

# *The County of Yuba*

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## OFFICE OF THE COUNTY ADMINISTRATOR

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COUNTY ADMINISTRATOR

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DEPUTY COUNTY ADMINISTRATOR

June 25, 2019

Yuba County Board of Supervisors  
915 8<sup>th</sup> Street  
Marysville, CA 95901

## **FISCAL YEAR 2019-2020 PROPOSED BUDGET**

### **INTRODUCTION**

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In accordance with local ordinance and state law, presented to the Board of Supervisors is the Fiscal Year 2019-2020 Proposed Budget as recommended by the County Administrator.

During the last decade, all California counties endured the impacts from the great recession. Losing approximately a third of Yuba County general fund revenue – nearly \$10 million dollars over the course of a few years – set the stage for a long recovery. Through patience, creativity, and collaboration among the Board of Supervisors, Department Heads, our Management Team and Employees, and community partners, we have moved forward.

Outcomes from foundational work over the last ten years include General Fund reserves and contingencies meeting and exceeding adopted policies, investments in our workforce, expanding our technology use and infrastructure, planning for and implementing critical infrastructure projects and accomplishing this with a workforce that is approximately 20% less from nearly a decade ago.

Focusing on our future and strategic priorities, and having the ability to act and not just talk, has been part of our culture for years. Building the necessary foundation according to our vision has played out in many ways. Simply put, our residents deserve the best, and our hope is to deliver not only the daily services provided by our employees but to also set the stage for our residents to enjoy their families, homes, businesses, and a good quality of life.

We are not perfect, but we need to remind ourselves of the efforts and accomplishments that community partners, local government employees and elected leaders put into place. To be honest, I tend to lose track of all that has been done to set the stage for our wonderful County, as more and more projects or state mandates roll our way. However, past accomplishments have set the stage for fantastic outcomes. I recognize we have more to do, but here is a reminder of just a few things we all have accomplished together in the last decade or so:

- A \$500 million levee improvement project that spanned over 29 miles and provided an enhanced level of protection for nearly 30,000 existing residents and future residents, making Yuba County the first entity in California to achieve 200-year level of protection for that levee system
- Completed two interchange projects managed by Yuba County, totaling nearly \$25 million
- Completed a much needed update of our General Plan
- Nearly ten years ago, reduced our general government fleet cars by over 30% by being the first county to engage in a fleet lease agreement
- Developed and instituted an express permit process at the Community Development and Services Agency
- Created the first comprehensive Administrative Policy and Procedure manual
- A complete re-organization of our County Library which has made it more community friendly, welcoming to the public and technologically up to date
- Led the initiative to address homelessness in a collaborative and eventually a Bi-County effort where we are working smarter and with numerous partners
- Developed a model Emergency Temporary Housing project, 14Forward that has seen fantastic outcomes, is award winning and also being replicated in other jurisdictions in California
- Created three in-house employee development programs; Executive Leadership, Supervisory Development, and a Yuba Academy for all employees
- 30 miles of road improved in Yuba County in this Fiscal Year and the largest road improvement project in County history beginning in a few weeks that will provide for road improvements of approximately 70 miles
- Took over a Community Services District that was in violation of numerous state water and wastewater requirements and continues to be County run
- Developed a comprehensive Emergency Services Preparedness, Response, and Recovery plan that includes development of an always ready Emergency Operations Center, a mobile Emergency Operations Center, two back-up Emergency Operation centers, a call center, Code Red notification system and executive level federal disaster training for our leadership team and disaster training for all employees
- The purchase of Sycamore Ranch by Yuba County and further development of Hammon Grove Park that has been turned into a destination campground and day use location for local, regional and nationwide visitors
- Completion of a Health and Human Services Building that also houses Child Support Services and the Peach Tree Clinic
- Completion of a new and modern Sheriff's Facility



- Purchase of land and a building for a new Public Works Corp Yard
- Completed a \$4 million improvement project at the Yuba County Airport
- Created a Tri-County Juvenile Hall partnership with Sutter and Colusa Counties
- Managed three large natural disaster events impacting Yuba County and its residents
- Led the initiative that created a partnership with the City of Wheatland for a South Yuba Transportation Improvement Authority focusing on three major transportation infrastructure improvements
- Set aside a local match share of \$2 million for completion of a new Tri-County Juvenile Hall that begins construction in 2020
- Developed a multi-year, multi-point strategy with a vision for attracting and retaining Sheriff's Department personnel

We do more with less, but could not do any of it without our partner businesses, residents, and employees. Individually we all commit; together we achieve.

Here are just a few highlights for the fiscal year we are just wrapping up:

#### Accomplishments for FY 2018-2019

- New County website launched in March 2019. The new website is user friendly with an emphasis on fewer clicks to important information and improved opportunities for interaction between the community and the County.
- Re-worked the scope of Tri-County Juvenile Rehabilitation Facility from 48 beds to 32 beds due to lengthy state requirements, in an effort to stay within budget as a result of rising construction costs.
- Received the CSAC Innovation Award, a top honor presented to only two counties annually, for the County's 14Forward homeless program.
- Provided mass assistance to neighboring Butte County with the Camp Fire, the largest and most destructive fire experienced by a community in California's history. We did this by providing staff and resources in several areas including establishing the largest emergency shelter during the incident at the Yuba Sutter Fairgrounds for fire evacuees, public safety staff to assist in evacuations, law enforcement patrol services, search and rescue and recovery efforts, emergency management/mutual aid resources, environmental health support and assistance with FEMA/CalOES reimbursement claiming.
- Conceptualized and implemented coordination with Yuba Water Agency to secure advanced funding for multiple years of SB1 road repair work to be completed in the 2019 construction season. This resulted in nearly 70 miles of road repaving and approximately \$3.5 million in savings.
- Continued due diligence efforts as required by the State of California to process Yuba County's awarded \$20 million SB 83 grant from the State of California for an addition to the jail. No local match is required.

- Assisted Olivehurst Public Utility District with preparation of annexation and engineering studies to increase water/wastewater service area to the County's sports and entertainment zone. The expansion efforts will serve as an economic engine to jump start economic development activity within this area.
- Began work to set up a 115 Trust with a goal of setting aside funding to pay down the County's unfunded pension liability.
- Completed construction at the Yuba County Airport to reconstruct the apron/tie down area to repair severe drainage issues. This was a \$4 million project funded through a Federal Aviation Administration grant.
- Led negotiations for the counties of Sutter and Yuba and the cities of Live Oak, Marysville and Wheatland to complete a new 10-year comprehensive solid waste collection franchise agreement with Recology Yuba-Sutter.
- Wrapped up final steps to complete the KRONOS Payroll system.
- Completed due diligence and documenting business processes in advance of future implementation of a new financial software system.
- Continued to Chair the Bi-County Homeless meetings and developed priorities for over \$2.5 million in funding to local housing, prevention and outreach services.
- Replaced failed control panels in the jail at a cost of approximately \$900,000.

Yuba County continues to experience General Fund revenue growth over the last few fiscal years. While the growth is fairly slow, the core of our General Fund revenue is currently stable. The challenge is meeting the cost of business increases with available ongoing revenue.

General Fund revenue, which the Board of Supervisors can allocate for any legitimate purpose in serving the public, is estimated at approximately \$36 million. This is higher than the \$34 million pre-recession amount received in FY 2007-2008. The difference is due in large part to an increase in the receipt of one-time revenues of approximately \$2.6 million. Per policy, the one-time revenue is recommended to be budgeted for one-time expenses. Ultimately, our anticipated General Fund revenue is not quite at pre-recession levels, however we are very close.

As with all budgets, there are funding needs that avail themselves during the course of a fiscal year. Being an arm of the State of California and providing for over 300 mandates annually presents its own set of challenges. This year, liability insurance and worker's compensation costs have increased significantly. Those costs are included in department budgets and have caused a significant impact. For instance, liability insurance alone increased \$950,000 and worker's compensation increased by approximately \$ 500,000 countywide.

In addition, pension costs, particularly for the Unfunded Liability portion of the employer's share of cost increased by \$1.6 million countywide and is funded through non-general fund and general fund revenues.

Public Safety revenues (Prop 172) continue to remain static, impacting the Sheriff, District Attorney and Juvenile Hall, as well as several pre-Prop 13 fire districts that receive a portion of these revenues. All General Fund revenue sources considered, Public Protection is recommended to be allocated 74% of the total available. If not for savings accumulated by Public Safety through vacant positions and additional revenue from the Yuba Water Agency and the Enterprise Rancheria MOU, we would not be able to meet the increased general fund need of approximately \$2.1 million. In addition, the filling of vacant, unfunded Sheriff's Department positions would not have been possible.

The following budget document represents the hard work and dedication of dozens of department heads, managers, and fiscal and support staff. We have adapted well over the years, but our continued quality of service depends on having sound and reliable revenue sources and being fiscally responsible.



## EXECUTIVE SUMMARY

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### TOTAL OPERATING BUDGET

Fiscal Year 2018-2019 (Final Budget)	\$179,986,430
Fiscal Year 2019-2020 (Proposed Budget)	\$200,134,960

The total FY 2019-2020 Proposed Budget is approximately \$20 million more than the FY 2018-19 Final Budget. The largest increase compared to last year is \$12 million in Public Works for an unprecedented 70 miles of roadwork, which the County was able to schedule by leveraging SB1 funding. Approximately, \$1.1 million is attributed to General Fund increases for General Fund departments and \$2.1 million in General Fund increases for Public Safety departments. The remaining increases are in Non-General Fund programs supported by Federal, State and Non-General funds.

Departments initially submitted requested budgets that would have required nearly \$6.6 million dollars of additional General Fund revenue. A majority of those requests were made to meet base level business cost increases, fund allocated positions left vacant during the last decade of cuts and flat funding, additions of new positions due to increased workload or to replace aging infrastructure. Through several departmental discussions and budget revisions, this amount was reduced from departments to meet the projected General Fund revenues available for FY 2019-2020.

Expenditure increases projected for FY 2019-20 are attributable to similar categories as seen in previous years, with the main categories being employee salaries and benefits.

### CalPERS

The County's share of pension costs as a percentage of salary:

	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>	<b>FY 2019-2020</b>
SAFETY	27.936%	31.100%	37.100%
MISCELLANEOUS	20.168%	22.700%	25.300%

### Health Insurance

Health Insurance premiums continue to rise every year, with this year's estimate approximately 7% higher than projected for FY 2018-19. Actual costs are yet to be determined, as they depend upon open enrollment changes and an analysis of rates received just prior to the recommended budget being submitted.

## Use of One-Time Revenues

Additional one-time funding expenditures are estimated at approximately \$2.8 million. The primary funding source is our capital project account, where administration has been recommending we place one-time revenues, in order to fund one-time project needs. The one-time recommended expenditures are identified across numerous departments and public projects that are core to the County's strategic priorities of Public Safety and Health, Economic Development, Responsible Growth and Workforce Excellence. Below is a summary of recommended one-time project needs for FY 2019-2020;

- KRONOS Payroll Software Professional Services
- Business Process Analysis for Public Safety Software System (Re-budget from FY 18/19)
- Code Enforcement Response and Abatement Activities
- Critical replacement of the Courthouse Backup Chiller and Elevator Controls
- Partial Replacement of 15 year old carpeting at the Government Center
- Replacement of the Courthouse Fan Station (Re-budget from FY 18/19)
- Repair damaged building exterior at our Animal Care Services facility
- District Attorney facility Improvements including Ergonomic and Information Technology investments
- New Animal Supply Trailer for Deployment to Emergency Shelters related to Disasters
- One Time funding for County share of anticipated new State Emergency Preparedness, Response and Recovery Programs
- Annexation process fees and an infrastructure study for Olivehurst Public Utility District's sphere of influence along the Highway 65 corridor.
- Probation Facility Improvements
- Interest Payments for SB1 Roadway Loan
- Replace Jail Appliances
- Replace 13 Sheriff Vehicles
- Jail Consent Decree required Jail Modifications and Suicide Prevention Jail Improvements to the facility
- Community Resource funding for events and historical preservation

General Fund Reserve and Contingency levels remain slightly above budgeted policy levels. A more detailed summary is provided later in this document.

The recommended budget assumes a carryover General Fund balance of approximately \$2.2 million. The estimate may increase or decrease, based on closing of the financials for the current fiscal year. Should there be an increase, it is recommended the funds be considered one-time and budgeted in the Final Budget, according to policy.

# REVENUES

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## General Fund Revenues

Secured Property Tax revenues are projected to increase by approximately 12.08% or \$1,450,000. Primary factors contributing to the increase are re-assessment of Prop 8 properties, new home construction, increased assessed value and the net transfer of approximately \$400,000 in property tax revenue to the County from the Yuba Water Agency.

The year over year change in property tax revenue is seen as a positive for countywide agencies. It is important to note that the largest share of the property tax increase is attributable to property transfers, followed by new home construction and then Prop 8 assessments.

As a result of the increase in property tax, the Motor Vehicle In-Lieu Fees are projected to increase for the upcoming fiscal year. Court Fines and Fees are projected to decrease again this year due to recently enacted legislation that provides the Court discretion to reduce or waive fines and fees based on the indigent defendant's inability to pay.

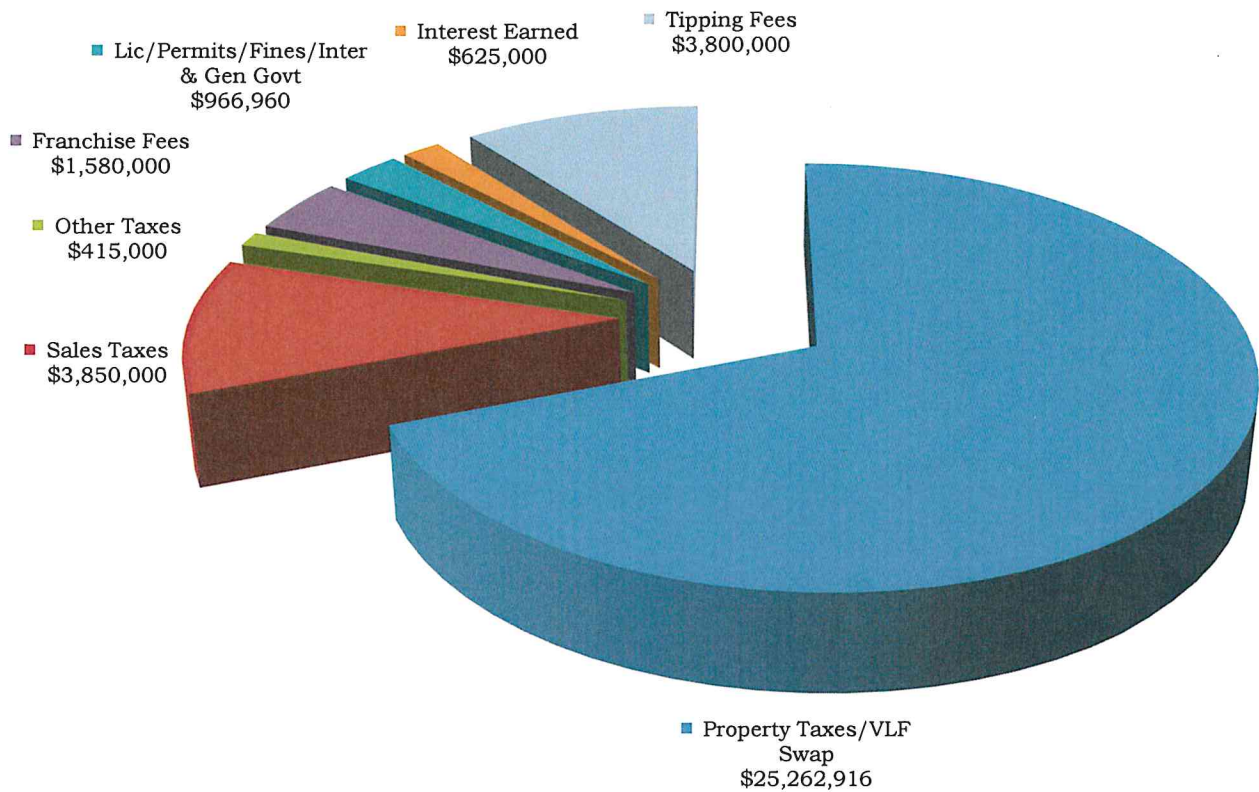
We are projecting Tipping Fees to increase significantly in FY 2019-2020. However, it is important to note that this is a one-time revenue increase related to the massive debris removal project from the Camp Fire in Butte County. Per Board policy, this revenue will not be used to fund ongoing expenses.

Type of Revenue	FY 18/19 Budgeted	FY 19/20 Budgeted	Increase/Decrease
Secured Property Tax	\$12,000,000	\$13,450,000	12.08%
Tipping Fees	\$1,000,000	\$3,800,000	280.00%*
Motor Vehicle in Lieu	\$8,838,898	\$9,580,000	8.38%
Sales Tax	\$3,624,552	\$3,850,000	6.22%
Trans Occupancy Tax	\$293,000	\$350,000	19.45%
Court Fines and Fees	\$328,000	\$326,500	(0.46%)
Franchise Fees	\$1,580,000	\$1,580,000	0.00%
Enterprise MOU	\$0	\$400,000	N/A

*\*A majority of the revenue listed for Tipping Fees is a one-time revenue source.*



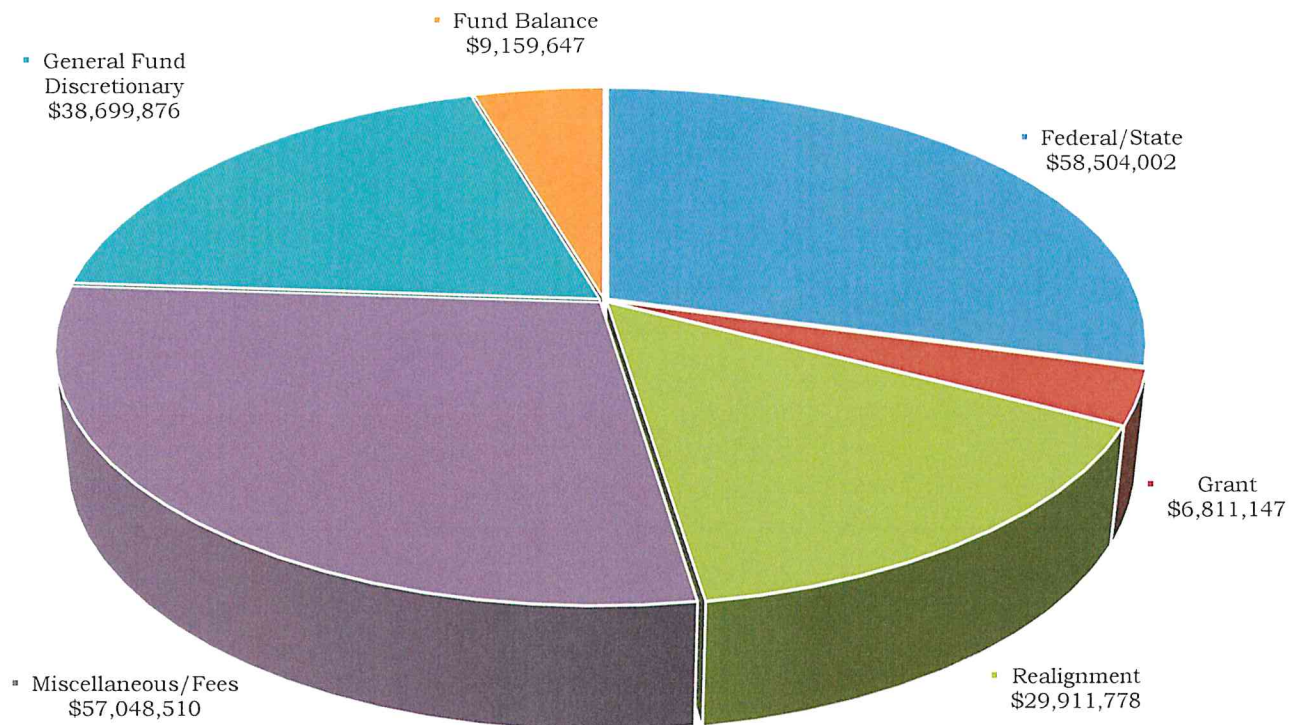
**FIGURE 1: Total General Fund / Discretionary Revenue Sources \$36,499,876**



### Non-General Fund Revenues

Non-General Fund revenues are received primarily from State and Federal sources and a portion of state sales tax (commonly referred to as Realignment Revenue). These revenues support departments such as the Health and Human Services Agency, Child Support Services, Public Works and law enforcement. It is important to note that nearly 100% of the operational costs for Health and Human Services Agency, Child Support Services and Public Works are funded through Non-General Fund sources. Public Protection – consisting of the Sheriff, District Attorney, Probation, Juvenile Hall, Public Defender, Agricultural Commissioner, Code Enforcement, etc. – requires approximately 74%, or \$24.7 million, of all available General Fund revenue to augment state and federal revenue.

**FIGURE 2: Total of All Revenue Sources \$200,134,960  
(General Fund and Non-General Fund)**



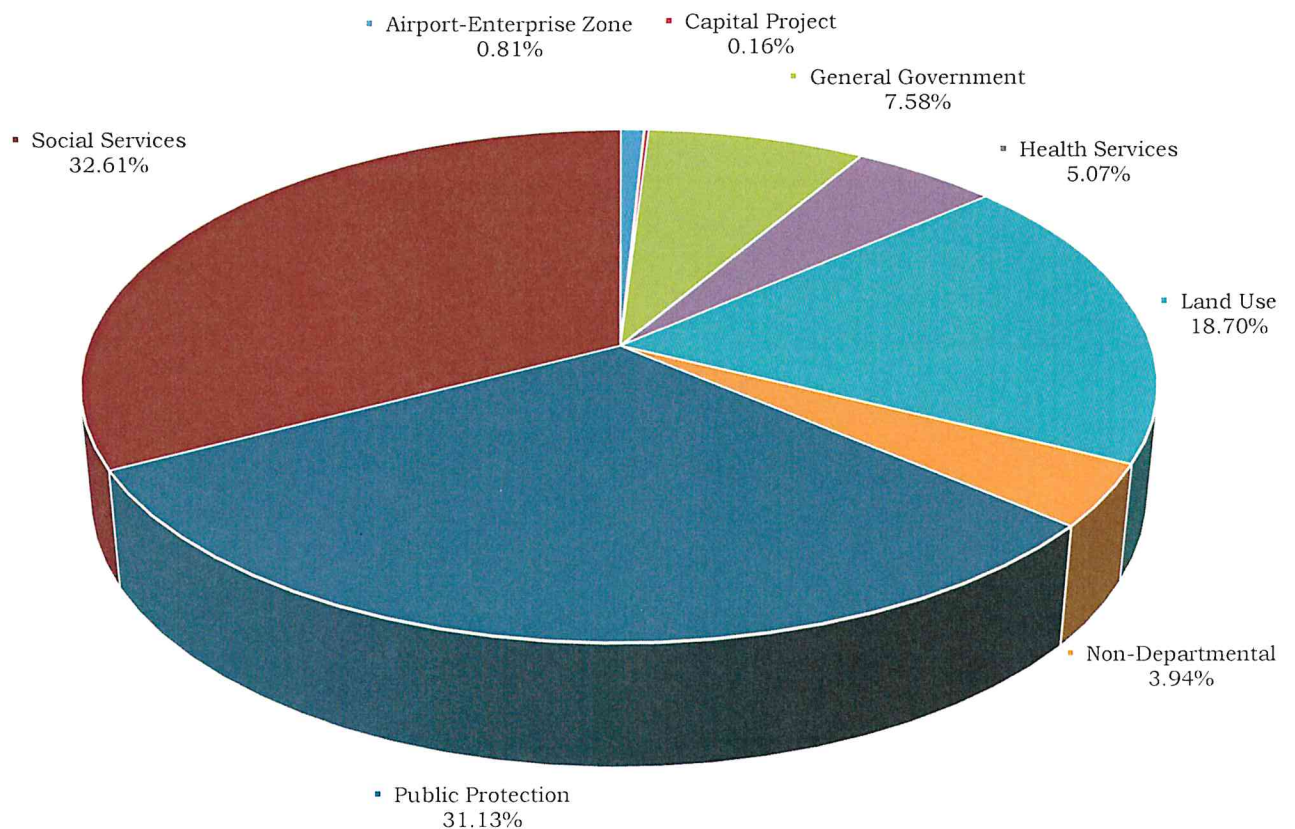
## EXPENDITURES

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Departmental expenditures are recommended to remain relatively static with some increases in general fund contributions occurring due to salary and benefit cost increases and decreases in non-general fund revenues for cost reimbursement for central service departments. While this information is summarized in a general fund contribution worksheet, departmental level detail indicates whether the increases are primarily for ongoing costs or one-time purchases.

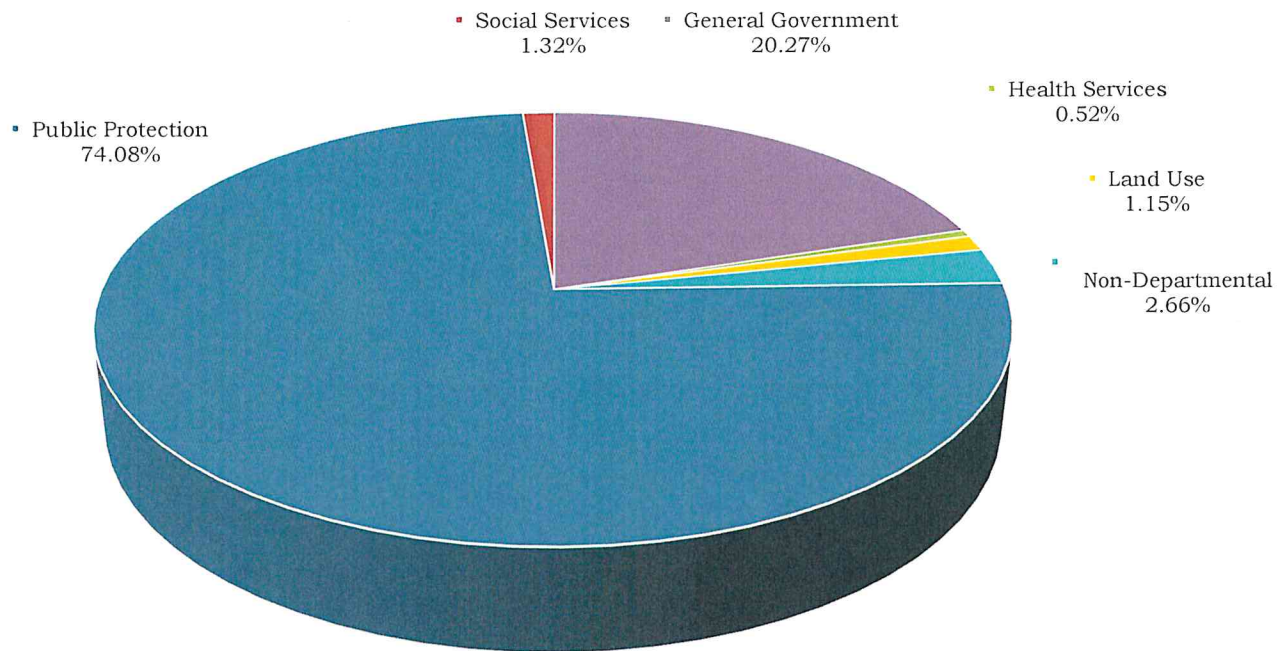
All Departments continue to budget conservatively and continue to work with each other to maximize all revenue sources and collaborative service opportunities.

**FIGURE 3: Total Expenditures \$200,134,960  
(General Fund and Non-General Fund)**





**FIGURE 4: Total General Fund Expenditures by Function \$36,094,876**



Functional groups are identified based on type of County service provided and grouped according to the County Budget Act.

**Public Protection**

Sheriff  
Jail  
Juvenile Hall  
Probation  
District Attorney  
Ag Commissioner  
Code Enforcement  
Public Defender  
County Share Court  
Child Support Services

**Land Use**

Planning  
Public Works  
Building Department  
Roads  
Surveyor

**General Government**

Board of Supervisors  
County Administrator  
County Counsel  
Library  
Treasurer-Tax Collector  
Auditor-Controller  
Human Resources  
Clerk-Recorder  
Clerk of the Board  
Assessor  
Administrative Services  
Information Technology

**Non-Departmental**

Contingencies  
Reserves  
Debt Service

**Health Services**

Health Department  
Environmental Health  
CMSP

**Social Services**

Welfare Administration  
Veterans Services  
Housing Programs  
Child Welfare Services  
CalWORKS  
Public Guardian

## **RESERVES & CONTINGENCIES**

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### General Fund Reserves

The Board's approved policy for General Fund Reserves states, in part: the General Fund's total General Reserve and Designation for Economic Uncertainties should be accumulated over time until 5% of the annual operating budget reserve level is achieved.

FY 2019-2020 reserve levels are recommended to be above the stated policy level of 5%. This recommendation is consistent with Board direction in 2014 to achieve a stated goal of a 10% reserve funding level within the next five years. Although we are not quite there yet, we have maintained between the 6-7% range the last couple of years. The proposed budget includes the current reserve amount, which is set at \$2,100,000 or 6.39%. Staff will review actual end of year cash balance, as well as any one-time revenue sources that may materialize between now and Final Budget. Any additional one-time funding sources are recommended to increase this level to help achieve the 10% reserve funding level goal.

FY 2018-2019	\$ 2,100,000	General Fund Reserves (7.08%)
FY 2019-2020	\$ 2,100,000	Recommended General Fund Reserves (6.39%)

As stated previously to the Board, reducing reserve levels or not meeting stated goals may impact the County's credit rating results in having fewer reserves, if an emergency occurs, and impacts interest earnings.

### General Fund Contingencies

The Board-approved policy for General Fund Contingencies states in part: the General Fund's Appropriation for Contingencies should be budgeted at not less than 1.5% of the operating budget.

General Fund Contingencies are recommended at the same amount that was budgeted in FY 2018-2019. This year's amount of \$960,000 is slightly over the base policy level of 1.5% by \$418,577 or 2.66%.

FY 2018-2019	\$ 960,000	General Fund Contingencies
FY 2019-2020	\$ 960,000	Recommended General Fund Contingencies

Similar to General Fund Reserves, staff will review actual end of year cash balance, as well as any one-time revenue sources that may materialize between now and Final Budget. Any additional one-time funding sources are recommended to increase this level.

## DEBT SERVICE

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### Debt Service

For Fiscal Year 2019-2020, the County will be making debt service payments through its Debt Service Budget in the amount of \$6,932,203 for the following projects. A majority of the debt service payment revenue is from non-general fund sources.

<u>Project</u>	<u>Amount</u>	<u>Payment Source</u>
Levee Bonds	\$ 5,437,639	Levee Impact Fees, TRLIA CFDs, YWA
Sheriff's Facility	\$ 391,550	Public Safety Fund, Radio Tower Lease (YWA)
PW Equip Lease	\$ 122,926	Public Works Road Fund
SB1 Road Projects	\$ 980,188	SB1 Revenue, General Fund

In addition, the Utility ISF Budget will be making debt service payments in the amount of \$1,151,466 for the following solar projects.

<u>Project</u>	<u>Amount</u>	<u>Payment Source</u>
Solar Project #1	\$ 755,093	Energy Savings through Solar Generation
Solar Project #2	\$ 396,373	Energy Savings through Solar Generation, Federal Energy Subsidy Credit



## WORKFORCE

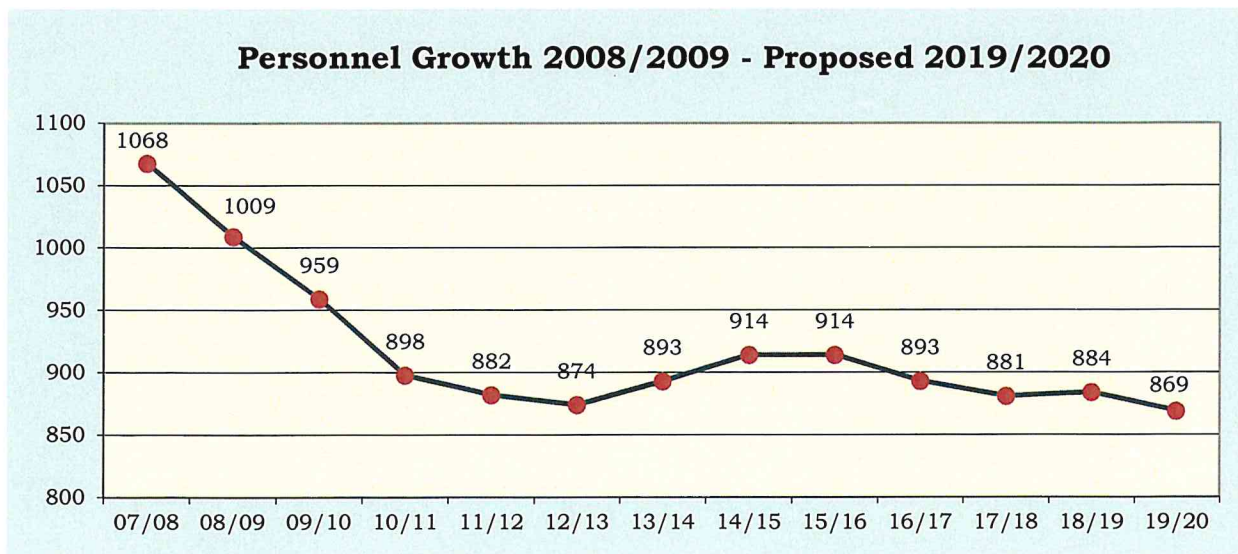
For Fiscal Year 2019-2020, there are reductions to our workforce in a few particular areas and slight increases in others, resulting in a net allocated position total of 869, which are seven (7) positions less than the current fiscal year. Recommended decreases are primarily due to a reduction in federal, state, and general fund program revenues. The following is a summary for all departments. The detailed recommendation is provided in the attached budget document.

The Proposed Budget includes the addition of seven (7) new positions in Community Development, Library, and Probation, deletion of thirteen (13) vacant positions in Health & Human Services and one (1) in Probation, and funding four (4) vacant unfunded positions in Health & Human Services, Sheriff, and Treasurer-Tax Collector. The budget also includes the un-funding of two (2) vacant funded positions in Probation and Auditor-Controller. There are also requests to delete and re-establish three (3) positions to meet program needs for County Counsel, Clerk of the Board and Probation.

Not included in this summary is the funding of five (5) previously vacant unfunded Sheriff positions in the latter part of FY 2018-2019. Authority was provided to begin recruiting for these positions effective immediately due to shortages that have led to continuous overtime and recruitment and retention issues.

It is important to note Yuba County has approximately 199 (or 23%) fewer positions than it had in Fiscal Year 2007-2008.

**FIGURE 5: Annual Position Allocation Totals**



## SUMMARY

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It is recommended that the Board of Supervisors:

1. Accept and adopt the Proposed Budget for Fiscal Year 2019-2020 as the County's interim spending plan, including position allocation changes, and direct staff to make available copies for public review, and;
2. Acknowledge that:
  - a. Estimated expenditures are balanced with estimated revenues, a carry forward cash balance and one-time revenues;
  - b. Although the Proposed Budget is balanced, it is accomplished with the use of limited one-time revenues and, therefore, is not structurally balanced;
  - c. Actions by the State of California may require adjustments to the Proposed Budget during Final Budget Hearings; and
  - d. Funding additions will require equivalent reductions in funds from other County priorities.
3. Set dates for the Fiscal Year 2019-2020 Budget Workshops for August 13<sup>th</sup> and August 14<sup>th</sup>.
4. Set public hearings to commence September 10<sup>th</sup> for consideration and adoption of the Fiscal Year 2019-2020 Final Budget.

On behalf of the Yuba County Board of Supervisors and our employees, thank you for allowing us serve you.

Respectfully Submitted,



Robert Bendorf  
County Administrator