



# COUNTY OF YOLO

Office of the County Administrator

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Yolo County Board of Supervisors  
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May 31, 2019

Dear Members of the Board of Supervisors:

With this letter, I submit for your consideration the 2019-20 Yolo County Recommended Budget. Pursuant to the County Budget Act, it is presented as the County Administrator's recommended budget. The 2019-20 Recommended Budget is balanced, meets State appropriation requirements and reflects the policies embedded in the Board of Supervisor's Long Term Financial Plan. The Board of Supervisors has scheduled a public hearing on June 11 to consider this recommended spending plan, at which time the Board may add, delete or modify the recommended budget by majority vote. This letter highlights some of the assumptions, policies, and high level changes included in the budget. The Board agenda packet for June 11 will include a comprehensive staff report describing in much more detail the significant changes, pending issues and areas of risk within the recommended budget.

Total expenditures for the County are recommended in the amount of \$496,595,715 with general purpose revenues of \$80,306,781, which represents an increase of \$1,823,730 from the 2018-19 year end estimated general purpose revenue. Capital expenditures are recommended at \$58,108,288.

The 2019-20 budget represents marginal growth in both discretionary funding as well as State and Federal revenue receipts in most areas. However, rapidly rising pension costs combined with an increase in retiree medical prefunding continue to deplete any growth in General Fund revenues. As a result, the majority of budgets are status quo. As previously discussed the Recommended Budget does include 12 new positions for the Monroe Jail expansion. Setting aside these positions, however, there is a net decrease in General Fund positions of 5.0 FTE. Unfortunately, this trend is likely to continue as retirement costs outpace revenue growth. In addition, the Recommended Budget includes 29.5 FTE new non-general fund positions. The dichotomy of State and Federally funded programs receiving significantly increased allocations while the General Fund remains flat to declining will continue for the foreseeable future.

It is recommended the Board of Supervisors defer further program restorations or augmentations until the Adopted Budget hearing in September, at which time additional information, including updated revenue trends, final State Budget actions, labor agreements and 2018-19 closing fund balance information will be known.

The recommended budget relies upon the following assumptions:

## **Funds Priority Focus Areas within the 2016-2019 Strategic Plan:**

In November 2015, the Board approved the 2016-2019 Strategic Plan and Priority Focus Areas. In this final year of the plan, the 2019-20 budget includes resources designed to further the action items necessary to progress the Priority Focus Area objectives. The following table highlights a few of these funded initiatives.

Strategic Plan Goal	Priority Focus Area	Initiative
Thriving Residents	<p>Develop and implement strategies to reduce homelessness.</p> <p>Expand best practices in programs benefitting children.</p>	<ul style="list-style-type: none"> <li>• Increase self-sufficiency of individuals experiencing homelessness in Yolo County.</li> <li>• Increase timely linkage of children to the appropriate level of mental health care.</li> </ul>
Safe Communities	<p>Develop coordinated continuum of care ranging from prevention through intensive services.</p> <p>Ensure robust disaster emergency management program.</p>	<ul style="list-style-type: none"> <li>• Expand specialty court and diversion opportunities for clients, to include Mental Health Court and Addiction Intervention Court.</li> <li>• Apply for accreditation of our Operations and Emergency Services</li> <li>• Improve HHSAs' preparedness to respond to emergencies that require the provision of mass care, public health and/or medical services</li> </ul>
Sustainable Environment	<p>Update and implement Climate Action Plan</p> <p>Identify countywide waste reduction strategies</p>	<ul style="list-style-type: none"> <li>• Determine feasibility of updating the Climate Action Plan versus creating a companion plan with more actionable items.</li> <li>• Implement organics food waste program at all County owned facilities required to comply with AB1826. Implementation shall include modification of janitorial contract, delivery of starter kits, education and outreach through Intranet and staff meetings, and monitoring.</li> </ul>
Flourishing Agriculture	<p>Develop strategies, including a concierge approach, to nurture new ag/agtech business.</p> <p>Facilitate connections between growers and buyers.</p>	<ul style="list-style-type: none"> <li>• Continue the development of a fully funded land use planning program to ensure comments are made on projects impacting agriculture</li> <li>• Develop online tools for residents and farmers Promote the use of the online complaint form Finalize credit card payment options</li> </ul>

**Increases General Fund reserve in accordance with the Board of Supervisors adopted Fund Balance and Reserve policy:**

Through the Board policy on Fund Balances and Reserves (Appendix H), the Board approved increasing the General Fund reserve annually to achieve best practice standards as established by the Government Finance Officers Association. The 2019-20 recommended budget includes an augmentation of \$622,435 which brings the total reserve to \$13,159,424 which is 6.0% of the General Fund including the public

safety fund. We continue to make progress toward the recommended reserve of 15%, which when combined with program-specific contingencies, will ensure fiscal resilience, continued improved credit ratings and a strengthened ability to address unforeseen emergencies.

**Funds a General Fund contingency in accordance with the Board of Supervisors adopted Fund Balance and Reserve policy:**

The 2019-20 fiscal year includes many known budget risks; including increased revenue assumptions for property tax and Prop 172 sales tax for public safety, a potential economic slowdown, and reliance on carryforward assumptions. In addition to the aforementioned risks, specific uncertainties identified for 2019-20 include:

- Pension Cost Escalation
- Homelessness Initiatives
- Flood Protection Planning and Construction
- County Service Area infrastructure

To prepare for unexpected fiscal actions, the recommended budget includes a \$2.5 million General Fund contingency, which is 2.8% of the 2019-20 general purpose revenue allocations and a \$1.5 million HHSa contingency which is 0.6% of their operating fund. While the General Fund contingency is consistent with the Board policy on contingencies and reserves, the HHSa contingency will need to be augmented at Adopted Budget to achieve the minimum 1% level identified in policy.

More information will be available on a number of variables at the time of the Adopted Budget hearings in September, including State Budget impacts, actual closing fund balances and updated revenue trends. These variables will inform the recommended contingency level included in the Adopted Budget. Budgeted contingency is available for Board appropriation throughout the 2019-20 fiscal year should unexpected needs arise. Any unused contingency may also provide additional funding flexibility in crafting the 2020-21 budget.

**Supports long term financial planning:**

We are now in year ten of economic expansion. The longest expansion post World War II is ten years, and the second longest previously, eight years. The work done to strengthen the County's reserves should serve to make the next normally occurring recession less impactful. By funding Strategic Plan strategies, increasing the General Fund reserve in accordance with Board policy, seeking to increase operating fund contingencies at Adopted Budget hearings and including a balanced array of cost reductions comprised of program restructuring, elimination of vacant positions and reduced expenditures, the proposed budget scenario supports long term financial planning and places the County's finances in a position to also be better prepared for a normal recession.

**Budget Forecast**

While the economy continues to remain positive, it is important to keep in mind certain factors that will impact County operations. The significant number of emergency responses to fires and flooding, ongoing recovery from natural disasters, lack of affordable housing and an increasingly aging population will continue to require local government action. These risk factors are important to remember in today’s financial decisions impacting future year budgets.

Job growth has improved to the point that the low rate of unemployment continues to impact our ability to hire personnel and our vacancy rates are higher than they have been in many years. Similar to the 2018-19 budget, the 2019-20 budget continues to generally reflect flat local general purpose revenues.

**Fiscal Year 2019-20 Recommended budget**

The Yolo County budget is composed of seven major funds and a large number of smaller special funds, internal service funds, enterprise funds, debt service and capital project accounts. The recommended budget includes:

CAFR Defined General Fund .....	\$162,219,353
Employment & Social Services Fund .....	\$105,182,278
Public Safety Fund .....	\$80,255,880
Medical Services Fund.....	\$15,513,629
Behavioral Health Fund .....	\$51,854,188
Road Fund.....	\$21,613,660
Library Fund .....	\$10,209,651
Child Support Services .....	\$5,948,363
Cache Creek Area Plan .....	\$1,757,161

The total budget of all funds pays for a wide variety of services, programs and projects that are financed by many revenue sources including grant funds, State and Federal revenues, and numerous fees that are paid in exchange for providing requested services to the public. When all of these funds and sources are combined, the fiscal year 2019-20 recommended operating budget totals \$496,595,715.

**New Positions**

The chart below provides a listing of new positions recommended in the 2019-20 budget. The majority of the positions (29.5 FTE) are funded through State and Federal resources with 13.0 FTE positions at the Sheriff’s office funded by General Fund for the expansion of their detention facilities and increased coroner demands.

Department	Position	FTE	Funding	Program
AG	Admin Clerk	1.0	Dept	Front office help to meet contract requirements
AG	Ag & Standards Inspector	1.0	Dept	For weights & measures & Apiary inspections
DA	Deputy District Attorney IV	1.0	Dept	Consumer Fraud
DCS	Senior Solid Waste Attendant	0.5	Dept	Convert 0.5 FTE to 1.0 FTE

Department	Position	FTE	Funding	Program
DFS	Accounting Technician	1.0	Treasury Pool	Treasury support
HHS	Systems Software Specialist II	1.0	Dept	CWSCares/AVATAR support
HHS	Facility Project Coordinator	1.0	Dept	Facility/space planning & coordination
HHS	HHS Program Coordinator	1.0	Fed/Rlgmt	DMC Adolescent care
HHS	Admin Services Analyst-Program	1.0	Fed/Rlgmt	Community health needs analysis
HHS	Public Health Nurse	1.0	State/Rlgmt	Communicable disease control & prevention
HHS	Public Assistance Specialist III-IEVS	1.0	Federal	Fraud detection & prevention
HHS	Social Services Assistant	1.0	Fed/State	IHSS support
HHS	Public Assistance Spec. II	6.0	State	Increased CalFresh enrollment
HHS	Child Welfare Worker II	6.0	Fed/Rlgmt	Establish Practitioner Trainee Unit
HHS	Social Worker Supervisor II	1.0	Fed/Rlgmt	Supervise Practitioner Trainee Unit
HHS	Behavioral Health Case Manager II	1.0	CCP	Specialty Court
PROB	Deputy Probation Officer II	1.0	CCP	Specialty Court
PROB	Youth Construction Crew Assistant	0.5	Dept	In-lieu of DPO for transp. of youth
PROB	Youth Construction Crew Assistant	0.5	Dept	In-lieu of DPO for transp. of youth
Sheriff	Patrol Deputies	2.0	Tribal Funds	Capay patrol upon hotel opening per IGA
Sheriff	Detention - Correctional Officers	10.0	General Fund	Jail expansion
Sheriff	Detention - Facility Cooks	2.0	General Fund	Jail expansion
Sheriff	Deputy Coroner	1.0	General Fund	Limited term
<b>Total New Positions</b>		<b>42.5</b>		

## Capital Improvements and Debt Service

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The capital improvement budget is financed by State grants, development impact fees, Accumulated Capital Outlay (ACO) funds, certain special revenue funds and lease revenue bond financing. The recommended budget for funded capital improvements is \$58,108,288. The CIP Projects funded in 2019-20 include the Courthouse Renovation, Central Library/Archives remodel, Monroe Expansion and Renovation and Leinberger jail replacement. The major portion of the 2019-20 Capital Projects budget will be reimbursed from State grants while the remaining projects will be funded by the CIP debt financing obtained in July 2017. The updated 2019-2023 rolling five-year Capital Improvement Plan was approved by the Board on March 12, 2019.

Debt service remains low – only \$4,377,679, representing <1.0% of the total budget. Debt service currently being paid includes the District Attorney’s building, the Davis Library, four solar projects (Library, Monroe, Beamer/Cottonwood and Grasslands) and the July 2017 CIP bond issuance.

## Reserves

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During past years when the County experienced growth, primarily in property taxes, the Board of Supervisors put aside funds to be spent as necessary in recessionary times, which helped moderate recessionary reductions and preserve core county services. Those reserves were depleted during the recession and since 2010-11, the recommended budget has modestly increased the reserve in accordance with the Board’s Fund Balances and Reserves Policy. This reserve is to be used in the event of a catastrophic event or major unexpected cost and serves as a fiscally prudent backstop to nearly \$497 million in County expenditures.

The recommended budget includes the following reserves:

General Fund Reserve .....	\$13,159,424
Reserve for claims against the county .....	\$300,000
Capital Improvement Plan .....	\$4,073,655
Road Maintenance .....	\$300,000
Audit Disallowance.....	\$2,000,000

Additional funding is set aside in trust for specific purposes:

Other Post-Employment Benefits (OPEB) Trust.....	\$21,939,649*
Pension Liability Trust.....	\$4,250,708*

\*These figures include estimated contributions for 2019-20.

## Unfunded Liabilities

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There are three major unfunded liabilities that continue to be of significant concern. Pensions, retiree health and road maintenance have a combined current estimated and unfunded liability of \$885,110,633. While total unfunded liabilities are lower this year as a result of the retiree health liability decrease, the pension liability of \$298,219,633 has doubled within the last four years despite pension reform lowering

the formula for new employees. This is due to changes in CalPERS' assumed investment earnings, changes in accounting methodology and revised assumptions of higher age retirement. This amount will continue to increase as CalPERS phases in a change from a 30-year amortization to a 20-year amortization for payment of the unfunded liability. The retiree health liability continues to see reductions due to the ongoing efforts of the Board-approved pre-funding plan with the most recent 2018 actuarial study showing an unfunded liability of \$79,891,000. This is down from \$153,091,000 in 2014. The road maintenance liability of \$477,000,000 has yet to be addressed, though SB 1 will substantively strengthen road maintenance investment in the county.

The County of Yolo continues to benefit from an engaged, skilled and dedicated workforce who should be recognized for their ongoing commitment to making a difference by enhancing the quality of life in our community. I wish to thank our department heads, the Chief Financial Officer, Department of Financial Services' budget staff and fiscal staff throughout the County whose hard work contributed to the creation of this budget. I also wish to acknowledge the Board of Supervisors for focusing attention on long-term financial planning and fiscal sustainability. I am grateful for the Board's long term vision and willingness to steadily take actions that have improved the County's fiscal resilience.

Respectfully submitted,



Patrick S. Blacklock  
County Administrator



## Budget Summary

	2017-18 Actual	2018-19 Adopted	2019-20 Recommended
<b>Operations</b>			
General Fund Departments	\$48,475,512	\$66,626,674	\$70,797,438
Public Safety Departments	\$87,515,726	\$101,342,638	\$108,363,215
Social Services Programs	\$94,337,197	\$102,685,748	\$108,213,509
Public Health Services	\$15,769,802	\$20,284,366	\$17,690,025
Behavioral Health Services	\$30,892,679	\$46,893,707	\$49,825,284
Road Fund	\$14,201,764	\$29,595,042	\$21,614,660
Library Programs	\$7,028,633	\$7,787,955	\$7,878,412
Child Support Services	\$5,418,121	\$5,948,363	\$5,948,363
Cache Creek Area Plan	\$766,279	\$1,023,527	\$1,747,161
County Service Areas	\$5,454,520	\$12,190,167	\$9,643,758
Housing Programs	\$3,224,075	\$1,386,000	\$565,514
<i>Subtotal</i>	<b>\$313,084,308</b>	<b>\$395,764,187</b>	<b>\$402,287,339</b>
<b>Enterprise/Internal Service Funds</b>			
Airport Enterprise	\$385,233	\$361,070	\$1,346,030
Sanitation Enterprise	\$15,464,758	\$23,098,356	\$39,668,117
Dental Insurance ISF	\$2,014,411	\$1,982,100	\$1,982,100
Unemployment Insurance ISF	\$168,182	\$189,882	\$189,882
Fleet Services ISF	\$1,555,561	\$1,981,723	\$1,980,710
Telecommunications ISF	\$1,539,263	\$1,955,552	\$2,580,010
Yolo Electric ISF	\$5,338,918	\$4,242,600	\$4,242,600
Pension ISF	\$15,704,270	\$0	\$40,264,068
<i>Subtotal</i>	<b>\$42,170,596</b>	<b>\$33,811,283</b>	<b>\$92,253,517</b>
<b>Debt Service Funds</b>			
Davis Library	\$530,390	\$529,025	\$530,725
DA Building	\$279,033	\$281,808	\$276,558
CIP Bond	\$1,060,177	\$1,244,076	\$1,247,576
<i>Subtotal</i>	<b>\$1,869,599</b>	<b>\$2,054,909</b>	<b>\$2,054,859</b>
<b>Total Operating Budget</b>	<b>\$357,124,503</b>	<b>\$431,630,379</b>	<b>\$496,595,715</b>
<b>Capital Improvement Program</b>			
Courthouse Renovation	\$968,886	\$4,200,000	\$2,690,583
Library Archives	\$76,691	\$1,611,165	\$324,614
Esparto Park & Pool	\$2,391,363	\$5,906,600	\$0
Other Facility Improvements	\$1,180,112	\$719,897	\$170,091
Yolo Library	\$428,966	\$59,743	\$0
Monroe Jail Expansion	\$398,690	\$20,989,675	\$21,623,000
Leinberger Jail Expansion	\$880,220	\$34,136,392	\$33,300,000
Juvenile Detention Facility Expansion	\$1,357,274	\$0	\$0
<i>Subtotal</i>	<b>\$7,682,201</b>	<b>\$67,623,472</b>	<b>\$58,108,288</b>
<b>TOTAL COUNTY BUDGET</b>	<b>\$364,806,704</b>	<b>\$499,253,851</b>	<b>\$554,704,003</b>





Welcome to the Yolo County budget for fiscal year 2019-20, which begins on July 1, 2019. These sections of the budget document are designed to help readers understand the purpose and content of the budget.

# Guide to Reading the Budget

## Purpose of the Budget

The budget represents the Board of Supervisors' operating plan for each fiscal year, identifying programs, projects, services and activities to be provided, their costs, and the financing plan to fund them.

The budget is also a vehicle for presenting plans and opportunities that will make Yolo County an even better place to live and work. It includes a narrative from each department that reports program successes in the prior year, as well as goals for the next year. In the latter case, new approaches may be presented for more effective and relevant methods of delivering services to county residents. Additionally, department goals and strategies directly related to implementation of the 2016-2019 Strategic Plan are noted in red, highlighting the **Strategic Plan goal, priority focus area or organizational priority** that is supported. See Yolo County Strategic Plan later in this document for more information.

## Developing the Budget

Every year, the County of Yolo goes through a budget development cycle to ensure the preparation of a balanced budget for the coming fiscal year. The last day of the county's fiscal year always falls on June 30. The County Administrator compiles and presents to the Board of Supervisors a recommended budget, which is produced as a team effort, with input from all departments, and meets the County Administrator's standards as a sound, comprehensive plan, consistent with Board policy direction, and achievable within estimates of available resources. The Board of Supervisors is scheduled to consider the 2019-20 Recommended Budget on June 11, 2019. They will return for a vote on what will become the Adopted Budget following passage of the State budget. At the end of the year, the Chief Financial Officer will submit the Final Budget incorporating all of the changes made to the budget during the year.

## How to Locate Information in the Budget

The budget is divided into County functions, departments and programs. It covers a wide range of information from general overviews to specific data.

### 1. If you are looking for general information...

...about the budget as a whole, see *Background* section. These sections include an overview of the recommended budget, preliminary budget assumptions for the coming fiscal year due to baseline trends, State budget issues and the current economic climate. They also contain information on emerging "issues" and pending State actions.

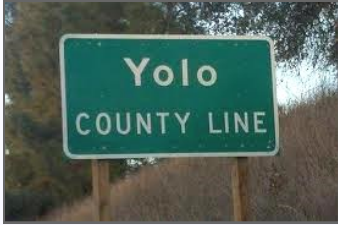
### 2. If you are looking for specific information...

...related to County department activities, you'll find department information under *Functional Areas*. County departments are grouped together under categories of similar services. Check the *Table of Contents* for department listings and page numbers. All department narratives include an overview of the department's functions, a selected listing of departmental accomplishments in the prior year and objectives for the coming year, and a summary of anticipated budget expenses and revenues, as compared to the prior year's adopted expenses.

In the *Appendices* you will find information on a number of topics such as: position listings, equipment purchases, financial standards and policies and the financial summary for year before last.



## Guide to Reading the Budget (continued)



### Policies/Methodologies Helpful for Understanding the County Budget

#### Budgetary Amendments

After the budget is adopted it becomes necessary to amend the budget from time to time. Budgetary amendments that change total revenues or appropriations for a department require Board of Supervisors approval.

#### Accounting Basis used in the Budget

The budget is developed on a modified accrual basis for governmental fund types (General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds), adjusted for encumbrance accounting. Appropriations for encumbrances are included and appropriations for expenditures against prior year encumbrances are excluded. Under the modified accrual basis, obligations are generally budgeted as expenses when incurred, while revenues are recognized when they become both measurable and available to finance current year obligations. Proprietary fund types (e.g., Airport and Sanitation) are budgeted on a full accrual basis. Not only are obligations recognized when incurred, but revenues are also recognized when they are incurred or owed to the County.

#### **Fund Types used by the County**

##### Governmental Fund Types:

**General Fund:** This is the general operating fund of the County. All financial resources except those required to be accounted for in other funds are included in the General Fund.

**Public Safety Fund:** Passed by the voters to help backfill counties for the loss of local property taxes the State shifted to schools, Proposition 172 provided a statewide, ½ cent sales tax to help counties pay for law enforcement related services.

**Special Revenue Funds:** These funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds:** These funds account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

**Capital Projects Funds:** These funds account for financial resources used for the acquisition or construction of major capital facilities (other than those in proprietary fund types).

##### Proprietary Fund Types:

**Enterprise Funds:** State and local governments use the enterprise funds to account for “business-type activities” – activities similar to those found in the private sector. Business type activities include services primarily funded through user charges.

##### Internal Service Funds:

**Internal Service Funds (ISF)** account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or other governmental units on a cost reimbursement basis. A common use of these fund types is to account for the County’s self insurance programs.

<b>2019-20 Budget Development Calendar</b>	
<b>January 2019</b>	
Jan 10	Governor's Proposed 2018-2019 State Budget released
Jan 15	Board Budget Ad-Hoc Subcommittee meeting
Jan 24	Departments submit 2018-19 Midyear budget monitoring projections to DFS
<b>February 2019</b>	
Feb 1 – Feb 28	DFS begins preparing initial base budget for upload to Sherpa BFM
Feb 5	Board Budget Ad-Hoc Subcommittee meeting
Feb 19	Board 2019-20 Budget Workshop and Department annual updates
Feb 26	Board reviews 2018-19 Midyear Budget Monitoring report and approves 2018-19 Budget Principles.
Feb 26 – Mar 1	Sherpa end-user trainings
<b>March 2019</b>	
Mar 1	Sherpa Budget Formulation & Management system open to departments for data entry
Mar 22	Departments submit all BFM budget forms and supporting documentation to DFS
<b>April 2019</b>	
Mar 29 – Apr 26	Department budget meetings with County Administrator's Office
Apr 16	Budget Ad Hoc Subcommittee
Apr 23	Budget development status update to Board
<b>May 2019</b>	
May 6 – May 24	CAO and DFS assemble and review budget book. DFS prepared budget resolution reports and ensures all budget documents are accurate and consistent with recommendation.
May 31	2019-20 Recommended Budget distributed to media and public
<b>June 2019</b>	
Jun 4	Board Budget Ad-Hoc Subcommittee meeting
Jun 11	2019-20 Recommended Budget presented to the Board of Supervisors