

## **Financing**

Countywide Automation Replacement

Debt Service

General Government Building Replacement

Non-Departmental Other Expenditures

Non-Departmental – Other Financing Uses

Non-Departmental Revenues

Other Post Employment Benefits

Pension Obligation Bonds

Public Facility Fees

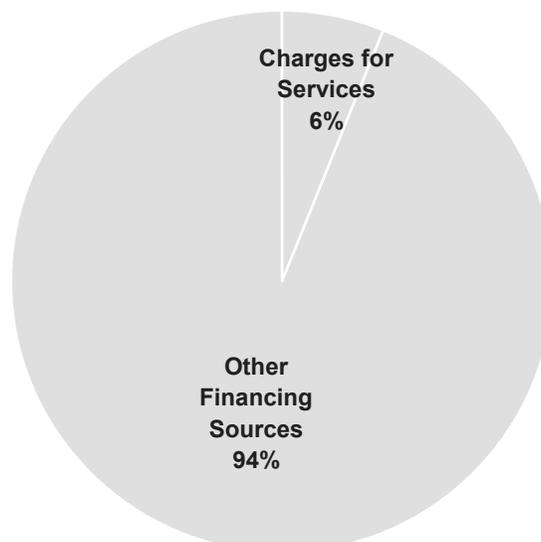
Tax Reduction Reserve

**PURPOSE STATEMENT**

This fund center provides for the implementation and modernization of large scale automation equipment and systems. Funding levels for this fund are normally derived from the General Fund through overhead charges identified in the County’s Cost Plan. Automation replacement funds are expended based on the priorities established by the Information Technology Executive Steering Committee. There are no County operations, programs, or services directly associated with this fund center.

	2015-16 Budget	2015-16 Projected	2016-17 Requested	2016-17 Recommended	Change from 2015-16
<b>Financial Summary</b>					
Taxes	\$ 0	\$ 1,736,417	\$ 0	\$ 0	\$ 0
Revenue from Use of Money & Property	0	493,754	0	0	0
Charges for Current Services	300,000	77,419	0	0	(300,000)
Other Financing Sources	4,584,099	4,584,099	0	2,901,152	(1,682,947)
Interfund	0	235,408	0	0	0
<b>Total Revenue</b>	<b>\$ 4,884,099</b>	<b>\$ 7,127,097</b>	<b>\$ 0</b>	<b>\$ 2,901,152</b>	<b>\$ (1,982,947)</b>
Fund Balance Available	\$ 500,064	\$ 500,064	\$ 493,754	\$ 0	\$ (500,064)
Cancelled Reserves	0	770,274	0	0	0
<b>Total Financing Sources</b>	<b>\$ 5,384,163</b>	<b>\$ 8,397,435</b>	<b>\$ 493,754</b>	<b>\$ 2,901,152</b>	<b>\$ (2,483,011)</b>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	1,815,721	2,156,245	799,310	426,505	(1,389,216)
Other Charges	595,893	620,361	0	453,211	(142,682)
Fixed Assets	1,482,970	5,163,418	1,463,246	967,746	(515,224)
<b>Gross Expenditures</b>	<b>\$ 3,894,584</b>	<b>\$ 7,940,024</b>	<b>\$ 2,262,556</b>	<b>\$ 1,847,462</b>	<b>\$ (2,047,122)</b>
Contingencies	0	0	0	0	0
New Reserves	1,489,579	1,489,579	0	1,053,690	(435,889)
<b>Total Financing Requirements</b>	<b>\$ 5,384,163</b>	<b>\$ 9,429,603</b>	<b>\$ 2,262,556</b>	<b>\$ 2,901,152</b>	<b>\$ (2,483,011)</b>

**Source of Funds**



**SERVICE PROGRAMS**

Countywide Automation has a total expenditure level of \$1,847,462 to provide the following services:

**Countywide Automation Replacement**

Provides funding for the implementation and modernization of systems and technology which allow for the continuation of essential County services as identified and approved by the Board of Supervisors.

Total Expenditures: \$1,847,462 Total Staffing (FTE): \*

\*This fund center only provides funding for automation projects. Staffing for various automation projects is reflected in Fund Center 114 – Information Technology and the departments involved in automation projects in any given year.

**COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS**

This fund center provides for the replacement and upgrade of large scale automation equipment and systems. Funds to support Countywide Automation projects are normally derived from the General Fund through overhead charges identified in the County’s Cost Plan. The FY 2015-16 depreciation schedule for Countywide Automation identifies that \$1,901,152 is available to finance the expense in this budget. These charges are related to the depreciation of automation assets.

The expense in this budget can vary greatly from year to year, based upon types of projects that are included. The recommended budget is based on funding for projects reviewed and approved by the Information Technology Executive Steering Committee (IT-ESC) and routine annual equipment replacement and upgrades of existing County systems. The total recommended financing requirements for FY 2016-17 is \$2.9 million, a \$2.5 million or 46% decrease from FY 2015-16 adopted levels. This includes \$1.8 million in total operating expenditures and the addition of just over \$1 million to reserves.

Services and supplies are recommended at \$426,505, a \$1.4 million or 76% decrease compared to FY 2015-16 adopted levels. The decrease is due to the types of projects included for FY 2016-17 which require less funding than projects included in the FY 2015-16 adopted budget.

Fixed assets are recommended at \$967,746, a \$515,224 or 34% decrease compared to FY 2015-16 adopted levels. Fixed assets include a variety of equipment replacements.

The recommended total financing sources for this budget is \$2.9 million a 64% increase compared to the FY 2015-16 adopted levels. Funding from General Fund from depreciation charges total \$1.9 million, an increase of \$97,999 or 5% compared to the FY 2015-16 adopted budget. The recommended budget also proposes to increase reserves by just of \$1 million for the Countywide Automation Fund.

The following section provides a brief description of the projects recommended for approval. Projects are identified as being either “Recurring” or “Non-Recurring.” Recurring projects are generally considered to be a normal expense for operations, such as replacement or upgrades of existing software and hardware in existing systems. Non-Recurring projects are projects which substantially change an operational process, or significantly change or expand the capacity and capability of the technological applications and tools used by the County. Once the projects are implemented, replacement hardware and software will be a recurring expense in future years.

**Recommended FY 2016-17 Projects Approved by the IT-ESC**

IT-ESC is the governance body which reviews and recommends County technology projects to the County Administrative Officer and Administrative Office. The IT-ESC is composed of thirteen County Department Heads. Ten are permanent members, and to assure that all stakeholders have an opportunity for direct representation, three members are appointed or elected to serve on a rotating basis. Permanent members collectively represent those organizations that utilize the majority of services provided by Information Technology. The County Administrative Officer is a member and serves as committee chair. The County Information Technology Director provides the link between this group of Department Heads and the community of information technology experts throughout the County.

Following are summaries of the projects recommended by the IT-ESC for FY 2016-17:

**Continued projects from FY 2015-16**

**1. Planning and Building Department's Permit Tracking System Replacement Project (Non-Recurring)**

Expense: \$2,062,915

Source of Funding: County Automation Funds

This project will replace the Planning and Building Department's permit tracking system (Tidemark), which no longer meets the department's business needs with a modern enterprise permit tracking system. The project will provide the department with a new permit tracking system that includes modern features, runs on current operating systems, is designed to be integrated with other systems and applications, and provides in-depth reference and training materials. The funding recommended includes hardware, software, professional and training services, maintenance and limited term staff positions to assist during the Request for Proposal, vendor selection, and implementation. A total of \$549,310 of the project funding was budgeted in FY 2016-17 to cover the costs of limited term staff positions to operate as back-fill during the implementation phase, the first year maintenance cost, and the project management cost.

**2. Budget Preparation System Replacement (Non-Recurring)**

Expense: \$1,115,000

Source of Funding: County Automation Funds

This project replaces the existing Budget Preparation (BP) system which is past the end of its useful and supportable life. A new budget preparation system will: provide departments with a user-friendly, functionally rich and modern software product; increase the reliability of availability of the BP system; save time and money by reducing the number of hours spent cobbling together solutions and systems in support of the existing BP system; provide reporting that is available on-line; and increase the possibility of integration between the BP system and other existing systems, such as the County's existing Enterprise Financial System. The targeted go-live date for the new system is November 2016. The FY 2014-15 budget included \$106,538 and the FY 2015-16 budget includes \$141,895 in expense for a Limited Term Administrative Analyst as backfill support to offload work being performed by existing staff in the Administrative Office participating in the BP replacement project. The recommended FY 2016-17 budget includes \$115,406 for the position. The funding in this project will be used to manage the overall project, purchase the software, and support its installation.

**New Projects for FY 2016-17**

**1. Jail Management System Request For Proposal (Non-Recurring)**

Expense: \$95,000

Source of Funding: County Automation Funds

This project includes a Project Manager from County ITD to assist during the Request for Proposal (RFP) and vendor selection of the Jail Management System (JMS). The Sheriff's Office purchased the Jail Corrections Management System (JCMS) in 2002 and implementation was completed in 2003. This purchase was made in conjunction with the purchase of the Records Management System (RMS) with the understanding and agreement that these systems were 'seamlessly' integrated and shared information. Since then the vendor for JCMS filed for bankruptcy and has discontinued all support of their system. As such, there are no further bug fixes, enhancements or upgrades to this product. In an effort to meet the needs and expectation of the Sheriff's Office, the community and the inmates housed within the jail, the Sheriff's staff has written custom code connecting JCMS to several other disparate systems and applications across multiple departments and vendors, allowing some of the information maintained within JCMS to be safely and securely accessed through the Internet. This solution is less than ideal, as it relies upon several automated processes to run continually, exposing multiple potential points of failure, and the specialized knowledge related to this custom software resides with a single software engineer. The JMS Project Manager will provide the Sheriff's Office with the experience and expertise in all phases of the RFP process, helping to properly align the next phase of vendor selection, implementation and training.

**Other Projects Recommended for FY 2016-17**

**1. Assessor Historical Map Preservation and Storage (Recurring for six years)**

Expense: \$25,000

Source of Funding: County Automation Funds

In FY 2013-14, the Assessor submitted a budget augmentation request to fund a multi-year project to preserve the historic maps that the department maintains. Since the 1890's, the Assessor has been creating land record maps for assessment purposes. State law requires that the Assessor preserve these maps so that they are a part of the public record for 300-500 years in the future. Preservation of the historic maps will be done over six years. In FY 2013-14 (Year 1), automation funds were used to preserve historic township maps. In FY 2014-15 (Year 2), automation funds were used to preserve subdivision and re-subdivision maps. FY 2015-16 (year 3) and recommended funding in FY 2016-17 (Year 4) will be used to preserve City of San Luis Obispo maps.

**2. Upgrade and maintain public safety radio communications equipment and systems (Recurring)**

Expense: \$231,000

Source of Funding: County Automation Funds

The County's Public Safety Radio team maintains a replacement schedule for all of the buildings and equipment used as part of the system. Many pieces of equipment such as those below have a useable life of less than seven years, while others are useable for 20 years or more. This project replaces equipment and software essential to the continued operation of the County's Public Safety Radio Communications System. Equipment to be replaced or expanded in FY 2016-17 includes:

- \$22,000 Digital Simulcast Module Card – Vault Expansion
- \$7,000 Tepusquet Ultra High Frequency Combiner Expansion
- \$25,000 Enterprise Video Storage Expansion
- \$40,000 Expansion Voter Shelves And Voter Cards
- \$116,000 La Panza Radio Site Expansion
- \$7,000 Ultra High Frequency Tait Radio for California Highway Patrol Re-broadcast
- \$14,000 Radio Channel Expansion

**4. Upgrade and expand equipment housed in the County’s data center (Recurring)**

Expense: \$736,746

Source of Funding: County Automation Funds

This project replaces and upgrades a variety of hardware and software necessary to maintain the information technology systems in the County’s data center. Equipment to be replaced in FY 2016-17 includes:

- \$275,000 Virtual Computing Infrastructure Upgrade
- \$335,106 Network Switches
- \$83,640 Network Edge and Security
- \$43,000 Sheriff Router and Emergency Operations Center Expansion

**BUDGET AUGMENTATION REQUESTS NOT RECOMMENDED**

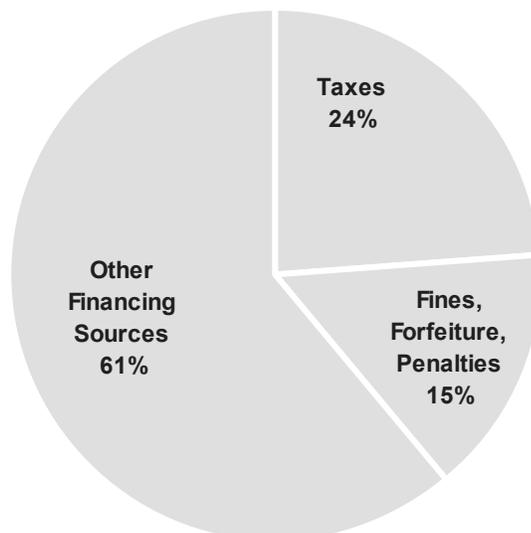
<b>Unit Amount</b>	<b>Description</b>	<b>Results</b>
<p><b><u>Gross Annual Cost:</u></b> \$200,000</p> <p><b><u>Funding Source:</u></b> FC 266- Countywide Automation Replacement</p>	Countywide Business Continuity Strategic Plan	Would result in a strategic plan that would define an enterprise approach to reducing risk and recommend a methodology to mitigate a sustained outage to critical business processes.
<p><b><u>Gross Annual Cost:</u></b> \$42,000</p> <p><b><u>Funding Source:</u></b> FC 266- Countywide Automation Replacement</p>	Project management for security program strategic planning	Drive the security program strategic plan project from creation of the RFP through vendor selection and completion of all the deliverables.

**PURPOSE STATEMENT**

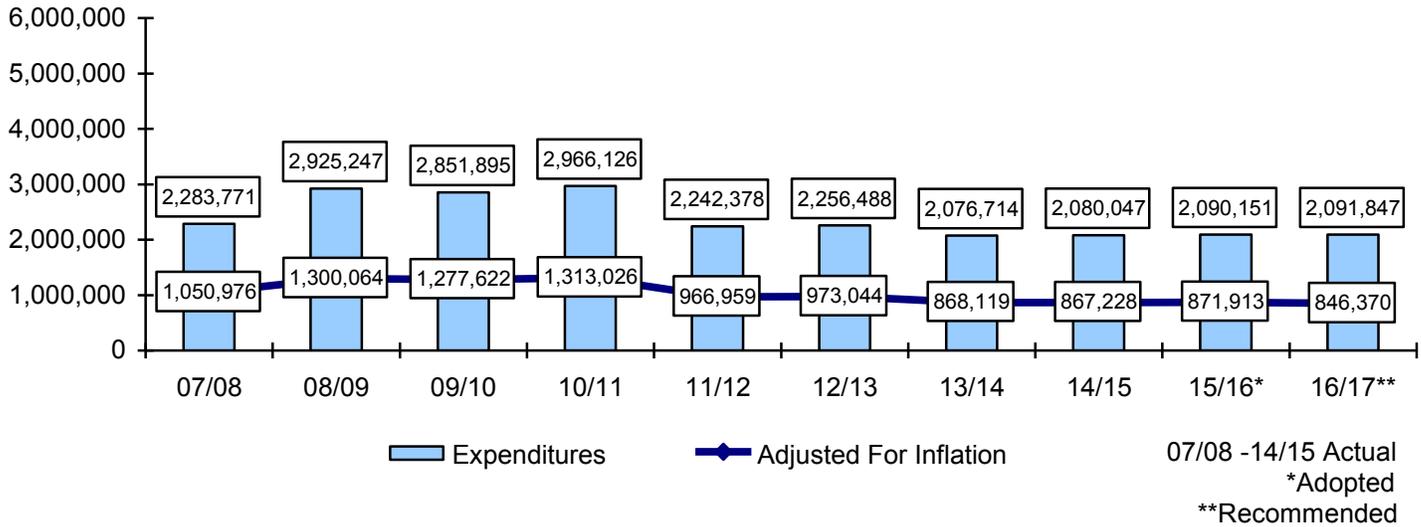
This fund center accounts for the payment of interest and principal associated with the County's long term debt based upon the Board of Supervisors' budget policies. Recommendations for debt financing of major projects are made by the County's Debt Advisory Committee in accordance with the provisions laid out in the County's Debt Management Policy. Debt service payments are funded with a variety of revenue sources as outlined below. Every attempt is made to provide for debt service payments through dedicated revenues that can be maintained over the life of the debt, before General Fund dollars are used. There are no County operations, programs, or services directly associated with this fund center.

	2015-16 Budget	2015-16 Projected	2016-17 Requested	2016-17 Recommended	Change from 2015-16
<b>Financial Summary</b>					
Taxes	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Fines, Forfeitures and Penalties	310,518	310,518	312,418	312,418	1,900
Other Financing Sources	1,279,633	1,279,633	1,279,429	1,279,429	(204)
Total Revenue	\$ 2,090,151	\$ 2,090,151	\$ 2,091,847	\$ 2,091,847	\$ 1,696
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	\$ 2,090,151	\$ 2,090,151	\$ 2,091,847	\$ 2,091,847	\$ 1,696
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	7,500	7,500	7,500	7,500	0
Other Charges	2,082,651	2,082,651	2,084,347	2,084,347	1,696
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 2,090,151	\$ 2,090,151	\$ 2,091,847	\$ 2,091,847	\$ 1,696
Contingencies	0	0	0	0	0
New Reserves	0	0	0	0	0
Total Financing Requirements	\$ 2,090,151	\$ 2,090,151	\$ 2,091,847	\$ 2,091,847	\$ 1,696

**Source of Funds**



**10 Year Expenditures Adjusted For Inflation**



**COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS**

In FY 2010-11, a comprehensive debt management policy was created and approved by the Board of Supervisors. In accordance with the policy, all new debt issuance is reviewed by the Debt Advisory Committee prior to being recommended to the Board of Supervisors. The Debt Advisory Committee was established by the Board of Supervisors in FY 1991-92.

The County's goal is to keep the annual debt service paid for by the General Fund to 5% or less of the total General Fund operating budget (reference Performance Measure #1 of the Administrative Office for more details). Total FY 2016-17 debt payments made through this fund are essentially flat when compared to FY 2015-16 and total \$2.1 million. The overall debt percentage for FY 2016-17 is projected to be less than 3%.

The debt payments budgeted in this fund center are as follows:

<b>Debt Issuance</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Funding Source</b>
2002 Certificate of Participation (COP) for the New County Government Center located in the City of San Luis Obispo	\$810,855	\$505,424	\$1,316,279	Payments on this issuance are funded with a variety of sources including: <ul style="list-style-type: none"> <li>• General Government Public Facility Fees: \$400,000</li> <li>• Teeter-Tax Loss Reserve Funds: \$500,000</li> <li>• General Fund: \$416,279</li> </ul>
2007 COP for the Paso Robles Courthouse	\$130,000	\$177,918	\$307,918	Payments are funded with Courthouse Construction funds.
2008 COP for the Vineyard Drive interchange in North County (near Templeton)	\$175,000	\$274,650	\$449,650	Payments are funded through Road Impact Fees collected in the Templeton area.
<b>Total</b>	<b>\$1,115,855</b>	<b>\$957,992</b>	<b>\$2,073,847</b>	

**Debt Service**  
**Fiscal Year 2016-17 Proposed Budget**

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**Fund Center 277**

In addition to the debt payments noted above, this budget also includes:

- \$10,500 for administrative fees and reporting expenses associated with the issuance and management of the above noted debt
- \$6,000 for bond counsel services which are periodically needed to review debt related matters
- \$1,500 for bond disclosure filing services

The County also issued Pension Obligation Bonds during FY 2004-05. The details can be found in FC 392-Pension Obligation Bonds.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

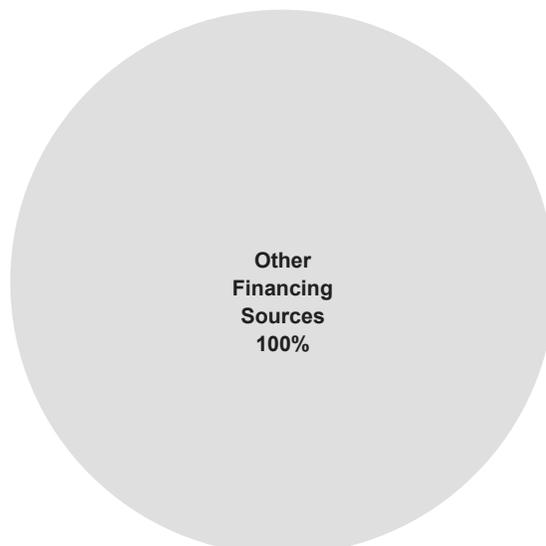
None requested.

**PURPOSE STATEMENT**

The purpose of this fund center is to set aside funding to help pay for the replacement of the County's general government buildings. Funding levels for this fund are determined each year by calculating the annual depreciation associated with County buildings as identified in the County's Cost Allocation Plan. Building replacement funds are expended based on the needs identified in the County's Facilities Master Plan. There are no County operations, programs, or services directly associated with this fund center.

<u>Financial Summary</u>	<u>2015-16 Budget</u>	<u>2015-16 Projected</u>	<u>2016-17 Requested</u>	<u>2016-17 Recommended</u>	<u>Change from 2015-16</u>
Other Financing Sources	\$ 6,610,877	\$ 6,610,877	\$ 2,622,991	\$ 4,622,991	\$ (1,987,886)
Total Revenue	\$ 6,610,877	\$ 6,610,877	\$ 2,622,991	\$ 4,622,991	\$ (1,987,886)
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	250,000	250,000	0	0	(250,000)
Total Financing Sources	\$ 6,860,877	\$ 6,860,877	\$ 2,622,991	\$ 4,622,991	\$ (2,237,886)
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	250,000	250,000	0	0	(250,000)
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 250,000	\$ 250,000	\$ 0	\$ 0	\$ (250,000)
Contingencies	0	0	0	0	0
New Reserves	6,610,877	7,463,890	2,622,991	4,622,991	(1,987,886)
Total Financing Requirements	\$ 6,860,877	\$ 7,713,890	\$ 2,622,991	\$ 4,622,991	\$ (2,237,886)

**Source of Funds**



**COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS**

This fund center supports the long-term commitment to strategic planning as identified in the five-year Capital Improvement Plan and the Countywide Facilities Master Plan. The funding for this fund center is based upon the annual depreciation of County buildings.

The depreciation schedule indicates that \$2,622,991 should be placed into reserves to help fund replacement and new building projects. Reflective of continuing improvements in the economy and the County's overall financial position, this is the fifth consecutive year that the full amount is being placed into reserves. In the prior three years, a portion of the depreciation was redirected to the General Fund in order to help balance the operating budget as part of the short-term budget balancing strategies. In addition to the depreciation amount it is recommended that an additional \$2.0 million be added to the reserves, to serve as a potential funding source for future projects.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

None requested.

**Non-Departmental Other Expenditures  
Fiscal Year 2016-17 Proposed Budget**

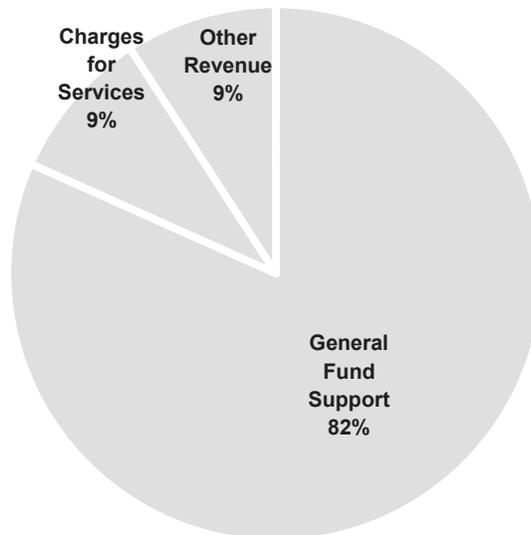
**Fund Center 103**

**PURPOSE STATEMENT**

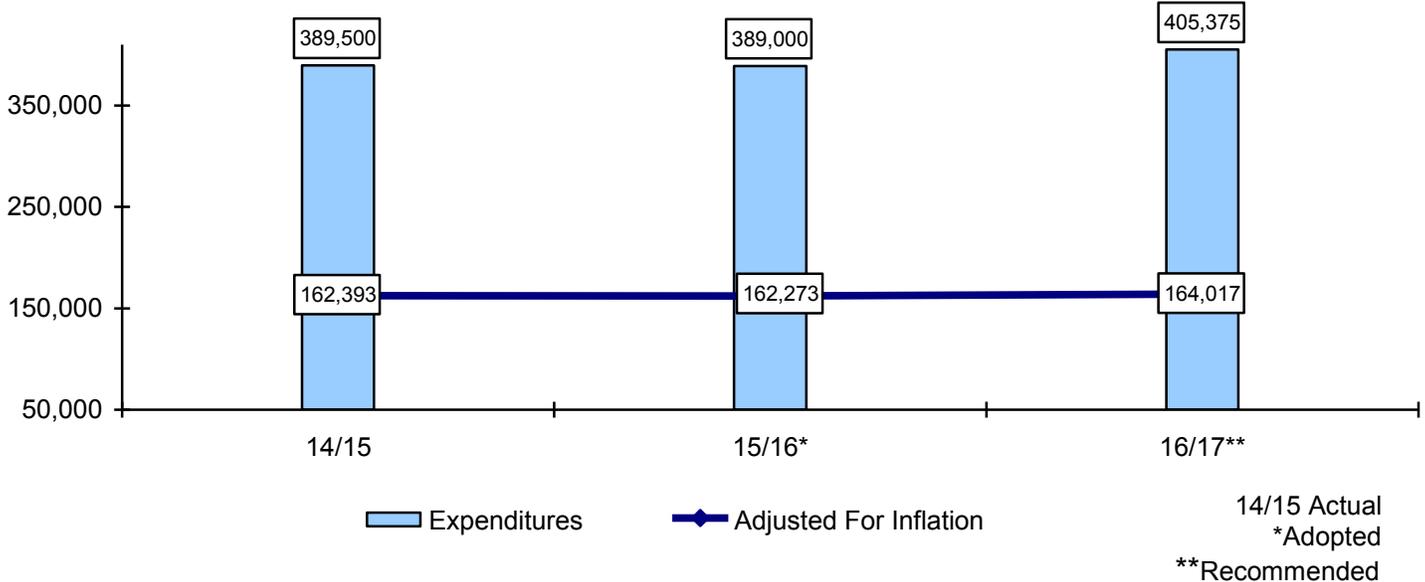
To provide for General Fund expenditures and revenues which are not directly related to any single County department.

	2015-16 Budget	2015-16 Projected	2016-17 Requested	2016-17 Recommended	Change From 2015-16
<u>Financial Summary</u>					
Charges for Current Services	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 0
Interfund	36,000	36,000	36,000	36,000	0
**Total Revenue	\$ 71,000	\$ 71,000	\$ 71,000	\$ 71,000	\$ 0
Services and Supplies	389,000	374,313	405,375	405,375	16,375
**Gross Expenditures	\$ 389,000	\$ 374,313	\$ 405,375	\$ 405,375	\$ 16,375
General Fund Support (G.F.S.)	\$ 318,000	\$ 303,313	\$ 334,375	\$ 334,375	\$ 16,375

**Source of Funds**



**Expenditures Adjusted For Inflation**



**SERVICE PROGRAMS**

Non-Departmental Other Expenditures has a total expenditure level of \$405,375 to provide the following services:

**Miscellaneous Expenditures**

Provide funds for a variety of County projects and expenditures not specifically related to any single County department.

Total Expenditures: \$370,375 Total Staffing (FTE): 0.00

**Deferred Compensation Plan**

Provide the resources necessary for the daily operation of the County Deferred Compensation Plan.

Total Expenditures: \$35,000 Total Staffing (FTE): 0.00

**COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS**

**Financial Summary**

General Fund support in the amount of \$334,375 reflects an increase of 16,375 or 5% when compared to FY 2015-16 adopted amounts. Revenue in the amount of \$71,000 is budgeted at amounts comparable to FY 2015-16 adopted levels and includes reimbursement from Fund Center 405 – Public Works Internal Service Fund for half of the cost of the Federal lobbyist contract. Funding for the Federal (\$72,000) and State (\$60,000) lobbyists, and the Deferred Compensation Administrative fee (\$35,000) is recommended to remain at FY 2015-16 amounts. The expenditure for broadcasting the Board of Supervisors meetings is also recommended at the FY 2015-16 amount of \$40,000. This Fund Center also includes funding for the County's membership in the Rural County Representatives of California (RCRC) in the amount of \$14,000.

The County is required to share in the funding of the Local Agency Formation Commission (LAFCO) with the cities and special districts per the Cortese-Knox-Hertzberg Act of 2000. The recommended funding in the amount of \$184,375 is an estimate as at the time this narrative was written the LAFCO Commission had not approved the LAFCO budget. However, it is anticipated that the LAFCO budget will increase, possibly up to 7%, and therefore, an increase of \$12,062 has been budgeted. This increase is based on the actual FY 2015-16 LAFCO expenditure of \$172,313. If the LAFCO Commission approves a higher amount, the budget will be adjusted through the Supplemental Budget document. If the required amount is lower than budgeted, it will be adjusted to the approved LAFCO budgeted amount at the time of disbursement of the funds.

**Non-Departmental Other Expenditures  
Fiscal Year 2016-17 Proposed Budget**

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**Fund Center 103**

The services provided with these funds are not specific to the operations of any one department but rather are a benefit to the entire County.

**Service Level Impacts**

There are no service level impacts as a result of the recommended level of General Fund support for FY 2016-17.

**Position Allocation List (PAL) Changes**

This fund center has no staff.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

None requested.

**Non-Departmental Revenue Other Financing Uses  
Fiscal Year 2016-17 Proposed Budget**

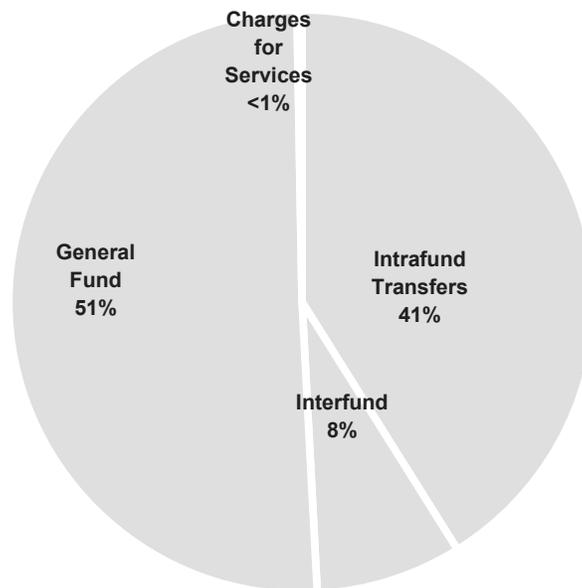
**Fund Center 102**

**PURPOSE STATEMENT**

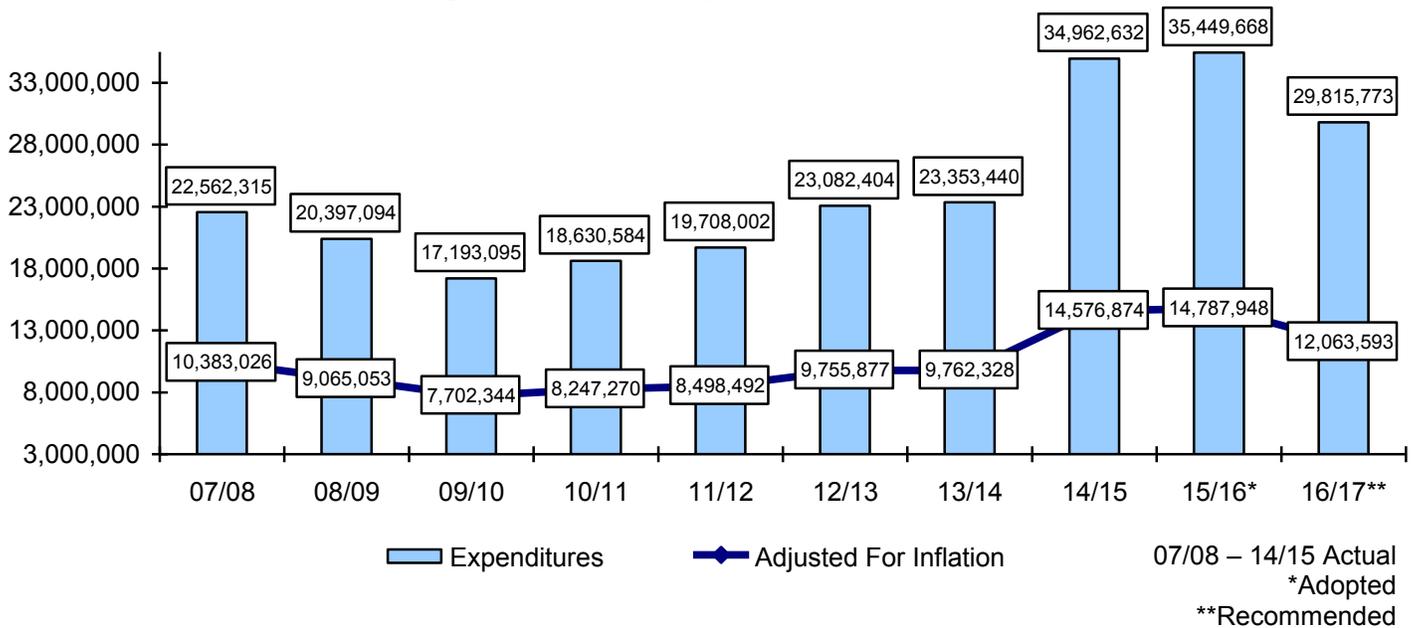
This fund center provides General Fund support to other funds to help finance their operations. This fund center is also the receiving budget for overhead charged to County departments. There are no County operations, programs, or services directly associated with this fund center.

<u>Financial Summary</u>	<u>2015-16 Budget</u>	<u>2015-16 Projected</u>	<u>2016-17 Requested</u>	<u>2016-17 Recommended</u>	<u>Change From 2015-16</u>
Charges for Current Services	\$ 0	\$ 0	\$ 76,008	\$ 76,008	\$ 76,008
Interfund	<u>3,077,354</u>	<u>3,077,354</u>	<u>4,012,759</u>	<u>2,442,531</u>	<u>(634,823)</u>
**Total Revenue	\$ <u>3,077,354</u>	\$ <u>3,077,354</u>	\$ <u>4,088,767</u>	\$ <u>2,518,539</u>	\$ <u>(558,815)</u>
Services and Supplies	1,034,613	1,034,613	0	0	(1,034,613)
Other Charges	<u>33,317,623</u>	<u>33,317,623</u>	<u>19,258,560</u>	<u>29,815,773</u>	<u>(3,501,850)</u>
**Gross Expenditures	\$ <u>34,352,236</u>	\$ <u>34,352,236</u>	\$ <u>19,258,560</u>	\$ <u>29,815,773</u>	\$ <u>(4,536,463)</u>
Less Intrafund Transfers	<u>10,334,563</u>	<u>10,334,563</u>	<u>13,472,179</u>	<u>12,230,595</u>	<u>1,896,032</u>
**Net Expenditures	\$ <u>24,017,673</u>	\$ <u>24,017,673</u>	\$ <u>5,786,381</u>	\$ <u>17,585,178</u>	\$ <u>(6,432,495)</u>
General Fund Support (G.F.S.)	\$ <u>20,940,319</u>	\$ <u>20,940,319</u>	\$ <u>1,697,614</u>	\$ <u>15,066,639</u>	\$ <u>(5,873,680)</u>

**Source of Funds**



**10 Year Expenditures Adjusted For Inflation**



**COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS**

This fund center contains all of the recommended General Fund contributions to other funds and all countywide overhead charges paid by various County departments and agencies. Additionally, this fund center serves as a “clearing house” for charges between the General Fund and non-General Fund departments.

**Summary of General Fund contributions to Other Funds**

The recommended General Fund contribution to other funds is just over \$29.5 million, reflecting a decrease of \$3.5 million or 11% compared to FY 2015-16 adopted levels. The recommended contributions include:

Fund Center	FY 2015-16 Adopted	FY 2016-17 Recommended	Percent Change
FC 305- Parks and Recreation	\$3,616,907	\$3,616,907	0%
FC 245- Roads	\$11,146,107	\$11,553,412	3%
FC 230- Capital Projects	\$4,321,300	\$3,548,400	-17%
FC 377- Library	\$633,683	\$666,552	5%
FC 277- Debt Service	\$425,683	\$427,429	<1%
FC 275- Organizational Development	\$604,839	\$1,081,393	78%
FC 290- Community Development Program	\$591,436	\$591,436	0%
FC 266- Countywide Automation Replacement	\$4,584,099	\$2,901,152	-37%
FC 267- General Government Building Replacement	\$6,610,877	\$4,622,991	-30%
FC 350- Medically Indigent Services Program	\$507,692	\$531,101	4%
FC 425- Airports	\$12,500	\$12,500	0%
FC 427- Golf	\$12,500	\$12,500	0%
<b>Total</b>	<b>\$33,067,623</b>	<b>\$29,565,773</b>	<b>-11%</b>

- The General Fund contribution to FC 305- Parks and Recreation is to help fund the parks and recreation facilities in the unincorporated areas of the County.
- The General Fund contribution to FC 245- Roads is for the pavement management program and various roads projects. In FY 2015-16, Roads received an ongoing increase of \$740,555 or 10% and a one-time supplement of \$3.0 million to fund pavement management activities. Again in FY 2016-17, it is recommended that Roads receive a one-time supplement of \$3.4 million in General Fund to fund pavement management activities.

- The General Fund contribution to FC 230- Capital Projects provides funding for improvements to County facilities. The recommended contribution to Capital Projects provides full funding for all capital projects that have been approved for FY 2016-17 and also includes the addition of \$2.0 million to Capital Projects reserves.
- The General Fund contribution to FC 377- Library is to pay for the Library Director position, as required by statute. The slight increase recommended for FY 2016-17 funds an additional 0.50 FTE position to support the proposed Templeton library.
- The General Fund contribution to FC 277- Debt Service is for a portion of the debt service for the new County Government Center building located within the City of San Luis Obispo. The remainder of the annual debt service for the building is paid with General Government Public Facility Fees.
- The General Fund contribution to FC 275- Organizational Development is to support the operations of the Learning and Development Center and other organizational development programs, including communications and outreach. The historical annual General Fund contribution to Organizational Development is \$450,000. In addition to the \$450,000 contribution, it is recommended that an additional \$631,393 be contributed to Organizational Development to increase Countywide Training reserves.
- The General Fund contribution to FC 290- Community Development includes funding for the Economic Vitality Corporation, the Housing Trust, homeless services, and the SLO HotHouse.
- The General Fund contribution to FC 266- Countywide Automation Replacement is to help fund new and replacement automation equipment, systems, and programs. The recommended amount is based in part, upon the depreciation schedule for automation assets per the Board adopted Cost Allocation Plan. The recommended contribution to this fund provides full funding for all automation projects that have been approved for FY 2016-17 and also includes the addition of just over \$1.0 million to Countywide Automation Replacement reserves.
- The General Fund contribution to FC 267- General Government Building Replacement is to help offset the costs of new and replacement buildings. The recommended amount is based upon the depreciation schedule for buildings per the Board adopted Cost Allocation Plan and also includes an additional General Fund contribution of \$2.0 million to reserves.
- The General Fund contribution to FC 350- Medically Indigent Services Program is to help cover the cost of the County's obligation to provide for the medical care of indigent residents with no other payer source per Welfare and Institutions Code 17000. The recommended contribution amount is increasing slightly due to an increase in costs associated with running the program.
- The General Fund contributions to both FC 425- Airports and FC 427- Golf are intended to fund efforts to market the County airports and golf courses to increase use of those facilities.

For more information regarding the services and financial status of the funds noted above, please reference the specific fund centers.

### **Countywide Overhead Charges**

Annually, the Board of Supervisors adopts the "Cost Plan," which allocates the costs of the central servicing departments (Human Resources, Administration, Central Services, County Counsel, and Auditor-Controller) as well as depreciation charges to departments and outside agencies that receive the services. This portion of the budget reflects all of the countywide overhead charges paid by various County departments and other agencies. The total overhead revenue to the General Fund is \$14,749,134 which is an increase of \$1,337,217 or 10% compared to FY 2015-16 charges.

### **BUDET AUGMENTATION REQUESTS RECOMMENDED**

None requested.

**Non-Departmental Revenues  
Fiscal Year 2016-17 Proposed Budget**

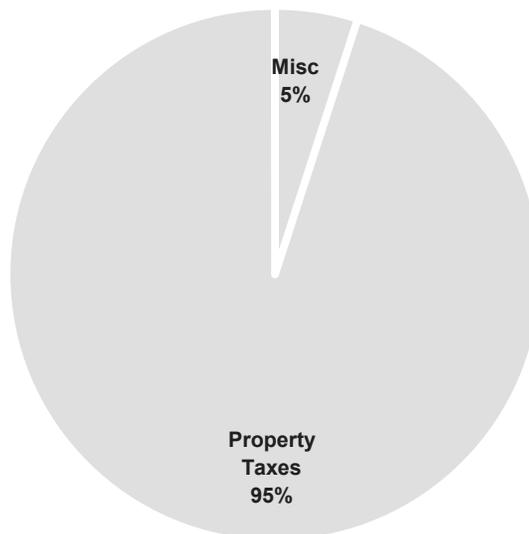
**Fund Center 101**

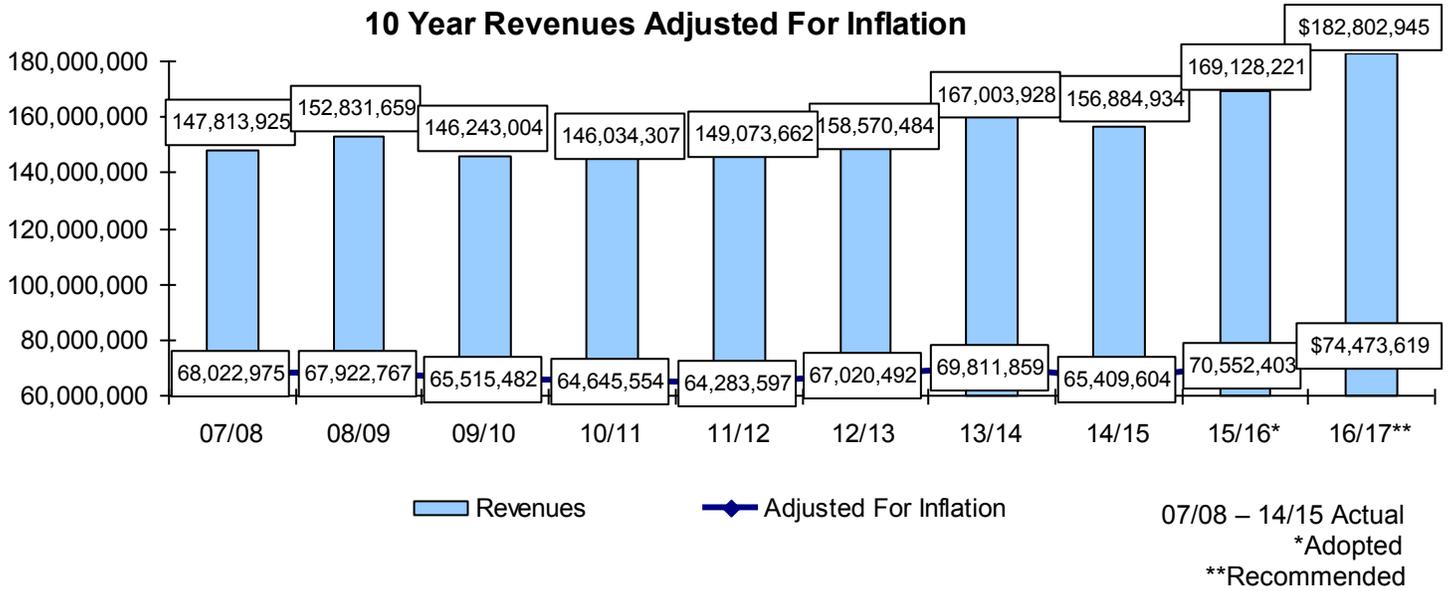
**PURPOSE STATEMENT**

This fund center acts as the receiving budget for all general purpose revenues such as property and sales taxes, license and permit revenue, and some State and Federal aid that are not directly attributable to any single department's activities. Non-departmental revenues are used to fund the General Fund support for departments in the General Fund. There are no County operations, programs, or services directly associated with this fund center.

Financial Summary	2015-16 Budget	2015-16 Projected	2016-17 Requested	2016-17 Recommended	Change From 2015-16
Taxes	\$160,603,521	\$167,109,474	\$172,915,711	\$173,493,205	\$ 12,889,684
Licenses and Permits	2,916,000	3,240,500	3,240,500	3,240,500	324,500
Revenue from Use of Money & Property	1,502,600	2,926,492	1,829,000	1,829,000	326,400
Intergovernmental Revenue	1,979,100	1,958,398	1,968,328	1,978,954	(146)
Charges for Current Services	1,819,000	2,130,564	2,119,281	1,989,281	170,281
Other Revenues	1,000	6,135	1,005	1,005	5
Interfund	307,000	307,000	271,000	271,000	(36,000)
<b>**Total Revenue</b>	<b>\$169,128,221</b>	<b>\$177,678,563</b>	<b>\$182,344,825</b>	<b>\$182,802,945</b>	<b>\$ 13,674,724</b>
Services and Supplies	0	5	0	0	0
<b>**Gross Expenditures</b>	<b>\$ 0</b>	<b>\$ 5</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
General Fund Support (G.F.S.)	<u>(\$169,128,221)</u>	<u>(\$177,678,558)</u>	<u>(\$182,344,825)</u>	<u>(\$182,802,945)</u>	<u>(\$ 13,674,724)</u>

**Source of Funds**





**COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS**

This fund center receives all of the General Fund revenues not directly attributable to any single department’s operation (commonly referred to as discretionary revenue or non-departmental revenue). Overall, non-departmental revenue is recommended at \$182.8 million, which is approximately \$13.7 million or 8% over the FY 2015-16 adopted amount of \$169.1 million. In total, there are over 40 sources of revenue for this fund center. The most significant are noted below:

- Current and Secured Property Tax is budgeted at \$105 million, which is \$6.2 million or 6% higher than FY 2015-16 adopted levels. Housing sales and prices are continuing to increase, reflecting a market that is trending upward. Current and Unsecured Property Tax for items such as vessels, airplanes, and farm equipment is budgeted at \$2.5 million, which is only slightly higher than FY 2015-16 adopted levels.
- Property Tax in Lieu of Vehicle License Fee (VLF) revenue is budgeted at \$32.5 million, which is \$2.2 million or 7% higher than FY 2015-16 adopted levels. This revenue source is part of the “VLF Swap” whereby counties receive additional property tax from the State in lieu of VLF revenue.
- Transient Occupancy Tax (TOT) (commonly referred to as the bed tax charged on lodging businesses) is budgeted at \$9.2 million, which is \$1.1 million or 14% higher than FY 2015-16 adopted levels. FY 2016-17 is anticipated to represent the fifth year of consistent growth and is reflective of an improving economy.
- Unitary Taxes (the Property Taxes on utilities such as power plants as well as pipelines throughout the County) are budgeted at \$8.1 million, which is \$249,132 or 3% higher than FY 2015-16 adopted levels.
- Sales and Use Taxes are budgeted at \$11.5 million, which is \$1.3 million or 13% higher than FY 2015-16 adopted levels.
- Property Transfer Tax is budgeted at \$2.5 million, which is \$255,000 or 11% higher than FY 2015-16 adopted levels. As the local housing market improves, the volume of the Property Transfer Tax filings increases and yields more revenue for the General Fund.
- Supplemental Property Taxes are budgeted at \$1.8 million, which is \$800,000 or 80% higher than FY 2015-16 adopted levels.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

None requested.

**Other Post Employment Benefits  
Fiscal Year 2016-17 Proposed Budget**

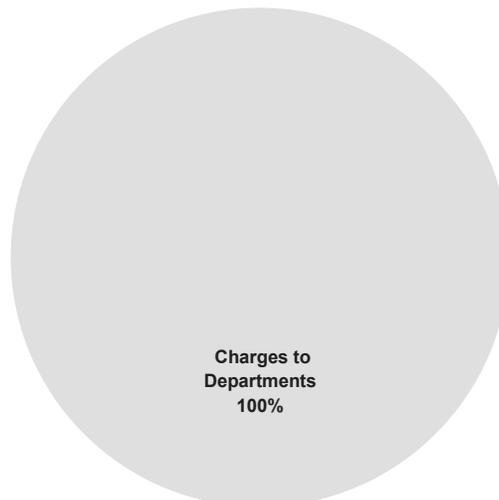
**Fund Center 413**

**PURPOSE STATEMENT**

This fund center accounts for the payment of retiree health benefits, otherwise referred to as Other Post Employment Benefits. Funding for payments related to Other Post Employment Benefits comes from payroll charges to departments which are transferred into this fund center before payments are made. There are no County operations, programs, or services directly associated with this fund center.

OPERATING DETAIL (1)	2014-15 ACTUAL (2)	2015-16 ESTIMATED (3)	2016-17 PROPOSED ESTIMATES (4)	2016-17 RECOMMENDED ESTIMATES (5)
<b>OPERATING REVENUES</b>				
Charges to Department	1,519,698	1,547,000	1,676,700	1,676,700
<b>TOTAL OPERATING REVENUES</b>	<b>1,519,698</b>	<b>1,547,000</b>	<b>1,676,700</b>	<b>1,676,700</b>
<b>OPERATING EXPENSES</b>				
Insurance Benefit Payments	1,255,865	1,308,000	1,308,000	1,308,000
Professional Services	10,000	18,500	0	0
Audit/Acct Support	0	10,000	10,000	10,000
<b>TOTAL OPERATING EXPENSES</b>	<b>1,265,865</b>	<b>1,336,500</b>	<b>1,318,000</b>	<b>1,318,000</b>
<b>OPERATING INCOME (LOSS)</b>	<b>253,833</b>	<b>210,500</b>	<b>358,700</b>	<b>358,700</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest	444	0	0	0
Fed Aid Medicare Part D	77,967	0	0	0
Special Dept Expense	(331,772)	(210,500)	(358,700)	(358,700)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(253,361)</b>	<b>(210,500)</b>	<b>(358,700)</b>	<b>(358,700)</b>
<b>INCOME BEF. CAPITAL CONTRBS. &amp; TRANSFERS</b>	<b>472</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CHANGE IN NET ASSETS</b>	<b>472</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net assets - beginning	328	800	800	800
Net assets - ending	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>

**Source of Funds**



**COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS**

During FY 2006-07, accounting changes required local governments to account for the cost of health care benefits promised to employees who would be retiring over the next 30 years. Beginning in FY 2007-08, the County began to set aside funds to pay for these future expenses. At approximately \$11.7 million, County liabilities for these expenses are modest compared to many other governmental agencies who are required to account for hundreds of millions of dollars in Other Post-Employment Benefits (OPEB).

Departments are charged via payroll costs in order to fund this liability. The total amount to be set aside for FY 2016-17 is just under \$1.7 million, which is \$163,060 or 10% higher than what was set aside in FY 2015-16. In recent years, charges have been based upon an assumption of \$623 per Full Time Equivalent (FTE) position. For FY 2016-17, the charge per position was increased to \$675 in order to assist in paying down unfunded liabilities and current benefit payments. Cost increases are attributable to both staffing increases from FY 2015-16 to FY 2016-17, as well as the increased charge per position noted above.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

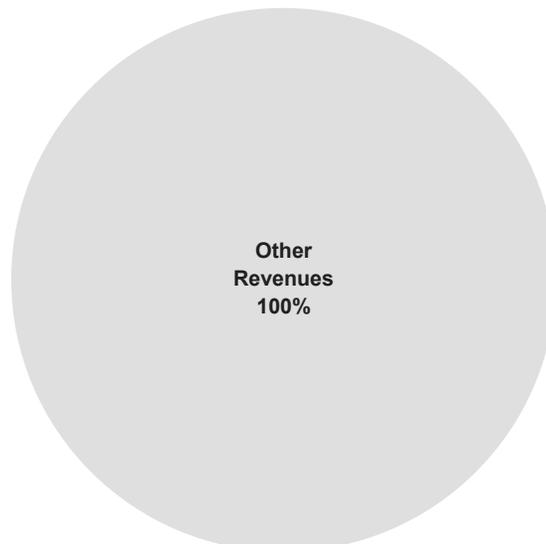
None Requested.

**PURPOSE STATEMENT**

This fund center accounts for debt service payments towards Pension Obligation Bonds that have been issued to help cover unfunded pension costs. Funding for debt service payments comes from payroll charges to departments which are transferred into this fund center before payments are made. There are no County operations, programs, or services directly associated with this fund center.

<u>Financial Summary</u>	<u>2015-16 Budget</u>	<u>2015-16 Projected</u>	<u>2016-17 Requested</u>	<u>2016-17 Recommended</u>	<u>Change from 2015-16</u>
Revenue from Use of Money & Property	\$ 9,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 12,000
Other Revenues	<u>10,028,420</u>	<u>10,610,160</u>	<u>10,643,500</u>	<u>10,643,500</u>	<u>615,080</u>
Total Revenue	\$ 10,037,420	\$ 10,631,160	\$ 10,664,500	\$ 10,664,500	\$ 627,080
Fund Balance Available	\$ 487,332	\$ 487,332	\$ 593,740	\$ 593,740	\$ 106,408
Cancelled Reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Sources	<u>\$ 10,524,752</u>	<u>\$ 11,118,492</u>	<u>\$ 11,258,240</u>	<u>\$ 11,258,240</u>	<u>\$ 733,488</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	30,000	30,000	30,000	30,000	0
Other Charges	9,632,205	9,632,205	10,110,636	10,110,636	478,431
Fixed Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross Expenditures	\$ 9,662,205	\$ 9,662,205	\$ 10,140,636	\$ 10,140,636	\$ 478,431
Contingencies	0	0	0	0	0
New Reserves	<u>862,547</u>	<u>862,547</u>	<u>1,117,604</u>	<u>1,117,604</u>	<u>255,057</u>
Total Financing Requirements	\$ 10,524,752	\$ 10,524,752	\$ 11,258,240	\$ 11,258,240	\$ 733,488

**Source of Funds**



**COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS**

This fund center reflects the debt service payment for Pension Obligation Bonds (POBs). The Board of Supervisors approved the use of \$137 million of POBs in FY 2004-05 to address unfunded pension liability costs. The bonds were amortized over a 30 year period and create an annual savings of over \$1 million (compared to what would have otherwise been paid). The bonds are paid by charging each department a percentage of payroll.

A portion of this debt was issued at a variable rate and during FY 2009-10 the lock period on the rate expired and the rate was set to increase. In order to avoid significant cost increases, these variable rate bonds were refinanced with fixed rate securities. The fixed rate is higher than the original rate issued, but not nearly as high as what the variable rate increase would have been. As a result, this annual debt payment increased by about \$700,000 per year beginning with FY 2010-11, but the refinance avoided an additional increase of approximately \$1.5 million per year.

For FY 2016-17, it is anticipated that \$10,664,500 will be collected from County departments and others to pay the debt service. Collections are derived not only from charges to County departments, but also from the San Luis Obispo Superior Courts, the Air Pollution Control District (APCD), and the Local Agency Formation Commission (LAFCO), as they are participants in the County retirement system. Finally, a small amount of interest accrues. The contributions are as follows:

<b>Contributing Agencies</b>	<b>Contribution Amount</b>
County Departments	\$ 10,000,000
San Luis Obispo Superior Courts	\$ 504,400
APCD	\$ 122,980
LAFCO	\$ 16,120
Interest	\$ 21,000
<b>TOTAL</b>	<b>\$ 10,664,500</b>

In FY 2013-14, \$1 million was set aside in a reserve to accumulate funding to assist in paying pension debt in the year 2020. In FY 2015-16, an additional \$1 million was set aside in a reserve to assist in paying pension debt in the year 2020 (note that these additions to the reserve are not shown in this fund center, as this fund center is only used to track charges to departments to pay annual POB debt service). No additional funding is recommended to be set aside in FY 2016-17.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

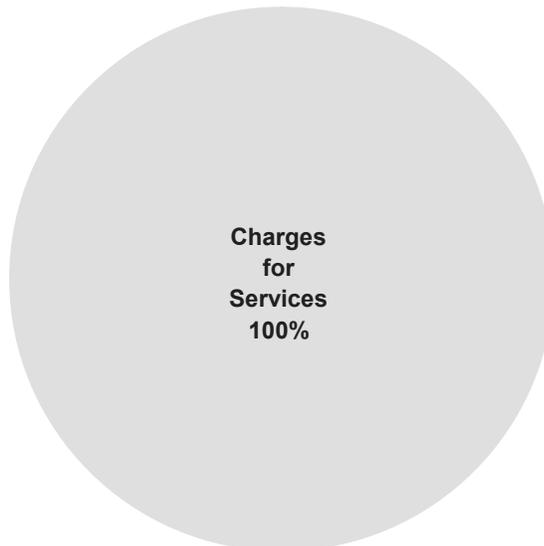
None requested.

**PURPOSE STATEMENT**

This fund center contains the revenue from development fees which are used to finance public facilities and improvements for fire, law enforcement, libraries, parks and general government in order to reduce the impacts caused by new development projects within the unincorporated area of the county. The public facility fee program was established in 1991 and libraries were added in 1996.

Financial Summary	2015-16 Budget	2015-16 Projected	2016-17 Requested	2016-17 Recommended	Change from 2015-16
Charges for Current Services	\$ 1,851,815	\$ 1,851,815	\$ 1,851,815	\$ 1,851,815	\$ 0
Total Revenue	\$ 1,851,815	\$ 1,851,815	\$ 1,851,815	\$ 1,851,815	\$ 0
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	132,234	132,234	132,234	132,234	0
Total Financing Sources	\$ 1,984,049	\$ 1,984,049	\$ 1,984,049	\$ 1,984,049	\$ 0
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	400,000	400,000	400,000	400,000	0
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 0
Contingencies	0	0	0	0	0
New Reserves	1,584,049	1,584,049	1,584,049	1,584,049	0
Total Financing Requirements	\$ 1,984,049	\$ 1,984,049	\$ 1,984,049	\$ 1,984,049	\$ 0

**Source of Funds**



**COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS**

This fund center tracks the revenues and expenditures associated with Public Facility Fees (PFFs). The Board of Supervisors established the PFF program in 1991 to ensure that new development projects contribute to the cost of providing public facilities and services. Library fees were established in 1996. Since that time, PFFs have contributed to the development of a number of County facilities.

Total financing sources for the PFF budget are recommended to be \$1,984,049, which is unchanged from the FY 2015-16 adopted level. Recommended financing sources include a combination of new revenues expected to be received in FY 2016-17 and the cancellation of existing PFF reserves. In the current year, PFF receipts are coming in nearly on budget. After several years of significant increases due to an improving economy and building activity associated with the large scale solar projects in California Valley, PFF receipts seem to be normalizing.

PFF revenues earned in each category vary based upon the type of development and the fee structure established for each category. The FY 2016-17 recommended revenues are based on PFF receipts in the first half of FY 2015-16. Actual revenues received during FY 2016-17 will be based upon the number and types of development permits received during the year.

**PFF Categories:**

Fire

Recommended revenue is \$775,674, flat with the FY 2015-16 adopted level. All Fire PFF revenue is recommended to be added to reserves.

General Government

Recommended revenue is \$267,766, flat with the FY 2015-16 adopted level. Expenditures are budgeted at \$400,000 in order to help pay a portion of the debt service for the County Government Center. The difference of \$132,234 will come from reserves.

Law Enforcement

Recommended revenue is \$151,887, flat with the FY 2015-16 adopted level. All Law Enforcement PFF revenue is recommended to be added to reserves.

Library

Recommended revenue is \$156,940, flat with the FY 2015-16 adopted level. All Library PFF revenue is recommended to be added to reserves.

Parks

Recommended revenue is \$499,548, flat with the FY 2015-16 adopted level. All Parks PFF revenue is recommended to be added to reserves.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

None requested.

**PURPOSE STATEMENT**

This reserve was established in order to offset a potential loss of property tax revenue related to the depreciation of the Diablo Canyon Power Plant. There are no County operations, programs, or services directly associated with this Fund Center.

<u>Financial Summary</u>	<u>2015-16 Budget</u>	<u>2015-16 Projected</u>	<u>2016-17 Requested</u>	<u>2016-17 Recommended</u>	<u>Change from 2015-16</u>
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	11,687,490	0	0	0
Total Financing Sources	<u>\$ 0</u>	<u>\$ 11,687,490</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	0	0	0	0	0
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contingencies	0	0	0	0	0
New Reserves	0	11,687,490	0	0	0
Total Financing Requirements	\$ 0	\$ 11,687,490	\$ 0	\$ 0	\$ 0

**COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS**

This fund was established a number of years ago when changes were made to the depreciation method for the Diablo Canyon Power Plant, which resulted in lower property tax revenue for the County. In order to help offset this change in methodology, the County was allocated additional funds. These funds were placed into the Tax Reduction Reserve for future use. The intention was to use this reserve to help balance the budget during economic downturns. During the recent economic downturn, several million dollars of Tax Reduction Reserve funds were used between FY 2009-10 and FY 2011-12 as a short-term budget balancing solution.

During the First Quarter of FY 2015-16, \$11.7 million was transferred from the Tax Reduction Reserve Designation to the newly created Airport Terminal Designation within the same fund. The transfer to the new designation was required as a conditions of the receipt of outside funding for the construction of the new Airport Terminal Replacement Project.

No additional funding was recommended to be added to the reserve in FY 2015-16 and no additions are recommended in FY 2016-17.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

None Requested.