

SUMMARY OF THE RECOMMENDED BUDGET

SUMMARY OF THE RECOMMENDED BUDGET

The total Recommended Budget for all Governmental Funds for FY 2019-20 is \$688.7 million, which is \$56.5 million (8%) more than the FY 2018-19 Adopted Budget of \$632.2 million. It should be noted that the totals presented here reflect all Governmental Funds, including Special Revenue Funds.

Total General Fund appropriations are recommended at \$313.2 million, which is \$18.4 million (6.2%) more than the FY 2018-19 Adopted Budget of \$294.8 million approved by the Board in September of 2018.

The charts below provide a summary of total appropriations by expenditure class and by functional group.

TOTAL APPROPRIATIONS BY EXPENDITURE CLASS

Expenditure Class	FY 2018-19 Adopted	FY 2019-20 CAO Recommended	\$ Increase / (Decrease)	Percent Change
Salaries and Benefits	\$216,272,848	\$228,268,720	\$11,995,872	5%
Services, Supplies, & Other Charges	\$169,372,080	\$186,754,777	\$17,382,697	9%
Fixed Assets	\$73,217,651	\$77,286,252	\$4,068,601	5%
Transfers	\$112,670,019	\$156,657,474	\$43,987,455	28%
Contingencies	\$47,047,242	\$29,823,294	\$(17,223,948)	(58%)
Reserves / Designations	\$13,661,157	\$9,892,700	\$(3,768,457)	(38%)
Total Appropriations	\$632,240,997	\$688,683,217	\$56,442,220	8%

** All Governmental Funds including Special Revenue Funds; Excluding Special Districts & Proprietary Funds*

TOTAL APPROPRIATIONS BY FUNCTIONAL GROUP

Functional Group	FY 2018-19 Adopted	FY 2019-20 CAO Recommended	\$ Increase / (Decrease)	Percent Change
General Gov't	\$64,548,240	\$62,252,121	\$(2,296,119)	(4%)
Law & Justice	\$125,483,660	\$141,550,221	\$16,066,561	13%
Land Use / Dev Svc	\$150,122,081	\$157,225,351	\$7,103,270	5%
Health & Human Svc	\$195,313,802	\$204,667,359	\$9,353,557	5%
Total Appropriations	\$535,467,783	\$565,695,052	\$30,227,269	6%

** Departmental operating appropriations, excluding Non-Departmental/ACO Fund/CW Special Revenue Funds*

GENERAL FUND SUMMARY

General Fund Revenues

The Recommended Budget reflects an increase of \$5.4 million (4.35%) in General Fund major revenue sources. Property Tax (Current Secured) is expected to increase by 5% in FY 2018-19, for an increase of \$3.2 million,

based on the projected increase in total property assessed valuation. Revenue from Sales and Use Tax is anticipated to increase by 2% over the prior year Adopted Budget, or \$400,000, based on the recent trend in actual receipts. The Recommended Budget assumes increases in other general fund discretionary revenues as well, including revenue from the Shingle Springs Rancheria, pursuant to the existing agreement, and in Tobacco Tax Settlement revenue. These revenue assumptions are discussed further in the General Fund - Other Operations (Department 15) budget summary.

Carryover Fund Balance

The Recommended Budget includes \$18,558,011 in Fund Balance carryover, which is \$2,245,663 (10.8%) less than what was included in the FY 2018-19 Recommended Budget. These are funds that are anticipated to be available at the end of FY 2018-19 as a result of operations and unspent appropriations designated for capital project work, and are recommended to be available for use in the following budget year. It is important to note that, although these funds are considered to be one-time in nature, the County still relies on a portion of these carryover funds to help balance its operating budget, although the reliance on use of fund balance to fund ongoing expenses is decreasing.

The Fund Balance available to meet operational funding requirements is estimated at \$13,977,727 for FY 2019-20, an increase of \$330,217 from the FY 2018-19 Recommended Budget. This carryover estimate reflects \$5.0 million in un-spent contingency and approximately \$3.0 million in additional non-departmental revenues. The balance of the estimated Fund Balance is due to additional departmental revenues and anticipated departmental savings. In concept, \$5 million of this carryover fund balance is used in the FY 2019-20 Recommended Budget to increase the Designation for Capital Projects, and \$5.45 million used to replenish the Appropriation for Contingency.

The carryover Fund Balance designated for capital projects is estimated at \$4,580,284 for FY 2019-20, a decrease of \$2,575,880 from FY 2018-19 Recommended Budget. However, \$3 million of this amount has been carried over from year to year and designated to be transferred to the Accumulated Capital Outlay fund for anticipated improvements to Ray Lawyer Drive associated with the trial court funding agreement and the new El Dorado County Courthouse. Because this State project has been delayed, it is now recommended that these funds be placed in a General Fund Designation.

It should be noted that these budgeted amounts are estimates and are subject to change with the close of the FY 2018-19 financial records in August.

General Fund Cost & General Fund Contributions

The General Fund Cost (also referred to as Net County Cost) represents the part of a budget unit's expenses that are financed by general purpose revenues, which are predominantly made up of property taxes, sales taxes, general purpose fees, and interest earnings. Many departments that are budgeted in funds other than the General Fund also receive a General Fund Contribution. Funding for the General Fund Contributions to other funds is also financed by general purpose revenues.

The overall cost to the General Fund, made up of General Fund/Net County Cost and General Fund Contributions to other funds, is increasing 2%. The chart on the following page reflects the distribution of increases and decreases in General Fund Cost/General Fund Contribution by functional group.

The increase in Land Use/Development Services is largely driven by the transfer of the County's Economic Development program from the Chief Administrative Office (General Government) to the Planning and Building Department (Land Use / Development Services), with a total appropriation transfer of \$2,249,100. A like reduction is therefore reflected in the General Government function group. Details of increases and decreases in

individual departments within these functional groups are discussed in the Departmental Budget Narratives in the following sections of the Recommended Budget.

GENERAL FUND COST BY FUNCTIONAL GROUP

Functional Group	FY 2018-19 Adopted	FY 2019-20 CAO Recommended	\$ Increase / (Decrease)	Percent Change
General Gov't	\$36,574,287	\$36,634,393	\$60,106	0%
Law & Justice	\$79,092,611	\$80,646,912	\$1,554,301	2%
Land Use / Dev Svc	\$9,705,693	\$12,871,138	\$3,165,445	33%
Health & Human Svc	\$8,132,374	\$6,451,662	\$(1,680,712)	(21%)
Total Net County Cost	\$133,504,965	\$136,604,105	\$3,099,140	2%

** Departmental operating appropriations, excluding Non-Departmental/ACO Fund/CW Special Revenue Funds*

STRATEGIC PLAN & SERVICE INDICATORS

The County continues to prioritize services based on the following five Strategic Plan Goals:

- Public Safety
- Good Governance
- Infrastructure
- Economic Development
- Healthy Communities

Substantial progress has been made over the last fiscal year to complete tasks within each strategic plan goal and measure key service and workload indicators. In fact, so much progress has been made that a months-long effort took place among department heads, managers, staff and the public to ascertain key elements that should be the focus of an update. The result is a move away from a task-oriented focus which enabled departments to get on solid footing to a more robust strategic objective-based approach that will be worked toward over the next three-to-five years.

The Board of Supervisors will consider an update to the County's updated Strategic Plan at its June 11, 2019 meeting.

Additionally, service level indicators were updated by either fiscal or calendar year where appropriate for the following departments and are included on the County's website:

Agriculture Commission, Air Quality Management District, Chief Administrative Office, Child Support Services, Clerk of the Board of Supervisors, County Counsel, Environmental Management, Human Resources, Library/Museum, Planning & Building, Public Defender, Recorder/Clerk, Sheriff's Office, and Transportation.

Each indicator will continue to be monitored and used to make informed service level decisions. In addition, the Chief Administrative Office will continue to work with those departments who have not yet identified service and workload indicators.

BOARD POLICIES & FUNDED PRIORITIES

The Board of Supervisors adopted ten budget policies in 2015. Those policies were updated and expanded in 2017. As with prior years, the Chief Administrative Office approached the development of the FY 2019-20 Recommended Budget with the direction and intent to recommend funding in line with these policies. The first two budget policies direct staff to “pursue operational efficiencies” and to “maximize the Board’s discretion.” In keeping with these policies, the Chief Administrative Office, in conjunction with departments, took a close look at actual needs and expenditure patterns across all County departments, and worked with departments to identify and implement efficiencies where possible.

Policies three, four and five direct that new revenues should be pursued where possible, proposals to accept new grant funding must identify any future County funding obligations, and that new or enhanced programs should not be considered unless dedicated revenue is identified. Therefore, readers of the budget will see an emphasis on not only adjusting department expenditure budgets to “actual expenditures,” but also appropriately budgeting department revenues. Readers will also see a number of requests for additional staffing resources or new items that are not recommended for funding, primarily because sufficient dedicated revenue does not exist to support the new expenditures. Additionally, Policy six requires that if outside funding is reduced, there should be no increase in County cost unless the Board has determined the program to be a high priority for use of limited General Fund dollars. Readers will see instances where costs related to programs or services are reduced where funding has been reduced.

Budget Policies eight, ten and eleven establish targets for funding the General Fund Appropriation for Contingency and critical Reserve funds. It is with these policies in mind that the following Board priorities are recommended for funding in the FY 2019-20 Recommended Budget.

General Fund Contingency funded at \$5.45 million: The General Fund Appropriation for Contingency is recommended at \$5.45 million. Board Budget Policy #8 directs that the Contingency be set at a minimum of 3% of the adjusted General Fund appropriations. This funding is a set aside to provide resources in the event of unforeseen fiscal issues throughout the year.

General Reserve funded at \$8.85 million: The General Fund General Reserve is recommended at \$8,632,408. Board Budget Policy #10 directs that the General Reserve be set at an amount equivalent to approximately 5% of the adjust General Fund appropriations. The General Reserve is established to provide for additional resources in the event of significant emergency situations where additional funds are required, and functions as a cash flow reserve during the year.

Contribution to Capital Reserves funded at \$5 million: The Recommended Budget includes an increase to the General Fund Designation for Capital Projects in the amount of \$5 million. Board Budget Policy #11 directs that, once General Reserves and General Fund Contingency equal 8% of adjusted General Fund appropriations, the Board may transfer remaining discretionary resources to the Designation for Capital Projects. The \$5 million that is reflected in Board policy and recommended to be set aside each year is approximately 2% of the estimated replacement value of the County’s buildings as of 2013. As the value of County facilities increases, the target annual set-aside should be reconsidered and potentially increased.

Other priorities that are recommended for funding in the FY 2019-20 Recommended Budget include:

Purchase of New Voting System & Implementation of Vote Centers

The Registrar of Voters/Elections Department received Board approval to move to Vote Centers, in support of Senate Bill 450 –Voters Choice Act, in April of 2019. A voting system utilizing the Vote Center model is estimated to cost approximately 48% less than a precinct model and results in the transition from over 100 precincts to approximately 15 Voter Centers that will be located in all areas of the County.

The FY 2019-20 Recommended Budget includes \$1.5 million in funding for a new elections system. State Assembly Bill 1824 will provide a 50% state funding match up to \$757,000 for a new voting system. This system is funded 50% with a grant and 50% with a required General Fund match. Therefore, funding in the amount of \$757,000 is recommended to be cancelled from the General Fund Capital Projects Reserve in FY 2019-20 and transferred to the ACO Fund to cover the County's 50% share of cost.

Continued Implementation of FENIX Enterprise Resource Program

The Recommended Budget includes \$210,000 for the FENIX project related to continued implementation costs. Funds from the General Fund Capital Projects Reserve are recommended to be cancelled in FY 2019-20 and transferred to the ACO Fund to cover this cost.

Vegetation Management Ordinance Implementation

In response to increased wildfire risk, on April 30, 2019, the Board adopted Ordinance 5101, implementing new regulations regarding Vegetation Management and Defensible Space. The ordinance establishes an annual program for the abatement of the growth and/or accumulation of weeds, grasses, shrubs, dormant brush, hardwood slash, tree limbs, hazardous vegetation and combustible materials on all improved parcels and designated unimproved parcels within the County, and for the maintenance of those parcels to prevent vegetation from growing back, which becomes fuel for destructive fires. At its April 22, 2019, Special Meeting, the Board of Supervisors directed that \$291,000 be included in the FY 2019-20 Recommended Budget to support the first year of implementation of this new ordinance.

Negotiated Labor Agreements – Progress on Compensation Philosophy

The Recommended Budget reflects the cost increases associated with efforts toward providing a competitive compensation structure consistent with the Board's compensation philosophy. The County has made progress toward addressing compensation levels in county employment over the past two years, by adopting a County-wide compensation philosophy and working with its employee groups to reach agreement on appropriate steps to fulfill that philosophy. To that end, the goal of bringing all classifications to the median point of comparator agency compensation levels will create additional budget pressures in future years.

Additionally, it can be generally assumed that the County will experience a natural growth in salary and benefit costs of approximately 4%, absent any separate actions to increase or reduce salary and benefit costs (i.e., elimination of vacant positions). As we have shared previously, much of the growth in salary and benefit costs will be due to factors outside of the County's direct control such as increases in CalPERS costs and increases in health and related benefit costs. However, several agreements have been reached in the past months which will impact costs in FY 2018-19 and beginning in FY 2019-20.

Current negotiations with some employee groups are still underway. To the extent possible, the Recommended Budget includes those negotiated salary and benefit adjustments which have been

completed and implemented as well as any impacts from recommendations related to the class and compensation study.

El Dorado County Homelessness

Beginning in FY 2018-19, the County Budget includes General Fund dollars to support a homelessness coordinator contract in the Health and Human Services Agency (HHS). Several community partners have offered support to this contract and these revenues partially offset the contract cost in FY 2019-20. Homelessness is a countywide issue and affects the health and safety of the entire community.

HHS has recently applied for and has been awarded several State Grants that target the prevention of homelessness. The Homeless Emergency Aid Program (HEAP), which is a multi-year grant, will be used for homelessness prevention, capital improvements for shelters, and housing assistance for target populations throughout the County. Other State Grants include funds for strategic planning and technical assistance for applying for grant funds that target homelessness prevention. As homelessness is at the forefront of State Legislation discussions, additional funding is expected to be allocated to the County over the next several years. However, future funding is based on competitive criteria, and future grant allocations will depend on the success of these initial investments towards homeless program coordination. This and other grant awards are discussed in the Health and Human Services sections of this Budget document.

Community Planning

In FY 2017-18, the Board approved \$250,000 in funding for efforts towards community planning. FY 2017-18 was the first year of a four year approach, with cost estimated at \$1 million over the four year period. The Recommended Budget includes \$250,000 for year three of this effort, with \$125,000 included in the Planning and Building (General Fund) budget, and \$125,000 funded through the Economic Development (Transient Occupancy Tax) budget.

IT Deferred Infrastructure & Maintenance

In support of the Good Governance Strategic Plan Infrastructure Objective 3.4.2 and 3.4.3, it is recommended that IT purchase several mission-critical assets in FY 2019-20. This is the third year of a three-year plan to bring the County in line with industry standards and to reduce risk to County data. Updating our network infrastructure is a continuous process, so it should be noted that further purchases will likely be recommended in future budgets, as IT continues to review, assess and prioritize the County's most critical needs.

Funds Public Safety Charter Section 504 Salary Increases

Charter Section 504 requires annual review of salary levels for public safety classifications. The 2018 review resulted in an increase to salaries, with an estimated budget impact of \$550,000 (partial year impact). The Recommended Budget reflects this cost increase.

Reimbursing Public Safety Facility Loan Reserve

\$230,000 is included in the Recommended Budget to re-fund the Public Safety Facility Payment Reserve. This Reserve was previously set at \$2.2 million; however, funds were drawn down in FY 2016-17 to cover the County's increased contribution to the project, as required by the USDA for approval of the financing loan. This reserve is required to be set at \$2.3 million, equal to one-year's principal payment. Therefore, this fund will be replenished at \$230,000 a year, over the remaining 8 years.

Progress on Facility ADA Improvements

For FY 2019-20, \$435,000 is specifically included in the Accumulated Capital Outlay fund for progress on required ADA improvements. In addition, major facility replacements and expansion projects, such as the Public Safety Facility, are intended to resolve existing ADA concerns in those aging facilities.

BUDGET PRESSURES & POLICY CONSIDERATIONS

This section includes discussion of on-going of issues which have had a significant impact on the Recommended Budget in prior years, and/or which continue to evolve and impact the County's annual budget and priorities.

Additionally, several departments have identified pending issues and policy considerations unique to their operations. These policy matters are outlined in the respective department budget summaries.

CalPERS Retirement Plan Changes and Cost Increase

El Dorado County is under contract with the California Public Employees' Retirement System (CalPERS) for employee retirement benefits. Like most public agencies, El Dorado County has experienced continued increases in its employer costs for its two retirement plans (Safety and Miscellaneous). While significant cost increases resulted from marked losses during the Great Recession, the funded status of the County's plans had begun to improve. However, in recent years, the CalPERS Board of Administration has taken several actions that have effectively taken back any of the plan's funding improvements and have set public agencies, in general, on a course for continued significant cost increases for many years into the future.

In March 2012, the pension fund lowered its discount rate from 7.75 percent to 7.5 percent, citing economic conditions. A year later, CalPERS changed its policies to recognize gains and losses over a shorter period and to use a 30-year fixed amortization period instead of a rolling 30-year period. In February 2014, the CalPERS Board approved new demographic assumptions, assuming that public employees will be living longer. The Board also adopted an asset allocation mix that lowered the CalPERS investment risk but largely kept its investment strategy unchanged, holding the fund's long-term assumed rate of return at 7.5 percent.

In December of 2016, the CalPERS Board adopted a reduction in the plan's long-term assumed rate of return, lowering that rate from 7.5 percent to 7 percent. Because the resultant cost increases to its member public agencies would be so great and so sudden, the Board approved phasing in this change over a three year period, beginning with FY 2018-19, with the first year of implementation of the new assumption an estimated increase of \$4.4 million to the employer cost. Similar increases follow in subsequent years. This cost increase is in addition to the natural increase in costs.

In December of 2017, the CalPERS Board adopted revised actuarial assumptions – including assumptions about mortality and retirement rates (service and disability) of member, and the assumed changes in salary scale and inflation rates. These changes will affect employer contributions requirements effective July 1, 2019, although it is not clear at this time whether the impacts will be entirely negative.

In February of 2018, the CalPERS Board adopted a further change to the plan with a new Amortization Policy. Most significantly, the new policy reduces the amortization period for losses from 30 years to 20 years. Spreading costs over a shorter period of time will have a negative impact on employer contribution rates; however, is anticipated to reduce annual costs in the long-term. The new Amortization Policy will first impact employer contribution rates with FY 2021-22.

CalPERS will likely distribute new valuation reports by mid-summer, which will set the contribution rates for FY 2019-20. Staff will update the future cost estimates once the new valuation reports are available, and any changes to the assumed costs will be reported with the adoption of the Budget in September.

Industry professionals continue to anticipate that the CalPERS Board will likely consider a further reduction in the assumed rate of return in future years, possibly bringing that rate to 6 percent. Such a reduction would trigger even greater increases to public agencies.

It is important to note that these are costs that the County cannot avoid or elect to not pay. Similar to long-term debt, providing for the payment of these costs will take precedence in future years' budgets.

With the adoption of the FY 2017-18 Budget, the Board approved a budgeting philosophy of establishing and funding a reserve equal to the General Fund's estimated additional contribution for the following two years. In concept, this reserve serves as a revolving fund, with funds being drawn down in the immediate budget year's Recommended Budget based on the budgeted General Fund cost increase, and subsequently replenished in the same year, once the carry-forward fund balance amount is known, and based on the updated 2-year estimated cost. Maintaining this reserve, and using funds to help cover the increase in CalPERS costs in each subsequent budget year, will help ensure the County is able to fund those required contributions in future years. Therefore, staff is again recommending that any available fund balance that may be available following the close of the County's accounting books in September, and which is in addition to that which is already counted on to balance the Recommended Budget, be placed in the designated reserve fund to be drawn down in future years to help offset the impact to County department budgets.

County Facilities

The Board has identified addressing the County's infrastructure deficiencies as a Strategic Plan goal. In FY 2016-17, the Board set aside funding in the Capital Reserve, and also provided funding for the initial stages of the Public Safety Facility and grant matching funds for the West Slope Juvenile Hall. In the coming years, staff will be working to finalize solutions and identify necessary funding for the remaining facility priorities. Providing for these facility priorities will place further pressure on other programs and services.

Deferred Facility Maintenance

The FY 2019-20 Recommended Budget includes approximately \$4.4 million to fund what are identified as deferred maintenance projects, plus funds to keep pace with new repairs and maintenance needs. The Facilities Division continues to work each year to prioritize and complete projects identified in the plan with fire/life/safety projects taking precedence.

Additionally, the FY 2019-20 Budget includes a recommended \$5,000,000 increase to the General Fund's Designation for Capital Projects, to set funds aside to fund future capital projects and deferred maintenance.

The County has made progress toward reducing the backlog of maintenance needs; however, continued progress will require diligence in setting aside funding and developing strategies for facilities in need of replacement.

Public Safety Facility

The County continues to move forward with completion of the new Public Safety Facility. For FY 2019-20 and FY 2020-21, interest-only payments will need to be included in the budget, estimated at \$1.2 million for each year. Funds were set aside in the ACO Fund in FY 2018-19 to cover these two payments, therefore there will be no immediate impact to the General Fund. The annual payment on the long-term loan obligation for that facility, currently estimated to be \$2.3 million a year, will need to be incorporated into the County's on-going operating budget beginning with FY 2021-22. Additionally, as discussed in prior years, beginning with FY 2017-18 and continuing for nine years, the County will include an increase to the loan reserve as a set-aside in its annual budget, in order to fund the required reserve obligation associated with the USDA loan. That set-aside is equal to 10% of the annual payment, such that one full payment will be held in reserve. The annual payment is now set at \$2.3 million, so the annual increase to that reserve will be \$230,000.

West Slope Juvenile Hall Replacement

The County was been awarded a \$9.6 million grant from the Board of State and Community Corrections for the replacement of the West Slope Juvenile Hall. In FY 2016-17, the Board set aside \$1.2 million as the County contribution and grant match for the replacement of the West Slope Juvenile Hall facility. However, the cost of the facility has increased since initial design stages in FY 2016-17.

Based on updated costs, on February 6, 2019, the Board of Supervisors re-authorized the construction of the new facility, confirming the size at a 20-bed juvenile treatment center. The Board also authorized the closure of the current juvenile detention center in Placerville in order to use the operational savings to fund the portion of the facility not covered by the grant. The FY 2019-20 Recommended Budget reflects approximately \$1.7 million reduction in on-going cost in the Probation Department budget related to the closer of the facility. The General Fund – Other Operations budget unit includes a recommendation to set aside \$1.5 million in a designated fund balance account, with any additional related savings that is experienced at the close of FY 2018-19 or FY 2019-20 be added to this account.

Construction of the new juvenile hall will not begin until the Public Safety Facility is complete, as the new Juvenile Hall is slated to go on the existing Sheriff Administration Building site.

Placerville Jail Expansion

The County has also received a \$25 million SB 844 grant from the Board of State and Community Corrections for the expansion/improvement of the Placerville Jail facility. The FY 2019-20 Recommended Budget includes \$18.9 million, with funding received and appropriated in the Accumulative Capital Outlay Fund, for the Placerville Jail Expansion. The Facilities division of the Chief Administrative Office anticipates issuing and awarding a RFP for design/build services and beginning construction towards the end of FY 2019-20.

HHSa SLT Campus Project

In FY 2018-19 the County purchased and began tenant improvements on a building located on Sandy Way adjacent to the existing El Dorado Center in South Lake Tahoe. The FY 2019-20 Recommended Budget includes funding from the Health and Human Services Agency in the amount of \$5 million to complete the tenant improvements at Sandy Way and to begin the planning and design for the replacement of the El Dorado Center.

Cannabis Regulation and Program Implementation

With voter approval of five cannabis-related measures in November of 2018, the County is developing and implementing its commercial cannabis program. It is anticipated that this program will include staffing increases for code enforcement and public safety efforts. Fees will be developed to cover costs to the extent possible; however, recent research shows that most jurisdictions are experiencing cost increases related to regulation and enforcement activities in excess of revenue from well-planned and supported fee structures.

STATE BUDGET PROPOSALS

The Governor released his revised 2019-20 budget on May 9, cautioning that even though the decade long recovery continues, a recession is inevitable. The revised budget proposal continues to assume increased revenues, with a high priority on using surplus funds to build reserves and limit on-going commitments with one-time spending. The proposal relies heavily on an improved long-term revenue forecast, including an average 3.2 percent year-over-year growth rate in General Fund revenue until FY 2022-23. The proposal reflects that economic growth will continue over the next few years, but that if the current expansion continues past July 2019 it will be the longest on record. The State budget affects funding for a significant number of El Dorado County programs. Staff will continue to watch closely for relevant developments that would affect the County.

Some of the more significant proposals in the Governor's proposed budget are summarized below. Details of the budget proposals can be found at www.ebudget.ca.gov.

Disaster Preparedness, Response, and Recovery

The Governor's budget proposes \$809.5 million in funding to increase the state's capacity to prepare for, respond to, and recover from emergency incidents and disasters. This investment includes funds to increase the capacity of the Office of Emergency Services, upgrade the 9-1-1 system, create a program to coordinate housing assistance after a disaster, and funds to assist in emergency response and clean up after a disaster. This includes \$50 million proposed for a comprehensive, statewide educational campaign on disaster preparedness that includes local grants to address local and regional needs.

Public Safety Power Shutdown

A one-time General Fund increase of \$75 million was included in the Governor's proposed budget to assist communities during preemptive "Public Safety Power Shutoffs" (PSPS) that will leave rural communities, like El Dorado County, without power for extended periods of time. The proposal will fund not only immediate needs as a result of a shutdown, but also fund planning grants for counties to improve local preparedness.

Forest Management, Resiliency & Fire Response

The Governor's proposed budget includes a one-time General Fund spending increase of \$15.7 million to Cal Fire to increase their capacity for forest management and fire protection. This includes funding for fuel reduction and vegetation management activities.

Homelessness

The Governor's proposed budget includes \$650 million in one-time spending for local jurisdictions to construct and expand navigation centers, emergency housing, and supportive housing units. This includes the creation of joint regional plans to address homelessness across counties and cities. Most of this funding will be funneled through a Continuum of Care (CoC), which is a county-wide collaborative of homelessness providers and representatives. Health and Human Services is the administrative entity of El Dorado County's CoC, and is receiving state funds currently through the Homeless Emergency Aid Program (HEAP) and California Emergency Solutions and Housing (CESH) grants.

Cannabis

The Governor's proposed budget projects that cannabis excise taxes will be lower than forecasted and have been adjusted at \$359 million in FY 2019-20. Of these funds, \$15 million is proposed for grants to local governments to create and administer local equity programs. There is \$26 million proposed for a competitive grant program

for local governments that have not banned cannabis to fund public health and safety programs. A total of \$39.8 million has been designated to support the clean-up and restoration of areas damaged by illegal cannabis cultivation and assist in enforcement activities to prevent illegal cannabis cultivation.

Broadband Infrastructure

The Governor's budget did not include funding or a plan to expand the deployment of broadband technologies to underserved areas. It is expected that the Governor will be submitting five-year plan during the 2019-20 Legislative session.

County Voting Systems

The Governor's proposed budget includes a one-time General Fund spending of \$87.3 million to assist counties in switching to vote center models and replacing county election management systems.

In-Home Supportive Services

The In-Home Supportive Services (IHSS) Program provides services and assistance to aid older or disabled individuals in remaining safely in their home. The Governor's proposal includes changes in statute to the IHSS Maintenance of Effort (MOE) structure. This restructure is based on projections of need and results in an additional \$296.7 million in General Fund Support to IHSS programs. This increase is reflected in Health and Human Services budget with an increase of \$378,916 in the FY 2019-20 Recommended Budget.

Continuum of Care Reform

The passage of AB 402 Continuum of Care Reform triggered significant changes in Child Welfare Programs to improve outcomes for foster youth. A one-time spending increase of \$14.4 million has been proposed to assist counties in lowering the backlog of Resource Family Approvals and \$21.6 million for Foster Parent Recruitment, Retention, and Support. The Health and Human Services Department anticipates an increase of \$702,117 for these activities in the FY 2019-20 Recommended Budget.

ALLOCATED POSITIONS & STAFFING CHANGES

The FY 2019-20 Recommended Budget includes 1,886.57 full-time equivalent positions (FTEs). This represents a 7.05 FTE net increase from the current FY 2018-19 Position Allocation (as of May 15, 2019). It should be noted that, in most areas of the budget, where it appears that new positions are recommended, the increases are offset by like eliminations of vacant positions or a reduction in other staffing areas, or are associated with new funding sources and approved programs.

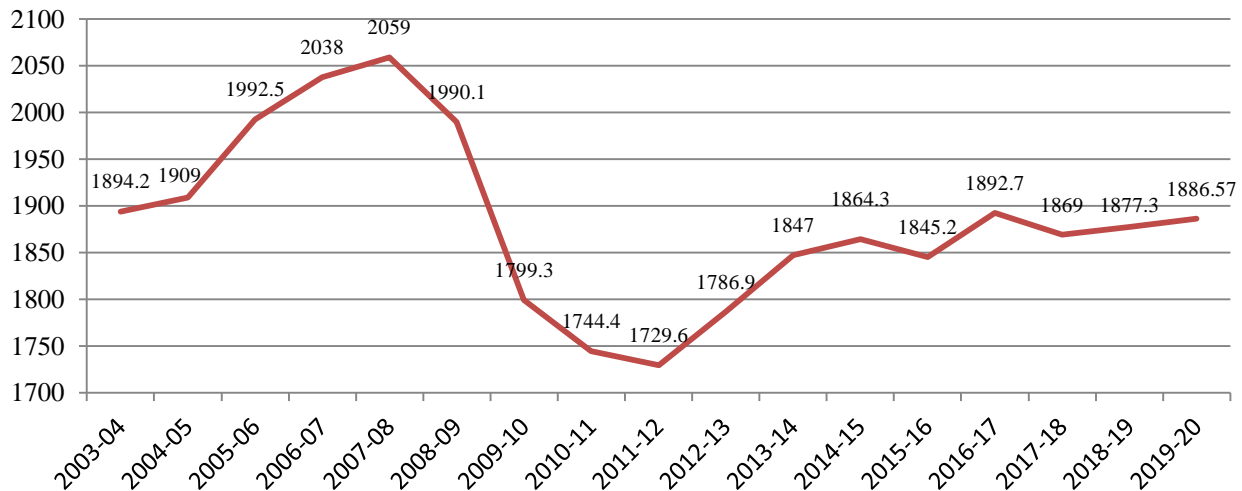
The chart on the following page summarizes the recommended staffing changes. Detail of all allocated positions and recommended position changes is included in a later section of the Recommended Budget, and are discussed in Departmental budget narratives.

Summary of Recommended Position Changes

Department	Addition	Deletion	Total
Agriculture	1.00		1.00
CAO Admin & Budget		(1.20)	(1.20)
CAO Central Services	7.00	(6.00)	1.00
CAO Airports, Cannabis, Cemeteries, and Parks	1.00		1.00
CAO EMS and Emergency Preparedness and Response	6.35		6.35
Child Support Services		(2.00)	(2.00)
Health and Human Services	6.40	(14.50)	(8.10)
Human Resources / Risk Management (limited term)		(1.00)	(1.00)
Information Technologies	4.00	(3.00)	1.00
Probation	6.00	(2.00)	4.00
Sheriff	5.00	(1.00)	4.00
Transportation	1.00		1.00
Totals	37.75	(30.70)	7.05

The chart below presents the total authorized positions, countywide, by fiscal year, since 2003-04. Total authorized positions decreased significantly during the recession, beginning in FY 2008-09, and gradually increased during the recovery.

Total County Positions by Fiscal Year



NEXT STEPS FOR BUDGET ADOPTION

The final adoption of the FY 2019-20 Budget will take place in September of 2019. The final budget recommendations presented for approval during the September meeting will incorporate any State or federal actions that affect the County’s budget and will reflect final fund balance carryover figures, based on the close of the County’s financial records in August of 2019.