Budget Message

The budget message provides an overview of the County's budget. The message sets a context for budget decisions by describing the economic conditions and changes to financing and revenue sources which help to shape the budget. It provides a summary of expenditures for the current year in comparison to expenditure levels in the previous year to demonstrate the impact that economic conditions have on County financing. Changes to staffing levels and service level program impacts are also discussed to provide the reader with a link between how financing decisions impact County operations and service provision.

County of San Luis Obispo

COUNTY GOVERNMENT CENTER, RM. D430 • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5011

DAN BUCKSHI
COUNTY ADMINISTRATOR

May 12, 2015

Honorable Board of Supervisors,

I am pleased to present the FY 2015-16 Proposed Budget to your Board and the community. The budget reflects the County's disciplined approach to fiscal management and is consistent with our goal to provide a Safe, Healthy, Livable, Prosperous and Well-Governed Community.

The budget is one of the most important documents that the County produces each year. As a financial plan, operations guide, policy document and communication device, the proposed budget is intended to communicate and implement Board policy related to County operations. Consistent with prior years, the format and content of the document is driven by an effort to strike an appropriate balance between financial detail, and discussion of 'big picture' issues. The intent is that the document will inform meaningful discussion about resource allocation decisions. Your Board will review the budget in detail at public budget hearings, scheduled for June 8th-10th, during which time you may add, delete, or modify the proposal as you deem appropriate.

Approach to FY 2015-16 Budget Development

The process for developing the budget began in the Fall of 2014, when staff presented the FY 2015-16 financial forecast and the Board reviewed its Priorities and Budget Goals and Policies for the year. This budget proposal is consistent with Board direction provided via identified priorities, Budget Goals and Policies, Budget Balancing Strategies and Approaches, and complies with all aspects of the State Budget Act (Government Code §29000). Community input provided through participation in open meetings, public involvement on the County's many advisory boards and commissions, and as conveyed in reports that are intended to measure community needs, is also a significant factor in budget development. The 'General Budget Information' section of this document provides a comprehensive overview of the County's budget development and management process.

The FY 2015-16 budget represents a significant milestone for the County. FY 2014-15 represented the final year of a multi-year strategy to bring the budget into structural balance, and FY 2015-16 will be the first year that the County is able to return to fully funding its contingencies, while making significant investments in the many programs and services that we provide to the community.

The recent recession was the longest in the United States since World War II and represented the most significant economic downturn since the Great Depression. The Board and staff

worked together to meet the challenges of the recent economic downturn by making difficult, but necessary, decisions to ensure the County's financial stability. Because of the disciplined approach used, we are able to move forward with confidence that we are on sound financial ground.

Despite improvement in the County's budget, we are very mindful of the work that it took to get to this point. Over the course of the downturn, the County incrementally and methodically reduced its budget by over $80 million. The proposed budget reflects a balanced approach to addressing spending priorities while remaining sustainable in the long term. However, growth in the budget should not be viewed as "adding back" to those programs and services that were reduced. County operations have changed over the past seven years in response to policy changes at the State and Federal levels, as well as changing community needs. The proposed budget reflects a focus on ensuring that the County is able to meet current needs in FY 2015-16 and into the future.

Factors Impacting the FY 2015-16 Budget

As noted above, there are many factors which impact budget development—not the least of which are the current trends and issues that the County is facing. The most notable are:

- The current drought, which is affecting all areas of California, but is particularly severe in San Luis Obispo County. The increased severity in our area is due to a reliance on groundwater in many areas of the County, as well as the fact that the agricultural industry is a major contributor to our local economy. It is estimated that several hundred agricultural jobs have been lost as a result of drought conditions. In addition, overall local crop values in 2014 decreased by nearly 2% compared to the prior year.
- The continued implementation of the Patient Protection and Affordable Care Act (ACA), which has changed the County's role in providing health services to indigent residents. The ACA has resulted in considerable savings to the County, as Medi-Cal eligibility has greatly expanded and now provides health coverage to individuals previously covered through County programs.
- The decline in State Gas Tax revenue to fund road infrastructure maintenance, due to declining gasoline prices.
- The completion of the two large-scale, solar projects in the Carrizo Plains, which contributed to increased sales tax revenues the last several years. Sales tax revenue from these projects will not continue into FY 2015-16. In anticipation of this, solar plant sales tax receipts have been treated as a one-time revenue source, so this decrease will not impact the operating budget.
- The completion and impending start of several major capital projects, including:
    - The women's jail expansion, which is expected to be complete mid-year in FY 2015-16. The budget includes expense to increase staffing levels at the jail when it becomes operational.
    - The potential development of a new airport terminal at the San Luis Obispo County Regional Airport.
    - The replacement of the County's animal shelter.
    - The development of a co-located dispatch center for the Sheriff-Coroner and Fire departments.

In addition to these local issues, the impact that the State's budget has on us locally cannot be understated. The Governor's FY 2015-16 proposed budget totals $158.8 billion, which represents a 1% increase compared to the current year. Though the State's budget continues to improve, some risks remain. Proposition 30, which was approved by voters in 2012 to raise sales and the personal income tax is set to expire in 2016 and 2018, respectively. State revenues from Proposition 30 are projected to be $8 billion in State FY 2015-16. In addition, the State continues to struggle with budgetary debt and significant liabilities that have been accumulated in prior years. The most notable is $72 billion in unfunded liability for retirement benefits for State employees.

The Governor's FY 2015-16 budget proposal includes investments in education, health and human services, and corrections and rehabilitation. Beyond those, noteworthy factors at the State level that are likely to have an impact on the County's budget include:

- FY 2015-16 will mark the first year of distributions from the 2014 Water Bond (Proposition 1) which was approved by voters in 2014. A total of $532 million will be made available statewide for projects that are intended to increase water supplies, protect and restore watersheds, improve water quality and increase flood protection.
- AB 109 Public Safety Realignment will continue into FY 2015-16, with a continued focus on treatment as a means to reduce crime levels. Similar to prior years, a significant emphasis is placed on outcomes which demonstrate reduced crime levels year over year.
- As noted above, the decline in State Gas Tax revenue will place pressure on local governments' ability to fund road maintenance projects.
- The Governor's proposal includes a total of $533 million to reimburse local governments for pre-2004 mandate expenses which were not previously funded. The County's share of this will be approximately $3.4 million.
- As noted above, implementation of ACA will continue to be a major focus. Allocations made to counties in the current year are expected to continue into FY 2015-16, which means that the County will continue to not have any share of costs related to ACA administration.
- Finally, cap and trade distributions resulting from the Global Warming Solutions Act of 2006 which established a goal of reducing greenhouse gas emissions statewide to 1990 levels by 2020, will continue. As a result, the County may receive allocations to assist in the planning and development of infrastructure aimed at reducing the amount of time that people spend in their cars.

FY 2015-16 Budget Summary

The proposed budget authorizes a total spending level of $564.3 million, with the General Fund budget proposed at $464.6 million. The overall budget represents an increase of just under 4% compared to the current year. This growth is due to a strengthening housing market, increased development activity, as well as increased sales tax, property tax and Transient Occupancy Tax (TOT) revenue, all of which are reflective of an improving economy. Continued implementation of the ACA also contributes to the increase in the overall budget (though this is funded with State and Federal allocations, at no cost to the County).

The table to the right provides an overview of authorized funding levels by individual fund. Each fund serves a distinct purpose, as outlined in the 'General Budget Information' section of this document. Changes in funding levels are explained throughout the document.

Authorized Funding Levels by Fund			
Fund	**FY 2014-15 Adopted**	**FY 2015-16 Proposed**	**% Inc/ Dec**
General Fund	$439,810,183	$464,625,664	6%
Automation Replacement	$3,996,738	$4,884,099	22%
Building Replacement	$5,850,498	$6,169,222	5%
Capital Projects	$5,285,576	$7,245,000	37%
Community Development	$3,957,209	$3,895,341	-2%
Medically Indigent Services Program	$2,531,938	$1,493,222	-41%
Debt Service	$2,080,057	$2,090,151	0%
Driving Under the Influence	$1,634,352	$1,371,002	-16%
Emergency Medical Services	$801,000	$846,000	6%
Fish and Game	$35,768	$46,222	29%
Library	$9,256,100	$9,416,425	2%
Organizational Development	$1,116,151	$911,317	-18%
Parks & Recreation	$9,582,259	$9,121,898	-5%
Pension Obligation Bonds	$10,096,445	$10,037,420	-1%
Public Facilities Fees	$1,670,500	$1,984,049	19%
Road Fund	$42,220,081	$39,099,112	-7%
Tax Reduction Reserves	$4,550,000	$0	-100%
Traffic Impact Fees	$1,141,503	$1,079,283	-5%
Wildlife and Grazing	$5,807	$3,548	-39%
TOTAL	**$545,622,165**	**$564,318,975**	**4%**

The proposed budget for FY 2015-16 represents a balance between the County's three identified spending priorities, which include:

1. financial security
2. programs and services
3. employee salaries and benefits

Increases in each of these areas are as follows:

Financial Security

During the downturn, the County drew from its reserves and reduced contingencies as a short-term budget balancing solution. Notable recommendations for FY 2015-16 include full restoration of General Fund contingencies from 4.5%, to the historical target of 5%; limiting the use of reserves to special circumstances, such as the need to use Roads reserves to mitigate the impact of the decline in State Gas Tax revenues; and several one-time allocations to reserves, including:

- $3.5 million to the Capital Improvement Project Reserve to fund future capital projects;
- $3.5 million to the Building Replacement Reserve to fund the necessary replacement of County facilities in the future;
- $1 million to the Automation Replacement Reserve to fund future automation projects; and
- $1 million to the designation to assist in paying down a portion of the County's Pension Obligation Bond debt.

Programs and Services

Based on a thorough evaluation of need and expected results, the proposed budget includes augmentations of $12.2 million ($4.1 million of General Fund) to various programs and services. These augmentations increase staffing levels by 77.25 Full-Time Equivalent (FTE) positions, which will enable the County to provide a higher level of service in many areas. The most significant increases are to public safety and health and human services. Specific augmentations and their intended results are described in the 'Departmental Budgets by Functional Area' section of this document.

In addition to the above, the proposed budget increases Roads funding with a one-time General Fund allocation of $3 million and an ongoing General Fund increase of 10%

(approximately $740,555) to increase funding to the pavement management program. The additional funds will bring the total General Fund contributions to $11.1 million in FY 2015-16.

The budget also provides full funding for all capital projects ($3.7 million), maintenance projects ($3.7 million), and automation projects that are planned to begin in FY 2015-16.

Salaries and Benefits

The proposed budget reflects salary increases that were granted to County employees in the current year, after holding wages flat for most employees for five years. Although these wage increases represent a significant cost to the County, it is important to note that the County's approach to managing salary and benefit expense is much more strategic than it had been prior to the recession. Several years ago, the County implemented a 'three-point plan' to control labor expenses by eliminating formulaic wages increases, sharing the cost of pension cost increases 50/50 with employees, and implementing pension reform, which created second and third tier pension plans.

Detailed information about budget changes can be found in the narrative information provided for each fund center in the 'Departmental Budgets by Functional Area' section of this document. The detailed information for each fund center includes a departmental narrative as well as a County Administrative Office (CAO) narrative. The departmental narrative provides an overview of departmental programs and services and key issues facing each department. The CAO narrative provides context to the proposed budget numbers. The approach in the CAO narratives is to convey what is changing from one year to the next and the corresponding impacts to programs and service levels.

The following table provides a summary of the amount of General Fund dollars allocated to departments (not expenditures). The chart does not include the Non-Departmental Revenue fund center nor other fund centers that do not provide programs and services.

Summary of General Fund Dollars Allocated to Departments				
Fund Center	**Department Name**	**FY 2014-15 Adopted**	**FY 2015-16 Proposed**	**% Inc/ Dec**
104	Administrative Office	$1,695,646	$1,821,806	7%
141	Ag Commissioner	$2,101,775	$2,217,572	6%
109	Assessor	$8,772,539	$9,125,380	4%
107	Auditor-Controller	$4,039,587	$4,128,467	2%
100	Board of Supervisors	$1,632,673	$1,687,445	3%
134	Child Support Services	$0	$0	0%
110	Clerk-Recorder	$420,599	$808,373	92%
290	Community Development	$391,436	$391,436	0%
143	Contributions to Court Operations	($453,986)	($553,986)	22%
106	Contributions to Other Agencies	$1,284,994	$1,230,405	-4%
111	County Counsel	$3,298,287	$3,415,154	4%
140	County Fire	$12,855,699	$13,601,756	6%
132	District Attorney (includes Victim Witness)	$8,907,804	$9,270,028	4%
138	Emergency Services	$167,973	$157,550	-6%
215	Farm Advisor	$470,201	$526,999	12%
113	General Services	$6,164,420	$6,804,408	10%
131	Grand Jury	$138,850	$136,436	-2%
137	Health Agency- Animal Services	$686,143	$788,867	15%
166	Health Agency- Behavioral Health	$7,269,932	$9,420,582	30%
184	Health Agency- Law Enforcement Medical Care	$1,529,849	$2,080,844	36%
350	Health Agency- Medically Indigent Services Program	$1,676,400	$507,692	-70%
160	Health Agency- Public Health	$4,325,838	$5,180,767	20%
112	Human Resources	$2,331,416	$2,824,034	21%
105	Human Resources- Risk Management	$542,826	$615,787	13%
114	Information Technology	$9,071,759	$9,149,924	1%
377	Library	$607,139	$633,683	4%
103	Non-Departmental Other Expenditures	$318,500	$318,000	0%
275	Organizational Development	$900,000	$604,839	-33%
305	Parks	$3,528,177	$3,616,907	3%
142	Planning and Building	$5,862,271	$5,896,897	1%
139	Probation	$9,154,323	$9,932,402	8%
135	Public Defender	$5,108,414	$5,370,016	5%
245	Public Works- Roads	$8,414,100	$11,146,107	32%
201	Public Works- Special Services	$1,431,394	$1,546,423	8%
130	Public Works- Waste Management	$880,264	$939,179	7%
136	Sheriff-Coroner	$37,981,530	$38,253,703	1%
180	Social Services- Administration	$5,040,164	$4,307,550	-15%
182	Social Services- CalWORKs	$331,248	$324,808	-2%
181	Social Services- Foster Care	$558,758	$1,114,152	99%
185	Social Services- General Assistance	$688,146	$866,378	26%
108	Treasurer/Tax Collector	$1,616,251	$1,626,612	1%
186	Veterans Services	$459,813	$473,584	3%
	TOTAL	**$168,947,282**	**$183,057,866**	**8%**

The proposed FY 2015-16 budget recommends 2,633.50 Full-Time Equivalent (FTE) permanent and limited term positions. This represents a net increase of 54.25 positions as compared to current allocations and a net increase of 78.75 FTE compared to FY 2014-15 adopted levels. A net of 24.50 FTE were added mid-year in FY 2014-15. Mid-year changes were due to minor departmental reorganizations, the addition of limited term positions due to the availability for grant funding, and various programmatic changes.

The table to the right provides a summary of Position Allocation net changes by department, compared to current staffing levels. Position additions are generally related to recommended augmentations to various programs and services, and net deletions are generally related to the elimination of limited term staff, due to the expiration of grant funding or minor reorganizations due to changing needs.

Summary of Position Allocation Changes by Department	
FY 2014-15 Adopted Budget Allocation	2,554.75
FY 2014-15 Current Allocation	2,579.25
FY 2015-16 Proposed Allocation	2,633.50
Net Change (from Adopted)	78.75
Net Change (from Current)	54.25
% Change (from Current)	2.10%
Department	**Net Change**
Ag Commissioner	-1.00
Assessor	1.00
Auditor-Controller- Treasurer-Tax Collector	-2.00
Child Support Services	-1.00
District Attorney	1.50
Farm Advisor	0.50
General Services	1.00
Human Resources	1.00
Health Agency	19.75
Information Technology	1.00
Library	1.50
Organizational Development	1.00
Planning & Building	7.00
Public Works	9.00
Sheriff/Coroner	8.00
Social Services	6.00
TOTAL	**54.25**

All County departments are grouped together by functional areas, which categorize the types of services that individual departments provide. Following is a summary of major changes within each functional area. Not all departments are identified in this summary. Detailed information for each department can be found in the 'Departmental Budgets by Functional Area' section of this document.

Land Based Functional Area	
Change to General Fund support from FY 2014-15 adopted levels: $3 million (16%)	**Net change to staffing, compared to current levels:** +15.00 FTE
Fund Centers: Agricultural Commissioner, Planning and Building, Community Development, Public Works Internal Service Fund (ISF), Public Works Special Services, Los Osos Wastewater System, Roads, Road Impact Fees.	

Agricultural Commissioner

The proposed level of General Fund support is increasing by $115,797 or 5% compared to the FY 2014-15 adopted budget. The increase includes the proposed addition of an Agricultural Inspector/Biologist position to the department's Position Allocation List (PAL) which will partially restore efforts dedicated to the Pesticide Use Enforcement (PUE) program and the Invasive Weed Management program closer to historic levels.

Planning and Building

The proposed level of General Fund support is increasing by $34,626 or less than 1% compared to the FY 2014-15 adopted budget. The increase includes the proposed addition of a Planner position to the department's PAL to expand services at the department's North County Service Center. Although not reflected in the level of General Fund support, the department's overall budget is increasing due to the planned replacement of the department's permit tracking system (Tidemark) in FY 2015-16, which will include the addition of 6.00 FTE limited term positions to help address the department's workload associated with the system replacement.

Public Works Internal Service Fund

The proposed budget of $34.3 million is an increase of $614,093 or approximately 2% compared to FY 2014-15 estimated amounts. The increase is largely due to the proposed addition of 9.00 FTE positions to the department's PAL to support Roads and the new Los Osos Wastewater System. The proposed staffing increase for Roads (3.00 FTE) will help to reduce a backlog of maintenance work orders, and support new Federal/State mandates for the monitoring of sign reflectivity and vehicle miles traveled. The proposed staffing increase for the Los Osos Wastewater System (6.00 FTE) are required to operate the Los Osos Wastewater System when it comes on-line during the latter half of FY 2015-16.

Roads

The proposed budget includes General Fund contributions in the amount of $11.1 million, which represents a 32% increase compared FY 2014-15 adopted amounts. This increase is driven by an ongoing 10% ($740,555) contribution and one-time allocation of $3 million to the pavement management program to improve road conditions. The department estimates that total pavement management program funding will improve the Pavement Condition Index (PCI) from 61 to 62 by the end of FY 2015-16.

Los Osos Wastewater System

The proposed budget includes the addition of a new Enterprise Fund for the operation and maintenance of the Los Osos Wastewater System. Revenues are generated from users of the system; therefore, a bridge loan will be required in order to cover cash flow needs until the system is fully operational. Revenues and expenses are budgeted at $1.2 million in FY 2015-16.

Public Protection Functional Area	
Change to General Fund support from FY 2014-15 adopted levels: $2.4 million (3%)	**Net change to staffing, compared to current levels:** +9.50 FTE
Fund Centers: Animal Services, Child Support Services, Contribution to Court Operations, County Fire, District Attorney, Emergency Services, Grand Jury, Probation, Public Defender, Sheriff-Coroner, Waste Management.	

Animal Services

The proposed level of General Fund support is increasing by $102,724 or 14% compared to the FY 2014-15 adopted budget. The increase includes the proposed addition of an Administrative Services Officer position to serve as a Volunteer Coordinator to strengthen the volunteer position at the shelter. The position is being added due to an evaluation of Animal Services provided by the Humane Society of the United States in 2008 which recommended adding a Volunteer Coordinator position. The position was not added at that time due to financial constraints brought on by the recession.

Child Support Services

The proposed budget of $4.6 million is an increase of less than 1% compared to FY 2014-15 adopted amounts. No General Fund support is proposed, due to the fact that the department operates on revenue from State and Federal sources. The County's Child Support Services Department was the ranked as the number one performing county in the State during the 2014 Fiscal Year.

County Fire

The proposed General Fund support is increasing $746,057 or 5% compared to the FY 2014-15 adopted budget. The increase in General Fund support is largely due to an increase in the County's contract with CAL FIRE, of which the General Fund portion is increasing $1.3 million or 11% due to State collective bargaining decisions and CalPERS benefit rate increases.

District Attorney

The proposed level of General Fund support is increasing by $362,224 or 4% compared to the FY 2014-15 adopted budget. This increase is due to a combination of revenue decreases and expenditure increases. Revenue is declining due mainly to shrinking availability of settlement revenues which are declining approximately $400,000 which is mostly offset by an increase in State Prop 172 revenue, the ½ cent sales tax for public safety. Expenditures increases include the addition of 1.50 FTE to the department's PAL. These new positions are intended to ensure compliance with the California Office of Emergency Services and Victims Crime Act fund guidelines, provide prompt intervention and support with crime victims after a crime occurs, and assist with property crime caseload.

Probation

The proposed level of General Fund support is increasing by $778,079 or 8% compared to the FY 2014-15 adopted budget. The increase is due to a combination of revenue decreases and expenditure increases. Revenue is declining due to changes in State and Federal claiming rules. Expenditures are increasing due to a minor reorganization in the department's administrative section, as well as in the Juvenile Hall. The proposed budget includes the addition of an Assistant Chief Probation Officer

Public Defender

The proposed level of General Fund support is increasing by $261,602 or 5% compared to the FY 2014-15 adopted budget. This increase is primarily driven by an additional $200,000 that is budgeted in FY 2015-16 in recognition of the fact that it has become commonplace to add expense during the budget year to cover unanticipated expense for complex, multi-defendant or capital cases represented by court appointed attorneys.

Sheriff-Coroner

The proposed level of General Fund support is increasing by $272,173 or less than 1% compared to the FY 2014-15 adopted budget. However, after adjusting for short term expense for staffing in California Valley during construction of two large-scale solar projects that have now been completed, and which were offset by funding sources outside this fund center in FY 2014-15, the Sheriff-Coroner's net increase in General Fund support is greater than it appears in the budget, increasing $928,173 or 2%.

The increase in General Fund support is due in part to proposed augmentations which increase the department's PAL by 8.00 FTE. The proposed position additions include staffing for the new Women's Jail which will be operational in FY 2015-16, increased capacity in the

North Station response area, additional administrative support, and additional capacity to assist jail medical staff with providing required health care and mental health treatment services.

Health and Human Services Functional Area	
Change to General Fund support from FY 2014-15 adopted levels: $2.4 million (9%)	**Net change to staffing, compared to current levels:** +24.75 FTE
Fund Centers: Contributions to Outside Agencies, Health Agency (Behavioral Health, Driving Under the Influence, Emergency Medical Services, Law Enforcement Medical Care, Medically Indigent Services Program, Public Health), Social Services (CalWORKs, Foster Care/Adoptions, General Assistance), Veterans Services.	

Health Agency

In addition to those fund centers noted above, Animal Services is also a division of the Health Agency, but is included in the Public Protection functional group. The overall budget information that follows excludes the Animal Services budget.

The proposed level of General Fund support for the Health Agency is increasing by $2.4 million or 16% compared to the FY 2014-15 adopted budget. The increase includes the proposed net addition of 18.75 FTE to the Agency's PAL. Highlights of the significant changes affecting the General Fund support for the Health Agency fund centers are provided below.

Behavioral Health

General Fund support is proposed to increase approximately $2.2 million or 29% compared to the FY 2014-15 adopted budget. This increase includes the net addition of 13.00 FTE. Most of these new positions are recommended to improve the response time and/or expand services for youth and adults suffering from mental health, substance use and/or co-occurring disorders in an effort to reduce wait time for clients in order to improve outcomes and reduce the impact these conditions have on their lives. The expansion of Medi-Cal under the ACA has increased demand for Behavioral Health services and the added resources will help the department better meet that demand. In addition, positions are being added to improve documentation services provided in order to increase Medi-Cal reimbursement for eligible services.

Law Enforcement Medical Care

General Fund support is proposed to increase $550,995 or 36% compared to the FY 2014-15 adopted budget. The increase includes a net addition of 3.75 FTE to the department's PAL. These additional positions will provide additional nursing staff at the jail to ensure 24/7 coverage by nursing staff to improve the quality and timeliness of medical assessment and care of inmates at the County Jail.

Medically-Indigent Services Program

General Fund support is proposed to decrease approximately $1.2 million or 70% compared to the FY 2014-15 adopted budget. This decrease is due to a significant reduction in the number of indigent clients expected to receive access to medical care under this program. FY 2014-15 marked the first fiscal year in which the County provided indigent medical care to the remaining individuals that do not qualify for Medi-Cal and meet the requirements for a waiver from the individual mandate for health care coverage under the ACA. Proposed funding levels for FY 2015-16 reflect decreased caseload in this program due to the implementation of the ACA.

Public Health

General Fund support is proposed to increase $854,929 or 19% compared to the FY 2014-15 adopted budget. The increase includes the addition of 4.00 FTE to the department's PAL to support a variety of needs and initiatives. Augmentations to this budget include: funding to prepare an Environmental Impact Report for a permanent Biosolids Ordinance; the purchase and implementation of a public health electronic health record for use in the Jail, clinics and other public health programs; the addition of a Deputy Health Officer to strengthen medical oversight and department management; the addition of a position to oversee the effort to achieve Public Health Accreditation for the department; and expense for the addition of a Software Engineer in Information Technology to improve automation systems used by the Health Agency and ensure compliance with security regulations.

Social Services

The proposed level of General Fund support for Social Services is decreasing by $5,428 or less than 1% compared to the FY 2014-15 adopted budget. The proposed budget for Social Services sets General Fund support at the minimum contribution to leverage State and Federal programs that require matching funds from the County. Despite the decrease to General Fund support, the department's budget is seeing significant growth compared to the FY 2014-15 adopted budget, due largely to expanded responsibilities in the Child Welfare Services (CWS) and In-Home Support Services (IHSS) programs, increased caseload in the Medi-Cal program, and implementation of the new CalWORKs Housing Supports program (HSP) which are largely funded with allocations from State and Federal sources.

The proposed budget includes the net addition of 6.00 FTE to the department's PAL. The new positions will support a variety of programs, including: ensuring that families considered as Foster Parents are simultaneously qualified as potential Adoptive Parents; and addressing workload associated with caseload growth in the various programs that the department provides.

Community Services Functional Area	
Change to General Fund support from FY 2014-15 adopted levels: $184,572 (4%)	**Net change to staffing, compared to current levels:** +2.00 FTE
Fund Centers: Airports, Farm Advisor, Fish and Game, Golf Courses, Library, Parks and Recreation, Wildlife and Grazing.	

Farm Advisor

The proposed General Fund support increasing by $56,798 or 12% compared to the FY 2014-15 adopted budget. The increase includes the addition of 0.50 FTE to the department's PAL. The additional staff will enable the Master Food Preserve program, nutrition education programs at elementary school sites, and the family centered physical activity programs to expand.

Library

The proposed General Fund contribution is increasing by $26,544 or 4% compared to the FY 2014-15 adopted amount. The increase is due to the addition of 1.50 FTE to the department's PALs. The increased staffing supports increased hours of operation in most of the Library's 15 branches, expanding the number of open hours per week by a total of 66 hours across the Library system.

Fiscal and Administrative Functional Area	
Change to General Fund support from FY 2014-15 adopted levels: $725,627 (4%)	**Net change to staffing, compared to current levels:** None
Fund Centers: Administrative Office, Organizational Development, Assessor, Auditor-Controller-Treasurer-Tax Collector-Public Administrator, Board of Supervisors, Clerk-Recorder.	

Assessor

The proposed General Fund support is increasing by $352,841 or 4% compared to the FY 2014-15 adopted budget. This increase includes the addition of 1.00 FTE to the department's PAL in order to address increased workload concerns. It is estimated that $333,606 in additional property tax revenue will be added to the roll due to the department's ability to address outstanding workload with the addition of this position.

Auditor-Controller Treasurer-Tax Collector Public Administrator

The Auditor-Controller-Treasurer-Tax Collector-Public Administrator is a consolidated department; however, the budgets for the two former, independent departments remain separate.

The proposed General Fund support is increasing by $99,241 or 2% compared to the FY 2014-15 adopted budget. The budget includes the elimination of 2.00 FTE from the department's PAL, as a result of efficiencies gained through the creation of this consolidated department in FY 2013-14.

Support to County Departments Functional Area	
Change to General Fund support from FY 2014-15 adopted levels: $1,400,599 (7%)	**Net change to staffing, compared to current levels:** +3.00 FTE
Fund Centers: County Counsel, General Services, Fleet Services, Human Resources, Risk Management, Self- Insurance.	

General Services

In FY 2014-15, the former General Services Agency was dissolved into four independent separate departments: General Services, Information Technology, Airports, and Parks and Recreation. As indicated at the time when the dissolution of the Agency was considered, the dissolution has remained relatively cost neutral between the four departments. The General Fund support increase in this budget is not due to the dissolution.

The proposed General Fund support is increasing by $639,988 or 10% compared to the FY 2014-15 adopted budget. This increase includes the addition of 1.00 FTE Facilities Maintenance Mechanic to the department's PAL in order to provide facility maintenance for the new Women's Jail which will become operational in FY 2015-16. In addition, the lease costs that the department pays on behalf of the Department of Social Services (DSS) are increasing by approximately $440,000 due to DSS acquiring additional office space in FY 2014-15 in order to support an increase in staff due to implementation of the ACA.

Information Technology

The proposed General Fund support is increasing by $78,165 or less than 1% compared to the FY 2014-15 adopted budget. The increase includes the addition of funding for a Geographic Information Systems (GIS) Analyst. This position is not proposed to be added to the department's PAL in the budget, due to the fact that the classification had not been created at the time of budget development. In addition, the proposed budget includes the addition of 1.00 FTE Software Engineer to the department's PAL in order to provide support to the Health Agency.

Human Resources

The proposed General Fund support is increasing by $492,618 or 21% compared to the FY 2014-15 adopted budget. This increase includes expense for new automation systems that the department implemented in FY 2014-15. These automation systems include NEOGOV (a new online job application, on-boarding and performance management system) as well as the CEB Talent Measurement system. The proposed budget also includes the addition of 1.00 FTE to the department's PAL to support the increase in employee recruitment and selection workload that the department faces due to increased staffing levels among County departments.

Overview of Financing/Revenues

The Financing Functional Area in the 'Departmental Budgets by Functional Area' section of this document provides a discussion of revenue sources, as well as additions to the County's various reserves and designations. Below is a high-level overview of some of the County's major revenue sources:

State and Federal Revenue

State and Federal revenue is proposed at approximately $239.4 million and represents 43% of the County's total financing. This is an increase of $3 million or less than 1% compared to the FY 2014-15 adopted budget. State and Federal revenue is the single largest County revenue source. The majority of these revenues are used to support statutory programs, such as health and human services, and some criminal justice programs. Generally speaking, these funds are restricted in use and are not available for discretionary purposes.

Taxes

Property taxes, sales taxes, transient occupancy tax, and other tax revenue are proposed at approximately $171 million and represents 30% of the County's total financing. This is an increase of $13.8 million or 9% compared to the FY 2014-15 adopted budget.

Other Revenues and Financing Sources

Other revenues and financing are proposed at approximately $64.2 million and represent 11% of the County's total financing. This is an increase of $1.5 million or 2% compared to the FY 2014-15 adopted budget.

Licenses/Permit Fees/Charges for Services

Licenses, permits fees, and charges for services are proposed at approximately $38.6 million and represent 7% of the County's total financing. This is an increase of $538,790 or 1% compared to the FY 2014-15 adopted budget.

Fines, Forfeitures and Penalties

Fines, forfeitures and penalties are proposed at approximately $5.1 million and represent 1% of the County's total financing. This amount is essentially flat with the FY 2014-15 adopted budget.

Interest Earnings

Interest earnings are proposed at approximately $1.9 million and represent less than 1% of the County's total financing. This amount is increasing by $83,211 compared to the FY 2014-15 adopted budget.

Fund Balance Available (FBA) and Use of Reserves

Fund Balance Available (FBA) and the use of reserves represent the last two significant funding sources for the total County budget. Use of FBA is proposed at $36.6 million (for all County funds, not just the General Fund) and represents approximately 6% of the County's total financing. Use of reserves is proposed at $7.4 million and represents just over 1% of the County's total financing.

Conclusion and Acknowledgements

After several years of having to make difficult but necessary choices in order to achieve structural balance, it is rewarding to be able to propose a budget that is fiscally sound and funds augmentations to the programs and services that are so valuable to the community. The improvement in the budget is a direct result of the many policies and plans that have been created and implemented as well as the many sacrifices made by all during the economic downturn. Careful planning for the future remains critical to the sustainability of the County's pursuit of providing a high level of service into the future.

The production of this proposed budget and document is a year-round process, which involves ongoing budget administration, financial forecasting, strategic planning, and the identification of priorities and the establishment of sound budget policy. Staff in all departments participate in this on-going process in order to develop a budget that is clear, complete and accurate. They deserve credit for the significant work that goes into developing this budget document.

Finally, I want to recognize and express gratitude to the Board of Supervisors for the leadership and insightful guidance provided in establishing policies and identifying spending priorities for the County's resource allocation decisions.

I look forward to this next year as we are truly able to move forward in pursuit of our vision of a Safe, Healthy, Livable, Prosperous, and Well-Governed Community.

Sincerely,

Dan Buckshi
County Administrative Officer