1. **<u>Pursue Operational Efficiencies</u>:** Eliminate, combine or reorganize programs or processes to reduce expenditures and/or respond to changing needs or priorities. Identify lower priority programs that can be reduced or eliminated to free up resources to fund higher priority programs. Carefully review and justify all expenditure line items to identify possible cost reductions. Identify and implement training programs, utilize Information Technology and promote interdepartmental cooperation to maximize operational efficiencies.

2. **<u>Maximize the Board's Discretion</u>:** Except where the Board has previously made a decision to earmark revenues for a particular purpose, wherever legally possible, revenues are to be treated as discretionary resources, rather than as dedicated to a particular program or service. The goal is to give the Board as much flexibility as possible in allocating resources to local priorities, based on the strategic plan.

3. **<u>Pursuit of New Revenues</u>:** Pursue new revenues to the fullest extent possible for all services, as well as total cost identification (including departmental overhead and indirect costs) for fee setting purposes. To the extent possible, any new revenues for programs receiving General Fund support should be used to offset the cost of existing staff and programs, rather than funding new staff or programs.

4. **<u>New or Enhanced Discretionary Programs</u>:** Departments should not propose new or enhanced programs unless those programs are fully funded (including overhead costs) by a grant or other dedicated revenue source. Departments submitting requests for new or enhanced discretionary-funded programs should identify lower priority programs in the Department that can be reduced or eliminated to generate discretionary resources to fund the new programs. New or enhanced discretionary funded programs will only be recommended/approved to the extent the annual General Fund Five Year Forecast identifies sufficient funding capacity.

5. **<u>County Share</u>:** If funding is reduced, there should be no increased County share for programs funded primarily from non-General Fund sources unless increased County share is mandated or the Board of Supervisors has previously determined that this program is a high priority for use of limited General Fund dollars.

6. **<u>Vacant and New Positions</u>:** All unfunded positions should be clearly identified and discussed with the Chief Administrative Office. New positions will not be considered unless the positions are funded by secure, on-going, non-General Fund sources or there is a significant and compelling reason that the position is needed.

7. **<u>General Fund Contingency</u>:** Place a minimum of 3% of adjusted General Fund appropriations into Contingency to be used during the fiscal year to address unanticipated expenditure increases or revenue decreases. If a department's overall budget will be over-expended because of circumstances beyond the department's control, i.e., unbudgeted sick leave, vacation and comp time payoffs, equipment failure, operational emergencies, the department head shall request a transfer from contingency to cover such

over-expenditures by submitting a Board agenda item and budget transfer to the Chief Administrative Office, providing adequate justification.

8. **General Reserves:** Transfer funds to and from the General Fund Reserves toward a goal of having General Fund Reserves equivalent to approximately 5% of adjusted General Fund. General Reserves are to be maintained at this level at all times, except in the case of a Board recognized fiscal emergency.

9. **Capital Reserves:** Once General Reserves and General Fund Contingency equal 8% of adjusted General Fund appropriations, the Board may choose to transfer any remaining un-appropriated discretionary resources to the Designations for Capital Projects to be retained to assist in addressing unmet capital needs and building a replacement reserve. A standard measurement used for determining the required budget to properly maintain public facilities is 2 to 4 percent of their replacement value. For example, currently the replacement value of County owned facilities is $250,000,000. Beginning in FY 2016-17 the goal is to set aside 2%, or $5,000,000, annually into the Capital Reserve.

10. **Other Post-Employment Benefits (OPEB):** Continue to pay as you go the County's OPEB liability. Allocate OPEB costs to the relevant County departments based on a State –approved allocation formula. If fiscal conditions improve, the Board may choose to allocate un-appropriated discretionary resources to fund the OPEB liability based on actuarial analysis. This section of the policy shall be reviewed in 2018.