

SONOMA COUNTY FY 2018-2019 RECOMMENDED BUDGET

COUNTY ADMINISTRATOR'S BUDGET MESSAGE

Dear Sonoma County Residents,

I am honored to present the Fiscal Year (FY) 2018-2019 Recommended Budget for your consideration. This year the focus of the budget is on supporting the community's recovery from the most destructive wildfire in California's history. Such a devastating natural disaster requires everyone to unify their resources and rebuild the community. Regional governments joined together to respond to the Sonoma Complex Fire as well as many business, non-profits, faith-based organizations, and individuals from the community and all over the world to lend support. It is up to all of us to continue to forge ahead and carve out a new future together.

The Sonoma Complex Fires burned 173 square miles, destroyed 5,300 homes and 105 businesses. The recovery from the wildfire presents critical financial decisions, including the consideration of strategic investments to support recovery and build increased community resiliency. Prior to October 8th, 2017, the County of Sonoma maintained a positive financial outlook with a plan to achieve a structurally balanced budget (recurring revenues equal or more than recurring expenditures) by FY 2020-2021 through a graduated reduction of the County's reliance on year-end savings over the next 4 years. In addition, for the last several years, the Board has had the foresight and fiscal discipline to fund county reserves to the historic level of \$53 million. This budget year will require dipping into County reserves.

Unlike the private sector, government will experience a slower economic recovery from the disaster as property values are adjusted down and fees are reduced to meet the demands of recovery for the public. These reduced revenue sources are met with increased costs for recovery needs. Staff has identified critical factors to maintain the County's credit ratings and positive financial outlook over the next five years. There are funds available to help the County through the initial response and recovery, even funds that are focused on long-term recovery. We are moving towards recovery, and have started financial planning by understanding the short and long-term needs, resources available, and how to balance the budget given these unique circumstances.

FY 2018-2019 Budget Development – Balanced Budget Strategies

The following strategies have been utilized to prepare the Recommended Budget: 1) aligned general fund appropriations to actual expenses; 2) limit operational costs; 3) use of reserves; 4) assume the State will backfill property tax losses for FY 2017-2018 and FY 2018-2019; and 5) requested General Fund departments to prepare budget reduction options.

The County of Sonoma has submitted a claim to the Federal Emergency Management Agency (FEMA) totaling \$34 million, however reimbursement depends upon the claim elements accepted by FEMA as well as the addition of costs that are still occurring in categories outside of the initial emergency response. There is an element that remains unknown at this date: the local cost share for mission assigned debris removal. California Office of Emergency Services estimates the total California debris clean up at \$1.3 billion. We anticipate that the local share to Sonoma County would be \$26 million. It is likely that half of the \$26 million would be attributable to the City of Santa Rosa and half to the County. The Governor's May Revised Budget includes \$29.1 million to go toward the local match for Northern California counties and if adopted, will help alleviate the County's local cost share.

It is important to note that 100% cost recovery will not be achieved. Staff's cost recovery conclusion is based on other jurisdictions' disaster reimbursement experience. FEMA will not cover items that can be covered through insurance or other funding sources. Reimbursements from FEMA have a long life cycle and have not been included in the forecast. Once a claim is obligated, the Office of Inspector General may audit the claim and once they have closed their audit, the claim amounts may be distributed to back-fill reserves. The audit process occurs within three years after the claim closes. The claim close out could be more than 20 years as evidenced by the 1994 Northridge Earthquake claim closing within the last year.

Aligning General Fund Targets to Historic Actuals

In developing the FY 2018-2019 budget, staff reviewed historical actual expenses for departments supported by the General Fund, in order to better align budgets with revenue trends and actual expenses. This was done according to the Board's financial policy of adopting a structurally balanced budget. Aligning budget appropriations to historical net cost has resulted in a decreased allocation of \$8.0 million for FY 2018-2019 compared to the old methodology based on budget to budget. The goal of aligning the budget to actuals is not to impact existing service levels, but instead to provide sufficient funding to cover existing service levels.

Limit Operational Costs

Reducing and controlling operating costs is a must in our financially challenging post-disaster environment. Therefore, as the fiscal year operations continue and budget planning continues, the County Administrator's Office has worked with departments and agencies to limit countywide operating expenditure changes. This includes holding vacancies. There are 116 vacant positions that have been reduced in the Recommended Budget in order to meet targets and changing program needs. Reductions from FY 2017-2018 Adopted Budget are presented in department narratives and are discussed under key issues. There are some positions that have been held vacant for 12 months or longer and may be swept as a supplemental option to help balance the budget.

Use of General Fund Reserves

There are several opportunities that the Board will be considering during budget hearings and throughout the year to facilitate recovery and resiliency efforts. Those opportunities will require additional funding resources.

Tax Revenue Loss State Backfill

The Auditor-Controller has submitted the final estimate of updated property tax and Transient Occupancy Tax (TOT) loss estimates for the county to the California State Department of Finance, to look at the possibility of providing state disaster funds to backfill tax revenues losses. Property tax is based on the Assessor's review of 96% of fire damaged parcels and increased by 5% from the December 2017 estimates. The County's TOT includes an estimate of tax loss from 105 fire damaged properties and 91 operators that have confirmed they are moving from short-term to long-term rents that will no longer be TOT eligible. Sonoma County Auditor-Controller-Treasurer-Tax Collector has provided a final estimate of losses impacting the County's General Fund as follows:

As of May 8, 2018

Category	FY 2017-2018 Revenue Loss Estimate	FY 2018-2019 Revenue Loss Estimate
Property taxes - Prop 13 (1%)	\$ (3,622,000)	\$ (5,135,800)
Property taxes - VLF Swap		Included above.
Transient occupancy taxes	(1,200,000)	(1,500,000)
Preliminary estimate	\$ (4,822,000)	\$ (6,635,800)

While the State has backfilled revenue losses as a result of a disaster in the past, given the magnitude of disasters experienced before, during, and after the Sonoma County Complex disaster event, there is some uncertainty. The final backfill will not be certain, however until the state budget is adopted. Notwithstanding the uncertainty, staff has assumed property tax losses backfill in the Recommended Budget.

Consideration of Further General Fund Reductions

The County Administrator's Office has worked with departments to develop the FY 2018-2019 Recommended Budget utilizing the development techniques outlined above in order to reach a structurally balanced budget. General fund supported departments have been asked to present plans for eliminating up to 6% additional General Fund support. The reduction plans will be presented during budget hearings. If all the plans were adopted by the Board, the County could achieve \$4 million in reduced costs which could either be used to minimize the amount of reserves or to make strategic investments in recovery.

Non-General Fund Fiscal Challenges

The FY 2018-2019 Recommended Budget includes eliminating 123.32 FTEs from the Department of Health and the Human Services Department.

FY 2017-2018	Filled Positions	Vacant Positions	Total Positions
Health	29.43	77.89	107.32
Human Services	6.0	10.0	16.0

The drastic reduction in positions in the Health Department is due to an overstatement of revenues for FY 2016-2017 and FY 2017-2018. In order to focus on state mandates, while aligning expenditures with available revenues, the Health Department had to redesign the entire system of behavioral health care. In addition to the proposed elimination of 107.32 Health positions, the Recommended Budget includes a \$7.7 million reduction in non-profit services provider contracts. From a budgetary basis, the Recommended Budget reflects a 15% reduction in the Behavioral Health program budget, in which the layoffs and contract reductions is a primary driver.

For FY 2018-2019, the Human Services Department's (HSD) revenues from state and federal sources were projected to be insufficient to cover status quo expenditure appropriations. In order to address this shortfall, the department's FY 2018-2019 Recommended Budget incorporates staffing reductions totaling 13.0 positions to decrease operating costs by an estimated \$1.46 million. HSD previously presented these position reductions to the Board of Supervisors on April 17, 2018. Core, mandated services will be maintained, but service levels for some programs will be reduced and client wait times will be impacted. The position reductions will occur in the Economic Assistance, Administrative Services, and Family, Youth and Children's Services divisions. HSD's Recommended Budget also includes deletion of 3.0 time-limited positions expiring June 30, 2018. Of the 3.0 time-limited positions expiring, 2.0 filled positions were approved on April 17, 2018 to be extended through June 30, 2019; therefore, they will be added back as supplemental budget adjustments.

Recovery

The County's new priority is fire recovery. The devastating fires changed the lives of our residents forever, and we have identified strategies and focus areas to help our community rebuild.

The County continues to use caution as the community moves into the recovery phase. It has been noted from our partner cities and counties that the timeline for obligated reimbursements can take years to receive and once received will be audited and have associated risk of being de-obligated. There are three distinct phases of the wildfire event for consideration 1) response; 2) approved projects for recovery; and 3) long-term recovery efforts. There are multiple funding sources that may be available depending upon the function and activity. It is important to work together for solutions as we face the financial cliff of increased costs, reduced revenues, and outlying reimbursements for some costs.

The County Administrative Office has requested that departments consider mandated and discretionary services for the FY 2018-2019 budget development process. County departments need to rely on each other more than in the past to craft a balanced budget and continue to think regionally. The Board took swift action early in the response to carve out resources to help the County maximize funding opportunities and achieve an overall recovery plan. Such action includes the re-purposing of several existing positions with the County Administrator's Office to support the Office of Recovery and Resiliency, a new division of the County Administrator's Office. The existing positions have been supplemented with some additional

project term limited positions to support the development and implementation of the Board's strategic recovery vision and plan. The Board's recovery plan, which is anticipated to be finalized this summer, is focused on five key areas:

Housing

The housing shortage in Sonoma County was critical before the fires and has become acute in their aftermath. The fires cast a heightened awareness on the needs of the most vulnerable within the community, the difficulties in building housing, and the need to become more resilient to natural disasters. Coordinated, multi-jurisdictional processes, sizeable new funding sources, and increasing the overall capacity to construct housing countywide are required over the next five years.

Natural Resources

Wildlands and working landscapes that burned in the fires resulted in adverse impacts to natural resources. Lands damaged by the fires will adjust and respond through natural processes, but many areas will need physical rehabilitation and restoration, active management, and monitoring to prevent runoff of toxic materials and sediments into drinking water supplies and sensitive habitats; to minimize the threat of flooding, landslides, and other safety hazards; and to facilitate ecosystem recovery that trends toward an improved, more resilient condition.

Economic Recovery

Recognizing the urgent needs of the community even before the fires were out, County agencies took action to work with partners to ensure that the community received disaster-related benefits from the local, State, and Federal government. The Economic Development Board created a Business Recovery Center that continues to serve impacted businesses in the post-fire environment by providing assistance with accessing available funding to rebuild, cover payroll, tax credits and incentives, and to help with filing claims.

Community Preparedness and Infrastructure

Sonoma County residents, communities, governmental and non-governmental agencies, must be better prepared and more resilient when disaster strikes with well-protected infrastructure, accurate situational awareness, and effective community warning systems.

Safety Net Services

The fires increased community demand for Safety Net assistance that has only increased over the past six months. Assistance includes crisis counseling, emotional support, comfort to evacuees, emergency disaster workers, and other affected community members during and after the fires.

It is anticipated that the Board's Recovery Plan will identify several key initiatives that will require additional or new financial resources.

“Saturday Problems” Remain Challenging

As the organization responds to recovery, it is clear that the problems facing the County prior to Sunday, October 8th, are still challenging, referred to as our community’s “Saturday Problems.”

These Saturday Problems include such issues as addressing homelessness, protecting our community through our County Immigration Initiative, continuing to craft cannabis regulations, investing in our roads and our County facilities, and continued efforts to reduce pension and other post-employment benefit costs.

Acknowledgements

I first would like to acknowledge the county’s agencies and departments that partner with the Operations and Budget team to ensure delivery of a balanced budget to the Board for consideration. Budget requests are developed using county, state, and federal policies, forecast revenues and expenditures, use of fund balances and reserves, inflation factors, capital asset needs, and recovery priorities.

Accurate financial tables, fund balances, and position allocations are a joint effort between key departments. The County’s Administrator’s Office joins forces with the Auditor-Controller-Treasurer-Tax Collector’s Office to verify that amounts in the systems of record correspond with recommended figures. The County Administrator’s Office also teams up with the Information Systems Department ensuring systems’ reliability and provide remediation services. The Human Resources Department works with the County Administrator’s Office to process position changes and provide Board approved position allocations.

The County Administrator’s Office team is dedicated to achieving a long term structurally balanced budget. I am privileged to lead an excellent team of public administration professionals that guide our financial policies and budget development. Once a budget is adopted, it is the Sonoma County staff that deliver services to our community. This year has been particularly challenging and the organization bravely rose to meet the challenge of the 2017 Sonoma Complex Fire. I want to express my sincere gratitude and deep appreciation to each member of our organization for their dedication to public service.

Conclusion

The coming year will be a time of recovery for the community and the County organization. The recommended budget represents a shift to recovery while continuing to maintain core services. As Jeffrey Gitomer, American author, professional speaker and business trainer stated, “Resilience is not what happens to you. It’s how you react to, respond to, and recover from what happens to you.”

EXECUTIVE SUMMARY

BUDGET OVERVIEW

The total recommended uses (less operating transfers) for FY 2018-2019 is \$1.63 billion. This is financed by \$1.48 billion in sources and \$147 million in use of fund balance, \$2.7 million of which is use of the General Fund Reserve. Use of fund balance includes use of accumulated revenues or bond funding for capital projects and other one-time costs, and total use of fund balance is decreasing from the FY 2017-2018 adopted budget.

Table 1 below provides a comparison of total expenditure and revenue appropriations between the FY 2017-2018 Adopted Budget and the FY 2018-2019 Recommended Budget.

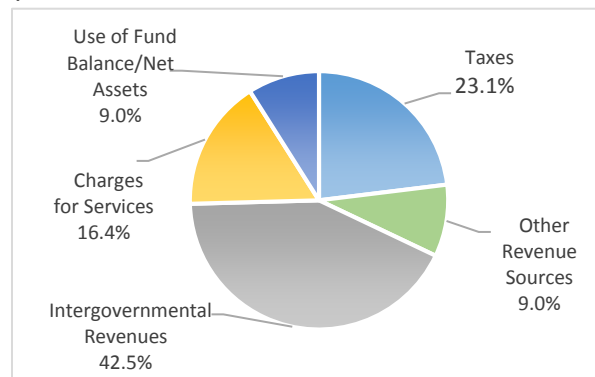
Table 1. Recommended Sources, Uses, and Net Cost/Use of Fund Balances

	FY 2017-2018 Adopted	FY 2018-2019 Recommended	Change From Adopted	Percent Change
<i>Revenues</i>	1,445,798,329	1,484,539,218	38,740,889	2.68%
<i>Net Cost/Use of Fund Balance</i>	160,520,930	146,517,782	(14,003,148)	(8.72%)
Total Sources	1,606,319,259	1,631,057,000	24,737,741	1.54%
Total Uses	1,606,319,259	1,631,057,000	24,737,741	1.54%
<i>Total Permanent Positions</i>	4,150.4	4,024.5		

A Look at Sources

Anticipated financing sources in the countywide Recommended Budget for FY 2018-2019 totals \$1.63 billion. These sources are held either in the General Fund, which is available for general government purposes, or in other governmental funds restricted to specific uses. These sources include special revenue funds, special districts, Debt Service Fund, and Capital Projects Fund, as well as internal service and enterprise proprietary funds. The \$1.63 billion in sources includes \$310 million in General Fund general purpose revenues and \$1.32 billion in other sources. Given the county is a political subdivision of the state, as well as providing services for federal agencies, it receives the largest share of its funding from state and federal governments to run programs and deliver public services.

Chart 1. FY 2018-2019 Total Sources: All Funds; \$1.63 Billion



General purpose revenues total \$310 million and represent approximately 19% of the total Recommended Budget. Once the county fulfills maintenance of effort (MOE), local funding match, or finances county services net cost, the Board of Supervisors then uses their discretion to determine which programs receive the remaining general purpose revenue. Table 2 below provides details on the sources of General Fund, and general purpose revenue. It does not include \$15.0 million of Transient Occupancy Tax (TOT) revenue segregated by Board policy to the Community Investment Grant Program Special Revenue fund, and as directed by Measure L voter approved measure.

Chart 2. General Fund General Purpose Revenues; \$310 Million

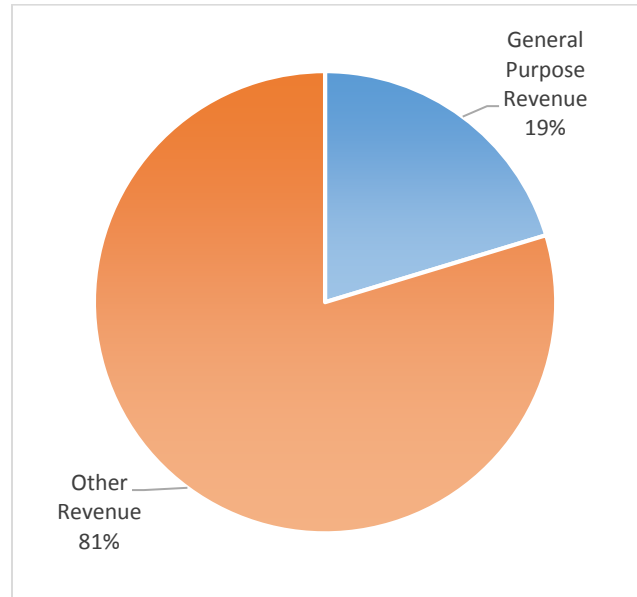


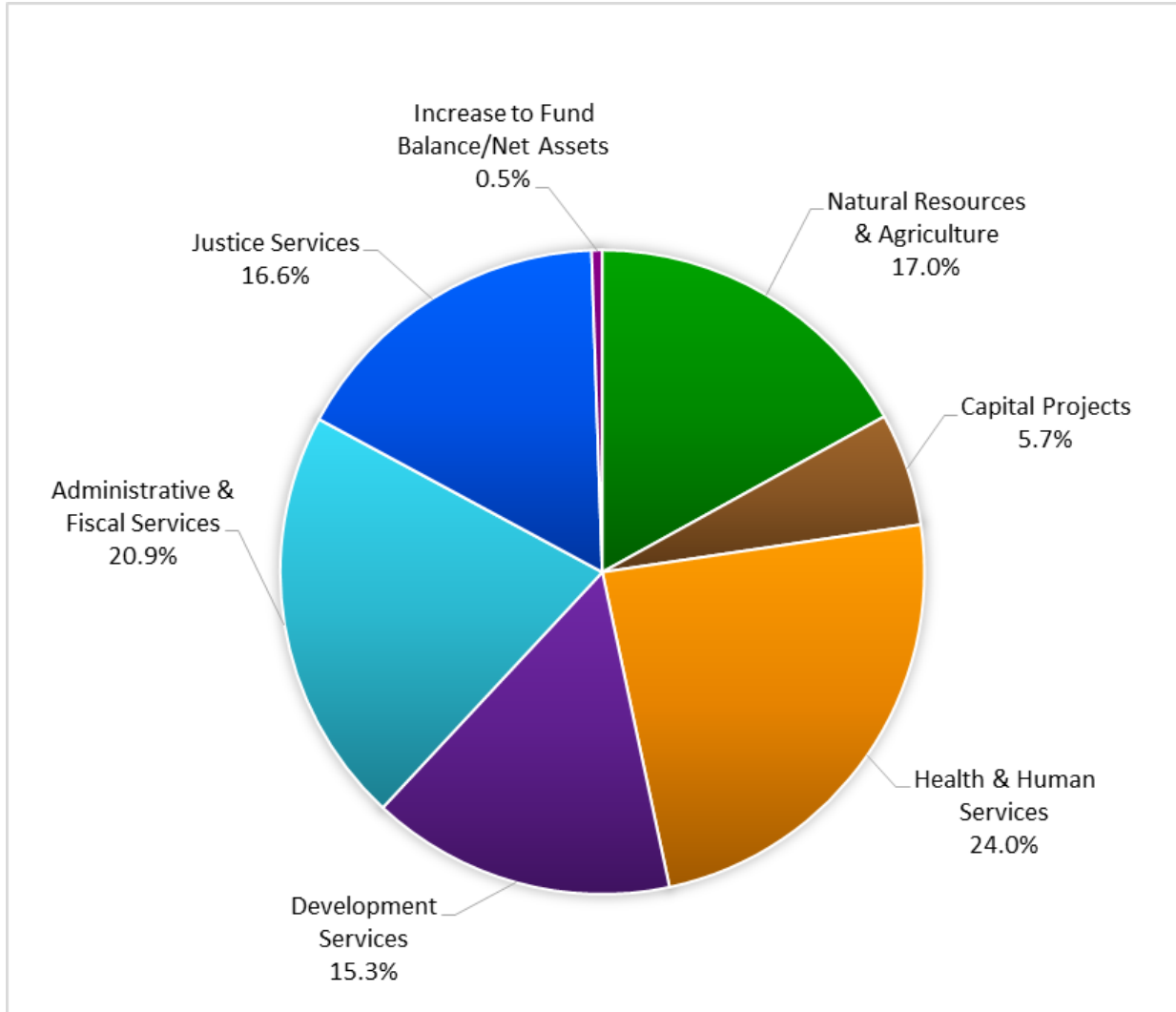
Table 2. General Fund General Purpose Revenues

Description	FY 2017-2018 Adopted	FY 2018-2019 Recommended	\$ Change from FY 2017-2018	% Change from FY 2017-2018
Property Tax	\$234,103,840	\$235,932,000	\$1,828,160	0.8%
State Backfill of Lost Property Tax	\$0	\$5,136,800	\$5,136,800	N/A
Sales Tax	\$18,564,000	\$19,830,000	\$1,266,000	6.8%
Cost Plan Reimbursements	\$13,640,259	\$15,820,952	\$2,180,693	16.0%
Use of General Fund Balance	\$13,946,701	\$0	(\$13,946,701)	-100.0%
Documentary Transfer Tax	\$5,000,000	\$5,000,000	\$0	0.0%
Interest Earnings	\$4,410,000	\$5,101,000	\$691,000	15.7%
Transient Occupancy Tax	\$3,764,000	\$4,971,415	\$1,207,415	32.1%
Forfeitures and Penalties	\$3,404,148	\$3,404,148	\$0	0.0%
Redevelopment Residual Property Tax	\$3,000,000	\$3,000,000	\$0	0.0%
Assessment & Tax Collection Fees	\$2,400,000	\$2,600,000	\$200,000	8.3%
Franchise Fees - Cable/Utility	\$2,290,000	\$2,290,000	\$0	0.0%
Release of Restricted Funds (One-Time)	\$2,000,000	\$0	(\$2,000,000)	-100.0%
Federal Geothermal Royalties	\$1,766,000	\$1,779,000	\$13,000	0.7%
State Homeowners Property Tax Relief	\$1,203,700	\$1,200,000	(\$3,700)	-0.3%
Tribal Mitigation Reimbursement	\$690,000	\$680,000	(\$10,000)	-1.4%
Cannabis Fund Reimb to Gen Fund (One-Time)	\$525,169	\$0	(\$525,169)	-100.0%
General Fund Reserve Drawdown	\$0	\$2,730,951	\$2,730,951	N/A
Other Revenue	\$997,869	\$695,270	(\$302,599)	-30.3%
Total General Purpose Revenues	\$311,705,686	\$310,171,536	(\$1,534,150)	-0.5%

A Look at Uses

Chart 3 below displays the total budget by type of service the county provides. These services are grouped into categories referred to in our budget as functional groups. Information on each department's budget is presented within the functional tab sections of this document.

Chart 3. Total Recommended Uses: All Funds; \$1.63 Billion



The Table 3 below shows how the \$310 million of general purpose revenues, or 19% of total county wide budget sources, will be spent in FY 2018-2019. Approximately \$264 million of these funds are allocated to operating departments to cover the costs of programs that are not funded by state/federal contracts, fees for services, or other funding streams. The remaining \$46 million is appropriated directly to programs or services based on Board policy direction, or other local requirements.

Table 3. Uses of the General Fund General Purpose Revenues

Department/Program/Initiative	FY 2017-2018 Adopted	FY 2018-2019 Recommended	% Share of Budget
Agricultural Commissioner	\$2,174,880	\$1,907,446	0.7%
Auditor-Controller-Treasurer-Tax Coll.	\$5,868,894	\$5,826,926	1.9%
Clerk Recorder Assessor	\$12,951,016	\$12,918,689	4.2%
County Administrator	\$5,536,565	\$7,966,477	1.8%
County Counsel	\$2,736,046	\$2,681,502	0.9%
Court Support/Grand Jury	\$8,259,701	\$8,020,016	2.6%
Department of Health Services	\$8,989,552	\$8,983,669	2.9%
District Attorney's Office	\$16,644,902	\$15,973,461	5.3%
Fire and Emergency Services	\$939,675	\$880,394	0.3%
General Services	\$18,847,811	\$17,491,088	6.0%
Human Resources	\$6,478,588	\$6,207,436	2.1%
Human Services	\$26,353,930	\$26,556,958	8.5%
Independent Office of Law Enf Review	\$596,105	\$598,348	0.2%
Information Systems	\$958,943	\$969,843	0.3%
Permit Sonoma	\$5,376,624	\$3,679,991	1.7%
Probation	\$35,084,629	\$35,881,380	11.3%
Public Defender	\$10,944,338	\$10,902,817	3.5%
Regional Parks	\$4,739,055	\$4,638,397	1.5%
Sheriff's Office	\$89,796,355	\$90,633,224	28.8%
Transportation & Public Works	\$132,355	\$119,583	0.0%
UC Cooperative Extension	\$1,169,745	\$1,207,832	0.4%
Sub-Total for Departments (Net Cost)	\$264,579,709	264,045,477	84.9%
Board General Fund Contingency	\$4,425,266	\$5,000,000	1.4%
Capital Project Plan Contribution	\$6,615,949	\$7,966,229	2.1%
City of Santa Rosa (Annexation Roads)	\$662,000	\$662,000	0.2%
City of Santa Rosa (Annexation Payment)	\$1,516,400	\$749,000	0.5%
Community Development Commission	\$1,092,471	\$1,317,471	0.4%
District Formation Contribution	\$450,000	\$450,000	0.1%
Employee Programs	\$4,268,288	\$3,632,250	1.4%
Local Agency Formation Commission Share	\$248,332	\$266,746	0.1%
Non-Departmental County Expenses	\$7,486,118	\$7,531,526	2.4%
Pension Obligation Bond 2003B Interest	\$1,075,200	\$1,075,200	0.3%
Reinvestment & Revitalization Fund	\$3,000,000	\$3,000,000	1.0%
Roads: Operations and Pavement Pgm.	\$14,285,953	\$14,475,637	4.6%
Roads: Storm Damage Repairs (One-Time)	\$978,700	\$0	0.3%
Sheriff Mental Health & Staffing (One-Time)	\$1,021,300	\$0	0.3%
Sub-Total for Programs/Initiatives	\$47,125,977	\$46,126,059	15.1%
Total	\$311,705,686	\$310,171,536	100.0%

Position Summary

Table 5 below illustrates changes in full-time equivalent (FTE) positions by department. The Recommended Budget decreases allocations by 125.9 from the FY 2017-2018 adopted positions. The majority of these changes are due to reductions in staffing in the Human Services Department and the Department of Health Services, and associated with projected reductions in state and federal revenue sources. Additional reductions include 5 vacant positions in Probation resulting from declining population in Juvenile Hall, 19 vacant positions in the Sheriff's Department that were not funded in the FY 2017-2018 budget to balance the department budget, and 4 vacant positions in the Facilities Operations Section of General Services to meet General Fund reduced funding levels.

Table 5. Position Summary

Department	FY 2016-2017 Revised	FY 2017-2018 Adopted	FY 2018-2019 Recommended	Change from FY 2017-2018 Adopted
ACTTC	93.00	98.00	100.00	2.0
Ag Pres/Open Space District	27.50	27.50	27.50	0.0
Agricultural Commissioner	33.25	36.50	36.50	0.0
BOS/CAO	42.55	42.55	50.55	8.0
Child Support Services	96.50	96.50	96.50	0.0
Clerk-Recorder-Assessor	108.75	106.75	107.75	1.0
Community Development	42.00	43.00	46.50	3.5
County Counsel	42.25	44.25	44.50	0.3
District Attorney	128.25	128.25	130.25	2.0
Economic Development Board **	11.50	12.50	14.50	2.0
Fairgrounds*	30.75	30.75	30.75	0.0
Fire & Emergency Services	24.75	25.25	25.25	0.0
General Services	121.50	122.50	118.50	(4.0)
Health Services ***	647.70	649.25	543.38	(105.9)
Human Resources	61.00	64.00	64.00	0.0
Human Services	951.60	882.05	866.30	(15.8)
IHSS	1.00	1.00	1.00	0.0
Independent Office Law Enf. & Out	2.00	2.00	2.00	0.0
Information Systems	116.50	116.50	116.50	0.0
Permit Sonoma	120.00	133.00	133.00	0.0
Probation	291.60	292.00	287.00	(5.0)
Public Defender	51.00	51.00	51.00	0.0
Regional Parks	88.00	90.00	92.00	2.0
Sheriff/Adult Detention	651.50	653.50	634.50	(19.0)
Transportation & Public Works	171.00	165.00	166.00	1.0
UC Cooperative Extension	6.00	6.00	6.00	0.0
Water Agency	229.75	229.75	231.75	2.0
Grand Total	4,191.20	4,149.35	4,023.48	(125.9)

*In January 2018, the Board of Supervisors adopted the 2018 Sonoma County Fair and Exposition, Inc. Operating and Capital Improvement budget and approved the 2018 County Employee Position allocation as recorded in Resolution 18-0036

** The Economic Development Board displayed the FY 2017-2018 Revised Budgeted position totals of 13.5 in their individual narrative to more clearly explain their recommended changes.

*** The Department of Health Services displayed the FY 2017-2018 Revised Budgeted position totals of 650.7 in their individual narrative to more clearly explain their recommended changes.

The County Administrator's Office works with the Board and departments to conduct a regular review of vacancies, adjusting department position allocations to reflect current needs. Any additional vacancies that remain vacant more than 12 months are included in the Recommended Budget as a supplemental item for review.

Budget Process – Next Steps

Budget hearings are scheduled to begin on June 12, 2018 at 8:30 a.m. and may be continued from day to day as needed for a maximum of 14 calendar days per state law. The Board will adopt the budget, containing such revisions as the Board of Supervisors determines at the conclusion of the hearings. After the State of California adopts its budget and/or as needs arise after the close of the property tax roll and the county's Fiscal 2017-2018 books, staff will return with budget adjustments for the Board of Supervisors' consideration.

The Board will be presented with two additional packages prior to budget hearings. The first will be a Supplemental Budget Adjustment Package, which represents primarily administrative budgetary changes that are consistent with the Recommended Budget and/or prior board direction, and reflect information that was not available when the recommended budget was developed. The second will be a Budget Balancing Strategies Package, which will include list of reductions and addition requests submitted by the department and have been prioritized by the County Administrator's Office to best align with the Board's strategic priorities. The Board, during Budget Hearings, will weigh reductions and addition requests against the possible use of reserves to arrive at a balanced FY 2018-2019 budget. During public hearings, the Board of Supervisors will direct whatever modifications it sees fit to the Recommended Budget, Supplemental Adjustments, and Budget Balancing Strategies. At the conclusion of the public hearings, the Board of Supervisors will be asked to adopt the budget as modified per the Board's direction and the budget will serve as the operating plan for Fiscal Year 2018-2019.