 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. In addition, the Capital Facilities Financing plan will further explore a potential Crime Lab and replacement of the Coroner's facility.
- *Responding to Housing Shortfall:* Homelessness in Placer County has spurred progress towards bridging the service gap for this population, seeking long-term solutions with focused system of care resources leveraging a Whole Person Care grant and Sutter Health funding, with continued emphasis on public safety and countywide coordination. Efforts in eastern Placer County to partner on addressing a significant lack of affordable workforce housing and land development activities in western Placer County are opportunities to further solutions to the overall workforce housing shortfall in all our communities.
- *Environmental Sustainability:* Through the Placer County Conservation Plan (PCCP), the County has taken a progressive and proactive role in identifying where development should preferably occur, while preserving important natural and agricultural resources. The PCCP is in the final preparation stage and will provide a comprehensive conservation strategy and streamlined regulatory process over the next 50 years.
- *Fiscal Sustainability:* Financial stability and organizational success require a focus on maintaining fiscal health with a long-term orientation supported by a multi-year budget model, alignment of all costs to services, performing regular budget-to-actual variance analysis, funding reserves and contingencies at policy levels, addressing accrued liabilities, and using one-time



revenue sources for one-time expenditures. These established methods and adopted Board policies provide a solid foundation for maintaining service levels over time.

- *Funding Accrued Liabilities:* Recognizing the need for continued fiscal vigilance in addressing the long-term financial obligations of the County, the Budget and Financial Policies were updated last year to fully fund the Other Post Employee Benefits (OPEB) unfunded liability within a reduced 15-year time period. Efforts to address CalPERS retirement plan unfunded liabilities resulted in the establishment in FY 2016-17 of a separate trust fund to facilitate future rate stabilization in the face of significant increases over the next seven years.
- *Priority Based Budgeting:* Priority-Based Budgeting provides a comprehensive approach to the entire organization: identifying each service we offer, its cost, and, ultimately, allocating resources based on community input and feedback in support of Board priorities. FY 2016-17 was a milestone year as program “service” costs were identified countywide for the first time. As we move towards measuring services’ “compelling public value”, the budget process will evolve to include refining programs, measures of success, reporting and tracking tools, and engagement with the community.
- *Economic Development:* The County continues to expand efforts with local and regional partners to promote business investment and job growth.
- *Employee Engagement:* Excellent and innovative service delivery relies upon employees who are motivated and connected with one another and the communities we proudly serve.

Building the FY 2017-18 Proposed Budget

The Proposed Budget is developed based on the policies, participation and leadership of the Board. The Proposed Budget delivers sound and responsive budgetary recommendations within available resources and continues to build upon each year’s more targeted focus on defining and measuring outcomes that are important to county residents and businesses. The Spotlight on Priority Issues, the Budget Overview chapter, and the continuing countywide Priority Based Budgeting initiative are integral to the Proposed Budget.

Conclusion

The staff in the County Executive Office and I appreciate the steady leadership of the Board and the genuine cooperation of all our departments, and look forward to working further with the Board as we complete the FY 2017-18 Final Budget for its consideration in September.

Respectfully submitted,

COUNTY OF PLACER



David Boesch
Placer County Executive Officer