

2019 Annual Budget County Manager Recommendations

Council Work Session

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9 am Wednesday, Oct. 31, 2018

Sixth-floor hearing room, Public Service Center, 1300 Franklin St.



Work Session outline

- Current challenges and General Fund overview
- 2019 Annual Budget process
- Overview of requests from departments and offices
- County manager recommendations
- 2019 property tax levy options



Current Challenges and General Fund Overview



Current challenges

- Many areas pressured by an increase in demand for services, new mandates and rising costs.
- County faces costs of aging technology, infrastructure replacement and major maintenance.
- Cost of providing services increases as inflation and population grow.
- Real Estate Excise Tax 1 dollars are depleted. Fund balance will need to be rebuilt from 2019-2026 before new items can be funded.
- Departmental revenues declined – jail bed days.
- Manual budget process limits resources to focus on analysis and forecasting.



General Fund History: *adopted budget (millions)*

Expense growth driven mostly by FTE-related costs – wage and benefit cost increases such as state-mandated retirement contribution rates.

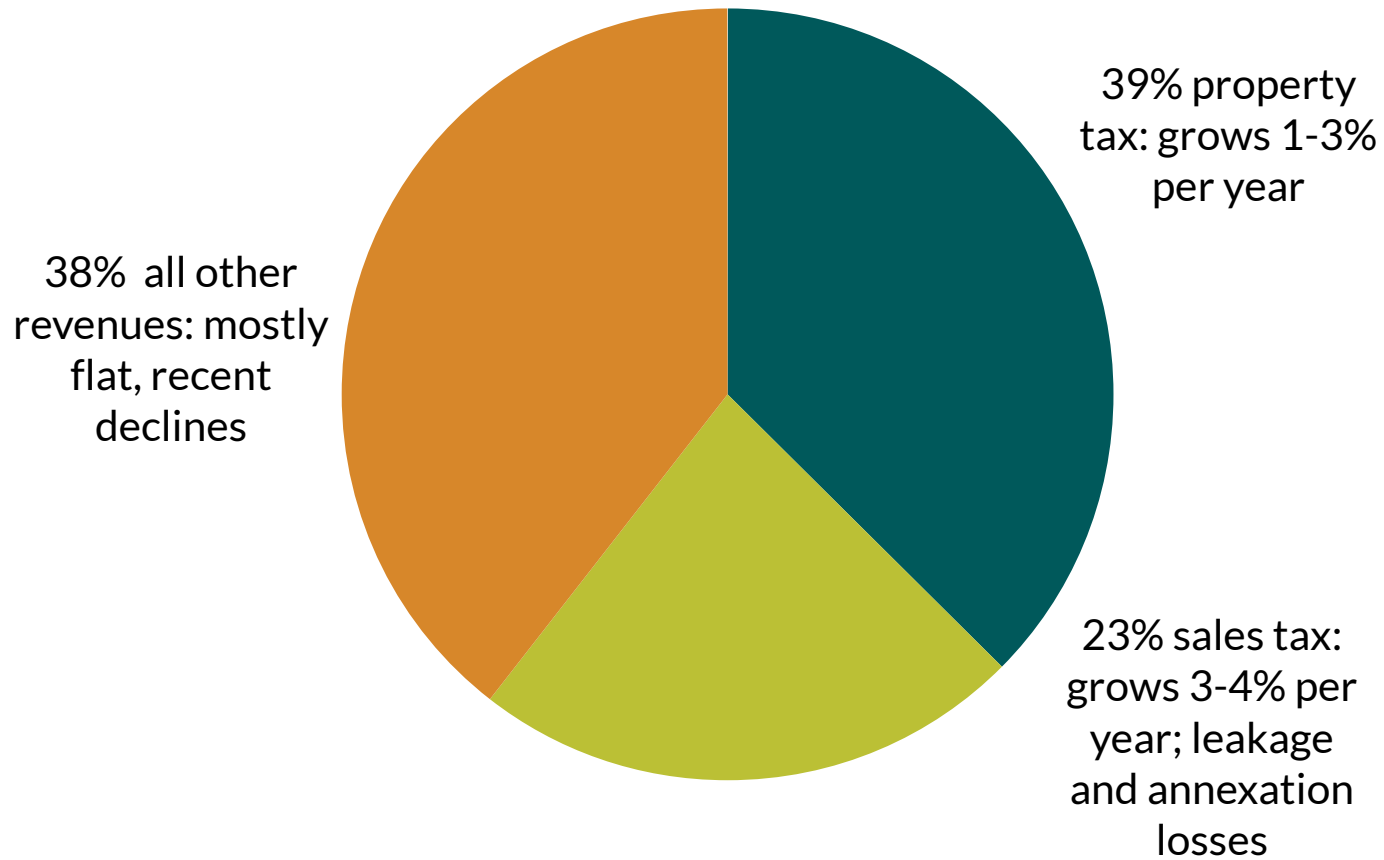
Biennial budget	Payroll costs	Biennial payroll increase	All other costs	Total	Biennial total increase	FTE'S
2009-2010	\$ 182.8		\$ 100.6	\$ 283.4		1,124.8
2011-2012	\$ 186.5	2%	\$ 92.8	\$ 279.3	-1%	1,064.7
2013-2014	\$ 194.1	4%	\$ 100.9	\$ 294.9	6%	1,061.7
2015-2016	\$ 202.0	4%	\$ 93.7	\$ 295.7	0%	1,081.4
2017-2018	\$ 214.3	6%	\$ 107.0	\$ 321.3	9%	1,067.2
2019 Annual	\$ 111.1	4%	\$ 51.1	\$ 162.2	1%	1,064.5

General Fund positions account for 62% of positions in the 2019 budget.

Total positions = 1,718.9



General Fund revenues



General Fund five-year baseline forecast (millions)

baseline budget only – does not include recommended packages

Revenue assumptions: Healthy economy with steady growth and no recession; New construction continues at current levels; Sales tax grows in 2019 at 5.7% and 4.2% per year historical trend rate starting in 2020. Does not include 1% property tax levy option for 2019 or any other revenue decision packages.

Expense assumptions: Expense annual growth of 4% for payroll and no growth for non-payroll costs. Contingency amount estimates calculated the same as 2019. Does not include any other 2019 decision packages.

Available Fund Balance	2019	2020	2021	2022	2023
Estimated Beginning Fund Balance	\$ 24,322,953	\$ 23,713,766	\$ 21,909,191	\$ 18,805,573	\$ 14,295,054
Revenue Budget	\$ 163,940,230	\$ 167,146,260	\$ 170,424,692	\$ 173,778,365	\$ 177,210,235
Expense Budget	\$(164,549,417)	\$(168,950,835)	\$(173,528,310)	\$(178,288,884)	\$(183,239,881)
Projected Ending Fund Balance*	\$ 23,713,766	\$ 21,909,191	\$ 18,805,573	\$ 14,295,054	\$ 8,265,408

**Fund Balance should be a minimum of \$24.3 million per policy.*



2019 Budget Process



2019 Budget *development process*

- Program descriptions & attributes submissions due Friday, January 12, 2018
- Countywide training..... Thursday, January 18, 2018
- Work Session (propose process/assumptions)..... Wednesday, February 14, 2018
- Baseline controllables & revenues submissions due Friday, March 9, 2018
- Work Session (General Fund forecast/strategy) Tuesday, March 13, 2018
- Baseline FTE costs submissions due..... Friday, May 25, 2018
- Decision Package submissions due..... Friday, June 8, 2018
- Budget reports ready for Department/Office meetings Friday, July 20, 2018
- County Manager preliminary report review..... Thursday, August 9, 2018
- County Manager Department/Office meetings..... August 13-24, 2018
- Final opportunity for revised submissions for decision packages August 31, 2018
- Updated budget reports prepared Friday, September 7, 2018
- County Manager final report review before publishing Friday, September 14, 2018
- Department/Office requests published (all submit) Tuesday, October 2, 2018
- County Manager develops recommendations Friday, October 5, 2018
- Work Session..... Wednesday, October 31, 2018



2019 Budget *focus and guiding principles*

- Maintain maximum financial flexibility to react to changing circumstances
- Follow the current plan for fund balance stability
- Transition from biennial budgeting to annual budgeting
- Continued efforts to move to program based budgeting methodology
 - Aligning programs with cost centers for Workday Foundational Data Model (FDM)
 - First attempts to allocate costs and resources to programs
 - Identifying initial program attributes



2019 Budget *new funding requests*

Total of 156 budget requests/decision packages were received by the Budget Office. Requests were primarily related to:

- Software and cybersecurity needs
- Critical law and justice safety needs
- Maintaining service levels/meeting increased workload demands
- Infrastructure upkeep and replacement
- Revenue forecast updates
- Recognizing items with no impact on fund balance: grants, contractual reimbursement, technical adjustments

Net impact of all “requests” is a countywide fund balance decrease of \$67 million – \$10.8M general fund, \$56.2 all other funds.



Types of Requests

- **Previously approved by Council** = decision package is a necessary follow up to implement budget changes occurring as a consequence of a staff report previously approved by the Council.
- **Budget Neutral** = decision packages recognizing revenues and associated expenses that were not previously approved by the Council and do not require county funding commitment, such as budget neutral grants, contractual reimbursements or technical adjustments that are not expected to have a material impact on fund balance.
- **Budget Intervention** = these are decision packages that were submitted in response to efforts to find additional efficiencies and additional cost savings as part of the 2019 budget development process.
- **New request** = all other decision packages that impact fund balance, e.g. requests for new funding, reductions in existing funding, revenue forecast updates, grants that require new local match dollars, etc.



2019 Budget *new funding requests, continued*

- County manager met with all departments and elected officials to discuss new budget requests in August.
- Regardless of recommendation status, all requests are presented to the council for consideration.
- Council can amend the county manager's recommended budget during final public hearing.



County Manager Recommendations



County Manager recommendations

The recommended budget is fiscally conservative and prioritizes limited funds with a focus on:

- *Preserving adequate reserves*
- *New requests that benefit multiple or all departments/offices*
- *Protecting critical and mandated functions*

Out of the **156** decision packages submitted:

- **103** *are recommended*
- **53** *are not recommended*
- *The majority of packages that are not recommended are general fund requests*



General Fund



General Fund forecast: 17-18 ending fund balance

2017-2018 Fund Balance

Beginning Fund Balance 2017-18	\$	29,469,818	
Revenue Budget 2017-18*	\$	327,565,470	
Expense Budget 2017-18	\$	(333,137,137)	
Projected Vacancy Savings	\$	5,700,000	
Unassigned Reserves	\$	(24,300,000)	
Projected Available Fund Balance	\$	<u>5,298,151</u>	\$ 5,298,151

2018 Final Supplemental Impact

Previously Approved by Council	\$	(352,835)	
Recommended 2018 Requests	\$	(4,922,362)	
	\$	<u>(5,275,197)</u>	\$ (5,275,197)

Projected Ending Available Fund Balance for 2017-18	\$	<u>22,953</u>
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**Some revenues may come in slightly higher than budgeted for the last few months of 2018.*



General Fund forecast: *baseline revenues & expenses*

Baseline expenses are already outpacing baseline revenues by over \$600K before any adjustments or new requests are considered.

2019 General Fund Budget

2019 Baseline Revenues

Baseline Revenues	<u>\$ 163,940,230</u>	\$ 163,940,230
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Expenses

Baseline Payroll and Benefits		\$ (110,035,456)	
Payroll Contingency		\$ (3,424,240)	
Baseline Supplies and Services			
Other Supplies and Services	\$ (50,464,971)		
Medical Jail Contract Contingency	<u>\$ (624,750)</u>		
Total Baseline Supplies and Services	\$ (51,089,721)	<u>\$ (51,089,721)</u>	
Total Expenses		<u>\$ (164,549,417)</u>	\$ (164,549,417)



General Fund

Baseline adjustments & 2018 final supplemental impacts

Baseline Adjustments		
BGT-07: Jail Bed Days Revenue Drop	\$	(956,645)
BGT-09: Indirect Updates	\$	917,101
BGT-10: General Adjustments	\$	623,591
GEN-04: General Fund Liability Reconciliation	\$	(762,029)
ITS-09: TER&R Charges Update	\$	(105,127)
ITS-11: Server Storage Charges Update	\$	(15,093)
ITS-12: Move FTE into Tech Rsrv Fund	\$	121,845
PWK-34: Baseline Revenue Update	\$	(275,965)
Total Baseline Adjustments	\$	(452,322)
2018 Final Supplemental (on-going impacts for 2019 budget)		
Previously Approved by Council	\$	(561,434)
Recommended 2018 Requests	\$	(106,237)
	\$	(667,671)
Total impact to fund balance		\$ (1,729,180)
Projected Fund Balance Starting Point for Funding 2019 Decision Packages		\$ (1,706,227)



Payroll contingency

Payroll contingency is used by the Budget Office to ensure that regular payroll and benefits can be maintained at a sufficient level. Calculations are based on:

- projections related to collective bargaining
- medical/dental increases
- non-represented employee cost of living adjustments
- and vacation/sick leave/PTO buy backs from departing employees.

2019 calculations:

- \$.5M for projected Sheriff's Office overtime has been built in based on past budget cycle trends/needs. For 2018, the amount needed was \$1M and the Sheriff's Office projects a \$1M need for 2019.
- Payroll taxes have been calculated at the full 7.9% of position salaries for both the Sheriff's Office and the Prosecuting Attorney's Office based on 2017-2018 actuals. Other departments/offices are projected at 6.2% based on past budgeting practice of pre-spending anticipated vacancy savings.

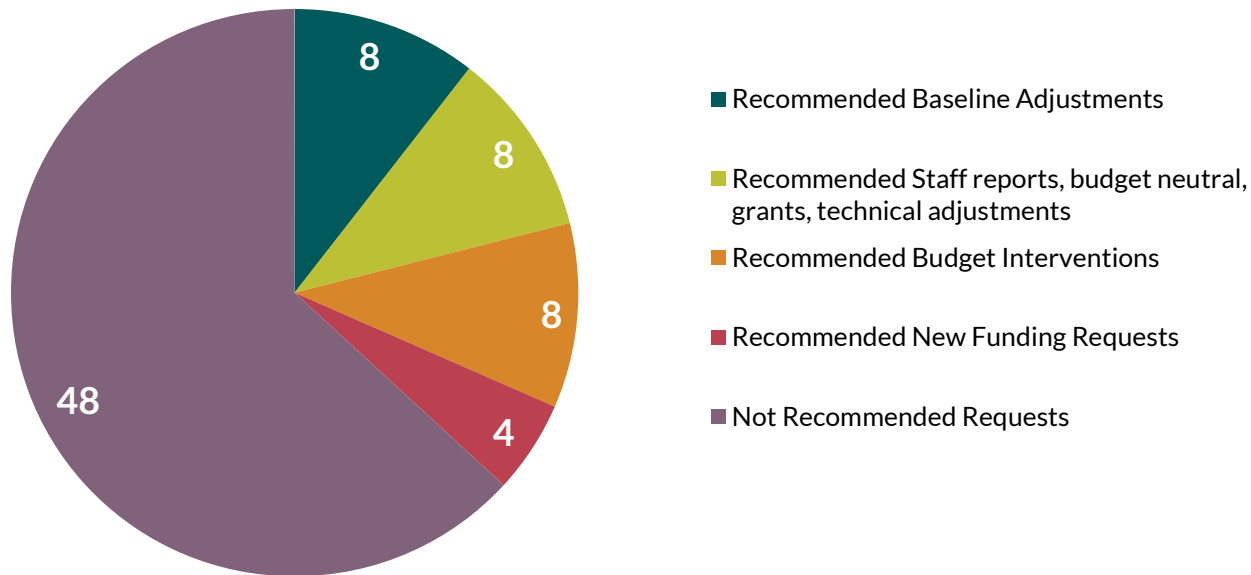


General Fund recommendations

Recommending very few new funding requests relating to the general fund due to the lack of available resources.

A total of **76** general fund decision packages were submitted. **25** are recommended; **48** are not recommended.

Breakdown of General Fund Package Types



General Fund recommendations, *continued*

There are no recommended cuts at this time to balance the 2019 budget.

County manager and Budget Office will be holding meetings with all departments and elected officials begin in early 2019 to review their budgets in detail.

- *Looking for additional efficiencies*
- *Looking for additional cost savings*
- *The goal is to steer the county's financial outlook to a more fiscally resilient and sustainable future*



General Fund recommended requests: *recommended baseline adjustments*

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
Budget Office	BGT-07-19AD	Jail Bed Days Revenue Drop	\$ (956,645)	\$ -	\$ (956,645)
Budget Office	BGT-09-19AD	Indirect Updates	\$ 917,101	\$ -	\$ 917,101
Budget Office	BGT-10-19AD	General Adjustments	\$ 623,591	\$ -	\$ 623,591
General Services	GEN-04-19AD	General Fund Liability Reconciliation	\$ (762,029)	\$ -	\$ (762,029)
Technology Services	ITS-09-19AD	TER&R Charges Update	\$ (105,127)	\$ -	\$ (105,127)
Technology Services	ITS-11-19AD	Server Storage Charges Update	\$ (15,093)	\$ -	\$ (15,093)
Technology Services	ITS-12-19AD	Move FTE into Tech Reserve Fund	\$ 121,845	\$ -	\$ 121,845
Public Works	PWK-34-19AD	Baseline Revenue Update	\$ (275,965)	\$ -	\$ (275,965)
			\$ (452,322)	\$ -	\$ (452,322)



General Fund recommended requests:

Staff reports, budget neutral, grants, technical adjustments

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
General Services	GEN-25-19AD	Execution of a Six-year Lease Extension for CJC	\$ (11,746)	\$ -	\$ (11,746)
Technology Services	ITS-08-19AD	Carry-over Balances - Technology Projects (3194)	\$ -	\$ -	\$ -
Public Works	PWK-35-19AD	REET II funding for Railroad Bridges 12 and 20	\$ -	\$ -	\$ -
Public Works	PWK-36-19AD	Railroad Bridges 12 and 20 Roll Forward Funding	\$ -	\$ -	\$ -
Budget Office	BGT-01-19AD	Reassign budget for budget book software costs	\$ -	\$ -	\$ -
District Court/Probation	CRR-01-19AD	Washington State Dept. of Ecology (CLCP) Grant	\$ -	\$ -	\$ -
Juvenile	JUV-04-19AD	Accept Juvenile Detention Alternatives(JDAI) Grant	\$ -	\$ -	\$ -
Juvenile	JUV-05-19AD	Juvenile Consolidated Block Grant Allotment	\$ -	\$ -	\$ -
			\$ (11,746)	\$ -	\$ (11,746)



General Fund new requests: *recommended new requests*

Requesting Department/office	Package	Short description	Ongoing	One-Time	Total
Animal Control	ACT-02-19AD	Reverse unrealized program expansion proposal	\$ (488.00)		\$ (488.00)
Budget Office	BGT-03-19AD	Increase Revenue for Transportation Program	\$ 40,263.00		\$ 40,263.00
Budget Office	BGT-08-19AD	Update General Fund Sales Tax Revenue	\$ 1,666,032.00		\$ 1,666,032.00
Budget Office	BGT-91-19AD	Increase General Fund Property Taxes by 1%	\$ 632,953.00		\$ 632,953.00
Budget Office	BGT-92-19AD	Reduce unneeded General Fund Support of LEOFF fund		\$ 75,000.00	\$ 75,000.00
Budget Office	BGT-96-19AD	Reduce controllable budget capacity	\$ 200,000.00		\$ 200,000.00
Community Services	COS-90-19AD	General Fund reduction	\$ 150,000.00		\$ 150,000.00
General Services	GEN-90-19AD	Tri-Mountain Golf Course Maintenance	\$ 45,000.00		\$ 45,000.00
Geographic Info Systems	GIS-01-19AD	Use Temp Service Budget to hire part-time position	\$ -		\$ -
Information Services	ITS-05-19AD	Workday Annual Subscription		\$ (384,158.00)	\$ (384,158.00)
Information Services	ITS-10-19AD	Planning & Moving to Office 365		\$ (447,029.00)	\$ (447,029.00)
Information Services	ITS-13-19AD	Add Office 365 Subscription Costs to TER&R Charges	\$ (229,600.00)		\$ (229,600.00)
Superior Court	SUP-06-19AD	Raise Fees Paid to Guardians ad Litem	\$ (30,000.00)		\$ (30,000.00)
			\$ 2,474,160.00	\$ (756,187.00)	\$ 1,717,973.00



General Fund new requests: *not recommended priority consideration*

These requests are not recommended but will be considered as part of the 2019 spring supplemental if additional 2018 revenues are realized.

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
Prosecuting Attorney	PAT-01-19AD	Prosecutor Case Management System Replacement	\$ -	\$ (770,000)	\$ (770,000)
Prosecuting Attorney	PAT-01-19AD	Prosecutor Case Management System Replacement (maintenance)	\$ (120,000)		\$ (120,000)
General Services	GEN-03-19AD	Felony Indigent Defense Office & Adjustments	\$ (35,980)	\$ (35,980)	\$ (71,960)
General Services	GEN-03-19AD	Felony Indigent Defense Office & Adjustments	\$ (724,280)		\$ (724,280)
Sheriff's Office	SHR-01-19AD*	Required Jail Records Personnel	\$ -	\$ (15,450)	\$ (15,450)
Sheriff's Office	SHR-01-19AD*	Required Jail Records Personnel	\$ (671,820)	\$ -	\$ (671,820)
Sheriff's Office	SHR-12-19AD	Drug Scanner	\$ -	\$ (154,000)	\$ (154,000)
			\$ (1,552,080)	\$ (975,430)	\$ (2,527,510)

**SHR-01 would be considered for partial funding, not the whole amount.*



General Fund new requests: *not recommended*

Requesting Department/office	Package	Short description	Ongoing	One-Time	Total
Clerk's Office	CLK-90-19AD	Eliminate Facilitator's Office	\$ 10,187	\$ -	\$ 10,187
General Services	GEN-05-19AD	Remodel of Medical Examiner Building	\$ -	\$ (125,000)	\$ (125,000)
General Services	GEN-10-19AD	County Buildings Audio/Video System Upgrade	\$ -	\$ (58,000)	\$ (58,000)
General Services	GEN-11-19AD	Jail Chiller Replacement	\$ -	\$ (425,000)	\$ (425,000)
General Services	GEN-12-19AD	Franklin Center Cooling Tower Replacement	\$ -	\$ (205,500)	\$ (205,500)
General Services	GEN-13-19AD	Franklin Center Carpet Replacement	\$ -	\$ (275,000)	\$ (275,000)
General Services	GEN-14-19AD	Server Room UPS-2 Replacement	\$ -	\$ (155,500)	\$ (155,500)
General Services	GEN-15-19AD	Fairgrounds Parking Lot A Renovation	\$ -	\$ (2,860,546)	\$ (2,860,546)
General Services	GEN-16-19AD	Courthouse Roof Replacement	\$ -	\$ (1,300,000)	\$ (1,300,000)
General Services	GEN-17-19AD	HVAC Building Automation System	\$ -	\$ (135,000)	\$ (135,000)
General Services	GEN-30-19AD	Fire and Duct Detection System Upgrades	\$ -	\$ (425,000)	\$ (425,000)
Technology Services	ITS-01-19AD	Replace Wireless Internet Equipment	\$ -	\$ (100,000)	\$ (100,000)
Assessor's Office	ASO-01-19AD	Capital Replacement of Fleet Vehicles	\$ (2,244)	\$ (12,000)	\$ (14,244)
Assessor's Office	ASO-02-19AD	Add 1.0 FTE Commercial Appraiser to Assessor Staff	\$ (86,450)	\$ -	\$ (86,450)
Auditor's Office	AUD-01-19AD	Return Postage for Voter Ballots	\$ (100,000)	\$ -	\$ (100,000)
Community Dev.	COM-06-19AD	2019 CC LMS Continuous Improvement & Configuration	\$ (44,078)	\$ -	\$ (44,078)
District Court/Probation	CRR-02-19AD	Kiosks upgrade to have three language selections	\$ -	\$ (24,000)	\$ (24,000)
District Court/Probation	DST-02-19AD	Budget increase for Interpreter services	\$ (106,000)	\$ -	\$ (106,000)
District Court/Probation	DST-03-19AD	Replacement of older Chairs and Desk functionality	\$ (20,000)	\$ -	\$ (20,000)
General Services	GEN-01-19AD	Historical interpretive Panels	\$ (8,000)	\$ -	\$ (8,000)
General Services	GEN-06-19AD	Additional Death investigator Position	\$ (86,543)	\$ -	\$ (86,543)
General Services	GEN-09-19AD	X-Ray Equipment Replacement	\$ (28,800)	\$ (13,600)	\$ (42,400)
General Services	GEN-07-19AD	Increase to General Fund Support for Facilities	\$ (1,159,022)	\$ -	\$ (1,159,022)
General Services	GEN-21-19AD	Additional Maintenance Helper Position	\$ (37,095)	\$ -	\$ (37,095)
General Services	GEN-24-19AD	Professional Services Sidewalk Replacement	\$ -	\$ (40,500)	\$ (40,500)



General Fund new requests: *not recommended* (cont.)

Requesting Department/office	Package	Short description	Ongoing	One-Time	Total
General Services	GEN-26-19AD	Purchase Computers for Medical Examiner expansion	\$ (2,400)	\$ (5,400)	\$ (7,800)
General Services	GEN-27-19AD	Motion Sensor Video Recorded Secured Drug Storage	\$ -	\$ (25,000)	\$ (25,000)
General Services	GEN-28-19AD	Pay Increase for Private Investigators	\$ (35,000)	\$ -	\$ (35,000)
General Services	GEN-31-19AD	Maintenance of Tax Foreclosure Properties	\$ (10,000)	\$ -	\$ (10,000)
General Services	GEN-32-19AD	Increase in State Auditor Rates	\$ (12,000)	\$ -	\$ (12,000)
Technology Services	ITS-02-19AD	Increased Software Support Costs	\$ (17,586)	\$ -	\$ (17,586)
Technology Services	ITS-04-19AD	Add 2 Cybersecurity FTEs	\$ -	\$ (283,382)	\$ (283,382)
Technology Services	ITS-06-19AD	Network Equipment Replacement cycle	\$ (231,614)	\$ -	\$ (231,614)
Juvenile	JUV-03-19AD	Purchase of a new fleet vehicle	\$ (6,778)	\$ (16,707)	\$ (23,485)
Public Works	PWK-04-19AD	Field Inspector for Noxious Weed Board request	\$ (82,244)	\$ (34,000)	\$ (118,244)
Public Works	PWK-05-19AD	Increase Field Technician to full-time employment	\$ -	\$ -	\$ -
Public Works	PWK-06-19AD	Field Technician for Parks noxious weed support	\$ -	\$ -	\$ -
Public Works	PWK-20-19AD	Floodplain program funding	\$ (18,000)	\$ -	\$ (18,000)
Public Works	PWK-24-19AD	General Fund transfer for Heritage Farm support	\$ (18,000)	\$ -	\$ (18,000)
Superior Court	SUP-01-19AD	Additional Equipment Maintenance Funds	\$ (8,500)	\$ -	\$ (8,500)
Superior Court	SUP-03-19AD	Replace Courtroom Recorder Devices	\$ -	\$ (73,000)	\$ (73,000)
Superior Court	SUP-04-19AD	Additional funds for Part-Time Bailiffs	\$ (10,000)	\$ -	\$ (10,000)
Superior Court	SUP-05-19AD	Restoration of Mandatory Education Funds	\$ (5,000)	\$ -	\$ (5,000)
			\$ (2,217,167)	\$ (6,568,635)	\$ (8,695,802)



General Fund *recommended requests* *net impact on fund balance*

Available fund balance (millions)	2019
Estimated beginning	24.32
Revenue budget	163.94
Expense budget	(164.55)
2018 Final Supplemental Impacts (<i>not in baseline</i>)	(.67)
2019 Recommended baseline adjustments	(.45)
2019 adopt requests - recommended	1.72
Projected ending fund balance	24.3
Reserve amount (<i>per policy</i>)	(24.3)
Projected available fund balance	0



Road Fund



Road Fund *recommended requests*

Road Fund requests amount to a net decrease in fund balance of \$21.4 million for 2019.

Available fund balance (millions)	2019
Estimated beginning	18.2
Revenue budget	63.2
Expense budget	(59.0)
2019 adopt requests – recommended	(21.4)
Projected ending	1.0*

*Public Works is preparing a decision package for the 2019 Spring Budget Supplemental that will result in a revised fund balance of \$10.4 million.

<i>Increase Revenue Budget: grant funding and elimination of Public Works Trust Fund</i>	5.9
<i>Decrease Expense Budget: reduction of professional services, traffic control devices</i>	3.4
Planned projected ending	10.4

The Road Fund Balance Reserve Policy is being developed and will be presented to council for review in 2019.



Road Fund *recommended requests*

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
Budget Office	BGT-03-19AD	Increase Revenue for Transportation Program	\$ -	\$ -	\$ -
Budget Office	BGT-09-19AD	Update Indirect Cost Allocations	\$ (495,098)	\$ -	\$ (495,098)
Budget Office	BGT-10-19AD	Baseline budget adjustments and positions update	\$ (239,509)	\$ -	\$ (239,509)
General Services	GEN-04-19AD	General Liability Fund Reconciliation	\$ (620,292)	\$ -	\$ (620,292)
Technology Services	ITS-09-19AD	True-up for TER&R form original submission	\$ (8,473)	\$ -	\$ (8,473)
Technology Services	ITS-10-19AD	Planning & Moving to Office 365	\$ -	\$ (98,281)	\$ (98,281)
Technology Services	ITS-11-19AD	Server Storage adj. from original submission	\$ 4,348	\$ -	\$ 4,348
Technology Services	ITS-13-19AD	Add Office 365 Subscription Costs to TER&R Charges	\$ (33,600)	\$ -	\$ (33,600)
Public Works	PWK-03-19AD	Park impact fees budget update	\$ -	\$ 185,000	\$ 185,000
Public Works	PWK-12-19AD	Under vehicle wash system	\$ -	\$ (30,000)	\$ (30,000)
Public Works	PWK-15-19AD	Approval to purchase a compact excavator	\$ (24,375)	\$ (90,000)	\$ (114,375)
Public Works	PWK-16-19AD	Approval to purchase Maintstar software apps.	\$ (6,500)	\$ (105,000)	\$ (111,500)
Public Works	PWK-17-19AD	Annual Construction Program	\$ -	\$ (23,865,843)	\$ (23,865,843)
Public Works	PWK-18-19AD	Purchase pickup truck for Survey Section	\$ (6,323)	\$ (30,000)	\$ (36,323)
Public Works	PWK-21-19AD	Budget for traffic impact fees	\$ 3,612,500	\$ -	\$ 3,612,500
Public Works	PWK-34-19AD	Revenue Forecast Update	\$ 118,028	\$ -	\$ 118,028



Road Fund *recommended requests, continued*

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
Public Works	PWK-38-19AD	Approval to purchase variable message boards	\$ (3,500)	\$ (100,000)	\$ (103,500)
Public Works	PWK-39-19AD	REET 2 - NE 10th Ave (NE 149th St to NE 154th St)	\$ -	\$ -	\$ -
Public Works	PWK-40-19AD	REET 2 - NE 99th Street (NE 94th Avenue to SR-503)	\$ -	\$ -	\$ -
Public Works	PWK-41-19AD	REET 2 - I-5/179th Street Area Improvements	\$ -	\$ -	\$ -
Public Works	PWK-42-19AD	REET 2 - NE 15th Ave (NE 179th St to NE 10th Ave)	\$ -	\$ -	\$ -
Public Works	PWK-43-19AD	REET 2 - NE 68th Street Sidewalk	\$ -	\$ -	\$ -
Public Works	PWK-44-19AD	REET 2 - Highway 99 Sidewalk Scoping	\$ -	\$ -	\$ -
Public Works	PWK-45-19AD	REET 2 - Davis Bridge Replacement	\$ -	\$ -	\$ -
Public Works	PWK-46-19AD	REET 2 - NE 182nd Avenue at SR-500	\$ -	\$ -	\$ -
Public Works	PWK-50-19AD	Department costing changes	\$ (1,140)	\$ -	\$ (1,140)
Public Works	PWK-51-19AD	Parks construction direct charge of staff time	\$ -	\$ 476,551	\$ 476,551
Public Works	PWK-52-19AD	Purchase Thermoplastic Cart	\$ (12,548)	\$ (72,000)	\$ (84,548)
Public Works	PWK-53-19AD	Roll forward REET 2 sidewalk budget	\$ -	\$ -	\$ -
			\$ 2,283,518	\$ (23,729,573)	\$ (21,446,055)



Road Fund requests: *not recommended*

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
Community Development	COM-06-19AD	2019 CC LMS Continuous Improvement & Configuration	\$ -	\$ (192,233)	\$ (192,233)
Technology Services	ITS-06-19AD	Network Equipment Replacement cycle	\$ (33,872)	\$ -	\$ (33,872)
Public Works	PWK-19-19AD	Add a Senior Management Analyst for Public Works	\$ (111,797)	\$ -	\$ (111,797)
Public Works	PWK-20-19AD	Floodplain program funding	\$ 18,000	\$ -	\$ 18,000
			\$ (127,669)	\$ (192,233)	\$ (319,902)



Building Fund



Building Fund *recommended requests*

Building Fund requests amount to a net fund balance decrease of \$1.0 million for 2019.

Available fund balance (millions)	2019
Estimated beginning	4.7
Revenue budget	11.5
Expense budget	(10.9)
2019 adopt requests - recommended	(1.0)
Projected ending	4.4

The Building Fund Balance Reserve Policy is being developed and will be presented to council for review in 2019.



Building Fund *recommended requests*

Requesting department/office	Package	Short description	Ongoing	One-time	Total
Budget Office	BGT-09-19AD	Update Indirect Cost Allocations	\$ (201,763)	\$ -	\$ (201,763)
Budget Office	BGT-10-19AD	Baseline budget adjustments and positions update	\$ (493,158)	\$ -	\$ (493,158)
Community Development	COM-04-19AD	Customer Public education, training, and outreach	\$ -	\$ (98,600)	\$ (98,600)
General Services	GEN-04-19AD	General Liability Fund Reconciliation	\$ (55,180)	\$ -	\$ (55,180)
Technology Services	ITS-09-19AD	True-up for TER&R form original submission	\$ (39,594)	\$ -	\$ (39,594)
Technology Services	ITS-10-19AD	Planning & Moving to Office 365	\$ -	\$ (41,334)	\$ (41,334)
Technology Services	ITS-11-19AD	Server Storage adj. from original submission	\$ (4,011)	\$ -	\$ (4,011)
Technology Services	ITS-13-19AD	Add Office 365 Subscription Costs to TER&R Charges	\$ (20,800)	\$ -	\$ (20,800)
			\$ (814,506)	\$ (139,934)	\$ (954,440)



Building Fund requests: *not recommended*

Requesting department/office	Package	Short description	Ongoing	One-time	Total
Community Development	COM-05-19AD	Implement Citygate recommendations	\$ -	\$ -	\$ (201,763)
Community Development	COM-06-19AD	2019 CC LMS Continuous Improvement & Configuration	\$ -	\$ (455,000)	\$ (455,000)
Technology Services	ITS-06-19AD	Network Equipment Replacement cycle	\$ (20,968)	\$ -	\$ (20,968)
			\$ (20,968)	\$ -	\$ (625,968)



REET I Fund



Real Estate Excise Tax

REET I (first quarter of 1 percent)

Real Estate Excise Tax, REET 1, dollars are depleted. Fund balance will need to rebuilt from 2019-2026 before new items can be funded.

Available fund balance (millions)	2019
Estimated beginning	(2.9)
Revenue budget	5.3
Expense budget	(4.7)
Projected ending	(0.18)

The REET 1 Fund Balance Reserve Policy has been drafted and will be presented to council for review in late 2018.



REET 2 Fund



Real Estate Excise Tax *recommended requests* REET 2 (second quarter of 1 percent)

Real Estate Excise Tax, REET 2, requests amount to a net fund balance decrease of \$7.9 million for 2019.

Available fund balance (millions)	2019
Estimated beginning	11.2
Revenue budget	6.3
Expense budget	(1.5)
2019 adopt requests - recommended	(7.9)
Projected ending	8.1

The REET 2 Fund Balance Reserve Policy has been drafted and will be presented to council for review in late 2018.



REET 2 recommended requests

Requesting Department	Package number	Short description	Total One-Time
Public Works	PWK-01-19AD	Use of REET II Fund for Parks Capital Repairs	\$ (1,100,303)
Public Works	PWK-02-19AD	REET 2 Expenditure for Kozy Kamp Park Development	\$ (155,000)
Public Works	PWK-39-19AD	REET 2 - NE 10th Ave (NE 149th St to NE 154th St)	\$ (1,500,000)
Public Works	PWK-33-19AD	Harmony Parking Safety Improvements	\$ (1,000,000)
Public Works	PWK-40-19AD	REET 2 - NE 99th Street (NE 94th Avenue to SR-503)	\$ (600,000)
Public Works	PWK-41-19AD	REET 2 - I-5/179th Street Area Improvements	\$ (100,000)
Public Works	PWK-42-19AD	REET 2 - NE 15th Ave (NE 179th St to NE 10th Ave)	\$ (250,000)
Public Works	PWK-43-19AD	REET 2 - NE 68th Street Sidewalk	\$ (200,000)
Public Works	PWK-44-19AD	REET 2 - Highway 99 Sidewalk Scoping	\$ (300,000)
Public Works	PWK-45-19AD	REET 2 - Davis Bridge Replacement	\$ (200,000)
Public Works	PWK-46-19AD	REET 2 - NE 182nd Avenue at SR-500	\$ (100,000)
Public Works	PWK-27-19AD	Roll Forward Budget For Grove Field Off-Leash Area	\$ (60,000)
Public Works	PWK-30-19AD	Roll Forward Remaining Budget For Camp Hope	\$ (175,000)
Public Works	PWK-35-19AD	REET 2 funding for Railroad Bridges 12 and 20	\$ (1,400,000)
Public Works	PWK-36-19AD	Railroad Bridges 12 and 20 Roll Forward Funding	\$ (50,000)
Public Works	PWK-53-19AD	Roll forward REET 2 sidewalk budget	\$ (700,000)
			\$ (7,890,303)



Mental Health Sales Tax Fund



Mental Health Sales Tax Fund *recommended requests*

Mental Health Sales Tax Fund requests amount to a net fund balance decrease of \$2.6 million for 2019.

Available fund balance (millions)	2019
Estimated beginning	8.2
Revenue budget	8.9
Expense budget	(6.6)
2019 adopt requests – recommended	(2.6)
Projected ending fund balance	7.9
<i>Reserve amount (per policy)*</i>	(4.8)
Projected available fund balance	3.1

**The Mental Health Sales Tax Fund Balance Reserve Policy was adopted by the council on September 25, 2018.*



Mental Health Sales Tax Fund *recommended requests*

Requesting Department	Package number	Short description	Ongoing	One-Time	Total
Information Services	ITS-10-19AD	Planning & Moving to Office 365		\$ (74,040)	\$ (74,040)
Budget Office	BGT-05-19AD	Move budget to Fund 1033 for DCS Programs	\$ -		\$ -
District Court	DST-01-19AD	Budget increase for Therapeutic Specialty Courts	\$ (397,239)		\$ (397,239)
Juvenile Department	JUV-01-19AD	Requesting a Juvenile Court Care Coordinator FTE	\$ (106,952)		\$ (106,952)
Juvenile Department	JUV-02-19AD	Increase Post-Doctoral Stipend (Fund 1033)	\$ (20,000)		\$ (20,000)
Public Health	PBH-02-19AD	MHST Support of Nurse-Family Partnership Program	\$ (405,000)		\$ (405,000)
Public Health	PBH-03-19AD	Nurse-Family Partnership Program Right Sizing	\$ (170,000)		\$ (170,000)
Sheriff's Office	SHR-02-19AD	Additional law enforcement support in TSC's	\$ (41,400)		\$ (41,400)
Superior Court	SUP-07-19AD	Training for Therapeutic Court Team Members	\$ (15,000)		\$ (15,000)
Budget Office	BGT-06-19AD	Mental Health Sales Tax Contingency for RFP		\$ (1,200,000)	\$ (1,200,000)
Budget Office	BGT-10-19AD	Baseline budget adjustments and positions update	\$ (97,000)		\$ (97,000)
General Services	GEN-04-19AD	General Liability Fund Reconciliation	\$ (15,958)		\$ (15,958)
Budget Office	BGT-09-19AD	Update Indirect Cost Allocations	\$ (28,882)		\$ (28,882)
			\$ (1,297,431)	\$ (1,274,040)	\$ (2,571,471)



Property tax levies

Overview of process and options



Property tax

The council adopts levies supporting the budget and each year considers the following property tax levies:

- General Fund, including subordinate levies: Veterans, Mental Health and Developmental Disabilities
- Road Fund
- Conservation Futures
- The Greater Clark Parks District levy is considered separately when the council convenes as the GCPD board.
- Property tax is stable, grows with new construction and possible 1 percent annual increase.
- Current baseline forecast includes growth from new construction at ~40% higher than the prior year based on preliminary data.



2019 Property tax options

		2019 Choices Revenue Impact		
Levy	2018 Choice	0%	1%	Banked Capacity
General Fund	1%	\$ 0	\$ 634,644	\$ 1,410,442
Road Fund	0%	\$ 0	\$ 399,246	\$ 2,203,012
Conservation Futures	0%	\$ 0	\$ 24,712	\$ 301,377
Parks	0%	\$ 0	\$ 34,698	\$ 63,014

		2019 Choices Impact on Median* Household		
Levy	2018 Impact	0%	1%	Banked Capacity
General Fund	\$ 3.46	\$ 0	\$ 3.41	\$ 7.59
Road Fund	\$ 0	\$ 0	\$ 4.66	\$ 25.70
Conservation Futures	\$ 0	\$ 0	\$ 0.13	\$ 1.62
Parks	\$ 0	\$ 0	\$ 0.61	\$ 1.11

* 2018 Median Household Price of \$349,900 per RMLS data posted August 2018
 Current year property taxes act upon the value of the property as it was in the prior year.



History on property tax increases

General Fund

- County Council has foregone the 1% increase in 5 of the past 7 years.
 - The cumulative impact is \$14.9 million dollars less for the general fund.
 - The impact compounds, and is now at \$3.2 million dollars less annually.

Road Fund

- County Council has foregone the 1% increase in 8 of the past 9 years.
 - The cumulative impact is \$17 million dollars less for road fund activities.
 - The impact compounds, and is now at \$3.4 million dollars less annually for road fund activities.
- The Road Diversion has been in place since 2007.
 - To date, \$47.4 million has been diverted from road fund activities.
 - For context, the 2019 Annual Construction Program was \$46.4 million.
 - Currently the diversion pays for a portion of Sheriff patrols in unincorporated Clark County.



2019 Property tax from new construction

Levy	2019 New Construction
General Fund	\$ 1,662,320
Road Fund	\$ 1,119,885
Conservation Futures	\$ 64,728
Parks	\$ 110,092

In addition to potential property tax increases presented in the previous slide, new construction is forecasted to bring in tax revenue in the amounts above, which are included in baseline forecasts.



2019 Property tax: General Fund subordinate levies

- Levy amount for mental health and developmental disabilities may be based on a flat rate of \$0.0125 per \$1,000 of assessed value, or it may be increased or reduced in same proportion as the prior year's certified county general levy.
- Veterans standard minimum rate is \$0.01125 and maximum is \$0.27 per \$1,000 of assessed value. Rate can be below minimum if Veterans Assistance Fund has sufficient fund balance , or levy amount may be increased or reduced in same proportion as the prior year's certified county general levy.



2019 subordinate levy options: Mental Health, Developmental Disabilities, Veterans Assistance

Levy	2018 Choice	2018 Amount	2019 Minimum Rate	2019, Same change as GF		
				GF 0%	GF 1%	GF Bnkd Cap
Mental Health	Proportional	\$ 718,288	\$ 813,057 0.0125	\$ 738,100 0.0114	\$ 745,283 0.0115	\$ 754,063 0.0116
Dev. Disabilities	Proportional	\$ 718,288	\$ 813,057 0.0125	\$ 738,100 0.0114	\$ 745,283 0.0115	\$ 754,063 0.0116
Veteran's Assistance*	Proportional	\$ 646,458	\$ 731,752 0.01125	\$ 664,290 0.0102	\$ 670,754 0.0103	\$ 678,657 0.0104

* In lieu of a levy increase, a 2017 readopt decision package established an annual ongoing transfer of \$118,468 from the General Fund to the Veteran's Assistance Fund to support the program and for increasing needs for housing assistance.



Next steps

- Questions/discussion
- Council feedback
- Next steps

Recommended budget published/hearing request Tuesday, November 6, 2018
2019 Budget Hearing (elected testimony) Monday, December 3, 2018
2019 Budget Hearing (public testimony) Tuesday, December 4, 2018 (evening)
2019 Budget Hearing (public testimony) Wednesday, December 5, 2018 (morning)
Line item detail available on website Monday, December 17, 2018

