Requested Actions
Receive an update on the FY 2016-17 Proposed Budget development process as it relates to priority initiatives and funding requirements; and provide any necessary direction to staff.

Presentation Outline
- FY 2016-17 Budget Development Process
- Priority / Initiative Areas – 10 Topics
  - Supplemental Requests – Recommended / To Be Considered
- Questions
FY 2016-17 Proposed Budget Development Challenges and Choices

FY 2016-17 Budget Development Process

• January 2016 – Priorities Workshop
• March 2016 – FY 2015-16 Mid-Year Fiscal Update
• May 2016 – Challenges and Choices
• June 2016 – FY 2016-17 Proposed Budget
## FY 2016-17 Proposed Budget Development Challenges and Choices

### FY 2016-17 Budget Development Process – Discretionary General Fund

<table>
<thead>
<tr>
<th></th>
<th>Anticipated Carryover Fund Balance / Reserves</th>
<th>Base Budget Funding Requirements (NCC)</th>
<th>Budget Resources Remaining After Base</th>
<th>Anticipated Recommended Supplemental Requests</th>
<th>Budget Resources Remaining After Supplemental Requests</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund (GF)</td>
<td>$21,800,000</td>
<td>$8,200,000</td>
<td>$13,600,000</td>
<td>$1,400,000</td>
<td>$12,200,000</td>
</tr>
<tr>
<td>Public Safety Fund (PSF)</td>
<td>$3,300,000</td>
<td>$10,100,000</td>
<td>($3,700,000)</td>
<td>$6,600,000</td>
<td>($10,300,000)</td>
</tr>
<tr>
<td>Total – GF + PSF</td>
<td>$28,200,000</td>
<td>$18,300,000</td>
<td>$9,900,000</td>
<td>$8,000,000</td>
<td>$1,900,000</td>
</tr>
</tbody>
</table>

**Key Points:**
- Limited discretionary funding available for full array of supplemental requests.
- Costs associated with mandated or required services / dedicated revenue streams.
- Includes modest increases for certain cost drivers – cost of doing business.
FY 2016-17 Proposed Budget Development Challenges and Choices

FY 2016-17 Budget Development Process – Discretionary General Fund

Key Points:
- Carryover Fund Balance amounts noted above represent estimated amount required to fund existing levels of service
- FY 2016-17 contributions from General Fund to other funds are part of the Carryover Fund Balance Requirements noted above (e.g. the $13.4 million included in base is part of the $16.8 million carryover requirement)

**General Fund Discretionary Contribution to Other Funds**

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY 2015-16 Discretionary Base</th>
<th>FY 2015-16 Add'l Contribution</th>
<th>FY 2015-16 Total Discretionary Contribution</th>
<th>FY 2016-17 Amount Included in Base Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Fund</td>
<td>$3,771</td>
<td>$2,000</td>
<td>$5,771</td>
<td>$3,771</td>
</tr>
<tr>
<td>Capital Fund</td>
<td>4,500</td>
<td>6,750</td>
<td>11,250</td>
<td>4,500</td>
</tr>
<tr>
<td>Open Space Fund</td>
<td>-</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Library Fund</td>
<td>593</td>
<td>400</td>
<td>993</td>
<td>593</td>
</tr>
<tr>
<td>Fire Fund</td>
<td>1,098</td>
<td>-</td>
<td>1,098</td>
<td>1,098</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>3,238</td>
<td>-</td>
<td>3,238</td>
<td>3,417</td>
</tr>
<tr>
<td><strong>Total(s)</strong></td>
<td><strong>$13,200</strong></td>
<td><strong>$10,150</strong></td>
<td><strong>$23,350</strong></td>
<td><strong>$13,379</strong></td>
</tr>
</tbody>
</table>

**Carryover Fund Balance Requirements - 5 Year Model**

- FY 2015-16: $9.0
- FY 2016-17: $16.8
- FY 2017-18: $16.4
- FY 2018-19: $19.4
- FY 2019-20: $21.5
FY 2016-17 Proposed Budget Development Challenges and Choices

Priority / Initiative Areas

- Criminal Justice Master Plan Implementation
- Public Safety Support
- Homelessness / Affordable Housing
- Medical Marijuana
- Capital Facilities Financing Plan / Infrastructure Development
- Environmental Sustainability
- Placer County Library System Planning
- Placer County Fire Funding Sustainability
- Financial System Replacement
- Post-Employment Liabilities
FY 2016-17 Proposed Budget Development
Challenges and Choices

Criminal Justice Master Plan

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16 Final Budget</th>
<th>FY 2016-17 Recommended</th>
<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criminal Justice Master Plan</td>
<td>$1,477,447</td>
<td>$2,300,000</td>
<td>$2,100,000</td>
<td>$4,400,000</td>
</tr>
<tr>
<td>Implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Policy Considerations:
- Continue cost analysis for a Crime Lab and Coroner’s Facility.
- Expand South Placer Adult Correctional Facility for planned opening of remaining 180 beds.
- Expand Booking Station.
- Construct grant funded Acute Mental Health Facility.

Fiscal Considerations / Recommendations:
- Provide funding for planned SPACF opening and Booking Station of $2.3 million.
- Develop funding solution for Acute Mental Health grant match of $2.1 million.
FY 2016-17 Proposed Budget Development
Challenges and Choices

Public Safety Support

<table>
<thead>
<tr>
<th>FY 2015-16 Final Budget</th>
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<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety Support</td>
<td>$ -</td>
<td>$4,200,000</td>
<td>$4,200,000</td>
</tr>
</tbody>
</table>

**Policy Considerations:**
- Prepare for Procurement results of Primary Indigent Defense contract proposals.
- Maintain public safety automation systems and technology options for inmate tracking and data collection.

**Fiscal Considerations:**
- Provide discretionary funding placeholder of $1.1 million for Indigent Defense costs.
- Utilize Public Safety Fund Reserves of $3.1 million to fund automated system implementations.

**Recommendations / Alternatives:**
- Plan for Indigent Defense contract costs not yet known.
- Enhanced automation using one-time cancellation of reserves.
FY 2016-17 Proposed Budget Development Challenges and Choices

Homelessness / Affordable Housing

<table>
<thead>
<tr>
<th>FY 2015-16 Final Budget</th>
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<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homelessness / Affordable Housing</td>
<td>$82,660</td>
<td>$ -</td>
<td>$1,200,000</td>
</tr>
</tbody>
</table>

Policy Considerations:
- Develop long-term solutions for the emergency shelter and affordable housing.
- Define solutions to address subject matter in the short-term.

Fiscal Considerations:
- Consider staffing and operational costs of $1.2 million for Sheriff, Probation, and Health and Human Services.
- Consider funding request from the Gathering Inn of $150k.

Recommendations / Alternatives:
- Continue exploring potential solutions to homelessness consistent with Marbut Study.
### FY 2016-17 Proposed Budget Development Challenges and Choices

#### Medical Marijuana

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16 Final Budget</th>
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<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Marijuana</td>
<td>$ -</td>
<td>$ -</td>
<td>$1,178,000</td>
<td>$1,178,000</td>
</tr>
</tbody>
</table>

**Policy Considerations:**
- Development of regulatory framework underway.
- County enforcement cost considerations.

**Fiscal Considerations:**
- Continue evaluating potential enforcement costs of $1.2 million / cost recovery.

**Recommendations / Alternatives:**
- To be determined by Board direction.
FY 2016-17 Proposed Budget Development Challenges and Choices

Capital Facilities Financing Plan / Infrastructure Development

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16 Final Budget</th>
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<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Facilities Financing Plan - Infrastructure Development</td>
<td>$13,050,000</td>
<td>$8,300,000</td>
<td>$4,400,000</td>
<td>$12,700,000</td>
</tr>
</tbody>
</table>

Policy Considerations:
• Maintain discretionary revenues of $8.3 million for capital and road fund projects at base levels.

Fiscal Considerations:
• Leverage debt financing and other discretionary revenues (e.g. RPTTF) for infrastructure.

Recommendations / Alternatives:
• Focus on long-term funding solutions for major capital investments.
• Ensure major maintenance funding to protect existing assets and consider allocating additional $4.4 million at Final Budget.
**FY 2016-17 Proposed Budget Development Challenges and Choices**

**Environmental Sustainability**

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16 Final Budget</th>
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<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Sustainability</td>
<td>$1,000,000</td>
<td>$ -</td>
<td>$1,925,000</td>
<td>$1,925,000</td>
</tr>
</tbody>
</table>

**Policy Considerations:**

- Finalizing the Placer County Conservation Plan (PCCP) requires discretionary funding in the short-term to avoid delays in implementation.
- Preservation of space consistent with Placer Legacy Program.

**Fiscal Considerations:**

- Fund PCCP costs of $925k for final stages of a final plan.
- Maintain Open Space contribution of $1 million to fund PCCP ‘credits’ as next step.

**Recommendations / Alternatives:**

- Continue to finalize PCCP.
- Consider Open Space contribution at Final Budget.
Library System Planning

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16 Final Budget</th>
<th>FY 2016-17 Recommended</th>
<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placer County Library System Planning</td>
<td>$400,000</td>
<td>$275,000</td>
<td>$413,000</td>
<td>$688,000</td>
</tr>
</tbody>
</table>

Policy Considerations:
• Continue implementation of the Library Strategic Plan.

Fiscal Considerations:
• Continued reliance on carryover fund balance / cancellation of reserves to balance budget
• Costs to continue implementation of Library Strategic Plan

Recommendations / Alternatives:
• Provide discretionary funding increase of $275k for unavoidable Library cost drivers (materials / A87).
• Closure of Meadow Vista and Loomis branches to be recommended with Proposed Budget.
FY 2016-17 Proposed Budget Development
Challenges and Choices

Fire Funding Sustainability

<table>
<thead>
<tr>
<th>Placer County Fire Funding Sustainability</th>
<th>FY 2015-16 Final Budget</th>
<th>FY 2016-17 Recommended</th>
<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,098,000</td>
<td>$1,098,000</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Policy Considerations:
- Implementation support for Fire Services Consolidation effort.
- Ability for each Zone of Benefit to remain fiscally sustainable.

Fiscal Considerations:
- Monitor / Adjust use of carryover fund balance and use of reserves as a solution for funding.
- Consider CalFIRE contract increase impacts into the future.

Recommendations / Alternatives:
- Continue base level discretionary funding of $1.1 million to maintain fire services.
- Provide 3rd Battalion Chief for North Auburn Ophir Fire District – support rapid response.
- Maintain equipment replacement plan.
## FY 2016-17 Proposed Budget Development

### Challenges and Choices

#### Financial System Replacement

<table>
<thead>
<tr>
<th>FY 2015-16 Final Budget</th>
<th>FY 2016-17 Recommended</th>
<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial System Replacement</td>
<td>$750,000</td>
<td>$750,000</td>
<td>$ -</td>
</tr>
</tbody>
</table>

**Policy Considerations:**
- Current financial system limitations, increasing costs, and vendor sustainability create the need for system replacement.
- Continue progress to explore more efficient and economical technology solutions.

**Fiscal Considerations:**
- Continue $750k of annual discretionary funding strategy for User Departments to pay ahead.
- Plan for future year costs to acquire and implement new solution.

**Recommendations / Alternatives:**
- Continue evaluating alternative funding options and sources.
## Post-Employment Liabilities

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16 Final Budget</th>
<th>FY 2016-17 Recommended</th>
<th>FY 2016-17 To be Considered</th>
<th>FY 2016-17 Total Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-Employment Liabilities</td>
<td>$5,800,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

### Policy Considerations:
- Continue commitment to fully fund the annual required contribution (ARC).

### Fiscal Considerations:
- No additional set-asides are currently recommended.
- Consider establishing Irrevocable Supplemental (IRS §115) Trust for pension plans.

### Recommendations / Alternatives:
- Review capacity to fund additional set-aside of funding at Final Budget.
- Evaluate alternatives to one-time contributions to OPEB and CalPERS Retirement plans, collectively.
FY 2016-17 Proposed Budget Development
Challenges and Choices

Questions / Comments