

MINUTES

County of Inyo Board of Supervisors

September 6, 2016 – Budget Hearing (Timed Item During Regular Meeting), 1:30 p.m.

PUBLIC COMMENT

Chairman Griffiths asked for public comment and there was none.

BUDGET MESSAGE

CAO Carunchio presented the FY 2016-2017 Budget Message. Carunchio provided the Board with a hard copy of the Budget Message PowerPoint presentation, and also handed out an Addendum and Errata Sheet to accompany budget packets. He thanked the members of his budget team, especially Auditor-Controller Amy Shepherd and Senior Budget Analyst Denelle Carrington, for their hard work and support in preparing this year's budget, and acknowledged and thanked the Department Heads for their efforts to control departmental spending with as little impact as possible to the services they provide. Supervisor Kingsley interjected to thank Carunchio his budget message, which was clear and informative. Auditor-Controller Amy Shepherd certified the 2016-2017 General Fund Balance as \$3,859,467, which leaves \$205,353 in unbudgeted Fund Balance available for additional needs in the budget. Carunchio told the Board the County didn't have to use this money, but if it did, the money should be used as a one-time expense. Carunchio said the 2016-2017 budget accomplishes quite a bit, including maintaining programs and services priorities established by the Board. Carunchio then cited some challenges on the horizon for next fiscal year: increased dental and vision costs; three new labor contracts; pension costs for non-safety employees; and rising health insurance costs. He said CalPERS is always a wildcard, and in 2017-2018 the County will be required to pay \$2.7 million in unfunded liability, either through monthly payments or a lump-sum payment. Shepherd noted the lump-sum payment qualifies the County for a \$90,000 discount. Carunchio said a 20-year amortization plan adds \$764,304 a year in General Fund revenue and saves the County \$12.8 million over time, while a 10-year amortization plan adds \$1.1 million and saves the County \$26 million. Carunchio said the question to consider, then, is whether there are enough opportunities to reduce costs or increase revenue to face these challenges. He cited possible ongoing General Fund savings in the form of eliminated after-school program contracts, a vacant probation officer position, possible loss of a clerical position in Environmental Health, and streamlining of kitchen services. He also noted that about half a million in expenditures this year were one-time expenses. Some ongoing opportunities to find savings exist in strategically using Criminal Justice and HHS Realignment funds, reviewing and revising the County Vehicle and Travel policies, insisting grants be used to offset General Fund costs whenever possible, and investigating alternatives to contract laundry services. He also noted that Juvenile Services Redesign is underway and although it required more spending this year, it lays the groundwork for saving money in the future in addition to improving juvenile services. Carunchio added that the Adult Resource Center could open up Medi-Cal funding for HHS and Probation, freeing up realignment funding for other uses. The total Recommended Budget includes \$87,935,124 in revenue and \$95,978,087 in expenses, for an \$8,042,963 deficit covered by existing fund balances. The General Fund by itself has \$53,072,054 in revenues and \$56,726,177 in expenses for a \$3,654,123 deficit. Carunchio then compared his Recommended Budget to the Department Requested Budget, which had an overall shortfall of \$8.6 million. He said his budget relies on adding operating transfers, taking salary savings, decreasing (non-personnel) requested expense, and assuming a certified General Fund Balance. Highlights of the budget include \$611,081 from the General Fund to support senior citizen programs in Inyo and Mono counties; adding \$816,210 for expanded juvenile services programs; supporting several economic development initiatives (including matching funds for FAA grants for airport improvements, an ag study, and paying for 21st Century Obsidian consultants); adding 17 new positions (six net); allocating \$300,000 for a Financial Systems upgrade; 10 new vehicle patrol cars for the Sheriff; paying \$200,000 towards the Recycling and Waste Management \$1 million deficit; and including \$370,351 for deferred maintenance projects. Carunchio said the County could have its employees working out of a van on blocks and delivering great services because they're that good, but that's no reason not to try to get the van off the blocks. The budget also takes into account Board of Equalization paybacks,

unknown amounts of money the County will have to pay back to the State due to a statewide miscalculation. Carunchio also pointed out budget trends and possible needs that were not budgeted, such as overtime in the Assessor's Office due to the financial system upgrade. Carunchio went over the unbudgeted Fund Balance again, reminding the Board it did not have to spend the \$205,353 but if it did, it might consider the following: \$12,000 for Contingencies (\$164,461 was used last year); \$55,000 to match the new FAA grant; \$0 for the OPEB Trust (it got \$100,000 last year); keeping \$80,000 in the Elections Innovations Trust; and \$0 for Accumulated Capital Outlay, General Reserve, the Economic Stabilization Fund, and Computer System Fund.

BOARD DISCUSSION

Chairman Griffiths commended Carunchio for including in his budget an estimated General Fund Balance that was extremely close to the actual amount, as had been the trend over the years. Carunchio said he and Shepherd try to monitor the balance very closely in the summer because it can fluctuate by as much as \$1 million day to day. Supervisor Kingsley asked how much was put into deferred maintenance last year and was told \$250,000. Supervisor Pucci congratulated staff for doing an excellent job and working hard on the budget. He said it makes sense that personnel costs account for 68 percent of the General Fund since the County provides services as a public agency. He said the budget package probably isn't perfect for everybody but it lets the County continue to provide services to the public and that's the most important thing. Supervisor Tillemans recognized that the budget process is a team effort, noting the County essentially has one pot of money for everyone to spend. He said it was good to see Service Redesign being used again as a money-saver and said, as a concept, it only works from the ground up with the cooperation of staff. He also said he thinks if the County has an opportunity to save \$26 million, it should take advantage of it and not leave the unfunded liability a problem for future generations to solve. Chairman Griffiths said Carunchio had been talking for years about using a consultant in Washington, D.C. to track down funding opportunities and asked whether that was happening yet. Carunchio said he was close to presenting a Request for Proposals and said the City of Bishop will be partnering on the contract with the County. Chairman Griffiths asked for comment from the audience. Earl Wilson of Lone Pine said he hadn't read the budget but wondered if money was there for replacing lighting in Big Pine, Independence, and Lone Pine. He said whatever lighting is being put in is the white kind, which is wrong. He said it should be yellow lighting with full shields.

CONSENT AGENDA

Chairman Griffiths moved on to the Consent portion of the agenda, choosing to open it up department by department. The only department head with any comment was Public Works Director Clint Quilter, who responded to Wilson's comment about the lighting. He said it was something Public Works could look into they haven't been directing anyone to put lighting up.

BOARD ACTION

Discussion continued with Chairman Griffiths bringing up the remaining fund balance. Supervisor Pucci said he thought the OPEB balance was something the County should continue to contribute to. Chairman Griffiths said he agreed, but not in a year when the County was facing unknown paybacks to the state because of the BOE miscalculation. Supervisor Kingsley said the FAA grant was something the County should fund. He said he'd just as soon put the rest of the money in one of the other trusts and not touch it, considering the County's upcoming responsibility concerning the unfunded liability. Both Kingsley and Griffiths said it would be good to come back at mid-year and re-evaluate the unbudgeted Fund Balance and where it might need to be spent. Supervisor Pucci said OPEB is not a new liability, and said if the County has a plan to contribute to a trust on an ongoing basis, it shows constituents they're serious about funding it. Supervisor Kingsley said he thought Pucci's advice should be taken. The rest of the Board agreed, recommending that \$55,000 of the unbudgeted Fund Balance be spent on the FAA grant; \$50,000 be put into the OPEB Trust; and the rest, \$100,353, be stored in Contingencies. Adoption of the Final Budget was scheduled for next week, Tuesday, September 13.

Chairperson, Inyo County Board of Supervisor

*Attest: KEVIN D. CARUNCHIO
Clerk of the Board*

by: _____
Darcy Ellis, Assistant