

**BUTTE COUNTY
FISCAL YEAR 2019-20
BUDGET HEARINGS
JUNE 25, 2019**



Agenda for Budget Hearings

- Budget Presentation
- Board Member
Comments/Questions
- Public Comments
- Board Action on the Recommended
Budget
- Hold Public Hearing on Realignment
Transfer

County Budget Process

November/December – Mid-year financial assessment begins

January – Budget instructions and targets are finalized

February – Departments work on budget requests

March – Budget requests are finalized

April – CAO analyzes requests and develops recommendations

May – Recommended Budget schedules / documents are compiled

June – Board receives and contemplates Recommended Budget

Late June – Public Hearing on Budget and direction to staff

July – Fiscal Year Begins and Board adopts Budget

July - June – Ongoing budget adjustments, spending, monitoring

November – Adopted Budget is Printed

December – Comprehensive Annual Financial Report for Prior Year

County Financial Structure

Fund - Highest level of appropriations. Funds may contain one or more budget units.

Budget Units - Midlevel grouping of appropriations that fund a department or set of goal-related functions.

Object of Expenditure - Lowest level of appropriations; an expenditure category.

Account - Line item classification of expenditure or revenue.

County Budget Act (Gov. Code Section 29000-29144)

Requires:

- Balanced Budget
- Department Heads Request a Budget
- CAO (or Auditor) Recommends a Budget
- Budget for each Object of Expenditure
- Public Hearing on the Budget
 - Budget Available for 10 Days Before
 - Up to 14 Days Long
 - Adjustments to the Clerk in Writing

County Budget Act (Gov. Code Section 29000-29144)

- Board Approves a Recommended Budget by June 30th
- Adopted Budget Approved by October 2nd
- Once Adopted a 4/5th Vote is Required to Increase the Budget
- CAO to approve budget transfers within a Budget Unit

County Code & Budget Policy

- CAO Recommends Budget
- Mid Year Budget Adjustments
 - 4/5th Majority to Increase a fund budget or use Appropriations for Contingencies.
 - Simple Majority to transfer between Budget Units.
 - CAO Approval to transfer between Objects.
 - Capital Asset purchases require BOS approval.
 - Budget Adjustments not required in Enterprise and Internal Service Funds.

Budget Overview

Key Issues in fiscal year 2019-20

- Stability for the Community and Organization
- Camp Fire - Response and Recovery
 - Repair of damaged infrastructure.
 - Increased demand for services in support of rebuilding and recovery efforts.
 - Local housing shortages and homelessness
 - County costs, reimbursement, and eventual audit of Camp Fire related expenditures.
 - Financial uncertainty & revenue impacts.
 - Prepare for/prevent future emergencies.

Recommended Adjustments Schedule A

- Recommended Budget numbers finalized in April
- Recommended adjustments are presented in “Schedule A” and include:
 - \$23.8 million total; \$7.0 million General Fund.
 - Offset by revenue & use of fund balance.
 - \$800,000 estimated increase in General Fund available fund balance.
 - Rebudgets FY 2018-19 contracts and purchases.
 - New grant & revenue information.
 - \$500,000 related to PG&E Public Safety Power Shutoffs.
 - Net increase of 2 positions.

Budget Overview

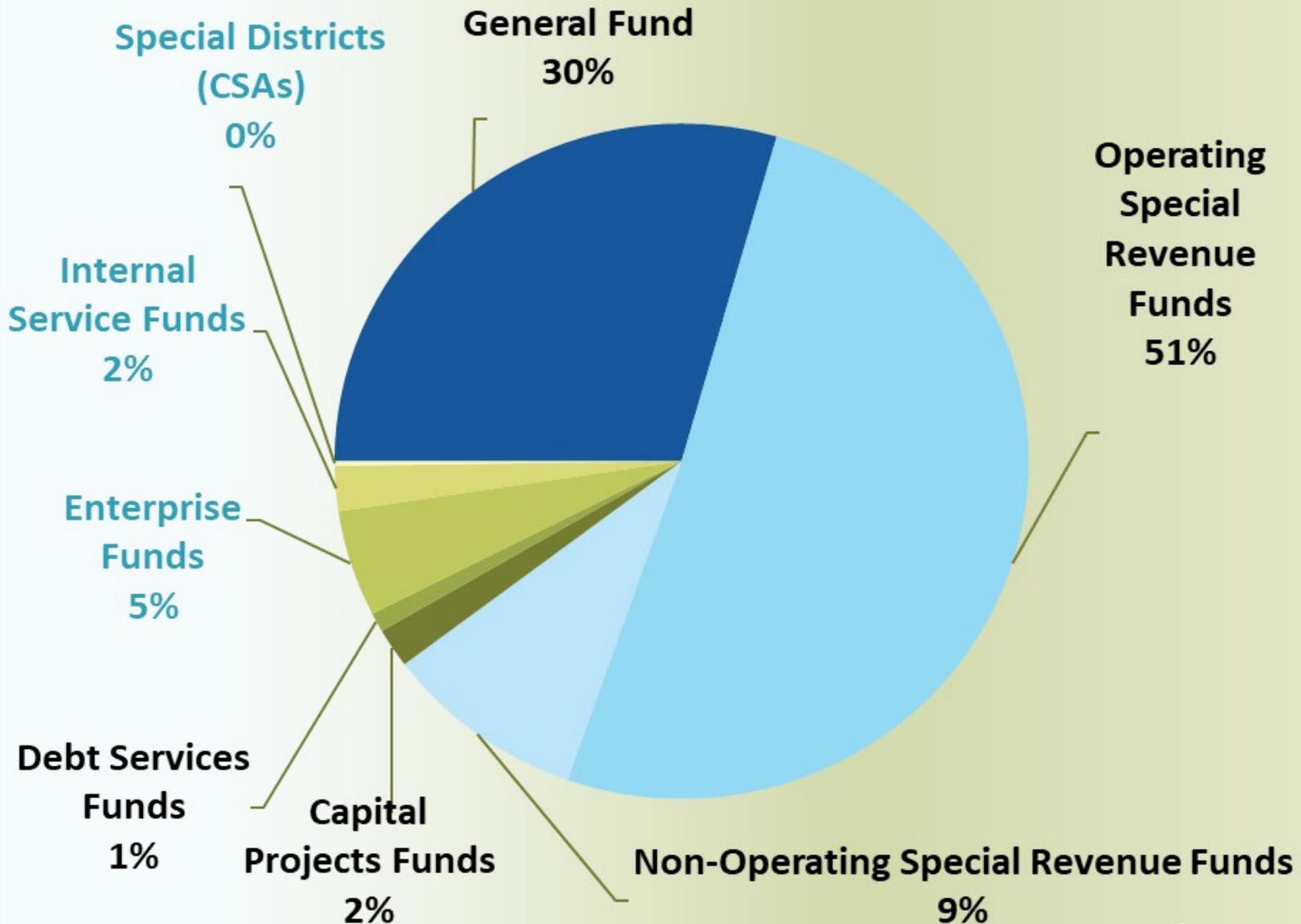
(including Schedule A)

- \$610 million Balanced Budget
- 10.4% Increase from prior year
- \$180 million General Fund Budget, 5.1% Increase from prior year
- Few changes aside from Camp Fire recovery
- Net increase of 1 position
- \$11.8 million Estimated General Fund Available Balance
- \$8 million General Reserve and \$7.3 million General Fund Contingency Target

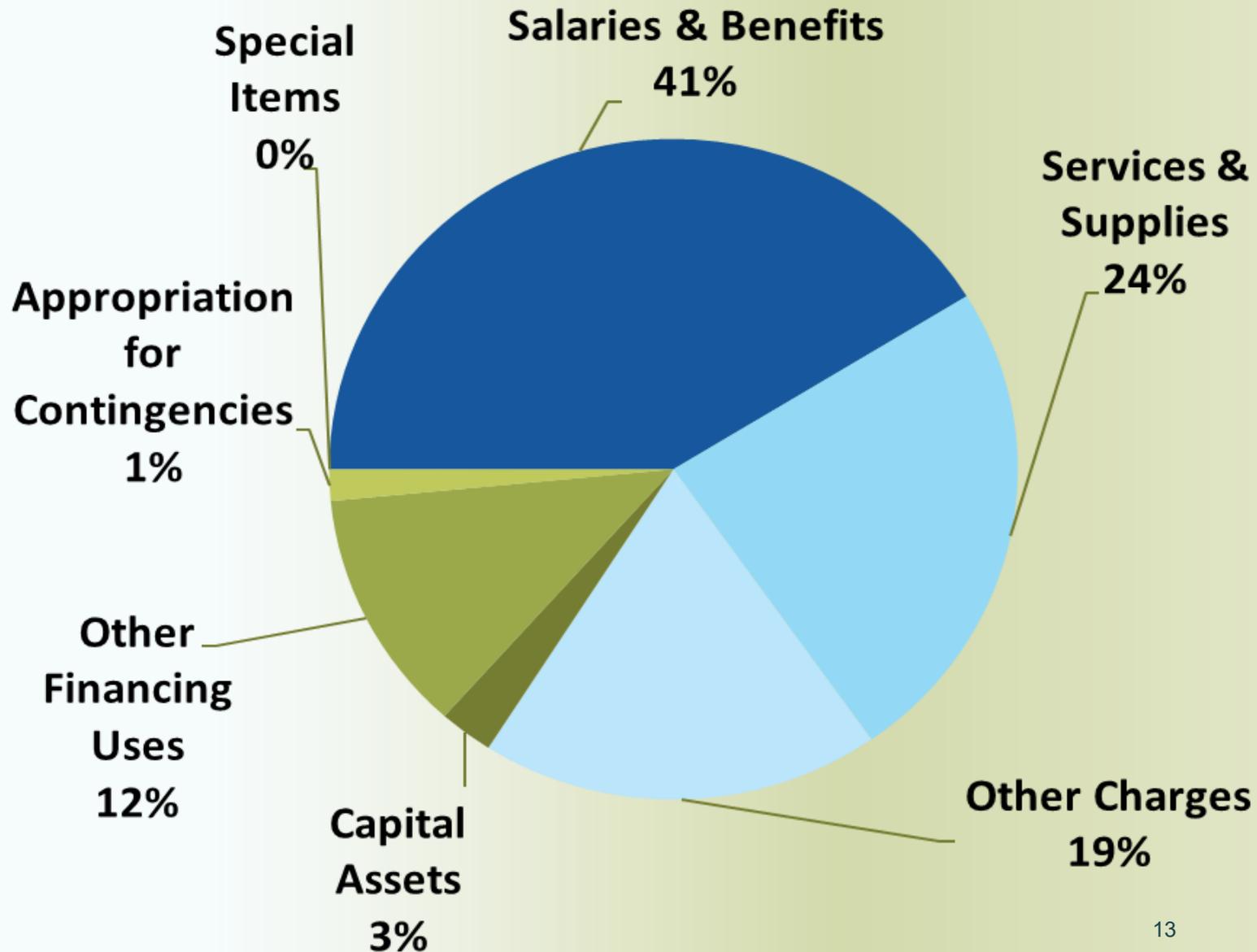
Total Budget (including Schedule A)

- \$610 million – All Funds
 - \$180 million – General Fund
 - \$311 million – Operating Special Rev. Funds
 - \$58 million – Non-Operating Special Rev. Funds
 - \$11 million – Capital Projects Funds
 - \$5 million – Debt Services Funds
 - \$13 million – Internal Services Funds
 - \$31 million – Enterprise Funds (Neal Road Recycling and Waste Facility)
 - \$1 million – Special Districts (CSA's)
- 2,324.5 Allocated Positions

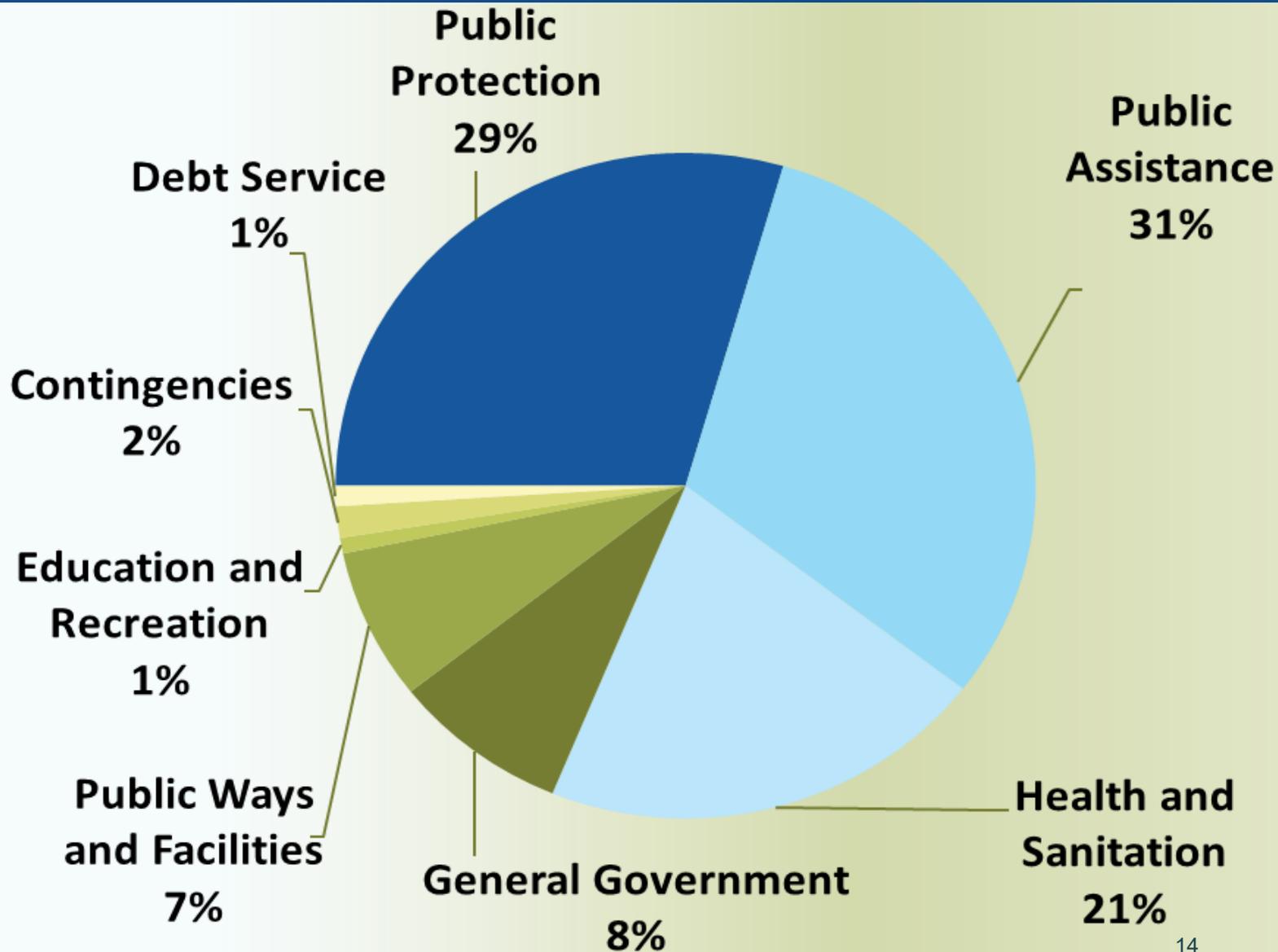
Total Budget – All Funds



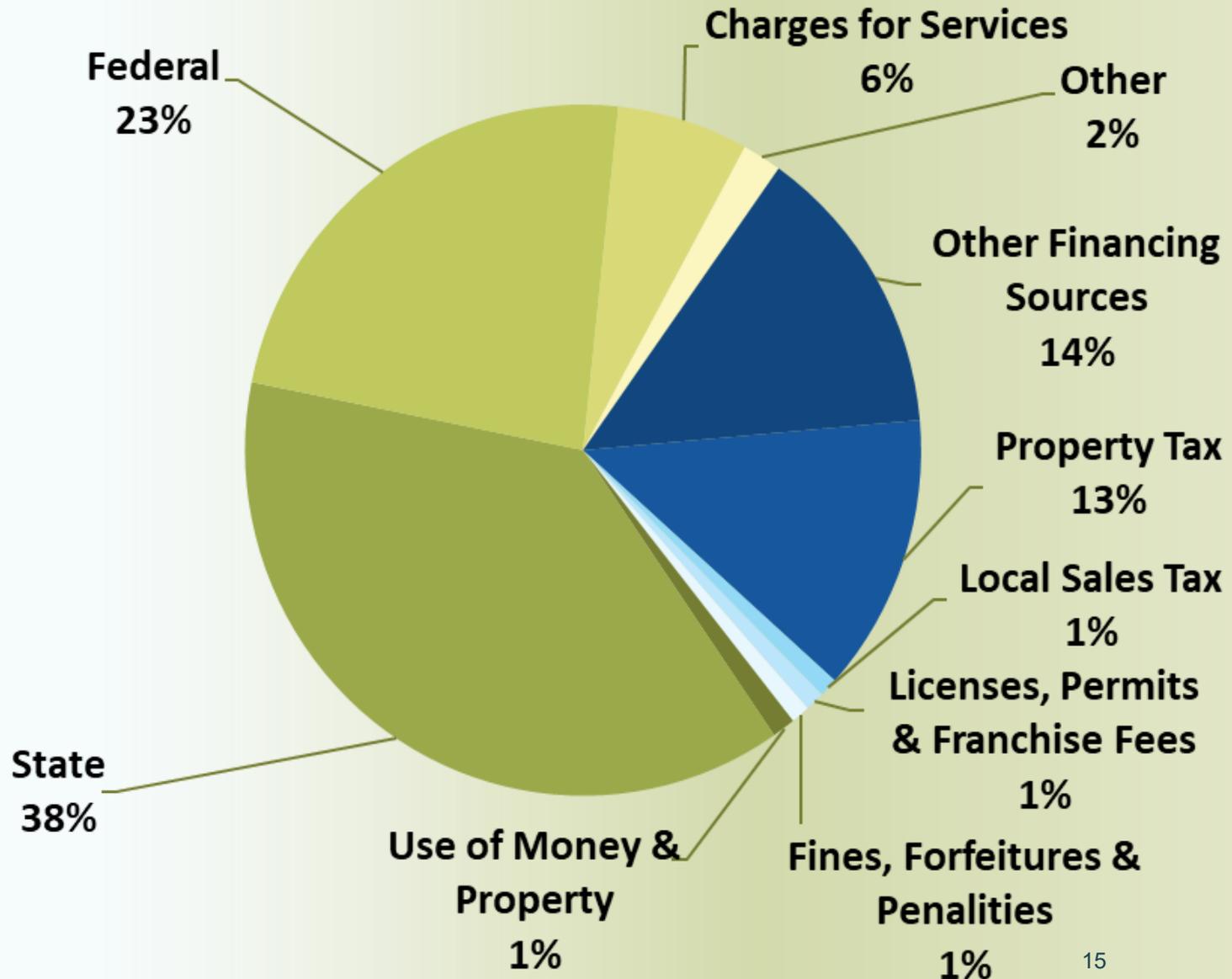
Governmental Funds by Object



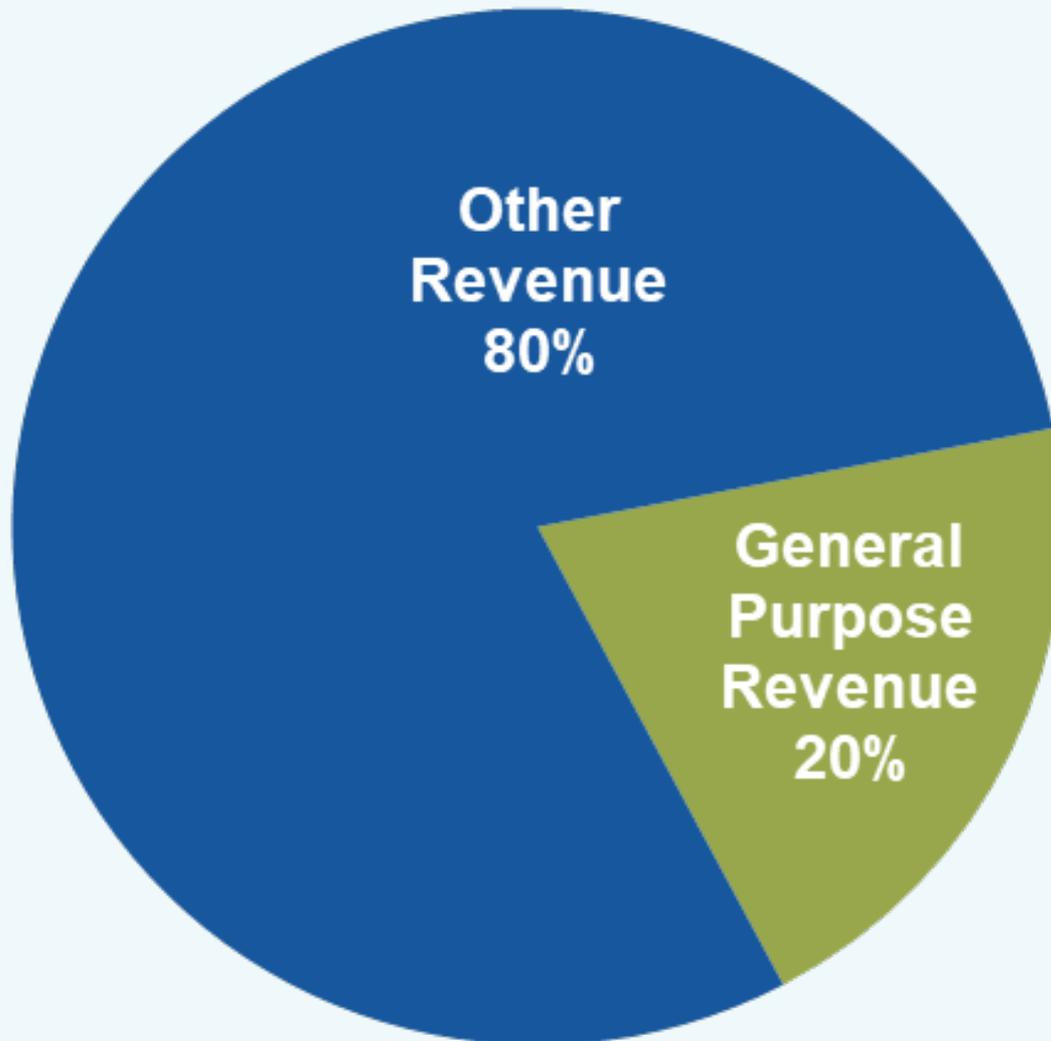
Governmental Funds by Function



Estimated Governmental Fund Revenues



General Purpose vs. Other Revenue

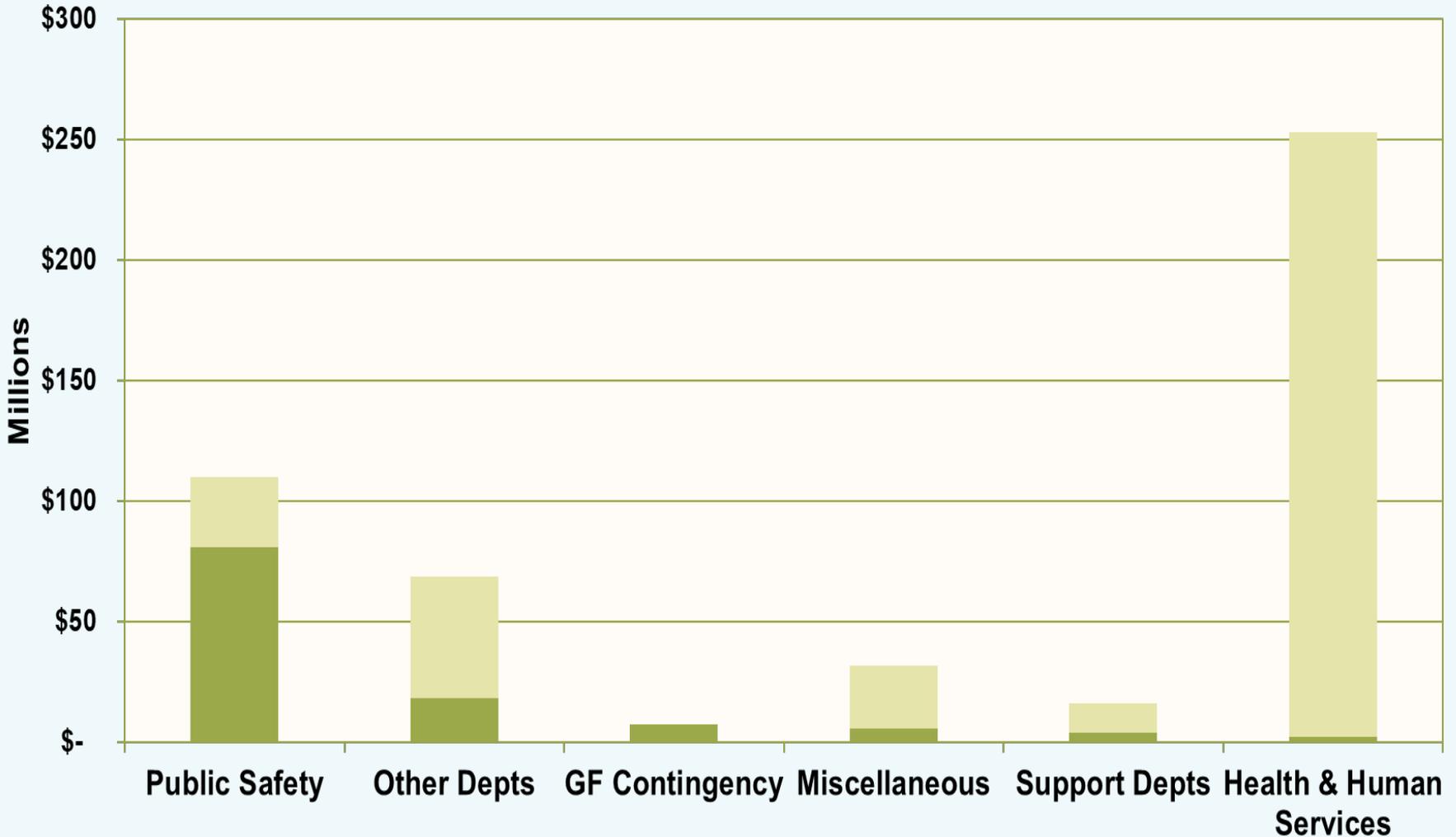


General Purpose Revenue

Revenue Source	Amount
Property Tax	\$68.5 million
Proposition 172 Sales Tax for Public Safety	\$18 million
Local Sales Tax	\$4.7 million
Royalties (Table A Water Lease)	\$3.8 million
Fines, Forfeitures, Penalties	\$2.2 million
Tobacco Settlement Funds	\$2 million
Property Tax Administration Fees	\$2 million
Property Transfer Tax	\$1.4 million
Balance of Other Revenue Sources	\$4.4 million
Total	\$106,995,200

Use of Discretionary Resources

■ Discretionary Resources ■ Non-Discretionary Resources



General Fund Budget Trend Analysis

- Tool that projects future budget trends based on current appropriation and revenue trends.
- Recommended Budget is balanced.
- Current projections indicate estimated expenses exceed estimated demand by approximately \$4.3 million/year starting in FY 2023-24.
- Minor assumption changes can have a significant impact on future year projections.

General Fund Budget Trend Analysis

Table 1
Budget Trend Analysis

Through Fiscal Year 2023-24

GENERAL FUND	Recommended Budget 2019-20	Forecasted Budget 2020-21	Forecasted Budget 2021-22	Forecasted Budget 2022-23	Forecasted Budget 2023-24
ESTIMATED DEMAND:					
Employee Salaries & Benefits	99,941,502	102,911,824	105,283,370	111,906,655	114,187,261
Contingency	7,300,000	7,300,000	7,300,000	7,300,000	7,300,000
Other Expenditures	65,313,330	69,313,818	70,812,660	72,956,146	74,832,697
Use of Departmental Revenue	<u>(54,655,632)</u>	<u>(53,549,822)</u>	<u>(54,833,680)</u>	<u>(58,749,307)</u>	<u>(58,797,490)</u>
Net Demand	117,899,200	125,975,820	128,562,350	133,413,495	137,522,468
ESTIMATED RESOURCES:					
Carryover From Prior Year	11,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Property Taxes	68,480,000	70,876,800	70,357,488	72,968,213	75,657,259
Sales Taxes	22,700,000	23,494,500	24,199,335	24,804,318	25,424,426
Other Discretionary Revenues	<u>15,719,200</u>	<u>16,062,242</u>	<u>16,924,188</u>	<u>16,775,275</u>	<u>17,145,746</u>
Available Resources	117,899,200	125,433,542	126,481,011	129,547,806	133,227,431
Surplus / (Deficit)	\$0	(\$542,279)	(\$2,081,339)	(\$3,865,688)	(\$4,295,037)

Department Recommendations

(including Schedule A)

Board of Supervisors (Pg. 84):

- Total Budget: \$1,938,517
- Total Number of Positions: 10
- Key Issues:
 - Provide leadership and stability to the organization and community in the wake of the Camp Fire.
 - Provide policy direction on a wide variety of issues.

Department Recommendations

(including Schedule A)

Agriculture (Pg. 88):

- Total Budget: \$2,864,857
- Total Number of Positions: 19
- Key Issues:
 - Implement web-based system for the restricted pesticide program.
 - Assist with agricultural zone buffer recommendations.
 - Implement Industrial Hemp registrations.

Department Recommendations

(including Schedule A)

Assessor (Pg. 94):

- Total Budget: \$4,077,249
- Total Number of Positions: 39
- Key Issues:
 - Review Camp Fire affected land values through the Prop 8 process.
 - Camp Fire Rebuild and Reassessment.
 - Paradise Office currently closed, working from Oroville Office.

Department Recommendations

(including Schedule A)

Auditor-Controller (Pg. 99):

- Total Budget: \$1,875,430
- Total Number of Positions: 20
- Key Issues:
 - Utilize technology for continued business process improvement.
 - Establish audit schedule for Departments.
 - Implement new accounting requirements.

Department Recommendations

(including Schedule A)

Behavioral Health (Pg. 105):

- Total Budget: \$79,109,267
- Total Number of Positions: 371.80
- Key Issues:
 - Provide services to Camp Fire Survivors.
 - Partner with the Sheriff to implement the South County Mobile Crisis Team.
 - Participate in the new Mental Health Diversion Court.

Department Recommendations

(including Schedule A)

Child Support Services (Pg. 113):

- Total Budget: \$9,483,963
- Total Number of Positions: 114
- Key Issues:
 - Implement improved business processes.
 - Enhance program performance and sustainability through training and operational efficiencies.
 - Strengthen collaborative partnerships and outreach activities.

Department Recommendations

(including Schedule A)

County Administration (Pg. 117):

- Total Budget: \$3,846,971
- Total Number of Positions: 24
- Key Issues:
 - Lead Camp Fire recovery.
 - Coordinate disaster preparation and mitigation.
 - Improve intergovernmental collaboration, especially regarding housing and homelessness.

Department Recommendations

(including Schedule A)

County Clerk Recorder (Pg. 124):

- Total Budget: \$4,591,230
- Total Number of Positions: 25.70
- Key Issues:
 - Prepare for March 3, 2020 Presidential Primary Election.
 - Implement Voting Centers.
 - Outreach to voters displaced by Camp Fire.

Department Recommendations

(including Schedule A)

County Counsel (Pg. 131):

- Total Budget: \$954,893
- Total Number of Positions: 10
- Key Issues:
 - Provide legal guidance.
 - Represent the County in litigation and settlement discussions, such as those with PG&E and DWR.
 - Provide legal support to Camp Fire Response and Recovery efforts.

Department Recommendations

(including Schedule A)

Development Services (Pg. 136):

- Total Budget: \$6,754,252
- Total Number of Positions: 31.75
- Key Issues:
 - Process building permits for Camp Fire areas.
 - Support Camp Fire recovery.
 - Update elements of the General Plan.
 - Enforce County Codes including Camp Fire urgency ordinance, nuisance abatement, and marijuana cultivation.

Department Recommendations

(including Schedule A)

District Attorney (Pg. 143):

- Total Budget: \$14,590,936
- Total Number of Positions: 96
- Key Issues:
 - Continue environmental prosecution of DWR for the Spillway incident.
 - Criminally prosecute PG&E for the Camp Fire.
 - Manage large amounts of electronic evidence created by body-worn cameras, cell phones, and other electronic devices.

Department Recommendations

(including Schedule A)

Employment and Social Services (Pg. 152):

- Total Budget: \$144,552,854
- Total Number of Positions: 652
- Key Issues:
 - Implement Child Welfare Continuum of Care Reform.
 - Support Camp Fire recovery efforts in delivery of shelters and case management for survivors.
 - Implement the Homeless Emergency Aid Program for those experiencing homelessness or are at risk of homelessness.

Department Recommendations

(including Schedule A)

UC Cooperative Extension (Pg. 162):

(formerly Farm, Home & 4H)

- Total Budget: \$379,475
- Total Number of Positions: 3
- County Provide space and administrative staff so UC Cooperative Extension may focus on key initiatives.
 - Sustain a competitive agriculture system.
 - Enhance pest and disease management.
 - Promote healthy behaviors for childhood obesity prevention.
 - Maintain over 250 Master Gardener and 4-H program volunteers.

Department Recommendations

(including Schedule A)

Fire (Pg. 167):

- Total Budget: \$18,566,798
- Total Number of Contracted Positions: 97
- Key Issues:
 - Provide education, inspection and enforcement of defensible space and hazard abatement.
 - Collaborate with public safety partners to educate residents on emergency evacuation preparedness.
 - Budget includes \$2 million State support of the CALFIRE contract.

Department Recommendations

(including Schedule A)

General Services (Pg. 174):

- Total Budget: \$6,776,867
- Total Number of Positions: 49
- Key Issues:
 - Manage large capital projects including the jail expansion.
 - Support Camp Fire recovery through facility repairs, logistical support and record keeping.
 - Enhanced safety and security programing.
 - Implement automated utility billing.

Department Recommendations

(including Schedule A)

Human Resources (Pg. 182):

- Total Budget: \$2,032,910
- Total Number of Positions: 20
- Key Issues:
 - Support succession planning throughout the organization.
 - Develop and manage effective training programs.
 - Develop new tools to attract and retain employees and streamline the hiring process.

Department Recommendations

(including Schedule A)

Information Systems (Pg. 188):

- Total Budget: \$3,952,698
- Total Number of Positions: 25
- Key Issues:
 - Install, test, and launch Butte County Regional Radio Project – the new 700 MHz radio system.
 - Modernize information technology infrastructure.
 - Improve cybersecurity education and awareness.

Department Recommendations

(including Schedule A)

Library (Pg. 194):

- Total Budget: \$3,618,893
- Total Number of Positions: 26
- Key Issues:
 - Open the Paradise Branch Library.
 - Develop a new Library Strategic Plan.
 - Outreach to underserved areas.
 - Enhance literacy services.

Department Recommendations

(including Schedule A)

Probation (Pg. 200):

- Total Budget: \$23,968,883
- Total Number of Positions: 164
- Key Issues:
 - Address funding challenges from various legislative initiatives.
 - Maintain collaborative programs and services for re-entry and community based supervision.
 - Manage increasing costs to house Butte County youth at the state's Division of Juvenile Justice.

Department Recommendations

(including Schedule A)

Public Health (Pg. 209):

- Total Budget: \$24,867,533
- Total Number of Positions: 157.25
- Key Issues:
 - Support Camp Fire debris removal program and recovery efforts.
 - Process well & septic permits for Camp Fire areas.
 - Control measles and other communicable diseases.

Department Recommendations

(including Schedule A)

Public Works (Pg. 215):

- Total Budget: \$49,211,978
- Total Number of Positions: 117
- Key Issues:
 - Process survey reviews for rebuilding after the Camp Fire.
 - Remove hazard trees burned by the Camp Fire from the County right-of-way.
 - Repair roads and infrastructure damaged by recent storms and fires.
 - Deploy road improvements and repairs funded by SB1.

Department Recommendations

(including Schedule A)

Sheriff-Coroner (Pg. 228):

- Total Budget: \$56,578,367
- Total Number of Positions: 295
- Key Issues:
 - Address post Camp Fire staffing challenges.
 - Manage jail and evidence storage/morgue project funding gap due to increased costs.
 - Maintain readiness for significant public safety threats that go beyond traditional threats of crime.

Department Recommendations

(including Schedule A)

Treasurer-Tax Collector (Pg. 237):

- Total Budget: \$3,372,512
- Total Number of Positions: 24
- Key Issues:
 - Support Property Tax relief related to the Camp Fire.
 - Manage the County Treasury to the benefit of the participating agencies.
 - Efficiently collect moneys due to the County (and Courts).

Department Recommendations

(including Schedule A)

Water & Resource Conservation (Pg. 242):

- Total Budget: \$1,068,139
- Total Number of Positions: 4
- Key Issues:
 - Support development of groundwater sustainability plans for the three subbasins.
 - Coordinate with Groundwater Sustainable Agencies to comply with the Sustainable Groundwater Mgmt Act.
 - Develop projects to sustain groundwater resources and mitigate Camp Fire impacts.

Misc. Budget Units (including Schedule A)

Capital Projects (Pg. 248)

- Total Budget: \$11,381,668
- Projects:
 - Jail Program and Capacity Expansion
 - Evidence Storage and Morgue
 - Probation Building
 - La Dolce Plaza Infill
 - 5 County Center Drive
 - Chico Communication Tower
 - Fire Station 37 Reconstruction (Concow)

Misc. Budget Units (including Schedule A)

Community Development (Pg. 268)

- Total Budget: \$2,277,260
- Grants for community development programs and projects.
 - Community Development Block Grant (CDBG) program (\$1,500,000).
 - Home Investment Partnership Program (HOME) (\$500,000).
 - CalHome Program – 2017 disaster funds (\$500,000).

Misc. Budget Units (including Schedule A)

Debt Service (Pg. 275)

- Total Budget: \$5,368,097
- Debt Service budgets used to account for repayment of borrowed funds and interest.
 - Pension Obligation Bonds
 - 492 & 554 Rio Lindo (final payment)
 - Bangor Fire Station
 - Hall of Records
 - Butte Regional Radio
 - Government Infrastructure
 - Public Works Grader

Misc. Budget Units (including Schedule A)

Equipment Replacement (Pg. 283)

- Total Budget: \$2,726,721
- Established for the purpose of financing the purchase of vehicles and capital equipment for some General Fund departments.
- Transfers to Sheriff and Fire Equipment Replacement Suspended.

Misc. Budget Units (including Schedule A)

Fish & Game Commission (Pg. 295)

- Total Budget: \$23,748
- Receives funds from Fish & Game Code violations within Butte County, and distributes these funds as grants for:
 - Public education.
 - Temporary treatment and care of injured wildlife.
 - Improvements to fish and wildlife habitats.
 - Purchase of materials, supplies, and equipment.

Misc. Budget Units (including Schedule A)

General Fund Miscellaneous Budget Units (Pg. 297)

- Total Budget: \$16,524,392
- Includes:
 - General Revenue and Transfers \$2,412,371
 - Non-Departmental \$6,672,033
 - Table A
 - Unallocated Costs
 - Public Defender
 - LAFCO
 - County Share of Trial Courts
 - Grand Jury \$139,988
 - General Fund Contingency \$7,300,000

Non-Operating Units (including Schedule A)

Non-Operating Funds (Pg. 306)

- Total Budget: \$57,781,442
- Used to track and monitor restricted balances across fiscal years.
- Transferred to operating funds for use.
- Examples:
 - Mental Health Services Act
 - 2011 Protective Services Fund
 - Impact Fees
 - Rural County Sheriff Funds

Internal Service Funds (including Schedule A)

Internal Service Funds (Pg. 418)

- Total Budget: \$12,619,919
- Used to account for and allocate the cost of goods or services provided by one department to other departments.
- Includes:
 - General Liability
 - Workers' Compensation
 - Unemployment Insurance
 - Medical Liability Insurance
 - Misc. Insurance
 - Utilities

Enterprise Funds (including Schedule A)

Neal Road Recycling and Waste Facility (Pg. 425)

- Total Budget: \$31,387,650
- Total Number of Positions: 27
- Key Issues
 - Repair facility infrastructure burned by Camp Fire.
 - Receive and manage nearly 1 million cubic yards of fire debris and ash from the Camp Fire.
 - Divert wood, green waste, and construction/demolition debris from landfill.
 - Construct new landfill disposal areas.

County Service Areas (including Schedule A)

County Service Areas (Pg. 434)

- Total Budget: \$1,259,845
- 84 County Service Areas (CSAs) and Permanent Road Divisions (PRDs) are a mechanism for property owners to fund municipal-types services in the unincorporated area.
 - Some CSAs need maintenance and improvements beyond the funds available for the area.
 - Repairs can come up unexpectedly for some CSAs.

Recommended Actions

1. Approve the Recommended Budget, including adjustments, for spending authority, including Capital Assets as identified on the Capital Assets Schedule (page 580), the Road Fund Work Program (page 226) and Schedule A, until the budget is adopted;
2. Provide direction to staff to prepare a budget resolution for consideration on July 23, 2019;

Recommended Actions

3. Provide direction that if the General Fund balance available exceeds \$11.8 million the additional amount will be used to increase General Fund Contingencies and if it is less than \$11.8 million any shortfall will be addressed by reducing General Fund Contingencies and any shortfall greater than the Contingencies amount will be addressed by reducing the General Fund Reserve;
4. Hold a Public Hearing to consider a 10% transfer of Public Health 1991 Realignment revenues to Social Services (estimated to be \$836,858) and adopt a Resolution approving the transfers.