



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 1/8/2019
Agenda Placement: 10B

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Minh Tran - County Executive Officer
County Executive Office
REPORT BY: Mary Booher, Assistant County Executive Officer - 707-253-4153
SUBJECT: Approval of FY 2019-20 Budget Policies and Budget Calendar

RECOMMENDATION

County Executive Officer requests approval of the FY 2019-20 Budget Policies and Budget Calendar.

EXECUTIVE SUMMARY

To begin the annual budget development process, staff has reviewed the 2018-19 Budget Policies adopted by the Board, evaluated the impacts of those policies, and is providing the Board with revised 2019-20 Budget Policies, with the major changes discussed below. It should be noted that the 2018-19 Budget Policies were developed around the Board's primary goal of being able to fund the construction of a Replacement Jail in one phase, in order to avoid the increased costs associated with operating two facilities.

Budget hearings have been scheduled for June 10-12, 2019, with adoption scheduled for June 18, 2019. Staff has developed a calendar to ensure completion of the recommended budget in this timeframe.

PROCEDURAL REQUIREMENTS

1. Staff report.
2. Board questions for staff.
3. Public Comment.
4. Motion, second, discussion and vote.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

As the FY 2019-20 budget process begins, the Board is asked to review, revise and/or approve the proposed Budget Policies that will guide staff in developing the FY 2019-20 recommended budget.

The proposed FY 2019-20 budget policies build on prior budget policies, while being updated to reflect the current priorities of the Board. These proposal represent a collaborative effort between the CEO's office and Departments, while reflecting the Board's priorities. The proposed changes are discussed below.

The budget policies have been re-ordered and categorized into major areas, including

- | Policy Goals
- | General Fund Policies
- | Personnel Policies
- | Infrastructure and Capital Investments
- | Outside funding sources
- | Reserve and Contingency Policies
- | Long-term liability reduction policies
- | Other Policies

New policies being recommended include:

- | **Implement Strategic Plan:** In December 2018, the Board received the strategic plan effective July 1, 2019- June 30, 2022, and is expected to adopt it in January 2019. The priorities in the plan should be reflected in the annual budget, and requests for new funding should support the strategic plan priorities.
- | **Deferred Maintenance Fund:** 20% of all General Fund contributions to the Accumulated Capital Outlay Fund shall be assigned to a Major Maintenance Reserve. This policy will not be implemented until the Replacement Jail project is fully funded. Staff will also work to develop a mechanism to include on-going funding for this reserve in the Facilities Internal Service fund charges.
- | **115 Trust for Pension Benefits:** Consider available General Fund resources to fund the 115 Trust for Pension, with a goal of a General Fund contribution equivalent to cost sharing contributions made by employees.

Staff is also proposing changes to the following policies:

- | **General fund contribution to Health and Human Services (HHSA):** the 2018-19 policy reduced the General fund contribution and set a maximum limit on future contributions. During subsequent discussions, the Board directed staff to evaluate this policy and develop a sustainable model. The proposed policy calculates an increase in the General Fund contribution to HHSA to support the existing level of service

while preserving the Board's discretion to fund future service level changes. In addition, the policy encourages continued leveraging of federal, state, and realignment resources, and limits the portion of the budget that can be used to fund the HHS Administration Division.

- I **General Fund contribution to In-Home Supportive Services (IHSS):** will be separated from the General Fund contribution to HHS, and will be focused on maximizing the federal, state and realignment resources. The development of a specific formula will be dependent of the state budget process, and will be informed by the Legislative Analyst Office's (LAO) report that is due to be released in January 2019.

Key Budget Dates:

January 11, 2019-CEO will host budget orientation for all departments

March 22, 2019-2018-19 midyear update to the Board

April 16, 2019-Budget Study Session, Financial Strategic Plan Update, and 5-year forecasts to the Board

May 28, 2019-Budget book available to the public

June 10-12, 2019-Budget hearings

June 18, 2019-Budget adoption

SUPPORTING DOCUMENTS

A . 2019-20 Budget Policies

B . 2018-19 budget policies (historical reference)

C . Budget Calendar

CEO Recommendation: Approve

Reviewed By: Mary Booher