



Nevada County 2021-22 Proposed Budget

Alison Lehman
County Executive Office

CEO Budget Message

- Challenges of Covid-19
- Board Priorities



Fiscal Stability/
Core Services



Wildfire



Broadband



Economic
Development



Housing



Cannabis



Homelessness

- Continued Focus on Three Areas



Communication



Community
Engagement



Organizational
Excellence



Challenges Ahead

- **Covid-19 Response & Recovery**

- Community & Economic Recovery
- County Response & Recovery

- **Meet County Objectives:**

- Budgets that continue to meet critical needs
- Core Services & Board Priorities
- Infrastructure for COVID-19 and PSPS response
- Safety of staff and public; customer service

- **Support Community, particularly most vulnerable population and businesses**



Fiscal Report Agenda

- **Budget Overview**
 - Budget Development Process & Policies
 - Budget Highlights
- **Fund Balances**
- **Revenues and Expenses**
- **Other Notable Topics**
 - Capital Facilities and Infrastructure
 - State and Federal Budgets





Budget Overview

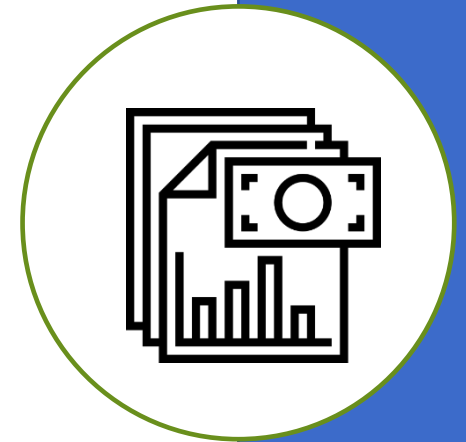
Process, Policies & Highlights

Budget Development Process



Budget Format

- Consistent format with process efficiencies
 - Financial Summary and In-Depth drill downs
 - Provides departmental narratives with mission, accomplishments, objectives
- Best Practice Government Finance Officers Association
- GFOA Distinguished Budget Award past 6 years
- Improvements
 - Stronger connection of budgets to Board Priorities
 - Long-term and Capital Asset Planning



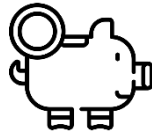
Financial Management Policies



Sound Fiscal Practices for a Healthy & Financially Responsible County



Budget Policies



Fund Balance Policy



Debt Management Policy



Pension Management Policy

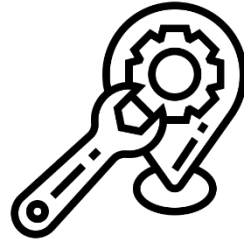


2021-22 Budget Policies



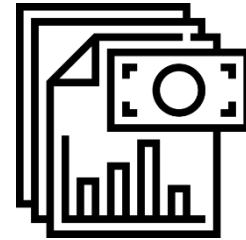
Fiscally Prudent

- Balanced budgets
- Fund balances: one time or planned use
- Vacancy review



Core Services

- Maintain service levels
- Reorganize & streamline
- Invest in technology

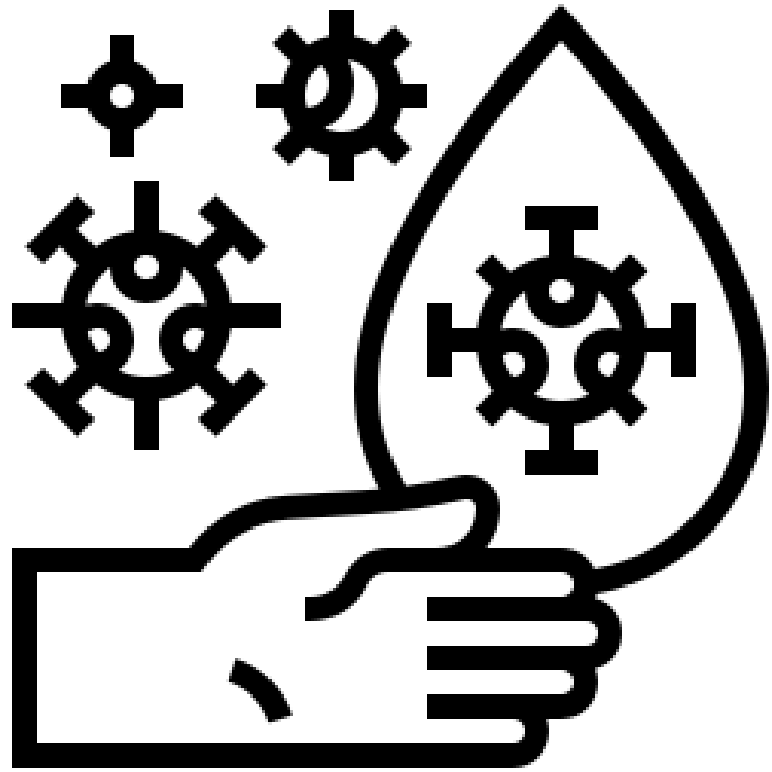


Transparency

- Standard budget format and public access



Budget Highlights – Covid-19 2020-21



| | | | |
|-----------------------------|--------------------|--------------------|-------------------------|
| Budgeted Impacts 20/21 = | Revenue (12.3M) | Expenses (7.4M) | Fund Balances (4.9M) |
|-----------------------------|--------------------|--------------------|-------------------------|

Continued major impacts to community, state, and county operations

Major focus of many staff and departments since March 2020

Mitigation

- Early implementation of cost savings plans
- Proactively applying for grants and state and federal dollars to meet COVID-19 impacts and other priorities
- Budgetary impacts not as widespread as expected

Budget Highlights – Covid-19 Response and Recovery

- Information and Board actions taken are available on the county website
- **Coronavirus Relief Fund – March 2020**
 - 30% of dollars to Community & Economic Resilience
- **American Rescue Plan Act (ARPA) – March 11, 2021**
 - Expenditure Plan reviewed 4/27/2021; 30% of dollars to Community & Economic Resilience
 - Acceptance of funds 5/25/2021
 - Continued review of US Dept of Treasury guidance
 - Initial priorities to be brought to BOS on 6/22/2021
 - Continued planning and periodic revision of Expenditure Plan through December 2024

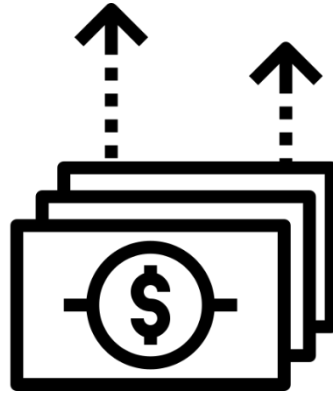


Budget Highlights - Revenue



\$297M

Total Revenue



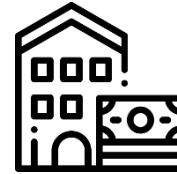
+12.9%
(\$34M)

from 20/21 Budget



+4.4% (2.7M)

Taxes



+26.7% (28.7M)

Federal/State



+1.0% (2.5M)

Other Revenue



-\$7.4M

Reduced Use of Fund
Balances

*20/21 budget comparison excludes COVID-19 impact



Budget Highlights – Federal & State Revenue

+26.7% (\$28.7M)

+\$15.1M Road Capital Improvements

+\$3.3M Transit

+\$8.1M Health & Human Services Agency: \$3.3M Public health Emergency Medical & Preparedness; \$1.2M Adult Behavioral Health; \$2.1M various Social Service budgets

+\$845K Regional Housing Projects



Budget Highlights – Other Revenue

+\$400k Cannabis Tax

-\$1.4M Juvenile Hall

Closure and replacement with alternative programming

+\$912k

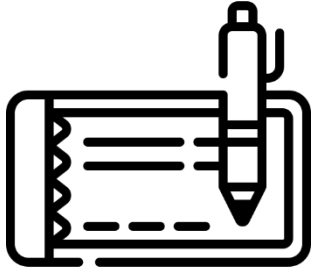
Housing/Homelessness

+\$164k

Office of Emergency Services

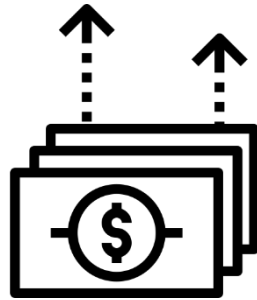


Budget Highlights - Expenses



\$300M

Total Expenses



+9.7%

(\$26.5M)

from 20/21 Budget



+3.8% (\$4.3M)

Salaries & Benefits



+4.4% (\$3.53M)

Services & Supplies



+3.6% (\$2.0M)

Other Charges



261.3% (\$19.3M)

Capital Assets



*20/21 budget comparison excludes COVID-19 impact

Budget Highlights – Expenses

Roads Capital Improvements +\$15.5M

- Donner Pass Road, Soda Springs Bridge
- High Friction Surface Treatment, Resurfacing, & Striping
- CalFire Egress/Ingress Fire Safety

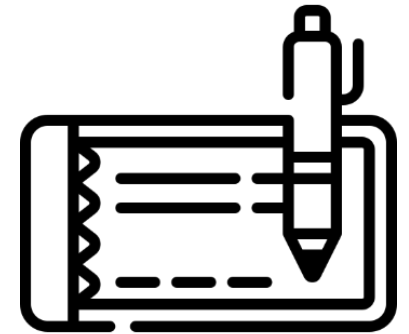
Transit +\$2.5M Electric buses, paratransit vehicles

Health and Human Services Agency +\$4.8M

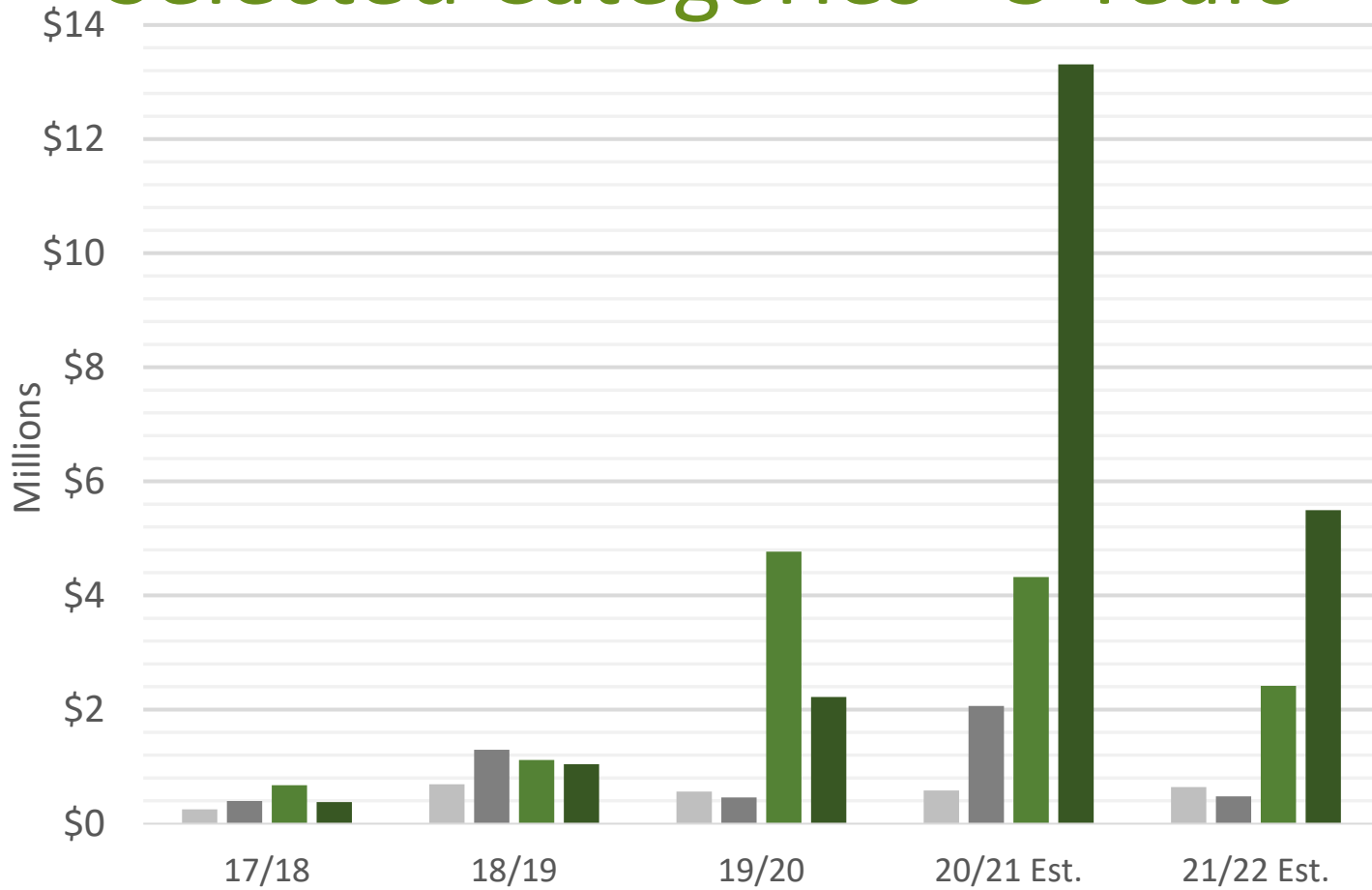
- +\$3.2M Emergency Medical & Preparedness
- +\$2.4M Housing Services Capital Expenses
- -\$800k other budgets mostly Child Support Services and Realignment

Sheriff Department +\$2.6M

- +\$1.0M Increase in Jail Medical Contract
- +\$1.5M Various Equipment/Vehicles, Media Redaction, Other



Board Objective Expenditures Selected Categories - 5 Years



Highlights 2021/22:



Office of Emergency Services for wildfire and emergency preparedness



Cannabis Policy & Compliance



Housing Programs



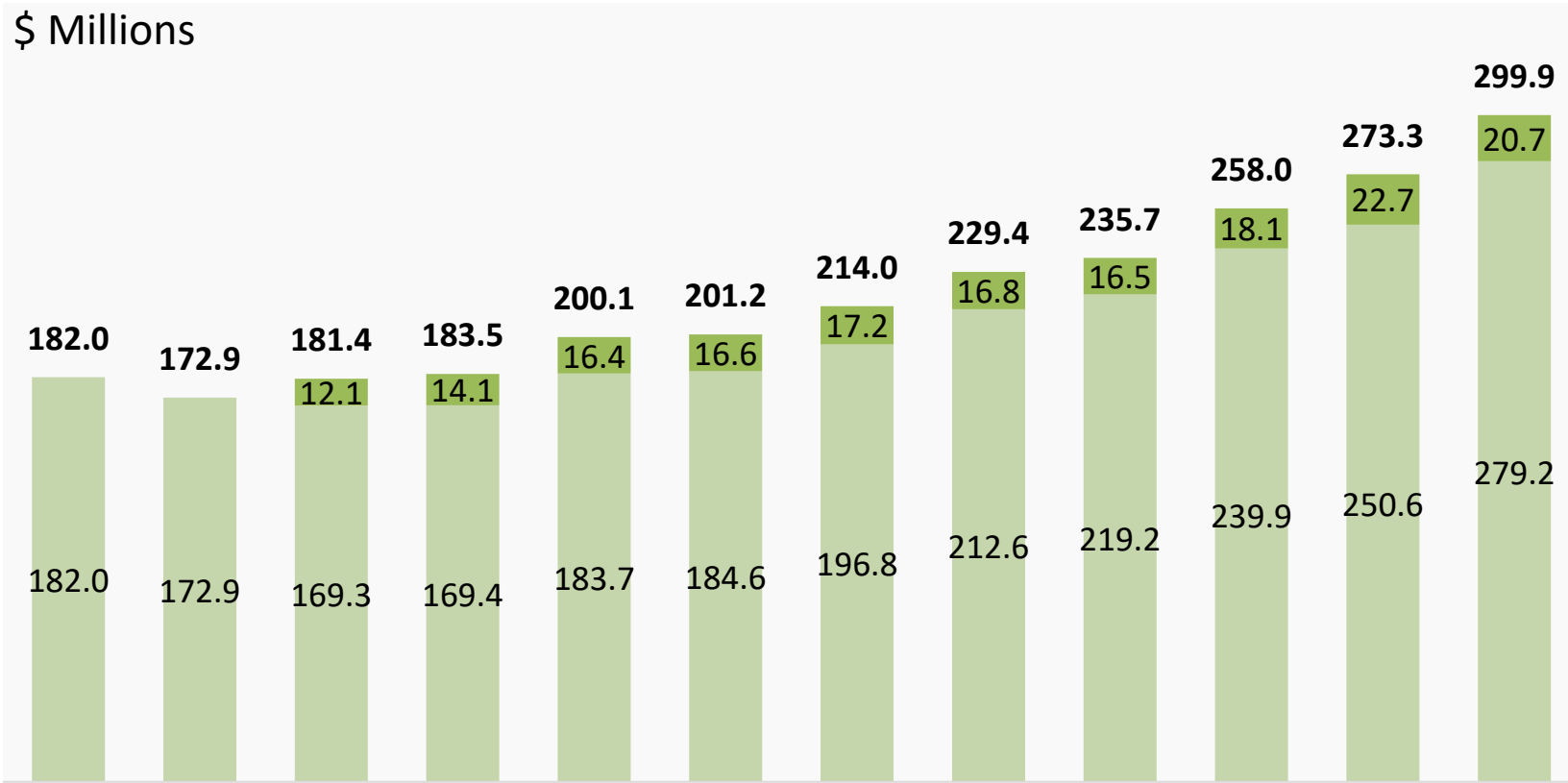
Economic Dev./Tourism/Arts

- Cannabis Activities
- Economic Development
- Emergency Management
- Housing Services Administration



Total County Budget

\$ Millions



2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19 2019-20 2020-21 2021-22

Note: Area in dark green is the effect of 2011 realignment

\$299.9M

Total Budget

\$20.7M

2011 Realignment
Impact in 2021/22

11.1%

Increase Net of
Realignment

4.9%

Avg. Annual Increase
Net of Realign. past 11
years





Fund Balances

General Fund & Major Operating Funds

General Fund—Current Year 2020/21 Adopted Budget

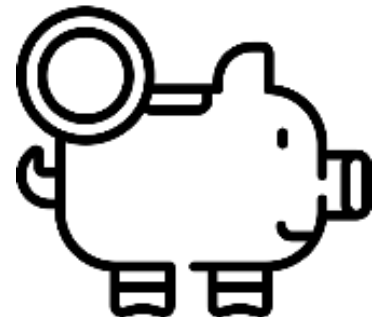
-\$1.85M Planned Use of Fund Balance

-\$2.00M General Purpose COVID-19 related

+\$1.17K Board of Supervisors GF Assignments

-\$2.68M Net Use of Fund Balance

=\$29.4M 20/21 Ending Fund Balance



General Fund—2020/21 Plan Updates

=\$34.3M 19/20 Ending Fund Balance

-\$4.0M Use of Funds (phones, facilities, broadband, relief fund, pension trust)

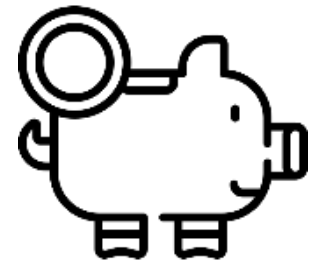
+\$3.0M Net One-Time Operating Revenue/Expenses

-\$2.68M Budgeted Net Use of Fund Balance

=\$30.7M 20/21 Ending Fund Balance

+\$1.7M Net PGE settlement (\$3.4M-\$1.7M 20/21 expenditure)

=\$32.4M 20/21 Ending Fund Balance



* 20/21 Year-End Results Will Determine 6/30/21 Fund Balance



General Fund Recommended Reassignments for 2019/20



Policies & Plans

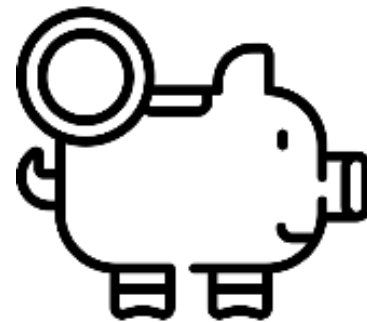
-\$3.0M from Unassigned to Offset Other Reassignments

+\$320K Economic Development Infrastructure True Up

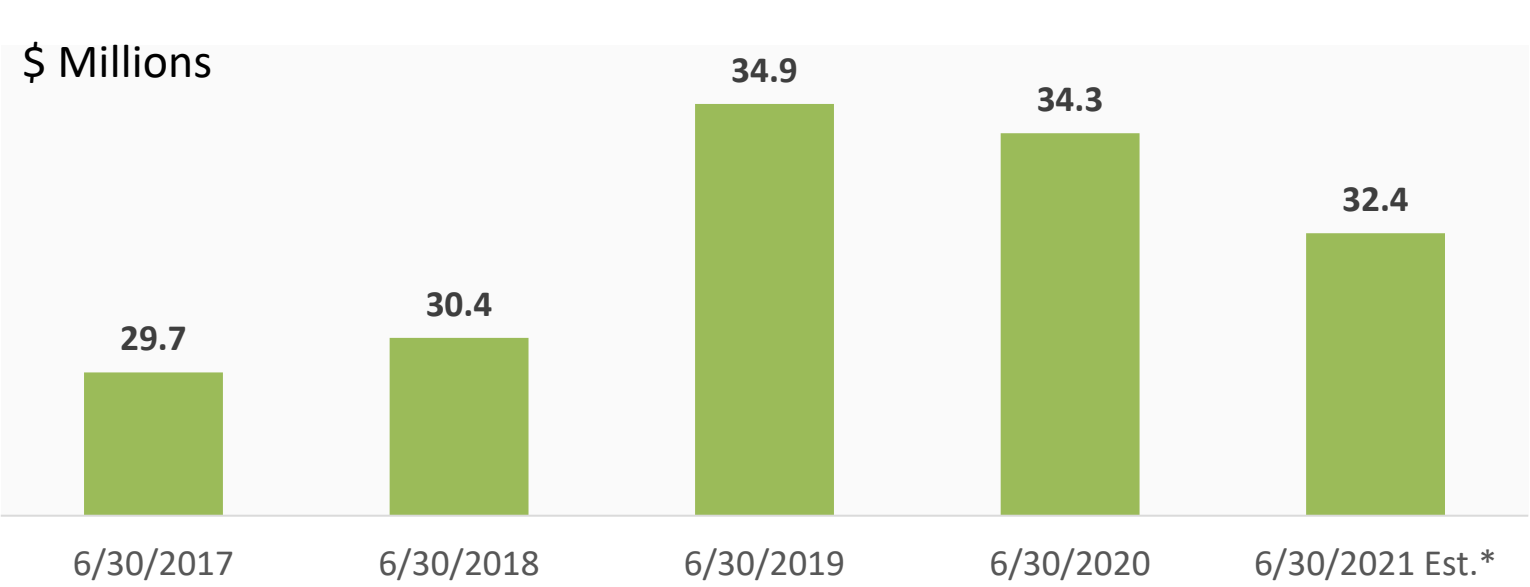
+\$635K for Facilities Planning

+\$2.0M for Pension Assignment

= \$32.4M Net Zero Impact on General Fund Balance



General Fund Balance & Reserves 6/30/2021 Est.



| Total 6/30/21 | \$32.4M |
|---|---------|
| General Purpose | \$7.6M |
| Economic Development Infrastructure | \$1.9M |
| Facilities Planning | \$5.3M |
| Information Systems Infrastructure | \$589K |
| Pension Contrib. | \$4.6M |
| Restricted | \$2.65M |
| Other Commitments, Assignments & Unassigned | \$9.8M |

*6/30/2020 balance excludes \$1.7M held in Pension Trust & \$2.2M San District Advance for Solar Panels



General Fund—New Year 2021/22

=\$32.4M 20/21 Ending Fund Balance

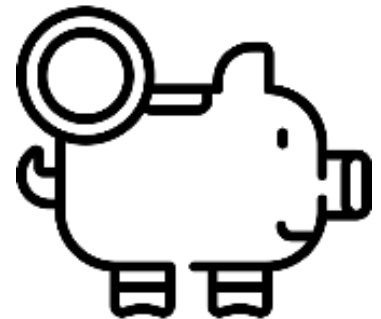
-\$1.87M Use of Fund Balance

+\$300K Information Systems Infrastructure

+\$839K Economic Development Infrastructure

-\$721K Net Use of Fund Balance

=\$31.6M 21/22 Ending Fund Balance

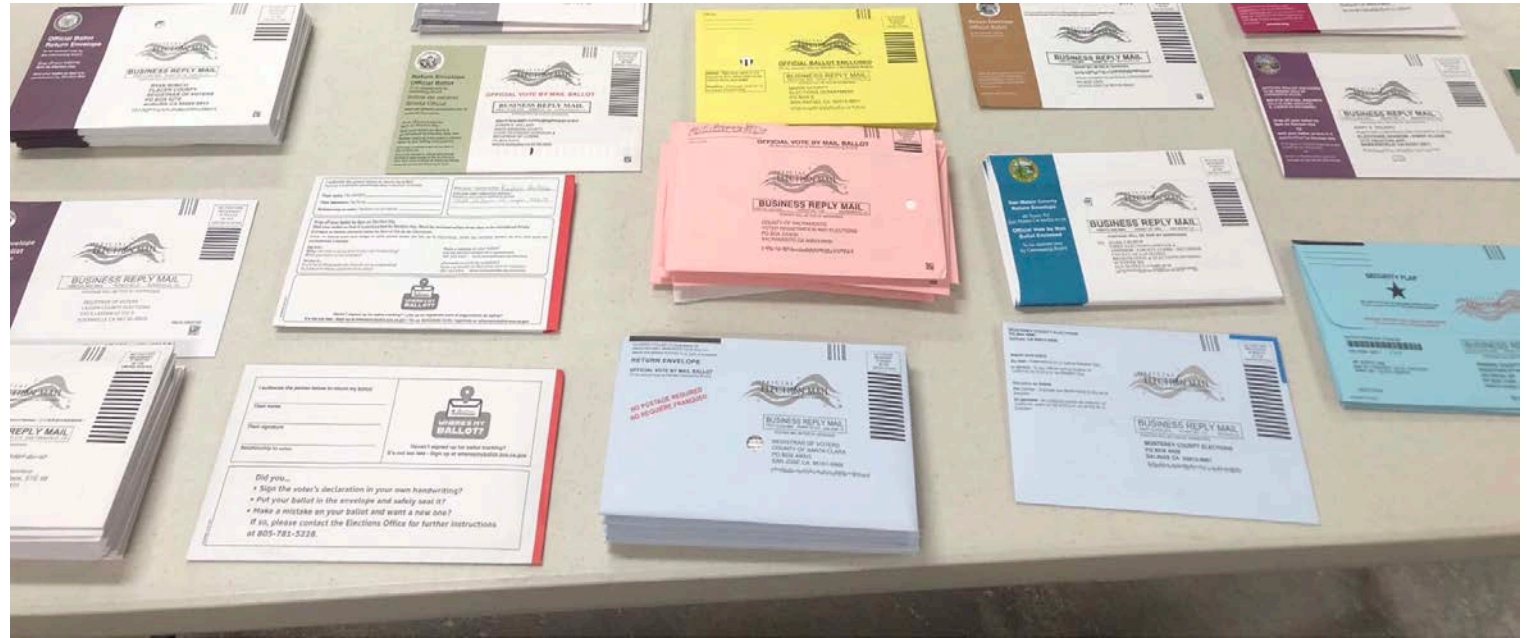


Other Operating Funds 2021-22

\$Millions

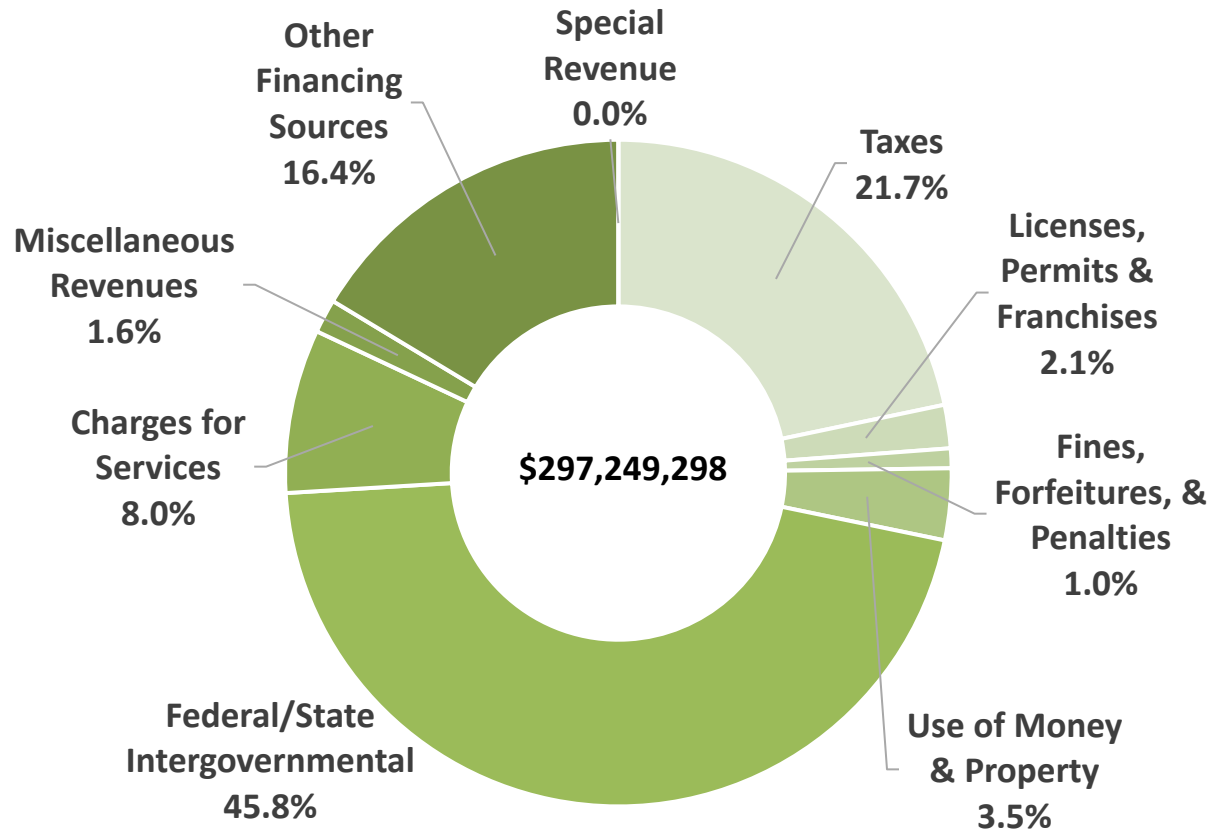
| | Revenue | Expense | Variance* | Fund Balance June 30, 2022 |
|------------------------------------|--------------|--------------|--------------|-------------------------------|
| Roads | 36.0 | 35.8 | 0.2 | 5.4 |
| CDA | 9.8 | 10.0 | (0.2) | 3.7 |
| Transit Services | 8.3 | 8.3 | - | 0.5 |
| Library | 5.7 | 5.5 | 0.2 | 5.8 |
| Airport | 1.4 | 1.3 | 0.0 | 0.4 |
| Health & Human Service Agency | 90.9 | 90.3 | 0.6 | 22.8 |
| Realignment Funds | 25.7 | 30.2 | (4.5) | 13.6 |
| Total Other Operating Funds | 177.8 | 181.5 | (3.6) | 52.1 |





Revenues 21/22 Budget

Revenues – Total County Budget

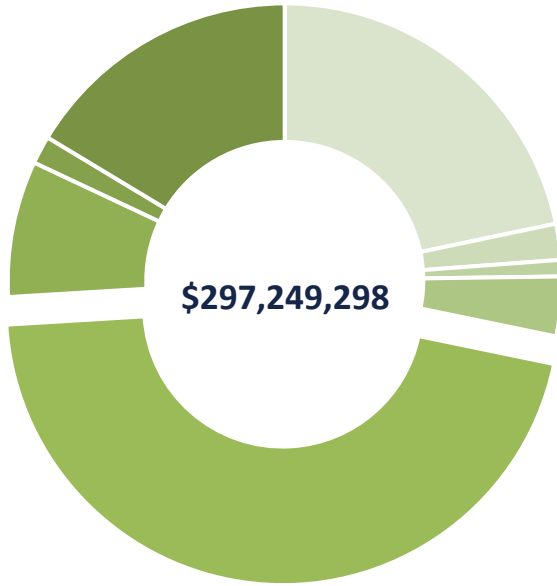


\$297M Revenue = +12.9% (\$33.9M) Higher than 2020/21 Budget

\$136M Federal & State = 46% of Budget (large shares to Health & Human Svc, Public Safety & Roads); increase of 26.7% (\$28.7M)

\$64.5M Taxes = 22% of Budget; Local Sources of Property Tax, Sales and Other Taxes; increase of 4% (\$2.7M)



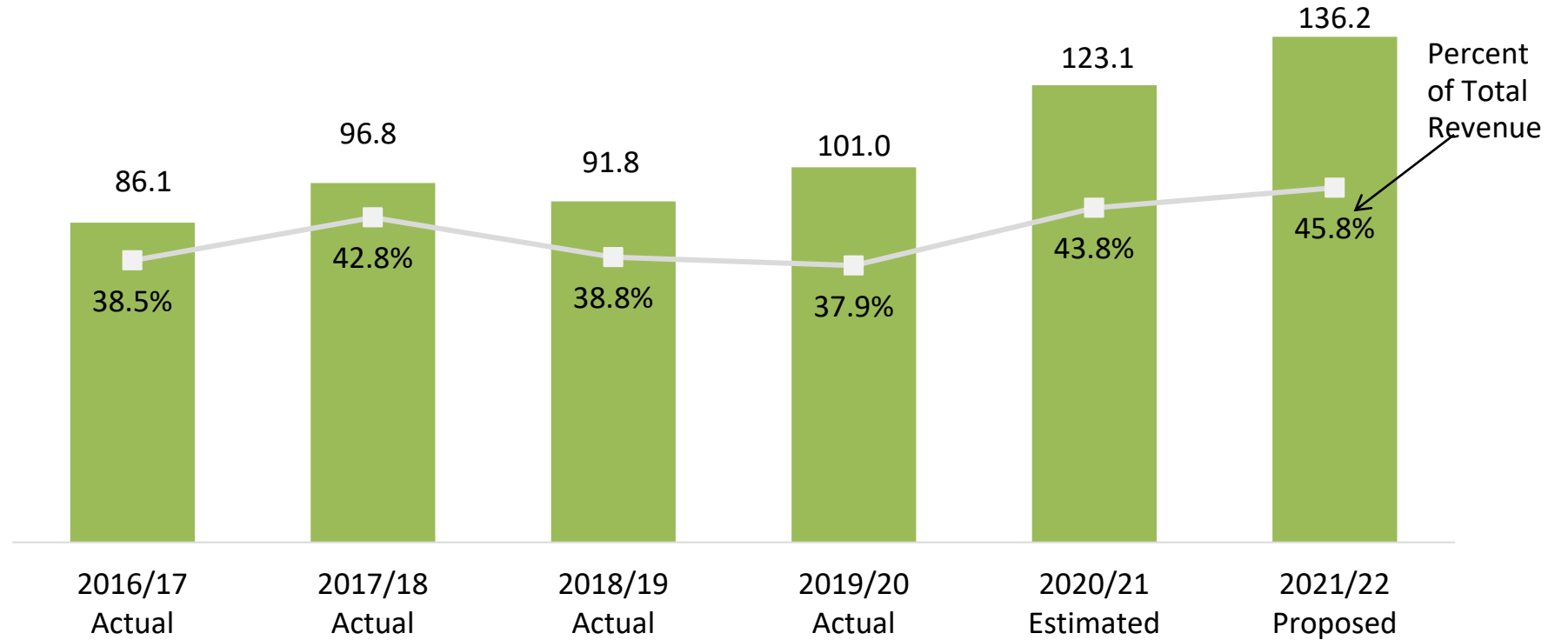


**Federal/State
Inter-governmental, 45.8%**

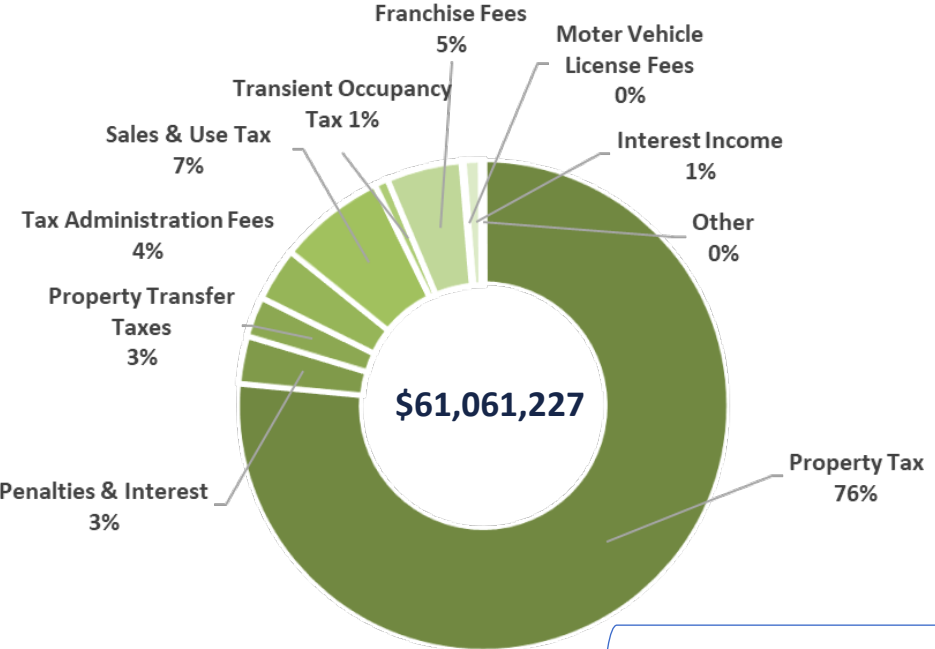
History of Revenues by Source

Fed/State Intergovernmental Revenues

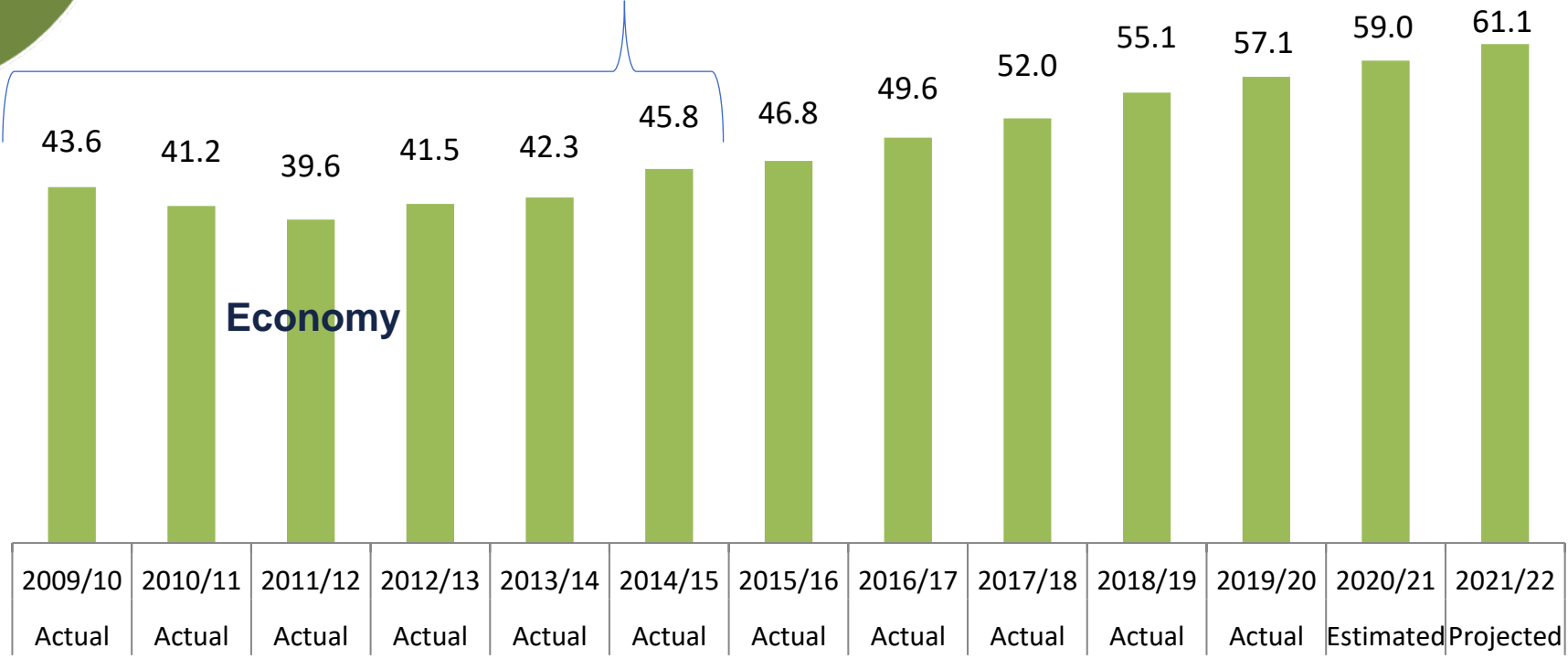
\$ Millions



General Fund Discretionary Revenue



GF Discretionary Revenue
\$millions
(21% of Total County Revenue)

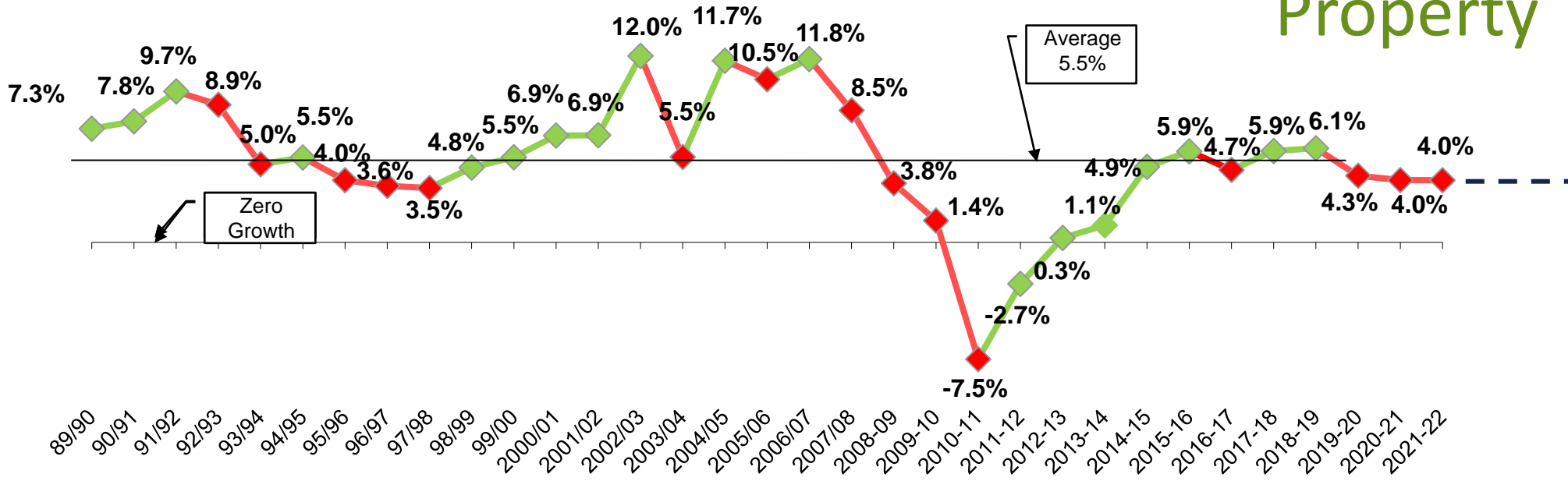


Economy

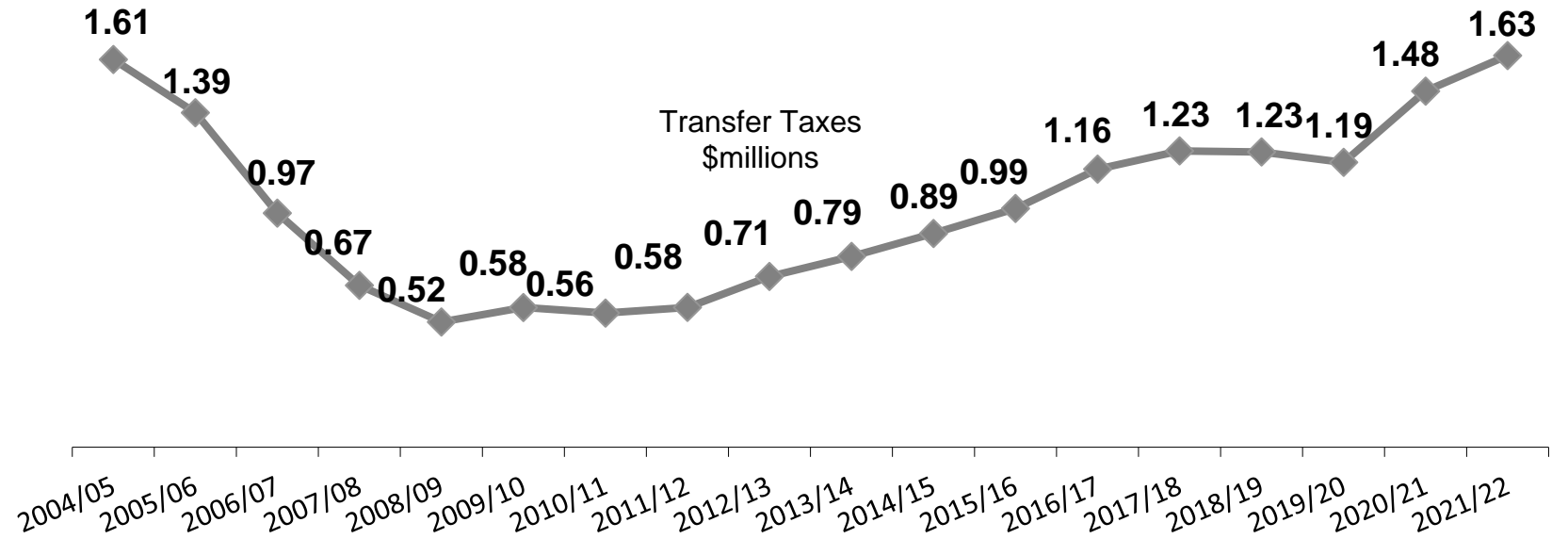
-\$13M Cumulative Reduction in Revenue



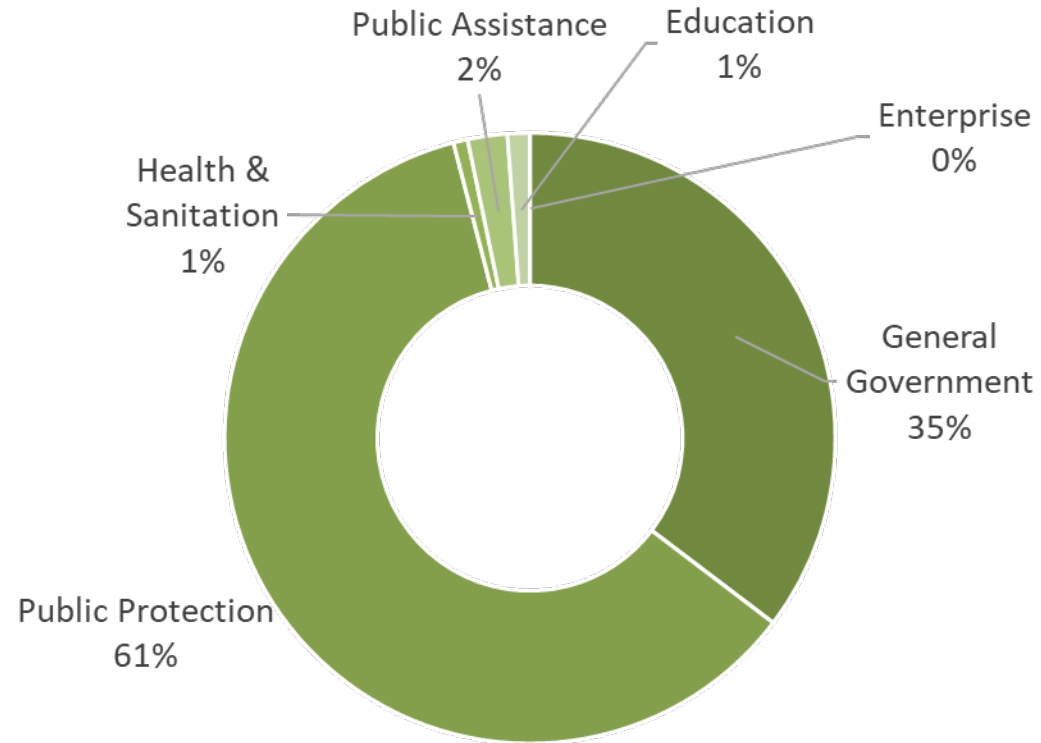
Property Tax Growth Rate



Property Tax Trend



Uses of Discretionary Revenue



Board Objectives:

Wildfire, Broadband, Economic Development, Housing, Cannabis, Homelessness

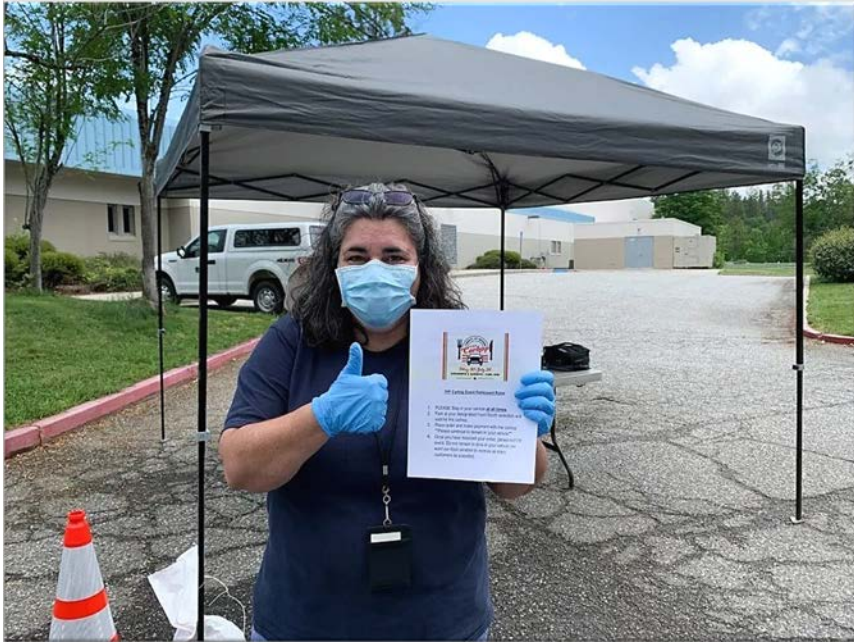
Public Protection Includes:

Office of Emergency Services, Sheriff, District Attorney, Probation, Conflict Indigent Defense, Ag Services, Planning, Code Compliance, Cannabis Compliance, Grand Jury

General Government Includes

Clerk of the Board, CEOs Office, Assessor, Auditor-Controller, Treasurer Tax-Collector, Human Resources, County Counsel Purchasing, Building and Debt Financing, Elections, Facilities, Information Systems

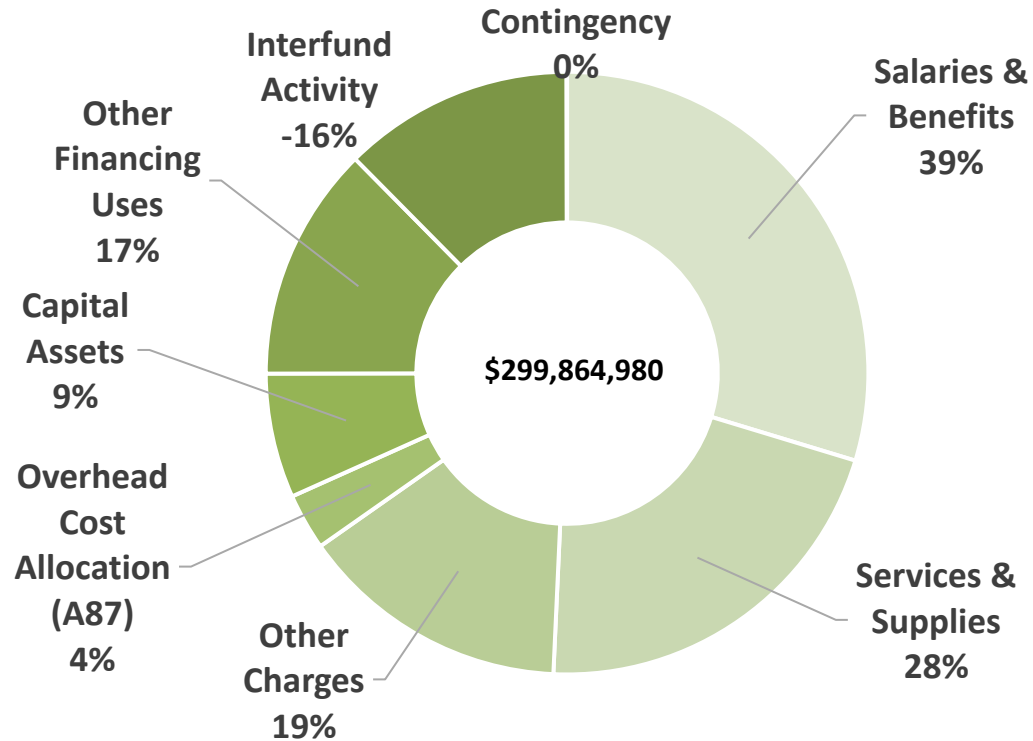




21/22 Expenditures

Staffing, Pensions & Infrastructure

Expenditures by Class



\$300M Expenses = +9.7% (\$26.5M) Higher than 2020/21 Budget

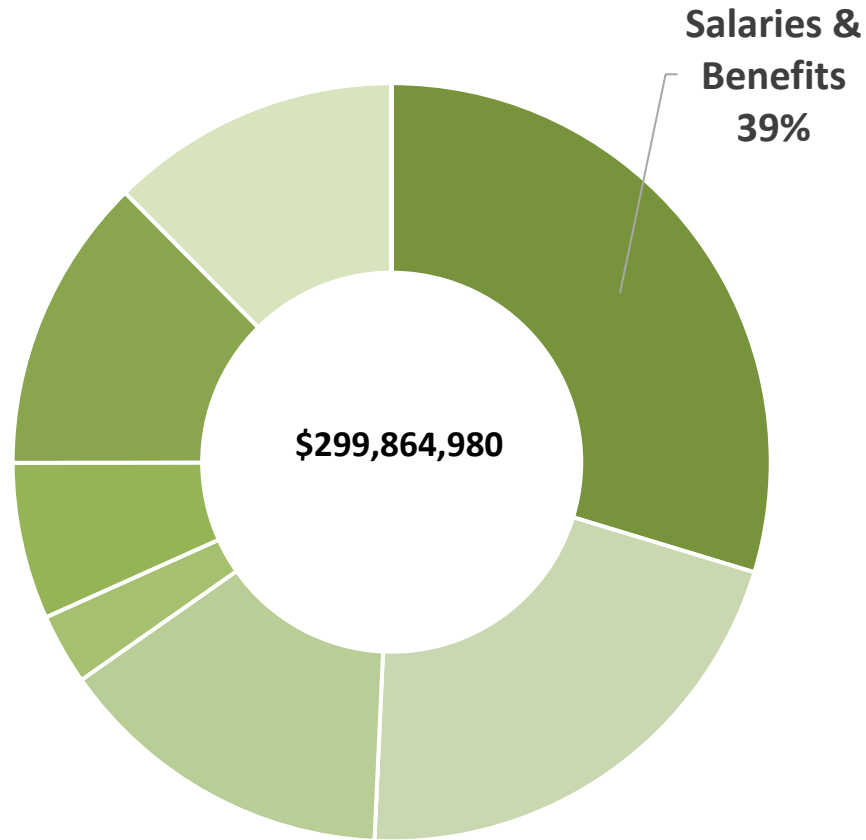
\$118M Salaries & Benefits = 39% of Budget, increase of 3.8% (\$4.3M)

\$83.9M Services & Supplies = 28% of Budget increase of 4.4% (\$3.5M)

\$26.6M Capital Assets = 9% of Budget increase of \$19.3M



Salaries and Benefits



\$118.4M vs. \$114.1M

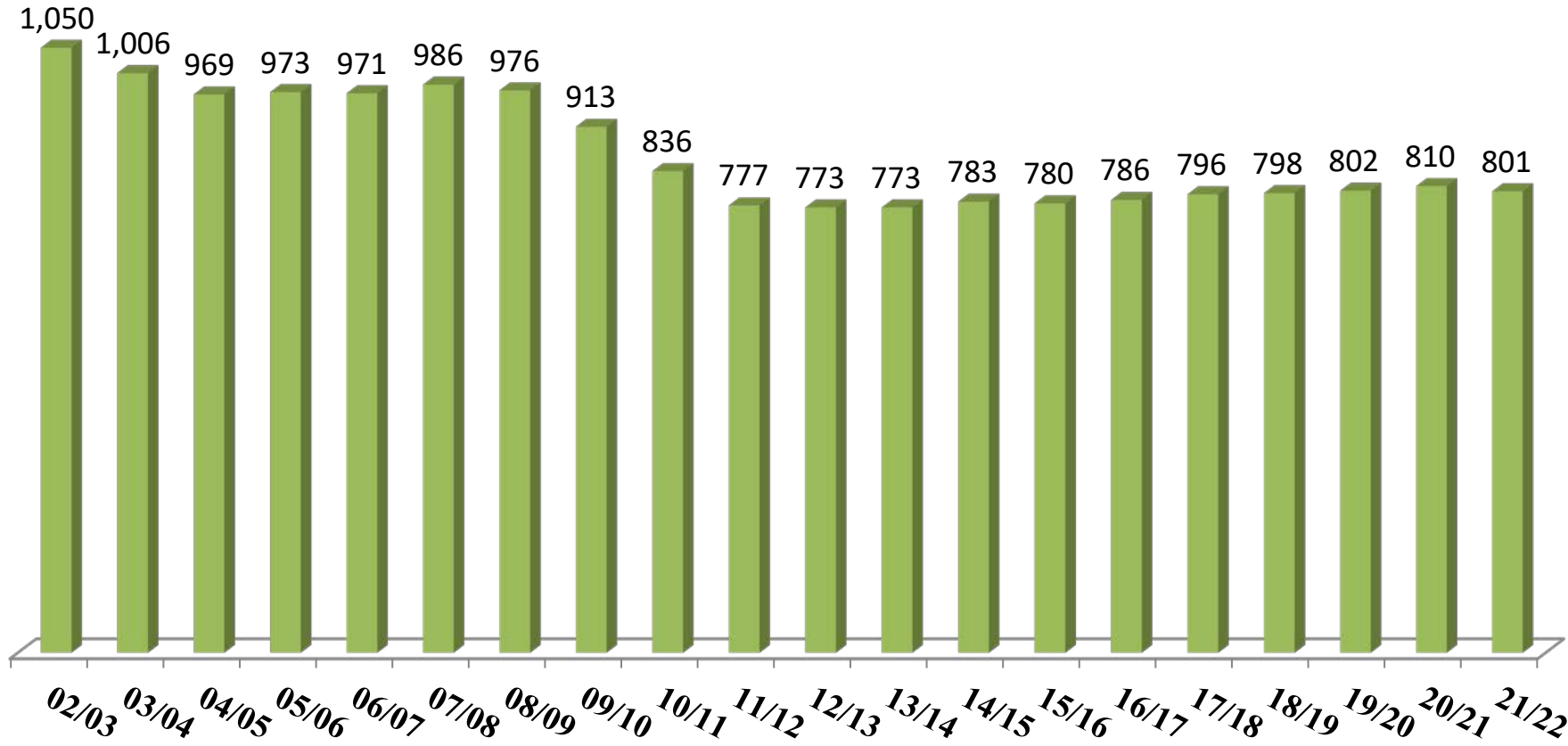
+ 3.8% (\$4.3M) increase from 2020/21 Budget

Average Annual Increase
= **5.0%** for Past 5 Years



Staffing

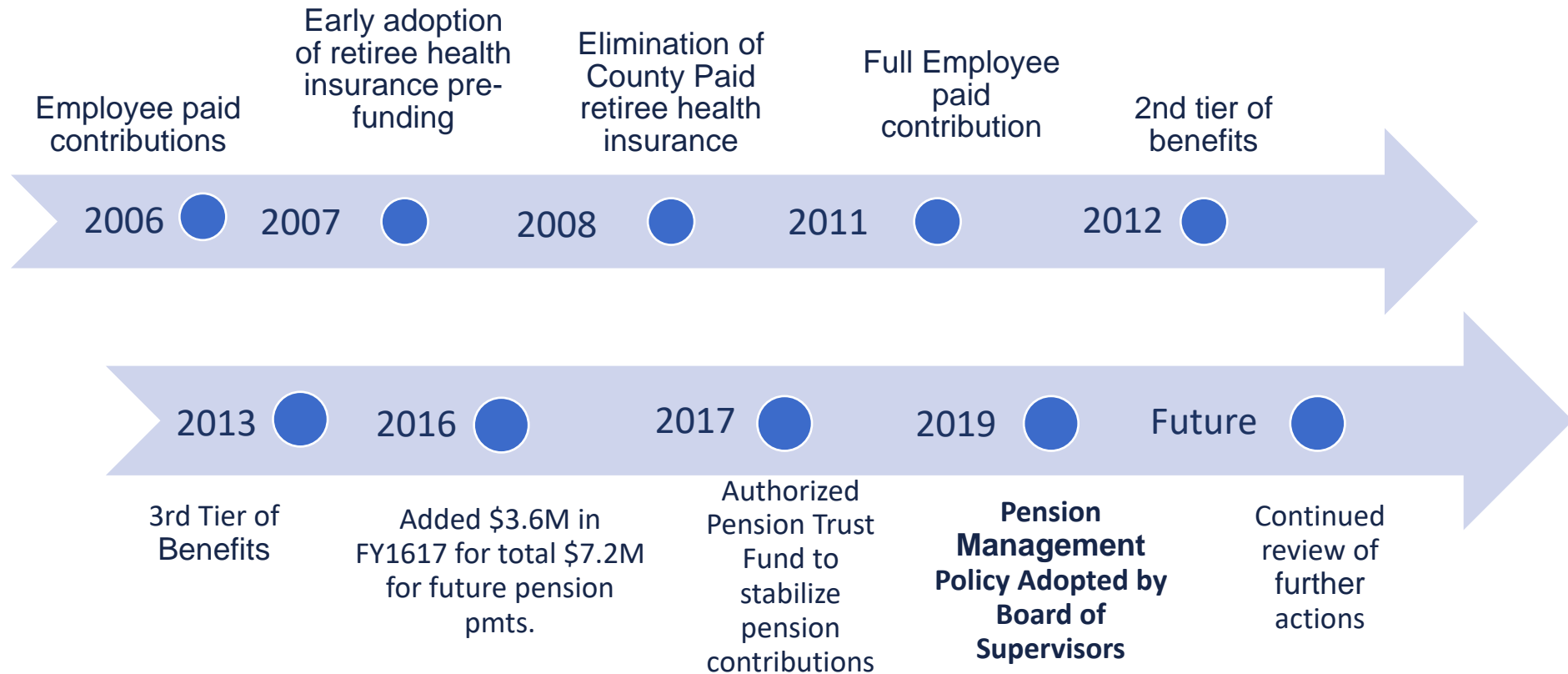
Full Time Equivalents



County Employees Per 1000 Population = 8; only Placer is Lower Among Comparison Counties



Public Pension Cost Control Policies:



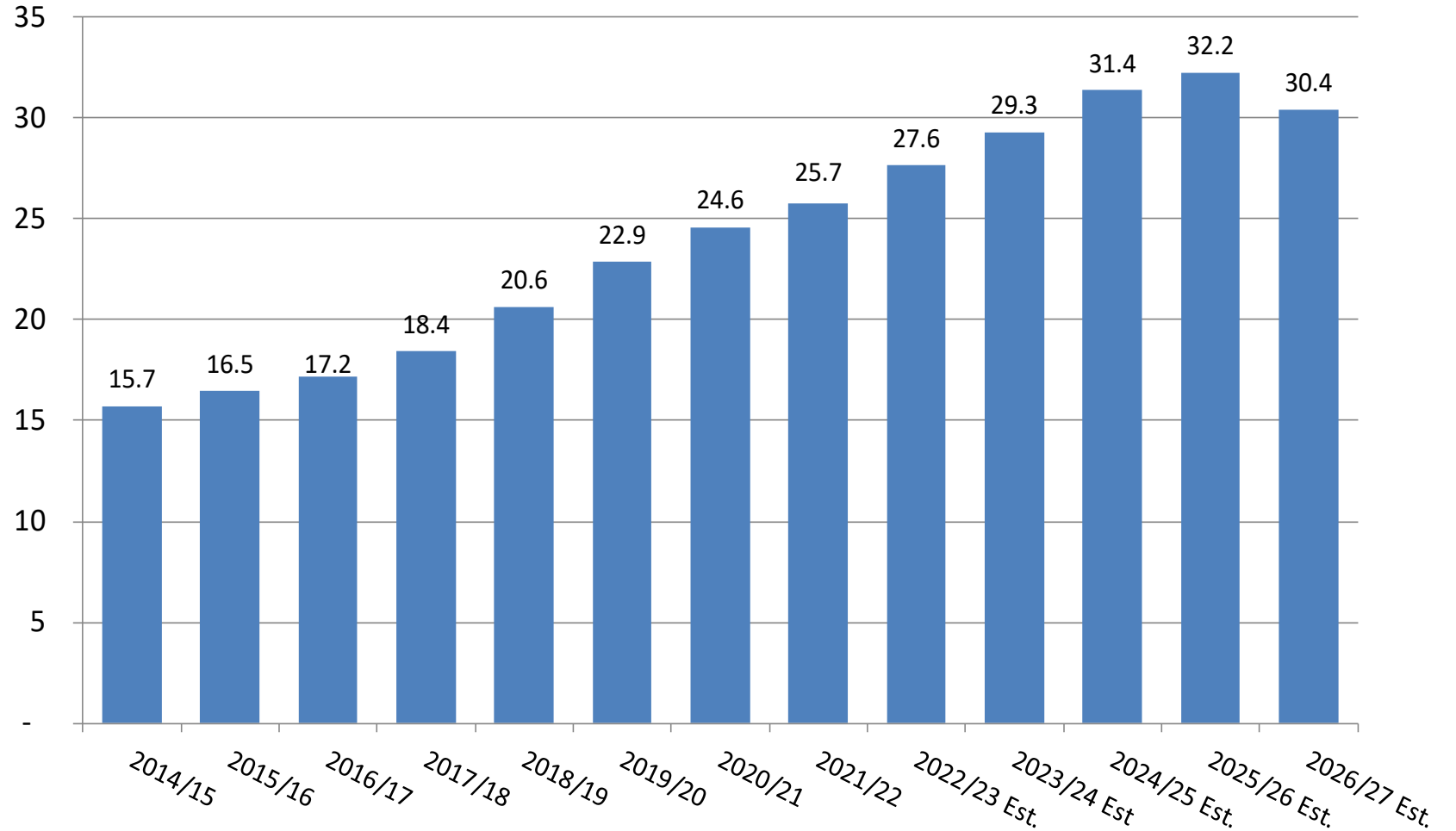
- Never authorized “spiking” of pensions
- Focused staff reductions and vacancy review
- Identified alternate service delivery methods such as contract for services
- Savings through prepayment of premiums when cash flow allows



Pension Costs

| Pension Stats | 20/21 | 21/22 |
|------------------------------|--------------|--------------|
| Funded Ratio | 65% | 65% |
| Unfunded Liability | \$216M | \$224M |
| Total Assets | \$394M | \$413M |
| Retiree Health (OPEB) | | |
| Funded Ratio | 54% | 54% |
| Unfunded Liability | \$24M | \$24M |
| Retiree Health (OPEB) Rate | 5.3% | 5.3% |

Nevada County Cost of Misc. & Safety Pensions

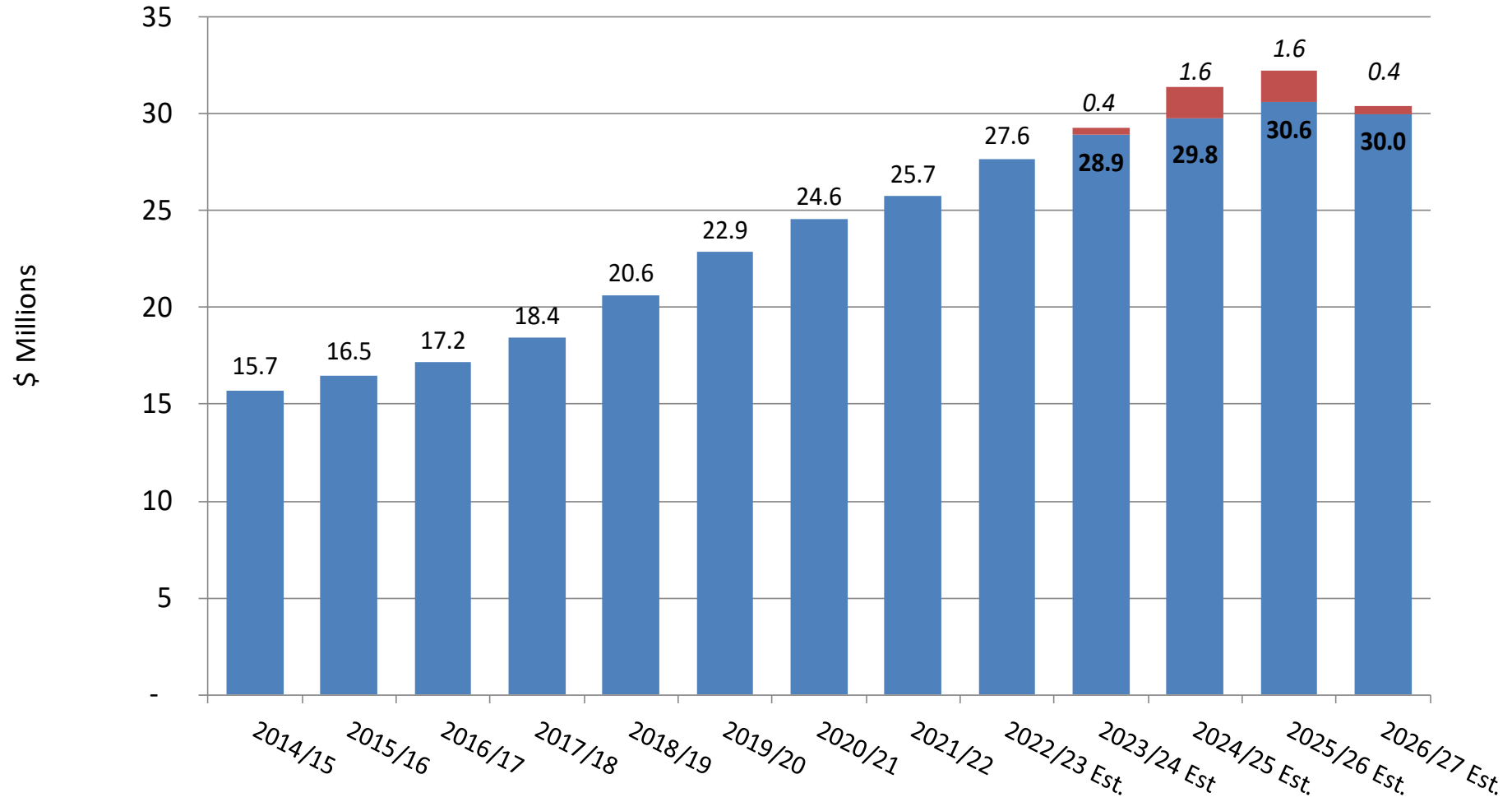


Data through 2020/21 from CalPERS actuarial reports



Pension Costs

Nevada County Cost of Misc. & Safety Pensions w/ Pension Trust Stabilization



Assumes Pension Trust Target Amt. = \$4,010,947

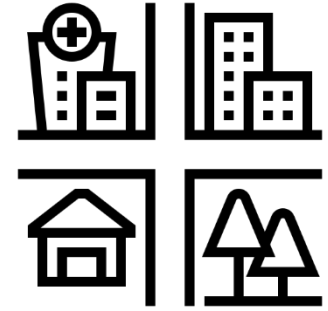


Pension Management Strategies

- Prepay 21/22 Safety Unfunded Liability if cash flow allows
- Prepay 22/22 Miscellaneous Unfunded Liability if cash flow allows
- Review and consider use of and/or additional deposits to Pension Trust funds to mitigate future impacts



Capital Facilities & Infrastructure



McCourtney Road
Transfer Station

Animal Shelter
Improvements

Truckee Library

Other Library
Improvements

Juvenile Hall /
Relocation of Dispatch

Jail Reconfiguration

Joseph Center
Improvements

Current Corp Yard (Lot
6) Re-use

PSPS Resiliency

Current Projects

Roads

Deferred
Maintenance

ADA
Accessibility

Energy
Neutrality

Ongoing Projects

US Forest Service
Building/Lease &
Related Space

Storage Space
Consolidation

Courthouse

Hwy 49 Office
Building

HHSA
Consolidated
Campus

Future Projects in Planning





What's Ahead

State and Federal Budgets

State Budget

- Governor's May Revision expands on the positive revenue assumptions in the January Proposal
- Anticipates 24B in reserves at end of FY 21-22
- Significant increases in revenue for programs and services
 - 90% classified as "one-time" costs, many spread over multiple years
- Some proposed programs could have significant impacts on County operations



State Budget (cont.)

- Significant one-time funding for programs/services
- Key areas of interest include:
 - Homelessness
 - Emergency Preparedness
 - Broadband
 - Cannabis
 - Recreation



Federal Budget

- American Rescue Plan Act of 2021
 - Direct allocation to County (Local Fiscal Recovery Fund)
 - Extended eligibility period (through 12/31/2024)
 - Other funding available for specific programs and for businesses/organizations within the county
- Other Federal efforts
- Cuts to funding for services unlikely in near term



Continued Challenges

Threats

- Pandemic Response & Recovery
- Wildfire/Emergency
- Pensions
- Continued Realignment of Programs



Thank You!

From the CEOs Office



Budget Subcommittee

Auditor-Controller

Interim Budget Analysts

Department Heads, Managers and Staff





Nevada County 2021-22 Proposed Budget

Alison Lehman
County Executive Office