

The County of Yuba

OFFICE OF THE COUNTY ADMINISTRATOR

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June 22, 2021

Yuba County Board of Supervisors
915 8th Street
Marysville, CA 95901

FISCAL YEAR 2021-2022 PROPOSED BUDGET

INTRODUCTION

In accordance with local ordinance and state law, presented to the Board of Supervisors is the Fiscal Year 2021-2022 Proposed Budget as recommended by the County Administrator.

Yuba County endured the impacts from the great recession, losing approximately a third of Yuba County general fund revenue in a few short years that has set the stage for a long revenue recovery that persists to this day. Through patience, creativity, and collaboration among the Board of Supervisors, Department Heads, our Management Team and Employees, and community partners, we continue to move forward in a fiscally responsible manner that best serves the community with the fiscal resources we have available.

This fiscal responsibility resulted in 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 than back in Fiscal Year 2007/08.

Focusing on our 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 quality services currently and to set the stage to continue to grow and improve our services in the future to our residents and businesses.

This past year has been a challenge for all organizations as we work through COVID, and below are just a few examples of the many accomplishments this past year:

- Completed design and financing requirements for the Tri-County Juvenile Rehabilitation Facility – a Yuba County-led three-county (Yuba, Sutter, and Colusa) regional project, and began construction in March 2021.
- The District Attorney’s Office pivoted to fully digital case files and workflows, enabling the Office to successfully handle a nearly 20% increase in case referrals while navigating the impacts of COVID.
- The Probation Department implemented a peer wellness/mental health program to assist our staff in the criminal justice field.
- The Auditor Controller’s Office in partnership with the County Administrator’s Office facilitated the tracking and reporting of CARES Act expenditures.
- The Corrections Division in the Sheriff’s Department acquired tablets for inmates to use in the jail, which will enhance opportunities for education and counseling, and impact recidivism.
- On a monthly basis, Health and Human Services managed public assistance benefits including Medi-Cal, CalFresh, and CalWORKs for over 22,000 Yuba County households. Not only do these programs improve the health and quality of life for residents, economists estimate that every \$1 in CalFresh benefits issued generates \$1.79 in local economic activity.
- Updated the audio and visual equipment in the Board of Supervisors Chamber to improve both the capabilities for in-person interactions and the ability to tie in participants virtually.
- Animal Care Services developed an in house rabies program that provides a much more convenient process for redemptions and adoptions by our residents. With the generous donation from the Yuba River Endowment they were able to enhance the large animal evacuation center at the Posse Arena..
- The Assessor restructured the County’s property ownership update process within their Assessment Support division, which was the first step in their strategy to achieve timelier processing of ownership changes.
- Multiple County Departments coordinated the refinancing of county debt obligations associated with the Sheriff Administration building, which moving forward saves approximately \$70,000 to \$80,000 in debt service costs each year.
- The Yuba County Library implemented technology-solutions to make more resources easily available to residents during COVID, including digitizing of historical newspaper archives for easy access via the county website.

- Human Resources completed the transition of the 457 plan provider to solely being Nationwide, saving employees at least \$60,000 in fees annually, and also implemented a 401a plan.
- Clerk/Recorder: Successfully implemented and activated department disaster recovery plan in response to critical network failure by transferring all Clerk/Recorder functions to a cloud based solution to ensure continuity of services.
- Elections: Conducted the November 2020 General Election under global pandemic conditions, implementing safety measures to ensure voters can cast their ballots in a safe and secure environment. All regularly scheduled poll sites were open and available to the voters of Yuba County.
- With funding through the Yuba Water Agency, the Sheriff's Department added two deputies to assist Code Enforcement with enforcement and abatement of activities impacting waterways in Yuba County.
- The County's Building Department approved a number of commercial construction projects, as well as approved permits for over 500 new homes -- early indications of what appears of be accelerating growth trends in Yuba County.
- Completed several projects at Sycamore Ranch & Hammon Grove Park – Yuba County's regional park and campground – including laying the groundwork for future expansion of the campground and enhancements to the Disc Golf Course to reach PDGA-sanctioned status.
- Worked with Regional Housing to begin construction of the Cedar Lane Housing Project consisting of 149 affordable housing units, and secured funding for numerous improvements to the West Linda community including the addition of sidewalks, bike paths, and drainage.
- Yuba County staff continued to work with the Hard Rock Hotel & Casino at Fire Mountain as well as the owners of the Sports and Entertainment Zone properties, as part of an effort to explore current and future options to develop the Sports and Entertainment Zone.
- Public Works completed a road rehabilitation contract targeting 33 different road segments, resulting in the repairing and resurfacing of approximately 14.35 miles of roads, with additional work done on road striping safety projects, a bridge replacement, drainage improvements and other projects geared to create Safe Routes to Schools.
- Child Support Services collected nearly \$8 million in child support, exceeding collection of the prior year and the most ever collected in the history of the Department.

- The County Counsel's Office worked with several other northern California counties to successfully resolve litigation against PG&E for damages incurred by Yuba County as the result of the Cascade and Camp Fires.
- Established the Yuba Enterprise Solutions (YES) team early in the COVID response, to connect businesses and community groups with resources, with plans to continue this program beyond the era of the pandemic to provide enhanced services to our business community.
- Through CARES Act funding, provided loans to 14 Yuba County businesses for a total of \$500,000 along with a second program that provided grants – ranging \$1,000 to \$20,000 – to 87 local businesses.
- Our Public Health team partnered with Sutter County counterparts to stand up an amazing response to the COVID-19 threat, contact tracing more than 7,000 cases and 15,000 close contacts to contain the spread of the virus, while also hosting numerous mass vaccinations and small vaccination clinics.
- Maintained operation of a Call Center that served the public on multiple fronts, including the bi-county response to the pandemic, bi-county support of the Yuba-Sutter Food Bank effort, and emergency information related to the North Complex and Willows fires.
- Increased the ability of the Sheriff's Department, OES, and Cal Fire to inform residents and first responders quickly of emergency incidents through the new emergency management and mapping tool ZoneHaven.
- Our Probation Department, Health and Human Services, and Behavioral Health worked together to make sure carefully designed protocols were in place when serving youth and families in situations where trauma is known to be part of the equation, in response to a new California law.

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 \$38.2 million and slightly higher than the \$35.8 million budgeted in FY 2020-2021. The \$2.4 million increase is mainly attributed to Secured Property taxes and Motor Vehicle in-lieu, Bradley Burns sales tax, Franchise Fees and an annual increase in Casino MOU revenue.

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 increased significantly. Those costs are included in department budgets and have caused

a significant impact. For instance, liability insurance alone increased \$1.4 million and worker's compensation increased by approximately \$350,000 countywide.

In addition, pension costs, particularly for the Unfunded Liability portion of the employer's share of cost, increased by \$778,182 (PERS Normal \$95,022; UAL \$683,160) 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 at approximately 75% of the total General Fund available.

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. In addition to continuing to provide quality and responsive services to our community, below are some of the goals we have for next year to continue improving the organization and enhancing our services:

- Begin construction of the Medical and Mental Health Facility, a State grant funded extension to the existing Jail. The new facility will provide special use housing for inmates requiring specialized medical and mental health care, medical and dental clinical services, outpatient mental health treatment programs and staff work areas.
- In the coming year, the Health and Human Services Department will implement four new computer systems for the Public Assistance, Child Welfare, Finance, and In-Home Supportive Services programs. Over 80% of the Department will be converting to new technology, which will increase efficiency, enhance financial capabilities and improve customer service.
- Planning further renovation of Library to enhance the in-person experience of patrons, as well as continued focus on digitizing of the California Room historical archives.
- Animal Control Services plans to implement monthly animal vaccination clinics to help mitigate the spread of contagious diseases.
- Increase community participation, as part of the ongoing effort to revitalize parks throughout Yuba County, including the replacing/repairing of play equipment and establishing more bike paths.
- Identifying and providing affordable housing will continue to play a significant role in Yuba County's planning efforts over the next few years, as staff continues to identify appropriate land and seek grants to expand housing options for our residents.
- Several road improvement projects are set to begin or to be completed in the coming year, including the second phase of North Beale Road, Feather River Boulevard, the Hammonton-Smartsville Road intersection with Doolittle Drive, and more.

- The District Attorney's Office is working with the Yuba County Superior Court, Probation, and Sutter Yuba Behavioral Health to expand collaborative courts to include veterans and individuals suffering from behavioral health issues.
- The Clerk of the Board will be migrating resolutions to the County website to make it easier for the public to look up past Board resolutions.
- The Human Resources Department will be completing implementation of a human resources management software system that will improve processing of HR related functions in all County departments, enabling HR to process payroll in the new system and transition the process from the Auditor Controller's Office.
- The Assessor's Office will implement an automated enrollment process and the use of electronic appraiser worksheets to reduce data entry and enable timelier changes in ownership.
- The County Administrator's Office will be engaged in several major projects outside of the normal course of business, including:
 - The transition of leadership for the Regional Waste Management Authority and the Three Rivers Levee Improvement Authority.
 - Continuing to engage stakeholders in an effort to move forward with expanded sewer and water infrastructure in South County.
 - Coordinating with the Auditor Controller as we move forward with a new financial software system to replace the decades old system.
 - A renewed focus on enhancing IT services to maximize functionality, services levels, and security to our Departments.
 - Updating Yuba County's Strategic Plan.
 - Filling the Director of Business Development position in the CAO to enhance economic development coordination and focus.

EXECUTIVE SUMMARY

TOTAL OPERATING BUDGET

Fiscal Year 2020-2021 (Final Budget)	\$220,592,284
Fiscal Year 2021-2022 (Proposed Budget)	\$248,465,883

The total FY 2021-2022 Proposed Budget is nearly \$28 million more than the FY 2020-21 Final Budget. The largest increase compared to last year is \$15 million in Capital Projects for Juvenile Hall Project (\$9 million) and Jail Expansion (\$6.3 million). Approximately, \$1.1 million is attributed to General Fund increases for General Government departments and \$1.8 million in General Fund increases for Public Protection 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 \$10 million dollars of additional General Fund revenue. A majority of those requests were intended 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 by departments efforts to meet the projected General Fund revenues available for FY 2021-2022.

Expenditure increases projected for FY 2021-2022 are attributable to similar categories 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:

	FY 2019/2020	FY 2020/2021	FY 2021/2022
SAFETY	37.100%	39.253%	42.83%
MISCELLANEOUS	25.300%	27.460%	29.93%

Health Insurance

Health Insurance premiums continue to rise every year, with this year's estimate approximately 9% higher than FY 2020-2021. Actual costs are yet to be determined, as they depend upon open enrollment changes and an analysis of rates received just prior to the submission of the recommended budget.

Use of One-Time Revenues

Additional one-time funding expenditures are estimated at approximately \$792,000. The primary funding source is our capital project account. 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 2021-2022:

- KRONOS Payroll Software Professional Services
- Critical replacement of the Courthouse Backup Chiller and Elevator Controls(Re-budget from FY 20/21)
- Victim Services ADA building modifications (Re-budget from FY 20/21)
- Airport Taxiway Project (Re-budget from FY 20/21)
- Jail Consent Decree required Jail Modifications and Suicide Prevention Jail Improvements to the facility

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 \$4.2 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

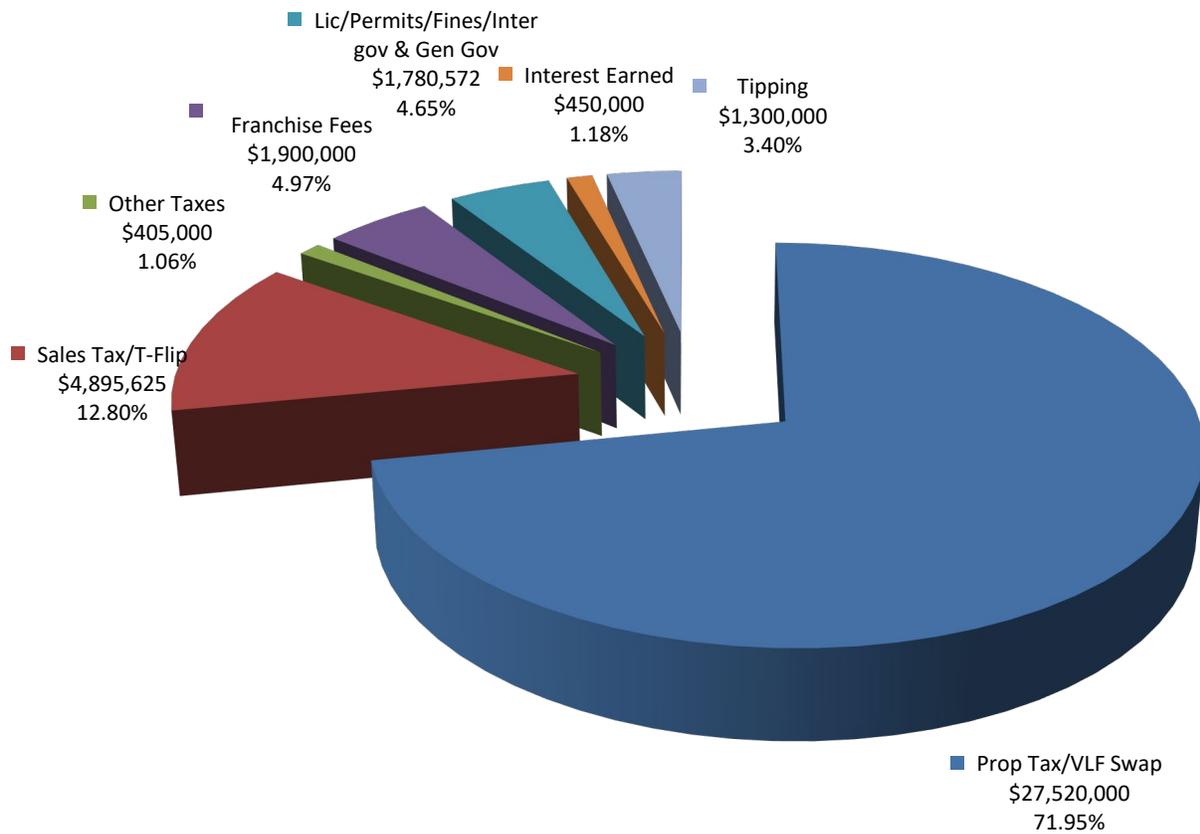
General Fund Revenues

Secured Property Tax revenues are projected to increase by approximately 5.07% or \$700,000. Primary factors contributing to the increase are property transfers, new home construction and Prop 8 assessments.

As a result of the increase in property tax, the Motor Vehicle In-Lieu Fees are projected to increase by 4.43% for the upcoming fiscal year. Sales Tax are projected to increase 16.56%.

Type of Revenue	FY 20/21 Budgeted	FY 21/22 Budgeted	Increase/ Decrease
Secured Property Tax	\$13,800,000	\$14,500,000	5.07%
Tipping Fees	\$1,300,000	\$1,300,000	
Motor Vehicle in Lieu	\$10,150,000	\$10,600,000	4.43%
Sales Tax	\$4,200,000	\$4,895,625	16.56%
Trans Occupancy Tax	\$375,000	\$375,000	
Court Fines and Fees	\$10,000	\$10,000	
Franchise Fees	\$1,600,000	\$1,900,000	18.75%
Enterprise MOU	\$933,333	\$1,266,666	35.71%

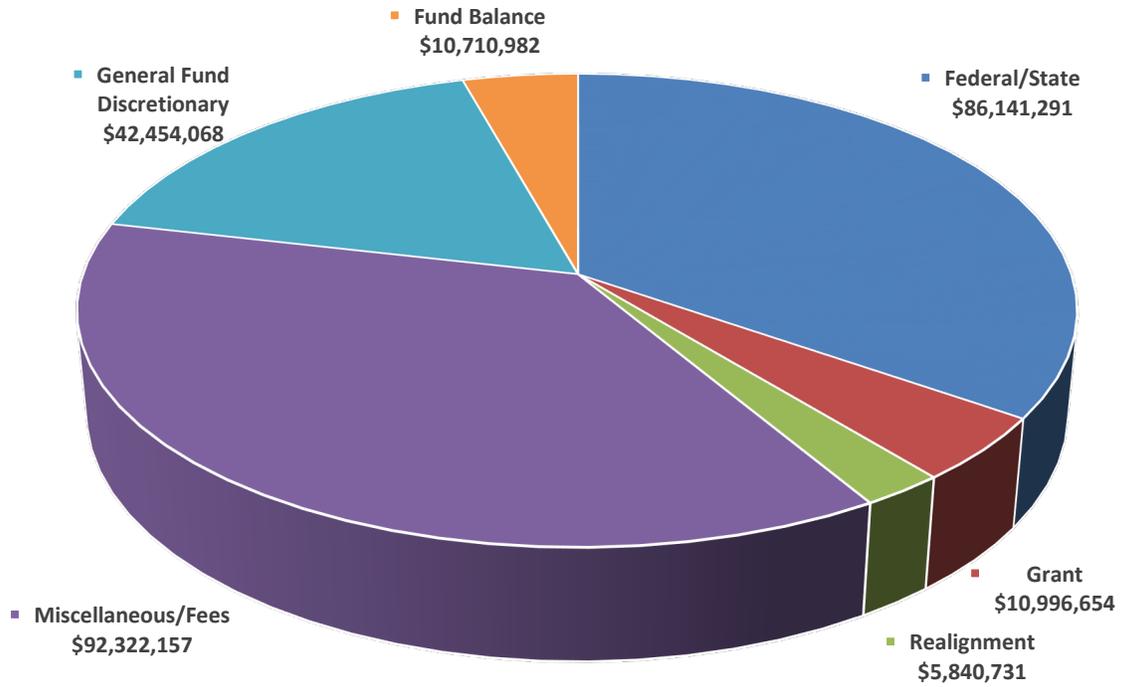
FIGURE 1: Total General Fund / Discretionary Revenue Sources \$38,251,197



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, and Public Works. 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 75%, or \$31.6 million, of all available General Fund revenue to augment state and federal revenue.

**FIGURE 2: Total of All Revenue Sources \$248,465,883
(General Fund and Non-General Fund)**



EXPENDITURES

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 \$248,465,883
(General Fund and Non-General Fund)**

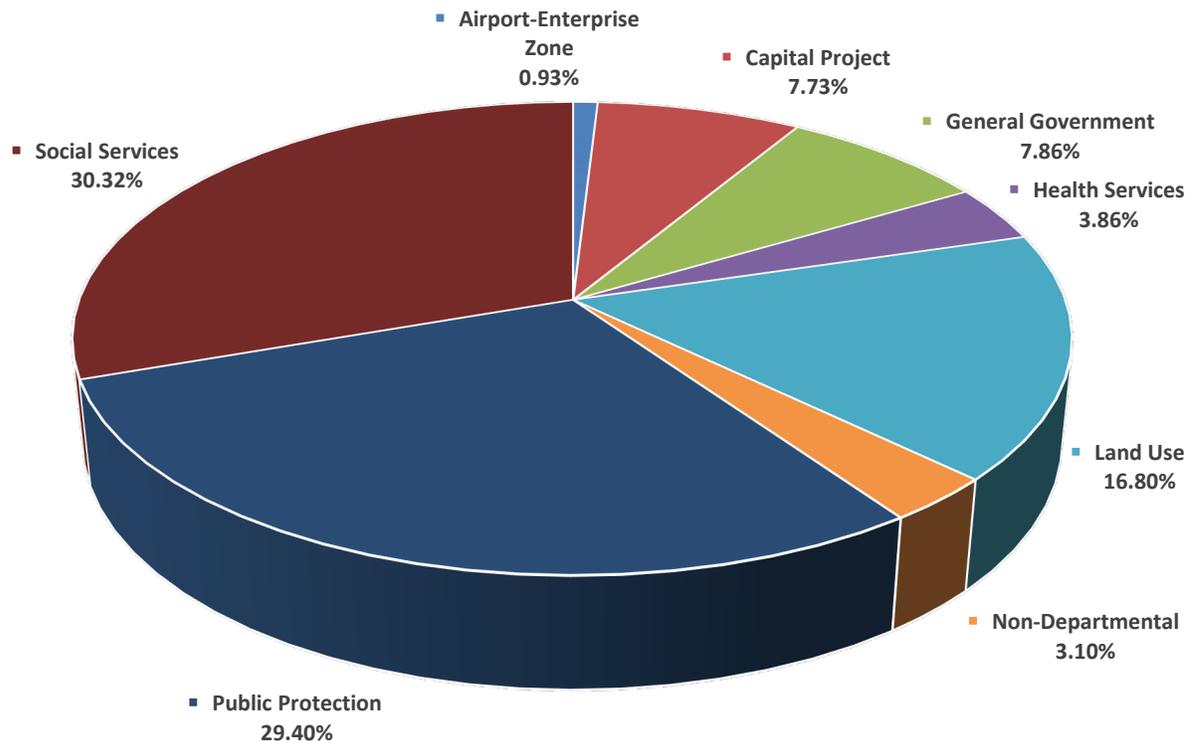
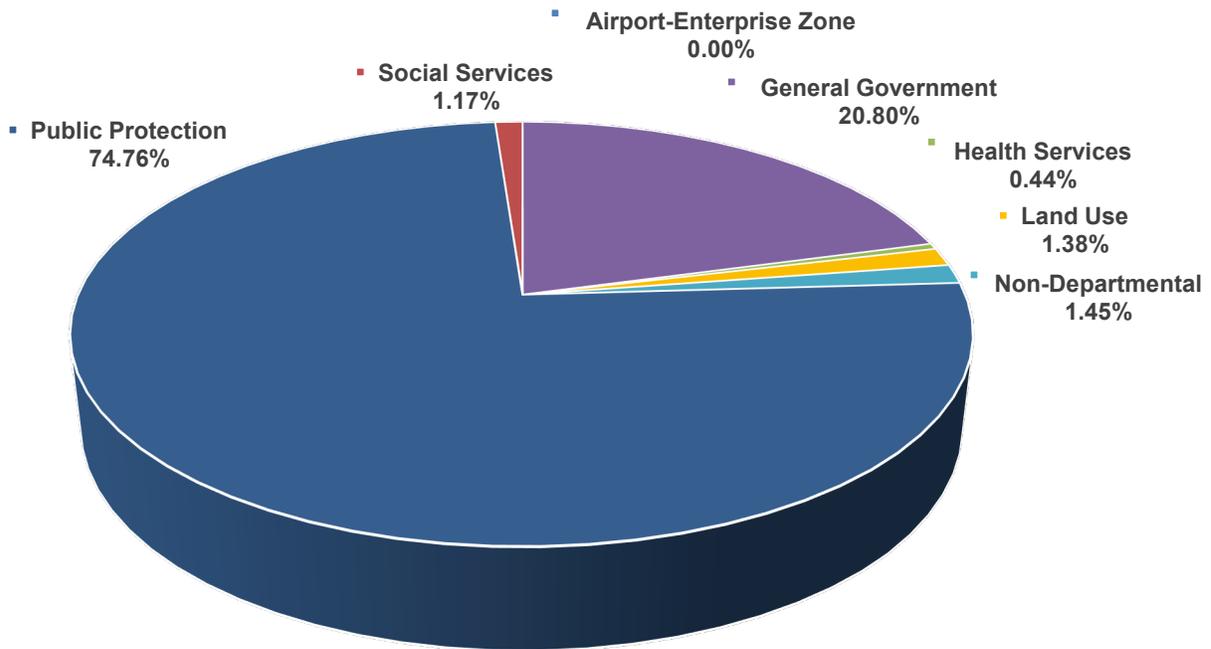


FIGURE 4: Total General Fund Expenditures by Function \$42,299,068



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

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 2021-2022 General 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 slightly under, we are fairly close to the stated goal at 9.67%. The proposed budget includes the current reserve amount, which is set at \$3,700,000. 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 2020-2021 \$ 3,700,000

FY 2021-2022 \$ 3,700,000

In addition to General Fund Reserves, the current balance in the Reserves for Economic Uncertainty fund that will be carried forward to FY 2021-2022 is \$1,513,369.

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 slightly lower than the amount that was budgeted in FY 2020-2021. This year's amount of \$614,582 is slightly over the base policy level of 1.5% by \$41,000 or 1.61%.

FY 2020-2021 \$ 960,000 General Fund Contingencies

FY 2021-2022 \$ 614,582 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

Debt Service

For Fiscal Year 2021-2022, the County will make debt service payments through its Debt Service Budget in the amount of \$7,119,267 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	\$5,525,452	Levee Impact Fees, TRLIA CFDs, YWA
Sheriff's Facility	\$537,698	Public Safety Fund
PW Equip Lease	\$35,067	Public Works Road Fund
SB1 Road Projects	\$1,021,050	SB1 Revenue, General Fund

In addition, the Utility ISF Budget will be making debt service payments in the amount of \$1,235,870 for the following solar projects.

<u>Project</u>	<u>Amount</u>	<u>Payment Source</u>
Solar Project #1	\$821,084	Energy Savings through Solar Generation
Solar Project #2	\$414,786	Energy Savings through Solar Generation, Federal Energy Subsidy Credit

WORKFORCE

For Fiscal Year 2021-2022, there are increases to our workforce in a few particular areas and slight decreases in others, resulting in a net allocated position total of 885, which are six (6) positions more than the current fiscal year. Recommended increases are primarily due to an increase in federal, state, and grant 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 eleven (11) new positions and the deletion of five (5) vacant positions, resulting in six (6) net new positions. The recommended new positions are located in Assessor (1), Community Development (4), District Attorney (1), Health and Human Services (3), and Human Resources (2). The recommended deleted vacant positions are located in Assessor (1), Child Support Services (2), County Counsel (1), and OES (1).

It is important to note Yuba County has approximately 183 (or 21%) fewer positions than it had in Fiscal Year 2007-2008.

FIGURE 5: Annual Position Allocation Totals



SUMMARY

It is recommended the Board of Supervisors:

1. Accept and adopt the Proposed Budget for Fiscal Year 2021-2022 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 2021-2022 Budget Workshops for August 10th and August 11th.
4. Set public hearings to commence September 14th for consideration and adoption of the Fiscal Year 2021-2022 Final Budget.

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

Respectfully Submitted,



Kevin Mallen

County Administrator