

## **Financing**

Countywide Automation Replacement

Debt Service

General Government Building Replacement

Non-Departmental – Other Financing Uses

Non-Departmental Revenues

Other Post Employment Benefits

Pension Obligation Bonds

Public Facility Fees

Tax Reduction Reserve

**Countywide Automation Replacement  
Fiscal Year 2013-14 Proposed Budget**

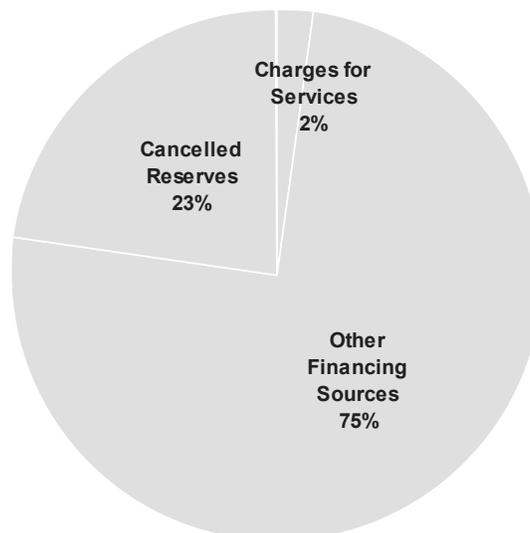
**Fund Center 266**

**PURPOSE**

To provide funding for implementation of countywide automation systems and information needs to enhance the performance and productivity of public services.

	2012-13	2012-13	2013-14	2013-14	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2012-13</u>
Taxes	\$ 2,477,500	\$ 3,774,235	\$ 0	\$ 0	\$ (2,477,500)
Revenue from Use of Money & Property	0	458,488	0	0	0
Charges for Current Services	20,000	20,000	53,400	53,400	33,400
Other Financing Sources	1,761,605	1,761,605	1,779,705	1,779,705	18,100
Interfund	0	1,991,307	0	0	0
<b>Total Revenue</b>	<b>\$ 4,259,105</b>	<b>\$ 8,005,635</b>	<b>\$ 1,833,105</b>	<b>\$ 1,833,105</b>	<b>\$ (2,426,000)</b>
Fund Balance Available	\$ 993,572	\$ 993,572	\$ 0	\$ 0	\$ (993,572)
Cancelled Reserves	0	0	544,875	569,875	569,875
<b>Total Financing Sources</b>	<b>\$ 5,252,677</b>	<b>\$ 8,999,207</b>	<b>\$ 2,377,980</b>	<b>\$ 2,402,980</b>	<b>\$ (2,849,697)</b>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	2,621,300	5,242,912	89,500	89,500	(2,531,800)
Other Charges	0	174,539	0	25,000	25,000
Fixed Assets	727,285	2,433,329	2,288,480	2,288,480	1,561,195
<b>Gross Expenditures</b>	<b>\$ 3,348,585</b>	<b>\$ 7,850,780</b>	<b>\$ 2,377,980</b>	<b>\$ 2,402,980</b>	<b>\$ (945,605)</b>
Contingencies	0	0	0	0	0
New Reserves	1,904,092	2,058,936	0	0	(1,904,092)
<b>Total Financing Requirements</b>	<b>\$ 5,252,677</b>	<b>\$ 9,909,716</b>	<b>\$ 2,377,980</b>	<b>\$ 2,402,980</b>	<b>\$ (2,849,697)</b>

**Source of Funds**



**SERVICE PROGRAMS**

Countywide Automation has a total expenditure level of \$2,402,980 and a total staffing level of 0.00 FTE to provide the following services.

**Countywide Automation Replacement**

Provides for the implementation of new and replacement automation systems and equipment which allow for the continuation of essential County services as identified and approved by the Board of Supervisors.

Total Expenditures: \$2,402,980 Total FTE: 0.00

**COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS**

This Fund Center addresses the replacement and upgrade of large scale automation equipment and systems as identified by the Information Technology Division of the General Services Agency. 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 2013-14 depreciation schedule for Countywide Automation identifies that approximately \$1.7 million in funding from overhead charges is applied to finance the expense in this budget. These charges are related to the depreciation of automation assets.

The recommended budget for FY 2013-14 Countywide Automation Fund Center 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 County systems. The total recommended operational expenditures for FY 2013-14 is \$2,402,980, a \$945,605 or 28% decrease from the adopted operational expenditure level for FY 2012-13. The total expenditures in FY 2012-13 included the addition of \$1,904,092 in funding that was allocated to reserves. Comparing the allocation for operational expenditures related to the replacement and acquisition of technology equipment, software and labor and professional services the FY 2013-14 recommended budget is \$945,605 or 28% less than the adopted amount for FY 2012-13. The FY 2012-13 budget included approximately \$2.5 million for replacement of the Property Tax System project which increased the funding allocation in that year.

Recommended service and supply expense totals \$89,500 a decrease of \$2,531,800 or 96% less than the FY 2012-13 adopted budget. Approximately \$2.5 million of the expense in this category is for the Property Tax Replatform project.

The recommended budget for 2013-14 includes \$2,288,480 in fixed assets, an increase of \$1,561,195 or 214%, over the adopted level for FY 2012-13. Fixed assets include a variety of equipment replacements, with the most notable being \$1,182,690 for funding to replace the digital microwave system that supports public safety and other county radio systems and \$725,000 to replace the County's e-mail and calendaring system. .

The expense in this budget can vary greatly from year to year, based upon whether large new projects are included. The FY 2013-14 budget includes two large non-recurring projects, the digital microwave system and e-mail/calendaring system.

The recommended total financing sources for this budget are \$2,402,980, a \$2,849,697 or 54% decrease from the adopted level for FY 2012-13. Funding from General Fund from depreciation charges total \$1,779,705, an increase of \$18,100, or less than 1%, more than the FY 2012-13 adopted budget. Financing for this budget also includes \$53,400 from Public Government and Education (PEG) funds received through cable franchise agreements to fund improvements to equipment that aids in the broadcast of the Board of Supervisor's meetings. The balance of the financing for the projects in the recommended budget is from \$569,875 in cancelled Automation Fund reserves.

No new reserves for the Countywide Automation Fund are proposed for the recommended budget.

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.

**Recommended FY 2013-14 Projects Approved by the IT-ESC**

IT-ESC is the governance body which reviews and recommends County technology projects to the County Administrator and Administrative Office. The Executive Steering Committee is composed of thirteen (13) County managers. Eight (8) are permanent members, and to assure that all stakeholders have an opportunity for direct representation, three (3) 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 (CAO) is a member and serves as committee chair. The Chief Information Officer provides the link between this group of business managers and the community of information technology experts throughout the County.

There is one IT-ESC approved project totaling approximately \$650,000 included in the recommended FY 2013-14 budget. Two of the following three projects are non-recurring projects which expand the service levels provided by the County's technology infrastructure. Non-recurring projects are essentially one-time expenses for the development and implementation of new technology systems. Once the projects are implemented, replacement hardware and software will be a recurring expense in future years. The following summarizes the project recommended by the IT-ESC for FY 2012-13.

**1. MS O365 Project - E-mail and Calendaring (Non-Recurring)**

Expense: \$725,000  
Source of Funding: County Automation Funds  
Operational Costs: Operational costs of the system are anticipated to be the same or less than the current e-mail system. .

This project replaces the existing Lotus Notes System. The new system is expected to provide greater functionality and ease of use for users of e-mail, calendaring, meeting scheduling and other functions associated with the email system. The fixed asset cost is \$650,000 and the staff cost to manage the project implementation is \$75,000

- Replacement of existing system with a cloud based system will provide greater flexibility and expanded storage capacity.
- Along with greater functionality and an improved user interface, the new system will avoid future expense in replacing servers used to store e-mail information.

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**Other Projects Recommended for FY 2013-14**

There are two initiatives, totaling \$1,677,980, budgeted that are equipment replacements and upgrades to County communications. There is no increase in operational expense for these projects.

**1. Upgrade and modernization of Board of Supervisor (BOS) chambers audio and visual equipment (Recurring)**

Expense: \$53,400  
Source of Funding: Public, Government and Education funds available through the cable franchise agreement

The funds identified will replace specific video equipment, the Crestron room and network controllers, and video processing equipment. Because of increased functionality of new equipment, the replacements will also provide higher quality video, increased reliability, and better control of existing equipment.

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

Expense: \$1,268,740

Source of Funding: Countywide Automation Funds.

This project replaces equipment and software essential to the continued operation of the County's Public Safety Radio Communications System. The major project is the replacement of the digital radio system discussed in a prior section. The replacement of the 48 volt power system ensures consistent and reliable power to critical equipment and the availability of radio communications during power outages. The funding for the Piedras Blancas project will allow the equipment at the communications vault at this location to be moved to another location in the area. The move is necessary due to the State restoration of the Peidras Blancas site for historical and ecological preservation.

- Digital Microwave System \$1,182,690 (non-Recurring)
- 48 Volt Power Systems \$46,050
- Relocation Peidras Blancas radio site \$40,000

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

The recommended budget includes approval of one Budget Augmentation Request related to the replacement of the County's e-mail and calendaring system.

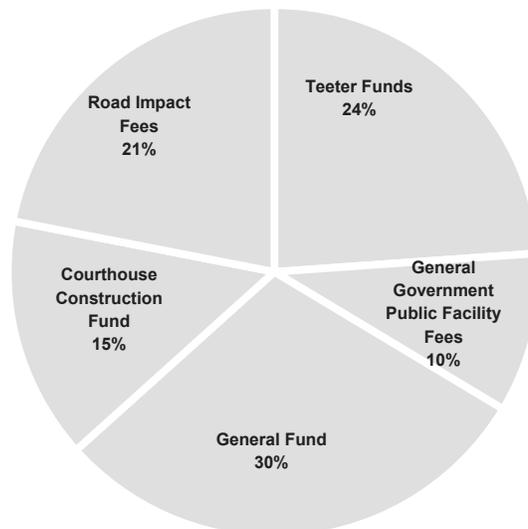
Unit Amount	Description	Results
<p>Gross Requested: \$725,000</p> <p>Source of Funding: General Fund allocation from depreciation charges for technology systems.</p>	<p><b>MS O365 Project to replace the County's e-mail system. (Groupware Replacement Project)</b></p> <p>This project will move all County users of email from the current Lotus Notes / Domino email environment to a Microsoft Office 365 (O365) environment. The new system will use a remotely bases (cloud based) environment for storage.</p> <p>There are three fundamental drivers for this project:</p> <ol style="list-style-type: none"> <li>1) move to a more user-friendly and efficient environment,</li> <li>2) reduce costs associated with providing email, and</li> <li>3) avoid impending costs for an upgrade to the existing email system and servers.</li> </ol> <p>The Groupware Replacement Project will provide access to up-to-date and more widely supported email and collaboration software and tools.</p>	<p>Assuming a 100% cloud approach, the Groupware Replacement project will:</p> <ol style="list-style-type: none"> <li>1. Reduce costs associated with providing email by approximately \$200,000.</li> <li>2. Avoid impending costs for an upgrade to the existing email system and servers – one-time costs of approximately \$260,000.</li> </ol> <p>If a hybrid approach is used, where some users remain on servers, the savings will be considerably less or costs may be essentially the same as current costs.</p> <ol style="list-style-type: none"> <li>3. The new system will utilize a platform that is the dominant e-mail platform in use today. It will also provide greater functionality and ease of use.</li> </ol>

**PURPOSE STATEMENT**

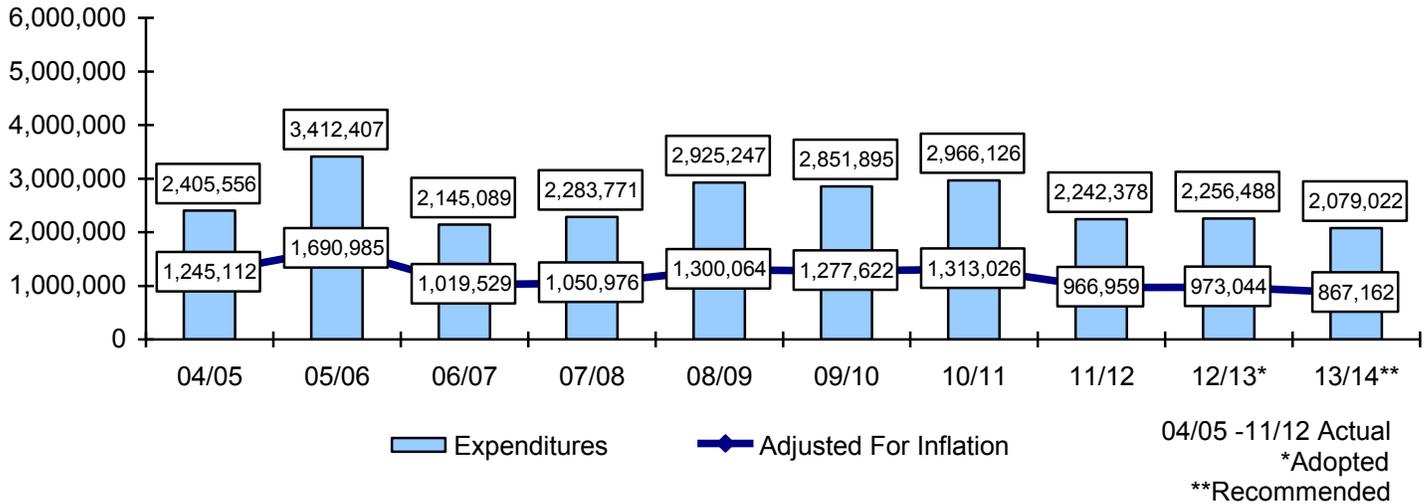
This fund center accounts for the payment of interest and principal associated with the County's long term debt based upon the Board of Supervisors budget policies. Recommendations for debt financing of major projects are made by the County's Debt Advisory Committee in accordance with the provisions 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.

<u>Financial Summary</u>	<u>2012-13 Budget</u>	<u>2012-13 Projected</u>	<u>2013-14 Requested</u>	<u>2013-14 Recommended</u>	<u>Change from 2012-13</u>
Taxes	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Fines, Forfeitures and Penalties	310,819	310,819	309,319	309,319	(1,500)
Other Financing Sources	<u>1,445,669</u>	<u>1,445,669</u>	<u>1,269,703</u>	<u>1,269,703</u>	<u>(175,966)</u>
Total Revenue	\$ 2,256,488	\$ 2,256,488	\$ 2,079,022	\$ 2,079,022	\$ (177,466)
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Sources	<u>\$ 2,256,488</u>	<u>\$ 2,256,488</u>	<u>\$ 2,079,022</u>	<u>\$ 2,079,022</u>	<u>\$ (177,466)</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	2,256,488	2,256,488	2,079,022	2,079,022	(177,466)
Fixed Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross Expenditures	\$ 2,256,488	\$ 2,256,488	\$ 2,079,022	\$ 2,079,022	\$ (177,466)
Contingencies	0	0	0	0	0
New Reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Requirements	\$ 2,256,488	\$ 2,256,488	\$ 2,079,022	\$ 2,079,022	\$ (177,466)

**Source of Funds**



**10 Year Expenditures Adjusted For Inflation**



**COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS**

During FY 2010-11, a comprehensive debt management policy was created and approved by the Board of Supervisors. This policy generally reflects the robust debt management practices that have existed for many years. All new debt issuance must be 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 General Fund operating budget (reference Performance Measure #1 of the Administrative Office for more details). The current year (FY 2012-13) percent is approximately 3.3%, well below the target. The percentage for FY 2013-14 is projected to be 3.4%.

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

\$1,314,653 for the 2002 Certificate of Participation (COP) for the New County Government Center located in the City of San Luis Obispo. This debt is paid with a combination of Teeter funds (\$500K), General Government Public Facility Fees (\$200K), and \$618,653 from the General Fund.

\$307,619 for the 2007 COP for the Paso Robles Courthouse. This debt is paid with Courthouse Construction funds.

\$449,050 for the 2008 COP for the Vineyard Drive interchange in North County (near Templeton). This debt is paid with Road Impact Fees.

\$7,700 of the expense in this budget is attributable to the administrative fees and reporting expenses associated with the issuance and management of the above noted debt.

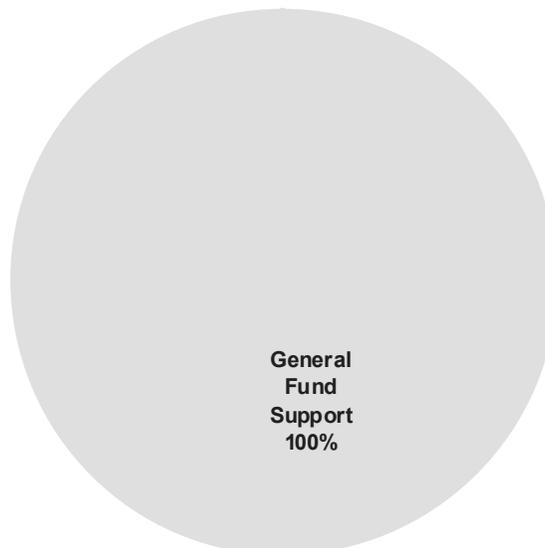
The County also issued Pension Obligation Bonds during FY 2004-05. The details can be found in the Pension Obligation Bond fund center.

**PURPOSE STATEMENT**

The purpose of this fund 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.

	2012-13	2012-13	2013-14	2013-14	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2012-13</u>
Other Financing Sources	\$ 2,732,613	\$ 2,732,613	\$ 2,700,724	\$ 5,300,724	\$ 2,568,111
Total Revenue	\$ 2,732,613	\$ 2,732,613	\$ 2,700,724	\$ 5,300,724	\$ 2,568,111
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	\$ 2,732,613	\$ 2,732,613	\$ 2,700,724	\$ 5,300,724	\$ 2,568,111
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	2,732,613	2,732,613	2,700,724	5,300,724	2,568,111
Total Financing Requirements	\$ 2,732,613	\$ 2,732,613	\$ 2,700,724	\$ 5,300,724	\$ 2,568,111

**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 as identified in the Cost Allocation Plan (countywide overhead).

The depreciation schedule indicates that \$2,700,724 should be placed into reserves to help fund replacement and new building projects. The full amount is recommended for placement into the reserve. This is the second 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, this fund center will receive an additional \$2,600,000 consisting of a \$2 million repayment that was loaned for the Willow Road Interchange and a \$600,000 allocation from Fund Balance available. Total recommended funding for FY 2013-14 is \$5,300,724.

**Non-Departmental Revenues-Other Financing Use  
Fiscal Year 2013-14 Proposed Budget**

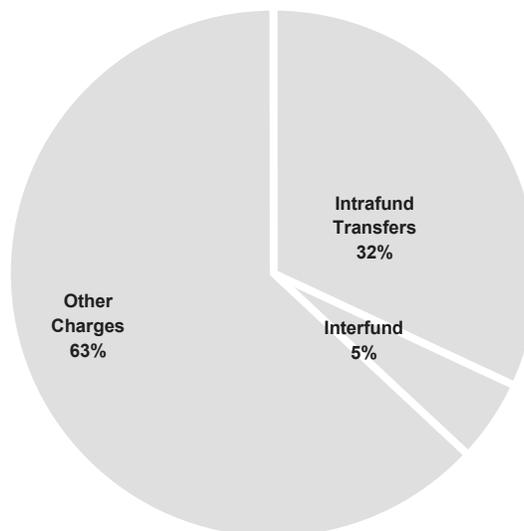
**Fund Center 102**

**PURPOSE STATEMENT**

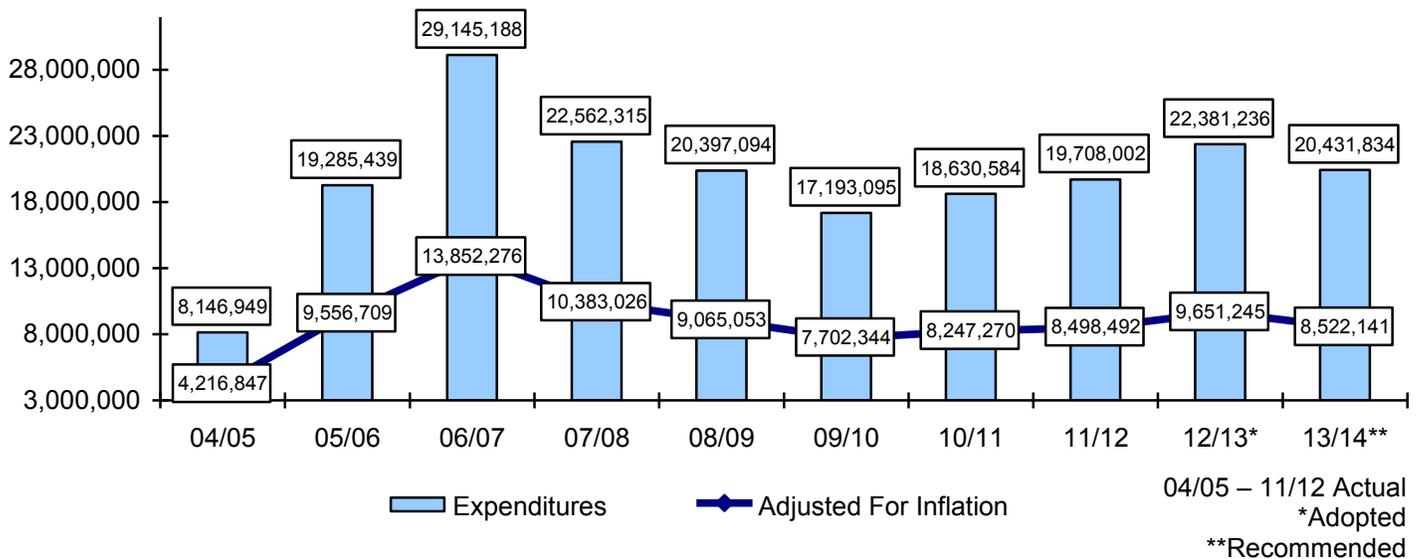
The fund center provides General Fund support to "Other Funds" to help finance their operations. This fund center is also the receiving budget for overhead charged to County departments. There are no County operations, programs or services directly associated with this fund center.

	2012-13 <u>Budget</u>	2012-13 <u>Projected</u>	2013-14 <u>Requested</u>	2013-14 <u>Recommended</u>	Change From 2012-13
<u>Financial Summary</u>					
Charges for Current Services	\$ 40,277	\$ 40,277	\$ 0	\$ 0	\$ (40,277)
Interfund	<u>2,526,317</u>	<u>2,526,317</u>	<u>1,631,913</u>	<u>1,631,913</u>	<u>(894,404)</u>
**Total Revenue	\$ 2,566,594	\$ 2,566,594	\$ 1,631,913	\$ 1,631,913	\$ (934,681)
Other Charges	<u>22,381,236</u>	<u>22,381,236</u>	<u>15,742,694</u>	<u>20,431,834</u>	<u>(1,949,402)</u>
**Gross Expenditures	\$ 22,381,236	\$ 22,381,236	\$ 15,742,694	\$ 20,431,834	\$ (1,949,402)
Less Intrafund Transfers	<u>9,942,443</u>	<u>9,942,443</u>	<u>10,197,544</u>	<u>10,200,663</u>	<u>258,220</u>
**Net Expenditures	\$ 12,438,793	\$ 12,438,793	\$ 5,545,150	\$ 10,231,171	\$ (2,207,622)
General Fund Support (G.F.S.)	<u>\$ 9,872,199</u>	<u>\$ 9,872,199</u>	<u>\$ 3,913,237</u>	<u>\$ 8,599,258</u>	<u>\$ (1,272,941)</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 non-General Fund departments 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 Non-General Fund departments**

The recommended General Fund contribution to non-General fund departments is approximately \$18.8 million. The recommended contributions include:

Fund Center	FY 2012-13 Adopted	FY 2013-14 Recommended	Percent Change
Parks	\$4,020,055	\$3,540,677	-12%
Roads	\$7,431,000	\$5,831,000	-22%
Capital Projects Fund	\$0	\$300,967	0%
Library	\$516,121	\$607,139	+18%
Debt Service	\$493,619	\$618,653	+25%
Organizational Development	\$450,000	\$450,000	0%
Community Development	\$326,436	\$341,436	+5%
Automation Replacement Fund	\$1,761,605	\$1,779,705	+1%
Building Replacement Fund	\$2,732,613	\$5,300,724	+94%
<b>TOTAL</b>	<b>\$17,731,449</b>	<b>\$18,770,301</b>	<b>+6%</b>

- The General Fund contribution to Parks is to help fund the parks and recreation facilities in the unincorporated areas of the County.
- The General Fund contribution to Roads is for the pavement management program and various roads projects.
- There are fewer new capital projects included in the budget this year and those included are not funded by the General Fund. Note that this is one of the shorter term strategies to close the budget gap for FY 2013-14, i.e. defer capital projects requiring General Fund financing.

**Non-Departmental Revenues-Other Financing Use  
Fiscal Year 2013-14 Proposed Budget**

**Fund Center 102**

- The General Fund contribution to the Library is to pay for the Library Director position (statutorily required) and to fund additional positions to support open hours as agreed to several years ago.
- The General Fund contribution to the Debt Service Fund is for a portion of the debt service for the new County Government Center building located within the City of San Luis Obispo.
- The General Fund contribution to Organizational Development (OD) is to support the operations of the Employee University and other organizational development programs.
- The General Fund contribution to Community Development includes funding for the Economic Vitality Corporation (EVC), the Housing Trust, and homeless services.
- The General Fund contribution to the Automation Replacement Fund is to help fund new and replacement automation equipment and programs. The dollar amount is based upon the depreciation schedule for automation assets per the Board Adopted Cost Allocation Plan.
- The General Fund contribution to the Building Replacement Fund is to help offset the costs of new and replacement buildings. The dollar amount is also based upon the depreciation schedule for buildings per the Board Adopted Cost Allocation Plan.
- On February 26, 2013, the Board adopted a resolution approving a five year line of credit for the Cayucos Fire Protection District in an amount not to exceed \$250,000. The funding was approved from the County's Internal Financing designation and expended through Fund Center 102.

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, General 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 \$11,832,576, which is about \$676,461 less than the FY 2012-13 charges.

**Non-Departmental Revenues  
Fiscal Year 2013-14 Proposed Budget**

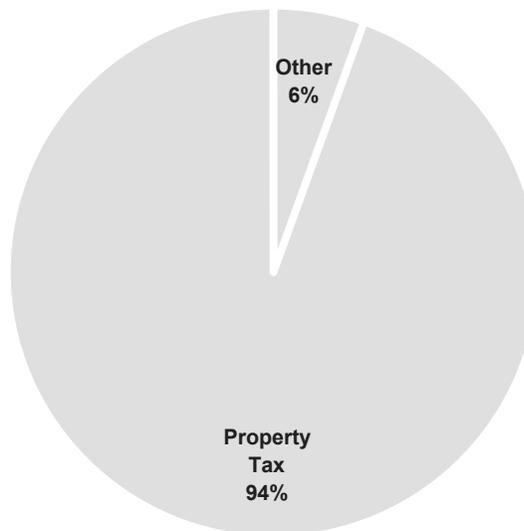
**Fund Center 101**

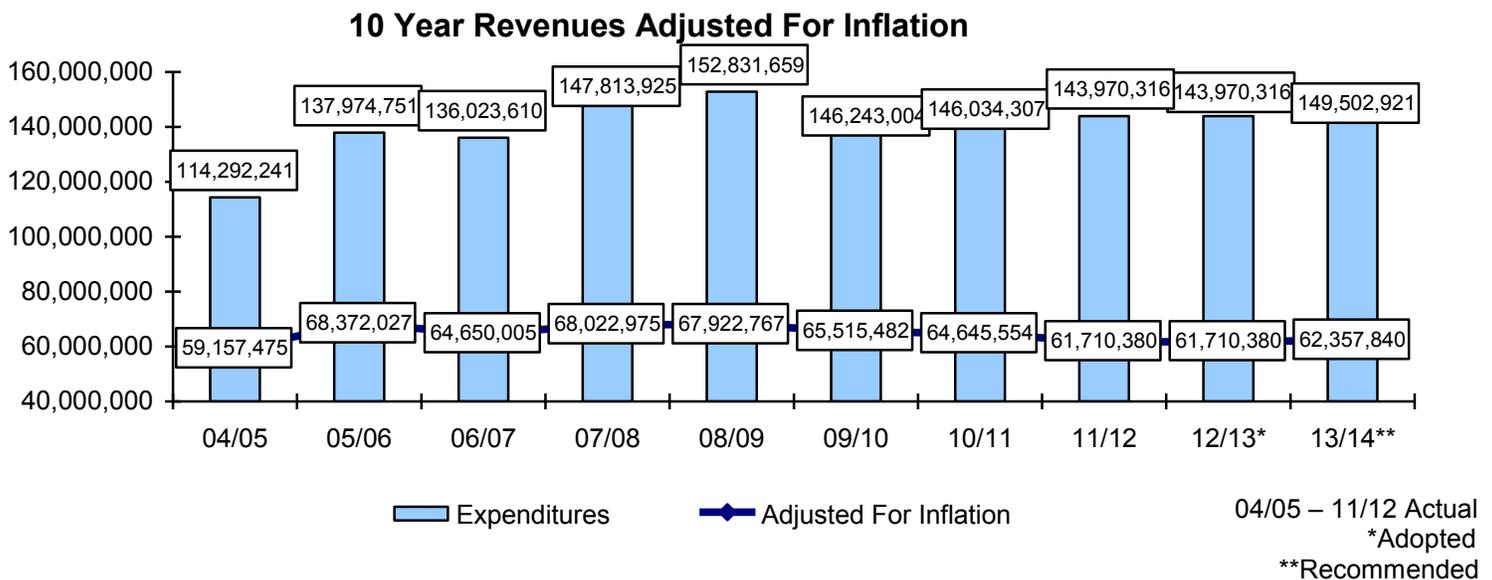
**PURPOSE STATEMENT**

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 Net County Cost for General Fund supported departments. There are no County operations, programs or services directly associated with this fund center.

	2012-13	2012-13	2013-14	2013-14	Change From
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2012-13</u>
Taxes	\$137,305,677	\$137,305,677	\$140,896,845	\$141,194,527	\$ 3,888,850
Licenses and Permits	2,775,000	2,775,000	2,700,000	2,700,000	(75,000)
Revenue from Use of Money & Property	300,000	300,000	240,000	240,000	(60,000)
Intergovernmental Revenue	3,012,800	3,012,800	3,492,389	3,437,389	424,589
Charges for Current Services	2,240,000	2,240,000	1,740,000	1,630,000	(610,000)
Other Revenues	10,005	10,005	1,005	1,005	(9,000)
Interfund	322,000	322,000	300,000	300,000	(22,000)
<b>**Total Revenue</b>	<b>\$145,965,482</b>	<b>\$145,965,482</b>	<b>\$149,370,239</b>	<b>\$149,502,921</b>	<b>\$ 3,537,439</b>
Services and Supplies	5	5	5	5	0
<b>**Gross Expenditures</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 0</b>
General Fund Support (G.F.S.)	<u>\$145,965,477</u>	<u>\$145,965,477</u>	<u>\$149,370,234</u>	<u>\$149,502,916</u>	<u>\$ (3,537,439)</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 approximately \$149 million, which is approximately \$3 million or 2.0% more than the FY 2012-13 adopted amount (\$146 million). The notable factors associated with this net increase are a slight increase (2%) in Current Secured Property, a 13% increase in Property Transfer Tax, and an 8% increase in the Transient Occupancy Tax. The County is still receiving what is considered “one-time” sales tax revenue as a result of the two, large scale solar plants in the California Valley. The anticipated sales tax receipts associated with the solar plants for FY 2012-13 is at least \$1.3 million and could be more. For FY 2013-14, the sales tax associated with the solar plants is anticipated to be \$1.5 million at minimum. A notable decrease in revenue is the reduction in the SB2557 Administration fee which is the result of a California Supreme Court decision of favor of municipalities. The consequence of the decision is a one-time payment of \$1.9 million to the incorporated cities in the county in FY 2012-13 and an on-going annual reduction of approximately \$500,000.

In total, there are over 35 sources of revenue for this fund center. The most significant are noted below:

- Current and Secured Property taxes are budgeted at \$87 million, which is about \$2.5 million more than FY 2012-13. The overall housing market appears to have “bottomed out” and is slowly trending upward.
- Another indicator of the local economy and the housing market is the Property Transfer Tax. As the local housing market improves, the volume of the Property Transfer Tax filings increases and yields more revenue for the County General Fund. For FY 2013-14 it is budgeted at \$1.8 million.
- Unitary taxes (the property taxes on utilities such as power plants as well as pipelines throughout the county) are budgeted at \$7.7 million, which is a 1% increase.
- Property Tax in Lieu of Vehicle License Fee (VLF) revenue is budgeted at \$27.2 million, which is flat as compared to FY 2012-13. This revenue source is part of the “VLF Swap” whereby counties receive additional property tax from the State in lieu of VLF revenue.
- Supplemental Property taxes are budgeted at \$400,000, which is \$350,000 less than FY 2012-13 budgeted amount of \$750,000.

- Sales and Use taxes are budgeted at \$7.0 million, which is \$200,000 higher than the FY 2012-13 budgeted amount. The \$200,000 does not include the one time increase associated with the two, large scale solar plants as noted above. The increase is one indicator that the local economy is “moving off the bottom.” During the construction period of these projects (3 – 5 years), it is anticipated that the County will receive \$20 million to \$25 million of sales tax (attributable to these two projects).

The \$1.3 million that is budgeted is equal to the expenditure amounts included for the additional Fire, Sheriff, and Code Enforcement services being provided by the County in support of these projects. The plan is to use this sales tax revenue to offset any costs of providing additional services to the area for the next several years. Any remaining funds would be considered “one-time” funding and used for “one-time” or short-term projects or programs.

- Transient Occupancy Tax (TOT) (commonly referred to as the bed tax charged on hotel and motel rooms) is budgeted at \$6.6 million, which is \$400,000 or 6% more than the FY 2012-13 adopted amount. This is a revenue source that has shown consistent improvement the past two years.

**Other Post Employment Benefits  
Fiscal Year 2013-14 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)	2011-12 ACTUAL (2)	2012-13 ESTIMATED (3)	2013-14 PROPOSED ESTIMATES (4)	2013-14 RECOMMENDED ESTIMATES (5)
<b>OPERATING REVENUES</b>				
Charges to Department	1,457,623	1,472,000	1,472,560	1,472,560
<b>TOTAL OPERATING REVENUES</b>	<b>1,457,623</b>	<b>1,472,000</b>	<b>1,472,560</b>	<b>1,472,560</b>
<b>OPERATING EXPENSES</b>				
Insurance Benefit Payments	970,076	1,020,000	1,020,000	1,020,000
Professional Services	0	0	18,500	18,500
Audit/Acct Support	0	10,000	10,000	10,000
<b>TOTAL OPERATING EXPENSES</b>	<b>970,076</b>	<b>1,030,000</b>	<b>1,048,500</b>	<b>1,048,500</b>
<b>OPERATING INCOME (LOSS)</b>	<b>487,547</b>	<b>442,000</b>	<b>424,060</b>	<b>424,060</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest	417	250	250	250
Fed Aid Medicare Part D	333,204	300,000	300,000	300,000
Special Dept Expense	(756,583)	(807,115)	(724,310)	(724,310)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(422,962)</b>	<b>(506,865)</b>	<b>(424,060)</b>	<b>(424,060)</b>
<b>INCOME REF. CAPITAL CONTRIBS. &amp; TRANSFERS</b>	<b>64,585</b>	<b>(64,865)</b>	<b>0</b>	<b>0</b>
<b>CHANGE IN NET ASSETS</b>	<b>64,585</b>	<b>(64,865)</b>	<b>0</b>	<b>0</b>
Net assets - beginning	282	64,685	0	0
Net assets - ending	<u>64,865</u>	<u>0</u>	<u>0</u>	<u>0</u>

**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. For some entities, the cost is hundreds of millions of dollars and they will be required to issue debt and/or reduce services to pay for these benefits. While our liability for these expenses is modest compared to many other governmental agencies (the current estimate is \$25 million), the Auditor-Controller recommended that the County begin to set aside funds to pay for these future expenses. FY 2007-08 was the first year the County set aside funds.

Departments are charged via payroll costs in order to fund this liability and the total amount to be set aside for FY 2013-14 is \$1.473 million, which is slightly higher than FY 2012-13. The charge is based upon an assumption of \$623 per Full Time Equivalent (FTE) position. The number of FTEs has increased slightly from 2,260 to 2,334, which accounts for the increase from the FY 2012-13 amount of \$1.472 million.

**Other Post Employment Benefits  
Fiscal Year 2013-14 Proposed Budget**

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**Fund Center 413**

This amount is still about \$800,000 less than the years prior to FY 2010-11. In April of 2010, the Board of Supervisors adopted the Auditor-Controller's recommendation to deposit and invest these funds in an irrevocable trust. It is anticipated that this trust will earn a higher investment return than the County Treasury Pool and as a result of these additional earnings, the charges to departments are reduced (compared to FY 2007-08 through FY 2009-10).

**Pension Obligation Bonds  
Fiscal Year 2013-14 Proposed Budget**

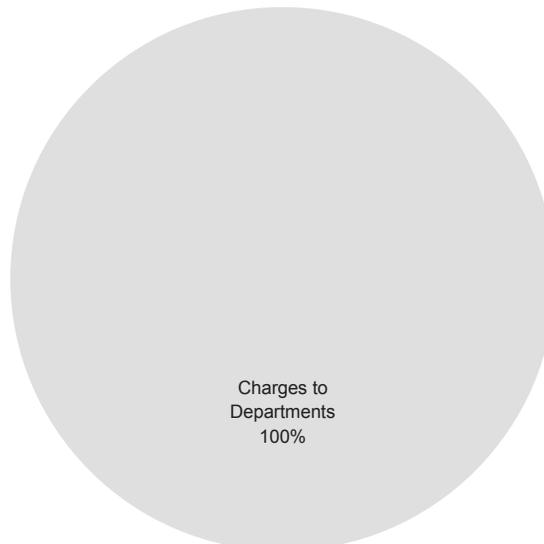
**Fund Center 392**

**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. The refinancing of unfunded pension obligations in FY 2009-10 of the Pension Trust resulted in an annual savings. There are no County operations, programs or services directly associated with this fund center.

	2012-13	2012-13	2013-14	2013-14	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2012-13</u>
Revenue from Use of Money & Property	\$ 18,000	\$ 0	\$ 12,000	\$ 12,000	\$ (6,000)
Other Revenues	8,293,800	0	10,002,626	10,002,626	1,708,826
<b>Total Revenue</b>	<b>\$ 8,311,800</b>	<b>\$ 0</b>	<b>\$ 10,014,626</b>	<b>\$ 10,014,626</b>	<b>\$ 1,702,826</b>
Fund Balance Available	\$ (211,649)	\$ (211,649)	\$ 0	\$ 0	\$ 211,649
Cancelled Reserves	346,649	346,649	0	0	(346,649)
<b>Total Financing Sources</b>	<b>\$ 8,446,800</b>	<b>\$ 135,000</b>	<b>\$ 10,014,626</b>	<b>\$ 10,014,626</b>	<b>\$ 1,567,826</b>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	30,000	0	30,000	30,000	0
Other Charges	8,313,956	0	8,732,661	8,732,661	418,705
Fixed Assets	0	0	0	0	0
<b>Gross Expenditures</b>	<b>\$ 8,343,956</b>	<b>\$ 0</b>	<b>\$ 8,762,661</b>	<b>\$ 8,762,661</b>	<b>\$ 418,705</b>
Contingencies	0	0	0	0	0
New Reserves	102,844	102,844	1,251,965	1,251,965	1,149,121
<b>Total Financing Requirements</b>	<b>\$ 8,446,800</b>	<b>\$ 102,844</b>	<b>\$ 10,014,626</b>	<b>\$ 10,014,626</b>	<b>\$ 1,567,826</b>

**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 are amortized over a 30 year period and created an annual savings of over \$1 million (i.e. compared to what would have otherwise been paid). The bonds are paid by charging each department a percentage of payroll. Additionally, the Board approved using \$2 million of FY 2004-05 year-end fund balance to help pay down the debt. In FY 2012-13, an additional \$4.7 million was set aside in a reserve to accumulate funding to assist in paying pension debt in year 2020. Furthermore, \$1.5 million is recommended to be set aside in the reserve for FY 2013-14.

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 2013-14, it is anticipated that a total of \$10,014,626 will be collected and is derived not only from charges to County departments, but also from the Local Agency Formation Commission (LAFCO), the Air Pollution Control District (APCD), and the courts as they are participants in the County retirement system. Finally, a small amount of interest accrues as well. The contributions are itemized as follows:

- County Departments	\$9,320,826
- Courts	\$520,000
- APCD	\$150,000
- LAFCO	\$11,800
- Interest	\$ 12,000
TOTAL	<u>\$10,014,626</u>

**Public Facility Fees  
Fiscal Year 2013-14 Proposed Budget**

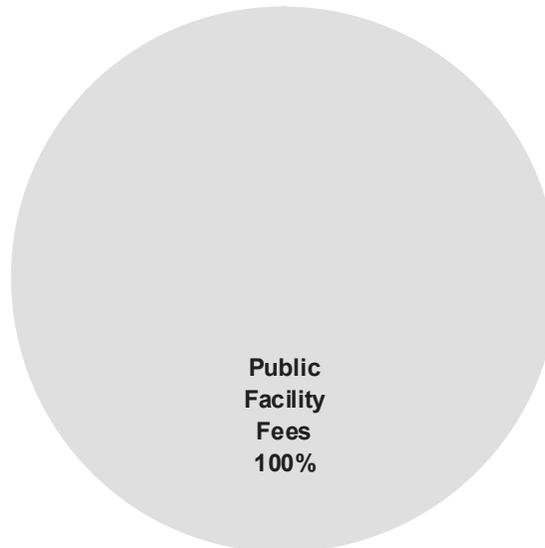
**Fund Center 247**

**PURPOSE**

The purpose of the program is to finance, through development fees, 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 (libraries in 1996).

	2012-13	2012-13	2013-14	2013-14	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2012-13</u>
Charges for Current Services	\$ 675,742	\$ 0	\$ 864,500	\$ 864,500	\$ 188,758
Total Revenue	\$ 675,742	\$ 0	\$ 864,500	\$ 864,500	\$ 188,758
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	383,200	383,200	1,032,500	1,032,500	649,300
Total Financing Sources	\$ 1,058,942	\$ 383,200	\$ 1,897,000	\$ 1,897,000	\$ 838,058
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	500,000	0	1,570,500	1,570,500	1,070,500
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 500,000	\$ 0	\$ 1,570,500	\$ 1,570,500	\$ 1,070,500
Contingencies	0	0	0	0	0
New Reserves	558,942	558,942	326,500	326,500	(232,442)
Total Financing Requirements	\$ 1,058,942	\$ 558,942	\$ 1,897,000	\$ 1,897,000	\$ 838,058

**Source of Funds**



**COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS**

This fund center tracks the revenues and expenditures associated with Public Facility Fees (PFF). The Board of Supervisors established the PFF program in 1991 to help ensure 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 \$1,897,000. This is an increase of \$838,058 or 79% as compared to the revenues in the FY 2012-13 adopted budget. The financing sources in the recommended budget includes a combination of new revenues from PFF projected to be received in FY 2013-14 and the cancellation of existing PFF reserves that will be used to finance two new capital projects budgeted in Capital Project Fund Center 230. New fee revenues for all five categories of PFF are recommended to increase over the amounts identified in the adopted budget for FY 2012-13. An uptick in development permits and revenues from solar projects are the main reasons for the increased fee revenue projection.

PFF Revenues earned in each category differ based upon the type of development and the fee structure established for each category. The new revenues in the recommended FY 2013-14 budget are based on projections of actual revenues received in first half of FY 2012-13 and show substantial increases in some categories and only slight increases in others. Actual revenues received during FY 2013-14 will be based upon the number and types of development permits received during the year.

PFF Categories:

Library

Recommended revenue is \$75,800, an increase of \$16,500, or 27%. All of the Library revenue is recommended to be added to reserves and will be used to pay off the loan from General Government Building Reserves for the Cambria Library building.

Fire

Recommended revenue is \$353,800, an increase of \$47,710 or 15%. The Fire PFF revenue will be added to approximately \$616,700 in cancelled reserves to fund an apparatus bay expansion at the Meridian Fire Station and Fire's \$100,000 contribution to the preliminary programming and design work for a new co-located Sheriff/Fire dispatch Center.

Parks

Recommended revenue is \$250,700, an increase of \$119,000 or 90%. All of the Parks revenue will be added to reserves. A combination of increased fee receipts in FY 2012-13 and a conservative projection of Park PFF revenues used in the FY 2012-13 budget result in a FY 2013-14 recommended revenue level that is substantially greater.

General Government

Recommended revenue is \$120,000, an increase of \$3,200 or 2%. Expenditures are budgeted at \$500,000 in order to help pay a portion of the debt service for the County Government Center. The difference of \$380,000 will come from reserves.

Law Enforcement

Recommended revenue is \$64,200, an increase of \$2,348 or 3%. The Law Enforcement revenue will be combined with cancelled reserves to meet the \$100,000 amount needed to fund the Sheriff's share of the preliminary programming and design work on a new co-located Sheriff/Fire Dispatch Center.

**Tax Reduction Reserve  
Fiscal Year 2013-14 Proposed Budget**

**Fund Center 268**

**PURPOSE**

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

<u>Financial Summary</u>	<u>2012-13 Budget</u>	<u>2012-13 Projected</u>	<u>2013-14 Requested</u>	<u>2013-14 Recommended</u>	<u>Change from 2012-13</u>
Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 1,399,033	\$ 1,399,033
Total Revenue	\$ 0	\$ 0	\$ 0	\$ 1,399,033	\$ 1,399,033
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,399,033</u>	<u>\$ 1,399,033</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	0	0	1,399,033	1,399,033
Total Financing Requirements	\$ 0	\$ 0	\$ 0	\$ 1,399,033	\$ 1,399,033

**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 this reserve for future use. The intention was to use this reserve to help balance the budget during economic downturns. For FY 2013-14, it is recommended that \$1,399,033 be added to this reserve. This represents the repayment of a loan for the Willow Road Interchange Project. With this additional \$1,399,033, the total amount in the reserve would be \$13,594,123.