



**County Executive**

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**Board of Supervisors**

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June 7, 2017

Members of the Board of Supervisors  
County of Sacramento  
700 H Street, Suite 2450  
Sacramento, CA 95814

**Re: Fiscal Year 2017-18 Recommended Budget**

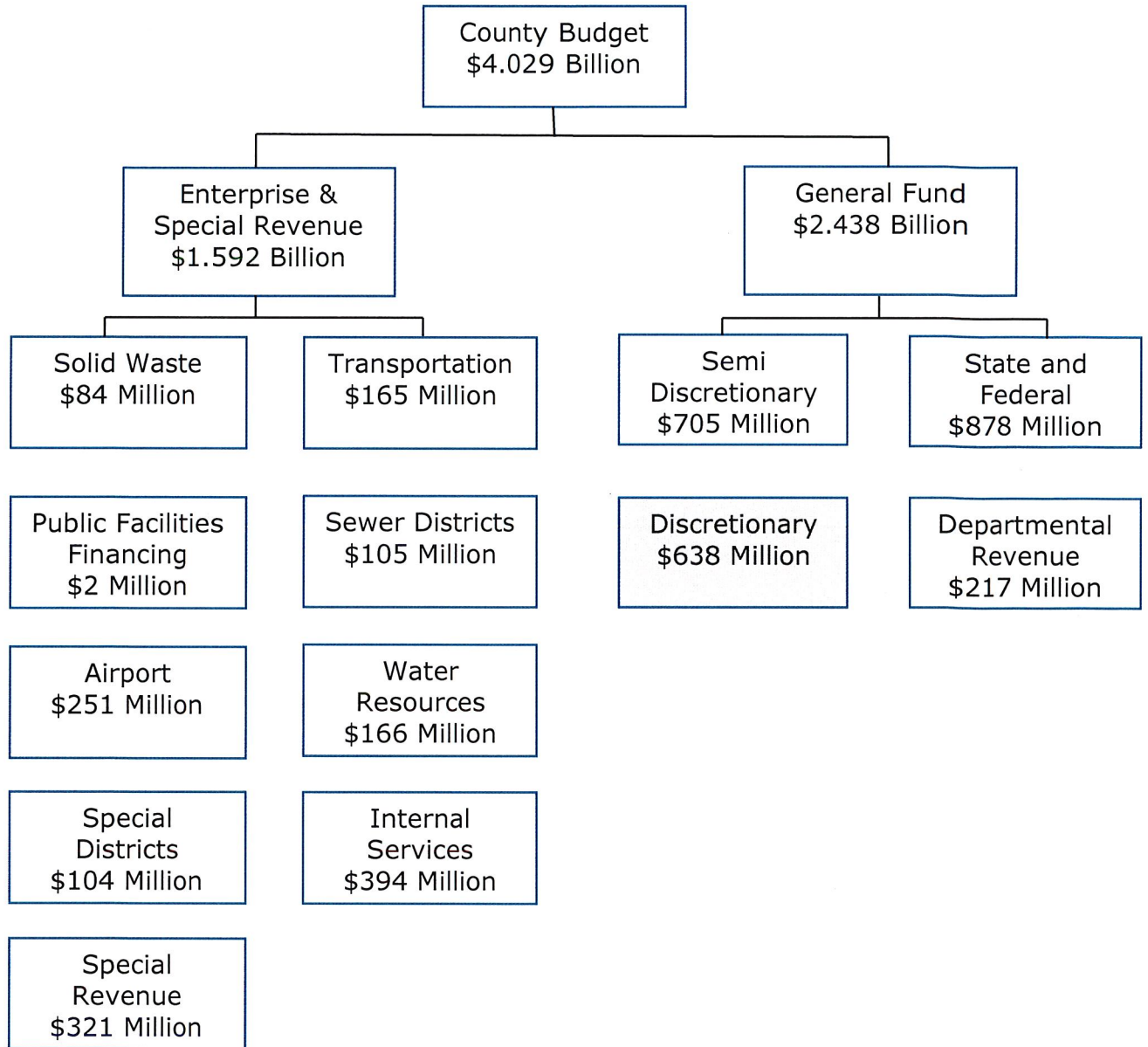
Honorable Members of the Board:

I am pleased to present the Recommended Budget for Fiscal Year 2017-18 (Budget) for your review and consideration. The Budget for All Funds totals \$4,029,215,986 in appropriations. This is a \$56,670,950 (1.4%) increase compared to the FY2016-17 Adopted Budget. The County's Recommended General Fund appropriation for FY2017-18 totals \$2,437,477,915, an increase of \$41,146,545 (1.7%) as compared to the FY2016-17 Adopted Budget. The increase in General Fund appropriations is funded by:

- A \$24.1 million (4.3%) increase in discretionary revenue compared to the FY2016-17 Adopted Budget, primarily property tax and sales tax revenue.
- An \$8.18 million (0.5%) increase in federal, State and other revenue, including a \$4.4 million (0.8%) increase in Proposition 172 and Non-CalWORKS Realignment revenue.
- A \$9.85 million decrease in the Provision for Reserves compared to the Provision for Reserve amount in the FY2016-17 Adopted Budget.
- A \$1 million reduction in the use of fund balance.

Enterprise and Special Revenue funds comprise the remaining \$1.59 billion of the total \$4.03 billion Budget.

The chart below illustrates the distribution of the All Funds Budget.



The Budget is balanced and fully funds current staffing and program needs for all departments – including honoring the County’s obligation to provide employee cost of living increases under existing memoranda of understandings with various bargaining units - (the “Base” budget). It maintains the current capacity to provide services to County residents while implementing strategic initiatives that address the Board’s priorities and expands some services by taking advantage of increased federal and state revenues or fees. Additionally, this Budget provides the County with the

ability to take appropriate steps to strengthen its financial reputation in the debt markets while ensuring adequate cash flows.

In order to balance the General Fund Budget, our approach was to use discretionary and semi-discretionary (Proposition 172 and Realignment) revenue first to fund departments' Base budgets (including increases in the cost of existing staffing and programs). In the case of semi-discretionary revenue, we would also offset Net County Cost and use the freed-up Net County Cost to fund departments' Base budgets. Then, to the extent any discretionary resources remained, we recommend targeted investments in new or enhanced programs and services.

### **Board Investments in New Programs and Services**

As proposed, the Budget enhances funding for programs and services that were initiated over the last few years with Board approval, including:

- *Initiatives to address homelessness.* The proposed FY2017-18 Budget includes \$4.1 million in discretionary revenue to implement a number of initiatives as part of a comprehensive program approved by the Board in FY2016-17 to address homelessness in the community. Those initiatives include:
  - *Improve Family Crisis Response and Shelters.* The County currently provides over \$2 million annually to support three family shelters that serve approximately 52 families a night. This initiative seeks to shelter more families with a focus on those who are literally homeless and includes the provision of support services. This initiative will serve an estimated 268 families annually in emergency shelters and 19 in transitional housing.
  - *Preserve Mather Community Campus.* Volunteers of America (VOA) provide transitional housing, employment services and recovery support for approximately 885 individuals and families at the Mather Community Campus. Facing the loss of federal Housing & Urban Development support for 211 residential units serving individuals and families in VOA's Residential and Employment program, this initiative identifies replacement funding, including new County General Fund support to continue the operation of that program. It is important to maintain homeless programs at the former Mather Air Base as a condition of the conveyance of the Base property to the County.

- *Full Service Re-Housing Shelter.* To reach persons who are difficult to engage in services or serve in traditional shelters, the County will collaborate with a provider to open an innovative low-barrier shelter with re-housing services. The shelter would include 24-hour dormitory accommodations for up to 75 guests at a time, with consideration for partners, pets and possessions and include meals, showers and laundry facilities. On-site case management would focus on connecting participants to stable income, public benefits and permanent housing. The Shelter would serve up to 300 people annually.
- *Flexible Supportive Re-Housing Program.* This program will provide highly flexible re-housing and stabilization services to people who have experienced long-term homelessness, typically individuals with complex health and behavioral health conditions. The program will provide intensive case management services and housing-related property services. In addition to the services, housing assistance would be provided through a Limited Allocation of Housing Choice Vouchers from Sacramento Housing and Redevelopment Agency and through more flexible local rental assistance.
- *Implementation of Sheriff's intelligence-led policing model.* The Board has provided funding over the past two fiscal years to implement an intelligence-led policing model in the unincorporated County. The FY 2016-17 budget included funds to staff seven positions to form one-half of the Intelligence Operations Group. The proposed FY2017-18 Budget includes \$980,000 to complete the staffing for the Intelligence Operations Group with the addition of six Crime and Intelligence Analyst and one Senior Crime and Intelligence Analyst positions.
- *Provision of Custody Staff for Intensive Outpatient Unit at Main Jail.* The Recommended Budget includes \$1,630,000 in Net County Cost to fund the addition of one Sergeant and eight Deputy Sheriff positions to provide custody staff for the new 20-bed Intensive Outpatient (IOP) unit in the Main Jail that was approved by the Board during FY2016-17. This unit will provide a "step-down" housing unit for inmates with mental health needs that require specialized housing and treatment, but who do not require the more intensive level of services provided in the existing Acute Care unit. Funding for increased costs for contract psychiatric services for this unit is included in Correctional Health Services' base budget.
- *Implementation of Foster Care Continuum of Care Reform mandates.* The proposed FY2017-18 Budget includes \$1,861,226 to add six

positions and increase contract costs in Child Protective Services and Mental Health to provide additional support to the Child & Family Teams, Multi-disciplinary Team and Interagency Placement Committee to ensure compliance with Foster Care Continuum of Care Reform mandates. Funding will come from State revenue. After adjusting for reimbursements, the net appropriation increase would be \$1,641,562.

- *Implementation of Dental Transformation Initiative.* The recommended budget includes \$3,369,000 in the Health Education Unit reflecting the first year of funding the County will receive under a recently awarded three-year Dental Transformation Initiative (DTI) grant. This funding will be used to help build dental services capacity for children and bridge the gap between dental care and primary care in systems currently used by low income families. The Growth request includes \$2.1 million for contract provider funding and the addition of five new positions for oversight and management of the program. Funding will come from the federal grant.
- *Implementation of a new Probation Adult Supervision model.* The proposed FY2017-18 Budget includes \$2,579,000 to implement a new Adult Offender Supervision Model in response to recommendations made in the Adult Correctional System Review. This new Supervision Model will prioritize supervision and services for all high-risk probationers in the first six months to a year of probation, with a view to reducing offender recidivism. This model will involve the addition of 11 new positions, the reallocation of 12 existing positions from Juvenile Probation due to the reduced population in the Youth Detention Facility, the purchase of seven vehicles and additional building lease and contract costs.
- *Implementation of Animal Care initiatives.* The Recommended Budget includes funding for the following Growth requests:
  - The proposed budget includes the use of one-time donation revenue to continue the Return to Field program for cats and the provision of community spay-neuter services at the FY2016-17 level, replacing one-time revenue that helped fund the programs in FY2016-17.
  - The proposed budget also includes \$62,854 in Net County Cost to fund two intermittent Animal Care Attendant positions to augment a Foster/Rescue team. Together with other staff and contracts, the team will focus on Shelter animal welfare, including socialization in the shelter, foster/rescue placement and adoption.

- A proposed \$30,000 in Net County Cost is included to fund additional veterinary services, other than routine vaccinations, for treatment of foster care animals.
- *Implementation of programs to reduce fire danger and illegal camping, increase debris removal and generally enhance the visitor experience in the American River Parkway and the County's Regional Parks.* The proposed FY2017-18 Budget includes \$208,000 to implement a pilot Visitor Service program in the American River Parkway. The Visitor Services program would augment and support the work of Rangers on the Park Resource Team by funding 8,700 hours of seasonal staff to be deployed throughout the Parkway during afternoon recreation and commute hours seven days a week year-round. Since existing Parks maintenance staff typically work from 6:00 a.m. to 2:00 p.m., this will provide all-day coverage in the Parkway. The Visitor Services staff will provide services such as fire watch and visitor information and serve as additional "eyes and ears" to Park Rangers and Park Maintenance staff. The proposed budget also includes \$241,000 to contract for additional debris removal in the Parkway. This effort will complement the existing debris removal program, and focus more on hard to reach and less traveled areas. Both of these initiatives are scalable over time, based on program effectiveness and available resources.
- *Completion of the American River Parkway Natural Resources Management Plan.* The Recommended Budget includes \$600,000 to complete work on the American River Parkway Natural Resources Management Plan (NRMP), which will fulfill several goals and policies of the American River Parkway Plan. Work on this effort began in 2008 and after encountering some delays, recommenced in 2014, with the appointment of a new Stakeholder Committee. The completion of the NRMP is supported by the Recreation and Park Commission, American River Parkway Advisory Committee and Parkway stakeholders throughout the County. The NRMP is documented by the Department of Regional Parks and its supporters as a necessary tool for the management of the American River Parkway. The final scope of work for the NRMP reflects the input of all participating stakeholders and, once completed, will provide a clear understanding of existing Parkway natural resources, the effects of disturbances such as flood, fire, invasive species and human impacts, as well as opportunities, strategies and goals for the protection of the Parkway. The NRMP will be a resource for promoting healthy ecosystems and resource protections, while balancing concurrent Parkway goals of flood control, recreational opportunities and public safety.

- *Enhancement of road maintenance funding.* The FY2016-17 Adopted Budget included a \$1.4 million transfer of General Fund resources to the Roads Fund as a part of a long-term plan to improve the condition of existing County roads. The proposed FY2017-18 Budget continues this practice by including another \$1.4 million transfer from the General Fund to the Roads Fund.

Earlier this spring, the Governor signed SB 1, the Road Recovery and Accountability Act, which establishes a new Road Maintenance and Rehabilitation Account funded through increases in gasoline and diesel excise taxes and vehicle registration taxes. The California State Association of Counties estimates that Sacramento County could receive as much as \$8.8 million in SB 1 revenue for street maintenance in FY2017-18, growing to \$22.7 million in FY2018-19 and \$40.4 million by FY2022-23. Recognizing that there is still some uncertainty regarding initial revenue estimates, the Recommended Budget includes \$6.5 million in additional revenue due to SB 1.

More detailed information related to each of these programs and services is included in Attachments 1 and 4.

### **Departmental Requests for New or Enhanced Programs**

During the preparation of this Budget, County departments submitted over \$72 million in requests for new or enhanced programs, including over \$36 million in General Fund (Net County Cost) support. To assist in evaluating these requests, departments were asked to prioritize their needs. This prioritization was taken into account, along with Board priorities and other factors, in making Budget recommendations. We used \$7.7 million in Net County Cost and \$22.1 million in state, federal, fee or other revenue to fund various new or enhanced programs.

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**Funded Net County Cost New or Enhanced Programs**

Department	Description	Net County Cost	Revenue	FTE
Animal Care & Regulation	Animal Welfare Initiative - Two Growth Requests - (1) two Intermittent Animal Care Attendants and other costs to augment Foster/Rescue Team; (2) Additional veterinary services for foster care animals	\$92,854	\$0	0.0
Human Assistance - Admin	<b>Comprehensive Homelessness Initiative:</b> Flexible Supportive Re-Housing Program - Re-housing and stabilization services to persons with complex health/behavioral health conditions who have experienced long-term and or chronic homelessness. Funding will come from Sutter - Getting to Zero Grant.	\$765,000	\$797,500	0.0
Human Assistance - Admin	<b>Comprehensive Homelessness Initiative:</b> Emergency Family Shelters - Provides emergency shelter for up to 33 families per night, with emphasis on connecting families to housing resources and moving them quickly into permanent housing.	\$1,352,993	\$0	0.0
Human Assistance - Admin	<b>Comprehensive Homelessness Initiative:</b> Mather Community Campus - Replacement funding due to loss of funding re: HUDs prioritization of permanent housing. Transitional Housing for 183 Single Adults and 28 Families. Funding will come from federal SNAP funds.	\$861,936	\$862,556	0.0
Human Assistance - Admin	<b>Comprehensive Homelessness Initiative:</b> Full Service Re-Housing Shelter - 24 hour low-barrier shelter for 75 adults without children. Funding will come from Sutter Foundation grant revenue.	\$162,500	\$412,500	0.0
Human Assistance - Admin	<b>Comprehensive Homelessness Initiative:</b> Transitional Housing for Homeless Families - Provides housing for up to twelve months for up to 19 families.	\$320,934	\$0	0.0
Human Assistance - Admin	<b>Comprehensive Homelessness Initiative:</b> Homeless Services Staff - 2.0 Human Services Social Workers and 2.0 Human Services Program Planner positions. Additional support needed for new initiatives as well as co-occurring Homeless systems re-designs.	\$636,577	\$0	4.0
	<b>Subtotal - Comprehensive Homelessness Initiative</b>	<b>\$4,099,940</b>	<b>\$2,072,556</b>	<b>4.0</b>
Human Assistance - Admin	211 Supplemental Funding -to match City of Sacramento contribution increase to help maintain services	\$100,000	\$0	0.0
Human Assistance - Admin	Serna Village - four months of funding to backfill loss of federal funding while application for Project-Based Vouchers from SHRA is pending	\$100,000	\$0	0.0
Regional Parks	River Safety: Funding to support the on-going River Safety campaign for the American River Parkway.	\$55,000	\$0	0.0
Regional Parks	Funding to support the operations of the Sacramento Diving and Rescue Team (DART).	\$25,000	\$0	0.0
Regional Parks	Deputy Director: Deputy Director would work to implement the Natural Resources Management Plan (NRMP) and expand their duties to include oversight of the recreation, planning, therapeutic services and administrative divisions of the Department.	\$155,175	\$0	1.0
Regional Parks	Operations: this funding request is based on the current negotiations with GRP 2011 LLC to remain as the operator of Gibson Ranch under an amended lease agreement. This is the estimate of Net County Cost required per the modified terms, which are still subject to Board approval.	\$110,500	\$0	0.0
Regional Parks	Implement a pilot Visitor Service and Debris Removal Expansion program in the American River Parkway. This program would augment and support the work of Rangers on the Park Resource Team and existing debris removal efforts, by funding 8,700 hours of seasonal staff to be deployed throughout the Parkway during afternoon recreation and commute hours seven days a week, 12 months per year, and contracting for an additional \$241,000 worth of debris removal. Revenue will come from the Department of Waste Management and Recycling.	\$328,527	\$120,625	0.0
Sheriff	20-Bed Intensive Outpatient Unit - The Sheriff requires 8 FTE deputy Sheriffs and 1 FTE Sergeant to provide custody services for the 20-Bed Intensive Outpatient Unit.	\$1,630,801	\$0	9.0
Sheriff	Intelligence Operation Group Analysts. The Sheriff requests 6 FTE Crime & Intelligence Analysts and 1 FTE Sr. Crime & Intelligence Analyst to provide the full staffing of the Intelligence Operations Group, a central piece of the transition to intelligence-led policing.	\$979,577	\$0	7.0
	<b>Total</b>	<b>\$7,677,374</b>	<b>\$2,193,181</b>	<b>21.0</b>



**Funded – Non Net County Cost-** The table below is a summary of funded new or enhanced requests that do not require Net County Cost.

Department	Description	Cost	Net Appropriation	Funding Source	FTE
Airports	Sheriff's Contract Security Services at Sacramento International Airport	\$523,384	\$523,384	Fees	0.0
Animal Care and Regulation	Veterinary Program – Return to Field Program for cats.	\$69,200	\$69,200	Donation	0.0
Animal Care and Regulation	Community Outreach - Community spay/neuter services	\$100,000	\$100,000	Donation	0.0
Board of Retirement	Add 5.0 FTE: 1.0 FTE Assistant Retirement Administrator, 1.0 FTE Retirement Services Manager, 1.0 FTE Retirement Services Analyst, 1.0 FTE Sr. IT Analyst, 1.0 FTE Accountant	\$771,314	\$771,314	Fees	5.0
Correctional Health Services	Add Dentist Level 2 and Personnel Specialist Level 2 positions and reduce temporary staff.	No Additional Appropriation	No Additional Appropriation	Included in Base	2.0
Correctional Health Services	Jail Based Restoration To Competency Program-Females. Add 1.0 FTE Registered Nurse D/CF Level 2 and a 1.0 FTE Administrative Services Officer (ASO) I, an increase to the contract for jail psych services with UC Davis Health Systems and additional medication and supplies.	\$1,335,839	\$1,335,839	State	2.0
County Clerk/Recorder	Add 1.0 FTE management position (placeholder title: Chief Deputy Clerk/Recorder) to the Customer Service Division to provide dedicated management.	\$154,971	\$154,971	Fees	1.0
County Executive Cabinet	Cabinet Administration - Add 1.0 FTE Executive Secretary to help provide administrative support.	\$88,280	\$18,170	Internal Charges	1.0
County Executive Cabinet	Countywide Administration and Budget - Add 1.0 FTE CEO Management Analyst II to help balance the budget workload.	\$167,353	\$34,441	Internal Charges	1.0
Department of Technology	Probation is requesting the purchase of 40 Mobile Data Terminal (MDT) laptops and the addition of 1.0 FTE Senior IT Analyst to provide technical support.	\$410,360	\$410,360	Internal Charges	1.0
Development and Code	The request for additional staff (3.0 Building Inspector 1 Limited Term (LT), 1.0 Building Inspector 2 LT, and 1.0 Supervising Building Inspector) is due to increased permit activity and associated workload, and two additional vehicles.	\$674,766	\$674,766	Fees	5.0
Development and Code	This request is for three additional vehicles to accommodate an increase in staff performing field inspections. There is sufficient fee revenue to cover the additional cost.	\$107,676	\$107,676	Fees	0.0
Emergency Services	Reallocate 1.0 FTE ASO 2 position to a 1.0 FTE Assistant Emergency Operations Coordinator position to accommodate duties.	\$27,666	\$27,666	Federal	0.0

Department	Description	Cost	Net Appropriation	Funding Source	FTE
Environmental Management	Staffing increase of 3.0 FTE Environmental Specialist 3's and 1.0 FTE Environmental Compliance Tech Level 2 to meet increased workload demands due to a greater number of permitted food and pool facilities, a greater number of submitted plan checks, and program enhancements.	\$503,119	\$503,119	Fees	4.0
Environmental Management	Student Intern support to gather financial information from EMD's billing software dating back to 1998 in order to reconcile prior records to approximately 1,500 accounts.	\$10,140	\$10,140	Fees	0.0
Environmental Management	Student Intern support to help with PRA requests. Equipment needed for special gas monitoring and chlorine monitoring.	\$25,715	\$25,715	Fees	0.0
Environmental Management	Add a two door extended cab truck (Vehicle Class 131) with all-terrain tires for use in conducting inspections related to the storm water pollution prevention program at light industrial sites	\$34,366	\$34,366	Fees	0.0
Finance	Payment Services Support. Add 1.0 FTE Accounting Technician and 2.0 FTE Account Clerk Level 2 to complete backlogged work, replace work done by temporary staff, and provide supervision over staff.	\$191,562	\$90,034	Internal Charges	3.0
General Services	Add Real Estate Officer II position to complete negotiations to initiate new leases, renewals, extensions, terminations.	\$109,606	\$109,606	Internal Charges	1.0
Health and Human Services	Continuum of Care Reform - Resource Family Approval (RFA). Staffing increase for data tracking, oversight, performance monitoring, and training to ensure compliance with RFA Written directives and State and Federal guidelines.	\$288,686	\$288,686	Federal & State	3.0
Health and Human Services	Continuum of Care Reform (CCR) Child & Family Teams. Staffing increase and contracted facilitators to ensure compliance with Child and Family Teams (CFT), Multi-Disciplinary Team (MDT), and Interagency Placement Committee meetings per mandates of CCR.	\$1,861,226	\$1,641,562	State	6.0
Health and Human Services	Foster Care. 1.5 FTE Public Health Nurses to provide oversight and monitoring of psychotropic medications for Foster Care children to meet the new State mandate.	\$168,698	\$168,698	Federal & State	1.5
Health and Human Services	Clinic Staff Changes. Restructure operations based on changing Health Center business needs.	No Additional Appropriation	No Additional Appropriation	Reallocated Resources	2.2

Department	Description	Cost	Net Appropriation	Funding Source	FTE
Health and Human Services	Women, Infants and Children (WIC). Staffing increase of 0.4 FTE Dietician and additional Extra Help to conduct high risk counseling of WIC Participants at the Rancho Cordova and Oak Park sites.	\$73,074	\$73,074	Federal	0.4
Health and Human Services	Child Protective Services (CPS) - Child Welfare Services - Child Welfare Digital System. Staffing increase to provide internal project management, testing of new functionality, and training and support for division-wide implementation.	\$476,884	\$476,884	Federal & State	4.0
Health and Human Services	Behavioral Health Administration and Mental Health Operational Support - Avatar/Billing Unit Staffing increase to assist in the critical implementation efforts needed to meet federal and state mandates for reporting and billing.	\$293,226	\$195,484	Federal & State	2.0
Health and Human Services	Behavioral Health Administration and Mental Health Operational Support - Computer Refresh Mental Health. Purchase approximately 376 workstations and 37 laptops to refresh existing workstation computers and monitors.	\$1,530,000	\$765,000	State	0.0
Health and Human Services	Alcohol and Drug Services Division - Computer Refresh Alcohol and Drug. Refresh of 46 existing workstation computers and monitors	\$85,000	\$85,000	Federal	0.0
Health and Human Services	Mental Health Treatment Center - C-Cure Doors. Install C-cure card access control on 10 exterior and 12 interior doors at the Mental Health Treatment Center to meet certification for the Crisis Stabilization Unit.	No Additional Appropriation	No Additional Appropriation	Included in Base	0.0
Health and Human Services	Public Health Emergency Preparedness. Reallocate 1.0 FTE Health Program Coordinator to 1.0 FTE Senior Health Program Coordinator, Range A to restore appropriate program administration and management structure.	\$36,272	\$36,272	Federal	0.0
Health and Human Services	Public Guardian, Conservator and Public Administrator - Computer Refresh: Replace 5 desktop computers, 5 HP Revolve Notebook computers and 10 Microsoft Office software licenses.	No Additional Appropriation	No Additional Appropriation	Included in Base	0.0
Health and Human Services	Health Education Unit -Dental Transformation Initiative (DTI). Provider contracts of approximately \$2.1 million, operating expenses and the addition of 5.0 FTE positions for oversight and management of the DTI program.	\$3,368,527	\$3,368,527	Federal	5.0

Department	Description	Cost	Net Appropriation	Funding Source	FTE
Human Assistance - Administration	Three Sheriff's Deputies to provide security services at the Fulton location funded within the Department's current base of \$475,000, with no increase in net appropriations.	No Additional Appropriation	No Additional Appropriation	Included in Base	0.0
Personnel Services	Training & Organization Development. One-time funding to enhance and upgrade the County's automated employee performance evaluations system (SCOPE).	\$100,000	\$24,825	Internal Charges	0.0
Planning and Environmental Review	1.0 FTE Planning Technician in Zoning Administration Section and 1.0 FTE Associate Planner in Current Planning to assist in application processing review of revenue generating entitlements. Reduce contracted services to fund the cost.	No Additional Appropriation	No Additional Appropriation	Included in Base	2.0
Planning and Environmental Review	1.0 FTE Planning Technician in Zoning Administration Section to assist in handling increased workload related to business licenses, temporary use permits, and substantial compliance letters.	\$77,018	\$77,018	Fees	1.0
Probation	Adult Community Corrections and Field Operations - Adult Supervision Model. Proposal to significantly remake the Adult intake and supervision process partly in response to the adult correctional system review.	\$2,578,770	\$2,578,770	State	10.0
Probation	Juvenile and Adult Field Operations - Mobile Data Terminals. Request is for 40 Mobile Data Terminals to be installed in probation vehicles, 1.0 FTE staff necessary for maintenance (In DTECH) and 1.0 FTE staff for support/dispatch services provided by the Sheriff.	\$449,877	\$449,877	Federal & State	0.0
Probation	Vehicle Upgrade. Request is to upgrade 11 class 124 (undercover) vehicles to class 154 (SUV) vehicles.	\$126,159	\$126,159	State	0.0
Probation	Position Reclass. Request is to delete 2.0 FTE legal transcriber, 4.0 FTE Office Assistant Level 2, and 1.0 account clerk Level 2, and to add 2.0 FTE Admin Svcs Officer I and 2.0 FTE Admin Svcs Officer II. The ASOs are requested for contract administration, budgeting, and other administrative duties.	(\$4,245)	(\$4,245)	Appropriation Reduction	(3.0)
Probation	Juvenile Court Services - Vehicle for Foster Parent Recruitment, Retention, and Support (FPRS). Request is for 1 class 154 (SUV) vehicle.	\$58,946	\$58,946	FPRS funding	0.0
Regional Parks	American River Parkway Maintenance - Natural Resources Management Plan	\$600,000	\$600,000	Habitat Restoration Program Fund	0.0

Department	Description	Cost	Net Appropriation	Funding Source	FTE
Regional Parks	Dry Creek Parkway and Open Space - Dillard Ranch Operations	\$60,000	\$60,000	Fees/ District Funds	0.0
Sheriff	Correctional Services - Jail Based Restoration To Competency Program-Females. The state has requested that a 12-bed restoration to competency program be started for female inmates. The Sheriff requires 2 FTE Deputy Sheriff positions to provide custody services.	\$435,828	\$435,828	State	2.0
Sheriff	Contract & Regional Services - Airport Bureau Staffing. Airport has requested an increase in security staffing at SMF consisting of 2 FTE Deputy Sheriffs and 1 FTE Sergeant. Airport provides vehicles.	\$523,384	\$523,384	Airport Enterprise Fund	3.0
Sheriff	Department Services - Youth Services Vehicles. Two Chevy Camaros with full wrap/build-out to be used as 'show-type' vehicles in community and promotional events targeting the issues of youth violence and delinquency	\$133,852	\$133,852	Tucker fund	0.0
Sheriff	Department Services - Undersheriff Vehicle. The request is for an assigned county vehicle for the Undersheriff, rather than his personal vehicle.	\$82,140	\$82,140	Tucker fund	0.0
Sheriff	Contract & Regional Services - Elk Grove Unified School District (EGUSD) Vehicles. EGUSD, with whom the SSD provides security under contract, has requested that the SSD transition to SSD owned vehicles rather than EGUSD owned vehicles. The transition will take several years. Three vehicles are requested for FY2017-18.	\$183,050	\$183,050	Elk Grove Unified School District	0.0
Sheriff	Department Services - Tactical Command Vehicle. Request to purchase a Tactical Command/ Communications vehicle for use in critical incidents.	\$542,000	\$542,000	Tucker fund	0.0
Sheriff	Contract & Regional Services - Sr. Accountant for Civil Bureau. Higher level staff is necessary to adequately perform the required work.	\$116,679	\$116,679	Tucker fund	1.0
Sheriff	Contract & Regional Services - Security Services for DHA. 3.0 FTE Sheriff Security Officers at DHA's Fulton Ave office.	\$475,000	\$0	Reimbursement from DHA	3.0
Sheriff	Support Services - Dispatch for Mobile Data Terminals requested by Probation. Consists of 1.0 FTE Sheriff's Communications Dispatcher Lv II and supplies.	\$246,436	\$0	Reimbursement from Probation	1.0
Voter Registration and Elections	Elections - New Voting System Equipment	\$1,100,000	\$1,100,000	State	0.0

Department	Description	Cost	Net Appropriation	Funding Source	FTE
Waste Management and Recycling	As part of ongoing efforts to respond to illegal dumping and trash, contribution to Regional Parks Department for new pilot program focused on debris and trash removal from flooding, illegal camping, and illegal dumping which continue to accumulate and are spread in small piles in hard to reach locations in the American River Parkway.	\$120,625	\$120,625	Fees	0.0
Water Agency - Zone 13	Pay for Environmental Program Manager 2 position in Zone 40, at fully loaded labor rate (salary and indirect cost).	\$247,695	\$247,695	Fees	0.0
Water Agency Enterprise	Add 1.0 FTE Environmental Program Manager 2 to help Sacramento County comply with the Sustainable Groundwater Management Act (SGMA).	\$179,522	\$179,522	Fees	1.0
Water Resources	Add 1.0 FTE Safety Specialist position and a class 131 vehicle to assist with water supply operation and maintenance safety needs and to provide safety support to drainage operations and field staff.	\$162,492	\$162,492	Fees	1.0
	<b>Total</b>	<b>\$22,082,138</b>	<b>\$19,898,571</b>		<b>72.1</b>

The table below provides information concerning the County's FTEs.

Existing FTEs	12,138.5
Recommended Net County Cost FTEs	21.0
Recommended Non Net County Cost (fully funded) FTEs	72.1
FY 17-18 Base Budget Adjustments	(6.0)
<b>Total Recommended FTE's</b>	<b>12,225.6</b>

Many of the unfunded requests would address community and department needs:

- In the Human Services area, growth requests include additional specialty treatment and wrap-around capacity for youth in foster care in support of Continuum of Care Reform, additional overtime in Child Protective Services to deal with workload needs, the provision of additional residential sub-acute beds to manage outflow needs at the Mental Health Treatment Center, the provision of additional Drug Medical treatment services and the expansion of enrollment in the Healthy Partners Program.

- The Sheriff has requested funding for the ShotSpotter system, an acoustic surveillance system that can locate the precise location of gunfire in a given area.
- Code Enforcement has requested funding for additional Code Enforcement Officers to support the Rental Housing Program and address other workload issues.
- Animal Care and Regulation has requested over \$1.3 million in Growth in a number of areas, including veterinarian and kennel staff.
- Regional Parks has requested over \$1.2 million in funding for various park capital projects, including parking lot and fencing improvements at Ancil Hoffman Park, parking lot and road improvements at Gibson Ranch, and various improvements at Dillard Ranch.
- Many departments, including the Assessor, Correctional Health Services, Probation, and Health and Human Services, have requested funding for the replacement of aging software systems, some of which are no longer supported, and for the replacement of computer equipment.

Although resources are not available at this time to address these and other unfunded needs, our intent is to return to the Board to provide long-term strategies and recommendations that will help guide future budget decisions.

### **FY2017-18 Recommended One-Time Revenue**

The General Fund is balanced using the following one-time sources:

<b>Description</b>	<b>FY2016-17</b>	<b>FY2017-18</b>
One Time Discretionary	1,066,451	-
Fund Balance Carry-Over	47,547,865	40,000,000
Reserve Cancellation	1,147,609	7,693,085
Realignment Revenue Carryover	17,746,242	13,375,957
<b>Total</b>	<b>67,508,167</b>	<b>61,069,042</b>

### **Contingency**

The General Fund Budget includes a contingency of \$1,958,000.

## Interfund Transfers Repayment

The Budget includes a repayment of \$5,270,267 for the Interfund Transfers that were originally made to the General Fund in FY2008-09, FY2009-10 and FY2010-11 to deal with the impact of the Great Recession on General Fund revenues.

The Table below summarizes the status of the Interfund Transfers.

Original Amount	\$77.65 million
Amount Paid	\$38.89 million
Outstanding Balance as of 6/30/17	\$38.76 million <sup>1</sup>

The Board's original commitment was to repay the full amount within four years. FY2016-17 is the eighth year since the original Transfer was made, and repayment over the last eight years has not been consistent, as shown in the following table:

Interfund Transfers - Repayments	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Beginning Balance Owed	77,652,349	74,652,349	71,152,349	71,052,349	61,252,392	50,052,392	44,030,040
Amount Repaid	3,000,000	3,500,000	100,000	9,799,957	11,200,000	6,022,352	5,270,267
Ending Balance Owed	74,652,349	71,152,349	71,052,349	61,252,392	50,052,392	44,030,040	38,759,773

The balance owed by the General Fund at the end of this fiscal year will stand at \$38.76 million. At the current rate of repayment, the full amount would not be repaid for another eight years.

For the past two years, the County's external auditors have included audit findings that recommend the County accelerate the repayment of the Interfund Transfers. The repayment status of the Interfund Transfers has also been questioned by rating agencies and the County's debt holders. In issuing its update on the County's General Fund-supported debt ratings, Fitch recently identified the slow repayment of the Interfund Transfers as a "Credit Challenge." Rating agencies and debt holders have also expressed concerns that the County does not have a firm repayment plan in place. This has negatively impacted the County's financial reputation in the debt markets.

To address this issue, we considered a number of options, including canceling all or part of the General Fund's \$32 million Reserve for Cash flow to significantly accelerate the repayment of the Transfers. However, an analysis of the General Fund's annual cash flow suggested that canceling any

<sup>1</sup> Amount due to Workers Compensation Fund is \$30.455 million and the Clerk Recorder's Fund is \$8.3 million.



of the Reserve for Cash Flow would put the Fund at significant risk of running out of cash in the last two months of the fiscal year, when "Dry Period Financing" is no longer available. Dry Period Financing involves the temporary use of funds from the County's Pooled Investment Fund to fund the General Fund until property tax apportionments are received. Dry Period Financing is only available from July through April of each year.

Given this situation, staff is proposing an Interfund Transfer Repayment Plan that commits the County to repaying the full amount of the Interfund Transfers on a six year schedule. The FY2017-18 Recommended Budget includes a \$5,270,267 repayment. Under the proposed Repayment Plan, the County would commit to a \$6,697,901 annual repayment starting in FY2018-19 and full repayment would be complete by the end of FY2022-23.

### **Risk Factors**

This Budget was prepared based on certain assumptions about revenues and expenditure requirements, some of which may not come to pass. One of the major uncertainties the County is facing is a potentially significant increase in costs and reduction in revenue related to the In Home Supportive Services (IHSS) program. As part of this Recommended FY2017-18 State Budget, as modified by his May Revise, the Governor proposes to end the Coordinated Care Initiative and eliminate the County's current IHSS Maintenance of Effort (MOE) cap. If approved by the Legislature as currently proposed, the Governor's proposal would:

- Increase the counties FY2017-18 MOE cap by \$592 million statewide;
- Partially mitigate the impact of that increase on counties by providing a State General Fund offset of \$400 million in FY2017-18, \$330 million in FY2018-19, \$200 million in FY2019-20 and \$150 million a year starting in FY2020-21;
- Replace the existing 3.5% annual MOE increase with a new MOE inflator amount: up to 5% in FY2018-19 and up to 7% in FY2019-20 and beyond, with downward adjustments for no or reduced sales tax growth;
- Redirect all 1991 Realignment Vehicle License Fee sales tax Growth from the Mental Health and Health Realignment accounts to IHSS for the first three years and then redirect half of all that revenue toward IHSS in each of the following years;
- Redirect 1991 Realignment Sales Tax Growth after caseload Growth is funded;
- Hold the counties harmless for the potential negative impact of the Board of Equalization error in allocating Proposition 172 and Realignment revenues; and

- Suspend the counties' statutory 3.5% annual increase in Institutions for Mental Disease (IMD) rates in any year in which the Realignment Mental Health Subaccount does not receive its full Growth allocation.

At this point, it is not clear if the Governor's proposal will be approved by the Legislature and, if it is, what the impact will be on Sacramento County in FY2017-18 and in future years. The California State Association of Counties (CSAC) developed a preliminary estimate of a net impact on all counties of \$9.9 million in FY2017-18 growing to \$152 million in FY2019-20, but this analysis is being refined and the impact on each county will vary depending on a variety of factors (for example, Realignment Growth budgeting practices). The County's FY2017-18 Recommended Budget does not reflect any impact from the Governor's IHSS MOE proposal and adjustments may be required at final budget adoption in September.

### **Attachments to Budget Transmittal Letter**

There are several attachments included with this transmittal letter that provide in-depth information concerning the Budget:

- Attachment 1 summarizes Recent Board Investments
- Attachment 2 presents the All Funds Budget
- Attachment 3 provides more information on the General Fund Budget
- Attachment 4 provides a summary of Significant Issues by department, including requests for new or enhanced programs and funding
- Attachment 5 addresses the allocation of Transient Occupancy Tax (TOT) revenue
- Attachment 6 provides the Economic and Fiscal Context

### **Conclusion/Acknowledgement**

The Budget is the culmination of a process involving County employees, members of the community and advisory boards and commissions. The employees and Department Heads' dedication through the FY2017-18 budget process facilitated the balanced budget I am proposing, which once again could not have been achieved without their assistance. I wish to acknowledge Chief Fiscal Officer Britt Ferguson, the staff of the Office of Budget and Debt Management, County Executive Office, the Assistant County Executive and Deputy County Executives for their perseverance and dedication in preparing this document. I also want to thank the Board for your support of our workforce.

The Budget will be presented to the Board on June 13, 2017, with deliberations on that date and, if needed, June 14 and June 15 as well.

We look forward to working with you as you review the Recommended Budget. During your review, please contact me with any questions that you may have concerning the Budget.

Respectfully submitted,

  
Navdeep S. Gill  
County Executive

Attachments:

- Attachment 1 – Recent Board Investments
- Attachment 2 – All Funds Budget
- Attachment 3 – General Fund Budget
- Attachment 4 – Significant Issues, Changes and Requests
- Attachment 5 – Transient Occupancy Tax
- Attachment 6 – Economic and Fiscal Context

Exhibits:

- Exhibit A – General Fund Summary Table
- Exhibit B – Net County Cost Table