

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF PROPOSED)
STRATEGIC FINANCING ACTION) Resolution No. 2018-0660
PLANS)

UPON MOTION OF SUPERVISOR SHUKLIAN, SECONDED BY SUPERVISOR VANDER POEL, THE FOLLOWING WAS ADOPTED BY THE BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD JULY 31, 2018, BY THE FOLLOWING VOTE:

AYES: SUPERVISORS CROCKER, VANDER POEL, SHUKLIAN, WORTHLEY,
AND ENNIS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE



ATTEST: MICHAEL C. SPATA
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: Milany Ronello
Deputy Clerk

1. Received the Report regarding Strategic Financing Action Plans; and
2. Provided Direction regarding Proposed Strategic Financing Action Plans.



**COUNTY ADMINISTRATIVE OFFICE
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

KUYLER CROCKER
District One
PETE VANDER POEL
District Two
AMY SHUKLIAN
District Three
J. STEVEN WORTHLEY
District Four
MIKE ENNIS
District Five

AGENDA DATE: July 31, 2018

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
County Counsel Sign-Off	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

CONTACT PERSON: Michael C. Spata PHONE: 636-5005

SUBJECT: Proposed Strategic Financing Action Plans

REQUEST(S):
That the Board of Supervisors:

1. Receive the Report regarding Strategic Financing Action Plans; and
2. Provide Direction regarding Strategic Financing Action Plans.

SUMMARY:

A. Strategic Financing Plan Committee and General Options

During 2017 and 2018, the Strategic Financing Plan Ad Hoc Committee received various presentations from several Agencies and Departments regarding future fiscal challenges that will be faced by the County in the near future.

These Agencies and Departments included the Sheriff's Office, Health and Human Services Agency, Fire Department, and Resource Management Agency. After thorough discussion at the Committee, the stage is now set for the Board of Supervisors to consider and possibly adopt action plans for implementation. The Action Plans are summarized in Section B of this Agenda Item and are included in Attachments 1 through 4.

Viewed cumulatively, unless other Financing Sources (e.g., general revenue growth based on economic development, grants, subventions, or debt issuance) can be

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identified, the fiscal impact to the General Fund – in the future – will be substantial.

Accordingly, before proceeding to a discussion of specific options applicable to Actions Plans for Criminal Justice, Health and Human Services, Fire and Zones of Benefit, it is suggested that consideration be given to several general options such as Priority-Based Budgeting, Phasing of Spending Plans, Deferring Expenditures, and Adjusting Expenditures. Each of these options is discussed separately.

1. **Priority-Based Budgeting:** Given the limitation of budgetary resources, a priority-based approach should be considered by identifying available revenues and then providing funding for services (e.g., programs and projects) that are arranged and ranked based on (a) a well-defined set of priorities taking into consideration mandates required by law; (b) strategic management goals set by the governing body (e.g., Public Safety and Security, Economic Well-Being, Quality of Life, and Organizational Performance Goals); and (c) community considerations after public outreach and input. (Government Finance Officers Association (GFOA) *Anatomy of a Priority-Driven Budget Process* (2011).)
2. **Phasing of Spending Plans:** Presentations to the Strategic Financing Plan Committee reflected an acknowledgement that the limited availability of budgetary resources necessitated the phasing (e.g., timing and sequencing) of spending plans for the affected Agencies and Departments; and as such, once budget priorities are set, consideration should be given to the option of phasing the spending plans that have been approved for prioritized programs and projects.
3. **Deferring Expenditures:** Recognizing the practical limits of annual budgetary feasibility and long-term fiscal sustainability, consideration should be given to the option of deferring expenditures until revenues have been generated sufficient to be allocated to programs and projects that have been postponed; and as such, there should be an annual review of financing sources -- including a careful review of general revenues particularly property and sales tax revenue growth based on economic development activities -- to determine whether deferred expenditures can be supported with budgetary revenues.
4. **Adjusting Expenditures:** In connection with the principle of Budgetary Sustainability embodied in the Strategic Management Plan Revised Update, Agencies and Departments should be (a) searching for new or expanded revenues and (b) reviewing their budgets to develop operational efficiencies by shifting spending to prioritized programs and projects and thereafter reducing expenditures elsewhere in their budgets. After conducting this analysis, the option of adjusting budgetary expenditures should be considered; that is, to be able to afford the expenditures associated with Priority-Based Budgeting, consideration should be given to placing limits on targets. This option should be discussed with the affected departments.

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From a strategic perspective, these general options suggest a proactive approach to evaluating and managing future fiscal challenges affecting the County.

B. Proposed Action Plans for Consideration by Board of Supervisors

What follows is a summary of the proposed Action Plans. Greater detail is provided in Attachments 1 through 4.

1. Sheriff with Health and Human Services Agency, General Services Agency and Information and Communications Technology Affecting the South County Detention Facility (Attachment 1)

Phase 1 Plan Total Cost: \$16,867,387 (Attachment 1, Table 1)

Phase 1 Plan Actual Cost: \$5,527,847 (Attachment 1, Table 1A)

Phase 2 Plan Total Cost: \$8,587,090 (Attachment 1, Table 2)

Grand Total: \$25,454,477 (Attachment 1, Phase 1 and 2 Plans)

Option 1: Provide General Fund Support for Phases 1 and 2

Option 2: Pursue Entrepreneurial Activities (Property & Evidence Facility)

Option 3: Pursue Grants, Increased Subvented Funds, or Public Financing

Option 4: All of the Above

2. Health and Human Services Agency: In-Home Support Services and Mental Health Services (Attachment 2).

Scenario 1 - Increase General Fund Support by allocating additional General Fund revenue to cover increasing expenses for Criminal Justice Health and Mental Health Care Services. (See Attachment 2, Table 1.)

Scenario 2 - HHSA and the General Fund share the cost of Criminal Justice Health and Mental Health Care Services by a 50/50 share of first year cost increases, with the HHSA share decreasing by 25% annually, thereby increasing the General Fund commitment. (See Attachment 2, Table 2.)

Suggested Approach: Per Scenario 2 and Table 2, this office supports the 50/50 split for FY 2018/19 when the cost becomes known, most likely in 2019; however, for future budget years, the Board of Supervisors should review on a year-by-year basis the feasibility of (1) providing additional revenue from the General Fund and (2) the percentage split. HHSA notes that without a 5-Year Phasing Plan commitment, costs may accelerate. HHSA may provide comments to this effect to the Board when the matter is considered.

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3. Fire Department: Improvements, Fixed Assets, Staffing (Attachment 3)

YEAR 1: FY 2018/19 - Grand Total \$3,181,000

YEAR 2: FY 2019/20 - Grand Total \$3,814,000

YEAR 3: FY 2020/21 - Grand Total \$4,466,000

YEAR 4: FY 2021/22 - Grand Total \$4,456,000

YEAR 5: FY 2022/23 - Grand Total \$2,938,000

(Attachment 3, Part 1, Fire Year Plan Proposed by Fire Department)

Option 1: General Fund Support: For the proposed FY 2018/19 Budget, provide General Fund support in a feasible amount for operations and capital improvements pending close-out of all budgets, including an Equipment Rotation Schedule. At this time, \$1.4 Million is proposed to be included in the Capital Improvement Program for fire station remodels and paving. Parenthetically, the CIP also includes funding in the amount of \$2.9 Million for Fire Station No. 1 to be located in the Central Road Yard on Avenue 256 and Road 140.

Option 2: Grant Funding: Continue to seek grant funding to address costs for Capital Improvements and Replacement Fire Engines and Equipment.

Option 3: Public Financing: After further study, consider potential public financing for Capital Improvements and Replacement Fire Engines and Equipment.

4. Resource Management Agency: Zones of Benefit (Attachment 4)

a. Short-term Projects Identified to Reduce Cost or Increase Revenue:

- Consolidation of Yettem and Seville Water Systems – Reduce Subsidy by \$11,000 Annually
- Propose a Rate Increase for Terra Bella Sewer Maintenance District (Proposition 218 Required)
- Traver Wastewater Rate Increase – Reduce subsidy by \$5,500 annually (Proposition 218 Required)
- Wells Tract Water & Sewer Rate Increase – Reduce subsidy by \$6,500 annually (Proposition 218 Required)

b. Medium-term Projects for Implementation Next Two to Five Years:

- Terra Bella Sewer Expansion – Estimated annual revenue increase of \$50,000
- Traver Wastewater Expansion Project – Increase capacity based on residential growth
- Solar Grants – Estimated savings of \$85,000 annually
- Meter Grants – Estimated savings of \$8,700 annually

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- Yettem/Seville Phase 2 – New well and meter installation
- Operational Restructuring – Estimated savings of \$100,000

c. Long-term Projects:

- Continue to Seek Solutions for Sustainability
- Review/Analyze Potential Revenue Generating Activities and Sources
- Divest Systems and Transfer to Other Public Entities

Option 1: Continue to obtain grant funding to help operate effectively and sustain the water and wastewater systems.

Option 2: As some of these systems are strategically located near neighboring cities or special districts, the County could explore with these public entities the potential transfer of these systems.

Option 3: Consolidate facilities that are the County's responsibility to operate.

Option 4: Continue operations by using the General Fund through loans to support maintenance and operations.

C. Agency and Department Comments

The affected Agencies and Departments have worked with this office extensively, collaboratively and cooperatively for a considerable period of time; and as such, the proposed Action Plans are a function of the good faith perspective of the Agencies and Departments and a budgetary sustainability analysis conducted by this office. Accordingly, it is requested the Agency and Departmental representatives be given the opportunity to provide their comments to the Board after this report is completed.

D. Conclusion

Based on this report and the comments to be presented by the Agencies and Departments, it is respectfully requested that the Board of Supervisors receive this Action Plan report and provide direction to this office.

FISCAL IMPACT/FINANCING:

Although there is no Net County Cost associated with this Agenda Item at this time, there is the potential for a substantial Net County Cost with implementation of these Action Plans. As stated previously, unless other Financing Sources (e.g., general revenues based on economic development, grants, subventions, or debt issuance) can be identified, the fiscal impact to the General Fund – in the future – could be substantial, thereby suggesting consideration of various general options such as Priority-Based Budgeting, Phasing of Spending Plans, Deferring Expenditures, and Adjusting Expenditures.

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LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

Goal No. 1 of Tulare County's Strategic Business Plan serves to promote the Public Safety and Security of the residents of the County. Goal No. 2 strives to promote the Economic Well Being of the County. Goal No. 3 intends to promote the Quality of Life for the residents of the County. Goal No. 4 endeavors to promote Organizational Performance by improving organizational effectiveness and fiscal stability of the County's government operations. The proposed agenda item provides the information, analysis and support for the proposed Action Plans.

ADMINISTRATIVE SIGN-OFF:



Sophia Almanza, MBA
Deputy CAO – Budget and Finance



Michael C. Spata
County Administrative Officer

cc: Auditor-Controller
County Counsel
County Administrative Office (2)

Attachment(s):

Attachment 1 - Action Plan for Sheriff with Health and Human Services Agency, General Services Agency and Information and Communications Technology Affecting the South County Detention Facility

Attachment 2 - Action Plan for Health and Human Services – In-Home Support Services and Medical and Mental Health Services

Attachment 3 - Action Plan for Fire Department - Improvements, Fixed Assets, and Staffing

Attachment 4 - Action Plan for Resource Management Agency - Zones of Benefit

Attachment 1

**Action Plan for Sheriff with Health and Human Services Agency,
General Services Agency and Information and Communications
Technology Affecting the South County Detention Facility**

South County Detention Facility Action Plan

This is a proposed Action Plan for the South County Detention Facility. As a practical matter, the plan is still under review by the Sheriff and may be amended in the future.

This proposed plan is intended to provide to the Board of Supervisors information to consider and prepare for budgetary action that may be necessary in 2019.

To reach this stage, it should be noted that this office has received extensive cooperation and valuable expertise from the Sheriff's Office, Health and Human Services Agency, General Services Agency, and Information and Communications Technology Department.

The proposed Action Plan is divided into four parts identified as follows:

- Part I: General Background
- Part II: Phase 1 Plan
- Part III: Phase 2 Plan
- Part IV: Options for Consideration by the Board of Supervisors

Each part will now be discussed.

Part I: General Background

The South County Detention Facility ("SCDF" or "the facility") is expected to contain 514 inmate beds. The facility will be located in the City of Porterville and was scheduled to open in March 2019.

However, in light of new information from Capital Projects, SCDF may open in May 2019 if construction is completed in November 2018. Once construction is completed, the State Fire Marshall's approval is required before occupancy is allowed. Once approval is provided by the state, the County will have ninety days to "occupy the building."

The original three-phased plan presented by the Sheriff's Office at the Strategic Financing Plan Committee in 2017 has now been combined into two phases, although Phase II is still under review by the Sheriff.

Part II: Phase 1 Plan

A. Main Jail Closure

The Phase 1 Plan includes the closure of Main Jail which houses 272 inmate beds. The County's proposed Capital Improvement Program indicates that demolition will occur in 2020 and 2021.

Assuming the Main Jail is closed in the near-term, inmates will no longer be held in Main Jail and will be transferred to the SCDF. Once the last inmate is removed from the facility, it can no longer operate as a jail facility as it has been grandfathered and does not meet state requirements.

The Main Jail also houses the Visalia Patrol with tactical detectives, safes, specialized equipment, Dispatch Center, courthouse security tunnel, IT computer deployment room, small server farm, and IT connectivity vault which supplies the County buildings to the west. A relocation plan for remaining staffing units, equipment and IT connections to other buildings -- specifically the impact to Court Operations -- will need to be addressed.

As the Main Jail Facility has several data components that would require relocation, updating and re-configuration, the preliminary estimate to vacate the Main Jail is estimated at \$228,000 to occur within a nine-month time-frame.

Additionally, with the closure of Main Jail, the Bob Wiley Detention Facility Jail will provide food for inmates at the SCDF. As such, the five vacant and currently allocated Cook positions will need to be filled immediately. Food will have to be transported from Bob Wiley to the SCDF, thereby requiring the purchase of food tray carts, insulated trays and a truck to transport food. The purchase of a vehicle will be funded through the Sheriff's Vehicle Replacement Fund 510.

Finally, the total demolition costs for the Main Jail are estimated in the County's Capital Improvement Program (CIP) to be \$5 Million, with \$3 Million allocated in 2020 and \$2 Million allocated in 2021.

B. Proposed Staffing and Services Plan

If construction is completed in October 2018, the tentative inmate occupation date is April 2019. If construction is completed in November 2018, the occupation date would extend to May 2019. The proposed phasing plan -- described in detail below -- includes opening and operating specific sections of the SDCF.

All positions identified in the plan will be filled by using existing allocated positions that are vacant or by transferring positions that are filled from other facilities. The following is a list of the applicable positions:

- **Intake** - Booking inmates with 24-hour operation: Four (4) Sergeants, Eight (8) Correctional Deputy Sheriff's, Eight (8) Detention Services Officers (Booking Officers).
- **Housing Unit One** – 244 inmates with 24-hour operation: Twelve (12) Correctional Deputy Sheriff's, Eight (8) Detention Services Officers (Control Room Officers).
- **First Half of Housing Unit Two** – 120 inmates with 24-hour operation: Four (4) Correctional Deputy Sheriff (Floor Officers), Four (4) Detention Services Officers (Control Room Officers).
- **Outpatient Housing (OPH)** – 11 medical beds with 24-hour operation and Clinic with 8-hour operation: Four (4) Correctional Deputy Sheriff (OPH), One (1) Correctional Deputy Sheriff (clinic).
- **Administrative Area** – Command and control facility with 5-day a week 8-hour shifts: One (1) Lieutenant, One (1) Administrative Sergeant, Two (2) Correctional Deputy Sheriff, Two (2) Detention Services Officers, One (1) Office Assistant, Four (4) Detention Services Officers (Central Control 24-hour operation), Two (2) Detention Services Officers (Visiting Public Access 12-hour operation).
- **Vacation Relief** - Four (4) Correctional Deputy Sheriff, Four (4) Detention Services Officers.
- **Special Needs Unit** – 26 inmates with 24-hour operation: Four (4) Correctional Deputy Sheriff.
- **Inmate Programs** – Support for inmates: Two (2) Inmate Program Specialists (Funded by Inmate Welfare Fund), Four (4) AOD Counselors (Contract - Funded by Inmate Welfare Fund), One (1) Adult Educator (Contract - Funded by Inmate Welfare Fund), One (1) Chaplain (Contract - Funded by Inmate Welfare Fund & private funds).

Within this perspective, there will be no new position costs associated with Phase 1.

However, with the opening of the SCDF, there will be increased costs to operate and maintain the new facility. For example, the estimated costs for Internal Service Fund (ISF) charges are estimated to be \$1.4 million annually. These costs include services provided by Grounds, Custodial, Utilities, and Facilities.

The estimated annual increase for IT services is \$12,000, with an estimated one-time cost of \$170,000 for an IT Network setup for the facility.

Additionally, there will be increased costs for health and mental health services, generally referred to as Criminal Justice costs. In terms of background, on June 28, 2018 the Board of Supervisors approved a new contract with California Forensic Medical Group (CFMG) for health and mental health services in the amount of \$14.2 Million.

The new contract with CFMG did not include costs for health and mental health services at the SCDF; and as such, an assumption is made for discussion purposes that the possible cost for health and medical services could be \$3,895,847 based on a proposal made by Corizon. Depending on discussions with CFMG, this number could increase or decrease.

It is anticipated that an amended or new contract will include health and mental health services for the SCDF and will be presented to the Board of Supervisors in the beginning of calendar year 2019 prior to the formal opening of the facility. However, using the health and mental health costs of the Corizon agreement that has expired, a tentative assumption has been made that the cost for such services will increase.

The total cost to open SDCF will be \$16,867,387. For detail, see attached Table 1. Of this amount, \$5,527,847 are expected new costs since actual staffing costs are not expected in Phase 1. See Table 1A.

Phase 2 Plan (Still under Review by Sheriff)

Based on discussions with the Sheriff's Office, Table 2 shows the estimated costs for Phase 2, with the qualification that these costs are preliminary as they are still under review by the Sheriff.

Generally, the cost for Kitchen-Laundry Staff is estimated at \$1 million and the cost for Security Staff for Second Half of Unit 2 area is estimated at \$750,000.

Staffing for these areas in Phase 2 are outlined as follows:

- **Kitchen/Laundry** – Support Area: Four (4) Correctional Deputy Sheriff's, Two (2) Food Laundry Managers, Two (2) Laundry Technicians, One (1) Stock Clerk, Ten (10) Cooks, One (1) Office Assistant.
- **Housing Sergeants** – Supervision of Housing Units: Four (4) Sergeants.
- **Second Half of Housing Unit Two** – 130 inmates with 24-hour operation: Four (4) Correctional Deputy Sheriff's (floor officers), Four (4) Detention Services Officers (Control Room Officers).
- **Second Central Control Room** – Assist with movement in facility: Four (4) Detention Services Officers.
- **Facility Roves** – To provide rapid response and relief in facility: Four (4) Correctional Deputy Sheriff.
- **Vacation Relief** – To provide relief for trainings and vacation: One (1) Sergeant, Four (4) Correctional Deputy Sheriff's, Four (4) Detention Services Officers.

The staffing costs associated with Phase 2 are estimated to be \$3,279,243.

Attached is Table 2 which provides a tentative estimate of the total costs for Phase 2.

Part IV: Options for Consideration by the Board of Supervisors

Option 1: Provide General Fund Support for the funding needs associated with Phase1 and 2 Plans.

Option 2: Pursue Enterprise Activities to Acquire Additional Revenue: The Sheriff suggested in the 2017 presentation to the Strategic Financing Plan Committee that once the new Property and Evidence Building is completed and operational -- likely in 2019 -- this facility may be a potential revenue generator by charging for services made available to cities, thereby helping to offset expenses for the SCDF.

Option 3: Pursue grants, increased use of available subvented funding, or consider possible public financing.

Option 4: All of the Above.

South County Detention Facility Action Plan

TABLE 1

Phase 1			
Capital Costs (1)			
Main Jail Closure		\$	228,000
IT Network Setup		\$	170,000
Isuzu NPR Truck (Offsetting Revenue)		\$	60,000
Demolition		\$	5,000,000
		\$	5,458,000
Operational Costs			
TCiCT ISF Charge		\$	12,000
ISF Charges		\$	1,400,000
Health/Mental Health Services (HHSA/CJ Costs) (2) (3)		\$	3,895,847
		\$	5,307,847
Personnel Costs (4)		Position Count	
Intake	20	\$	1,527,976
Housing Unit One	20	\$	1,423,084
First Half of Housing Unit Two	8	\$	540,872
Outpatient Housing	5	\$	426,675
Administrative Area	13	\$	866,373
Vacation Relief	8	\$	540,872
Special Needs Unit	4	\$	341,340
Inmate Programs (Offsetting Revenue)	8	\$	434,348
	86	\$	6,101,540
Phase 1 Total		\$	16,867,387

TABLE 1A

Phase 1 - FY 2018/19 Actual Costs		
Health/Mental Health Services (HHSA/CJ Costs)	\$	3,895,847
ISF Charges	\$	1,400,000
IT Network Setup	\$	160,000
Isuzu NPR Truck (Offsetting Revenue)	\$	60,000
TCiCT ISF Charge	\$	12,000
FY 2018/19 Actual Cost Total	\$	5,527,847

South County Detention Facility Action Plan

TABLE 2

Phase 2 (5)			
Operational Costs			
TCiCT ISF Charge		\$	12,000
ISF Charges		\$	1,400,000
Health/Mental Health Services (HHSA/CJ Costs) (2) (3)		\$	3,895,847
		\$	5,307,847
Personnel Costs			
	Position Count		
Kitchen/Laundry	20	\$	1,098,837
Housing Sergeants	4	\$	446,232
Second Half of Housing Unit Two	8	\$	540,872
Second Central Control Room	4	\$	199,532
Facility Roves	4	\$	341,340
Vacation Relief	9	\$	652,430
		\$	3,279,243
Estimated Cost for Phase 2			\$ 8,587,090
Grand Total			\$ 25,454,477

(1) Capital Costs are based on the assumption that the Main Jail will be closed and demolished in the near-term.

(2) Costs for health and mental health services are budgeted with the Health and Human Services Agency and not the Sheriff.

(3) The Criminal Justice cost methodology uses the "Corizon Proposal" for FY 2018/19 services which includes the SCDF. This cost could increase or decrease pending further discussions between HHSA and CFMG.

(4) Staffing costs for Phase 1 are not new costs for the Sheriff's Office as these positions will be filled by using existing allocated positions that are vacant and by transferring positions that are filled from other facilities.

(5) The Phase 2 Plan is still under review by the Sheriff.

Attachment 2

Action Plan for Health and Human Services In-Home Support Services and Medical and Mental Health Services

Health and Human Services Agency Action Plan

This is a proposed Action Plan for the Health and Human Services Agency (HHS). Attached is the approach submitted by HHS. Essentially, the approach is thorough, reasonable and reflects a laudable method by which to address key societal challenges that need to be met for the residents of Tulare County.

In its broadest sense, the proposed Action Plan is intended to provide to the Board of Supervisors relevant information to consider and prepare for budgetary action that is necessary for Fiscal Year (FY) 2018/19 and beyond. To reach this stage, it should be noted that this office has received extensive cooperation and valuable expertise from HHS.

The proposed Action Plan is divided into two parts identified as follows:

- Part I: In-Home Support Services Action Plan
- Part II: Health and Mental Health Services for South County Detention Facility Action Plan

I. In-Home Supportive Services Action Plan

In-Home Supportive Services (IHSS) is a program that provides in-home personal care assistance to low-income adults who are either 65 years of age; adults who are blind or disabled; and children who are blind or disabled.

The purpose of the IHSS program is to allow a qualified recipient to remain in the household and avoid institutional care with the associated costs. The current caseload is 3,159 cases per month, with a total of 334,208 authorized hours per month.

A. IHSS Financing FY 2017/2018: State implemented changes to the Maintenance of Effort (MOE) for counties are based on a “Poison Pill” provision in the Coordinated Care Initiative which unwinds the MOE formula. Through SB 90, a new MOE for counties is established as follows:

- \$625 Million in cost is shifted back to counties over 5 years; however, there is a Temporary State General Fund Offset from \$400 million in FY 2017/2018 to \$150 million in FY 2020/2021, and \$150 million annually thereafter;
- There is an increased Maintenance of Effort burden to counties with a 7% annual inflator; and
- There is a redirection of the Vehicle License Fee and Sales Tax Growth from Health and Mental Health.

B. Impact to Tulare County for FY 18/19: New costs estimated for FY 2018/19 are \$892,000 to \$1.2 million based on caseload growth variable which is subject to change.

C. Future Financial Impacts to Tulare County: Costs in FY 2018/19 and subsequent years will continue to be outpaced by a combination of the reduced state contribution and compounding effect of the annual cost inflator.

D. Overview of HHS Scenarios

- **Scenario 1:** HHS absorbs the MOE cost shift by using existing 1991 Social Services Realignment Fund or additional County General Fund. Impact: Reduced expenses to the

Human Services Branch; reduced support to other departments; and reduced non-mandated contracts in Human Services.

- **Scenario 2:** HHSA assumes Conservative Realignment Growth to mitigate the MOE cost shift. Impact: This would result in \$960,862 budgeted or assumed growth in FY 2018/19. Budgeting growth presents risks and is not recommended during times of economic contraction.
- **Scenario 3:** HHSA uses the 1991 Social Services Realignment Fund to mitigate the MOE cost shift. Impact: The 1991 Social Services Realignment Fund will be nearly depleted by the end of the five-year forecast period.

G. HHSA's Action Plan for IHSS (FY 2018/19)

- A combination of Scenarios 2 and 3: Budgeting and assuming Conservative Realignment Revenue Growth and withdrawing from 1991 Social Services Realignment Fund.
- HHSA proposes no impacts to other departments in FY 2018/19.
- Action Plans for subsequent years should be determined on a year-to-year basis as accurate revenue and expense projections become available.
- This office concurs with this approach.

II. Part II: HHSA's Action Plan for Criminal Justice Health and Mental Health Services

A. Background Information: As of May 2018, the cost projection for FY 2018/19 is \$16,582,734, including the South County Detention Facility (SCDF). This projection was based on the agreement with Corizon that expired June 30, 2018. Effective July 1, 2018, the County has entered into an agreement with California For Medical Group (CFMG), a new vendor, to help offset service costs, HHSA plans to implement the Medi-Cal County Inmate Program on July 1, 2018. SCDF is scheduled to open in either April or May 2019.

B. HHSA Scenarios

- Scenario 1 - Increase General Fund Support by allocating additional General Fund revenue to cover increasing expenses for Criminal Justice Health and Mental Health Care Services. See attached Table 1.
- Scenario 2 – HHSA and the General Fund share the cost of Criminal Justice Health and Mental Health Care Services by a 50/50 share of first year cost increases, with the HHSA share decreasing by 25% annually, thereby increasing the General Fund commitment. See attached Table 2.

C. Suggested Approach: Per Scenario 2 and Table 2, this office supports the 50/50 split for FY 2018/19 when the cost becomes known, most likely in 2019; however, for future budget years, the Board of Supervisors should review on a year-by-year basis the feasibility of (1) providing additional revenue from the General Fund and (2) the percentage split. HHSA notes that without a 5-Year Phasing Plan commitment, costs may accelerate. HHSA may provide comments to this effect to the Board when the matter is considered.

TABLE 1

	Expense:	Current Revenues:					Additional Contributions:		
Fiscal Year	Total Criminal Justice Expense	General Fund	AB 109 Contributions	Mental Health Block Grant for Minors	Mental Health Realignment	Health Realignment	Annual General Fund	HHSA Realignment Funds	Total Revenues
2017/2018	\$12,686,887	\$3,854,044	\$1,000,000	\$788,506	\$2,153,358	\$4,890,979	\$0	\$0	\$12,686,887
2018/2019	\$16,582,734	\$3,854,044	\$1,000,000	\$788,506	\$2,155,737	\$4,908,225	\$3,876,221	\$0	\$16,582,734
2019/2020	\$17,274,625	\$3,854,044	\$1,000,000	\$788,506	\$2,158,163	\$4,913,382	\$4,560,530	\$0	\$17,274,625
2020/2021	\$17,320,759	\$3,854,044	\$1,000,000	\$788,506	\$2,160,638	\$4,918,643	\$4,598,928	\$0	\$17,320,759
2021/2022	\$17,827,821	\$3,854,044	\$1,000,000	\$788,506	\$2,163,162	\$4,924,008	\$5,098,101	\$0	\$17,827,821
2022/2023	\$19,410,553	\$3,854,044	\$1,000,000	\$788,506	\$2,165,737	\$4,929,481	\$6,672,785	\$0	\$19,410,553
TOTALS	\$101,103,379						\$24,806,565	\$0	

Note: Includes Agency costs

TABLE 2

	Expense:	Current Revenues:					Additional Contributions:		
Fiscal Year	Total Criminal Justice Expense	General Fund	AB 109 Contributions	Mental Health Block Grant for Minors	Mental Health Realignment	Health Realignment	Annual General Fund	HHSA Realignment Sub-Fund Reserve	Total Revenues
2017/2018	\$12,686,887	\$3,854,044	\$1,000,000	\$788,506	\$2,153,358	\$4,890,979	\$0	\$0	\$12,686,887
2018/2019	\$16,582,734	\$3,854,044	\$1,000,000	\$788,506	\$2,155,737	\$4,908,225	\$1,938,111	\$1,938,111	\$16,582,734
2019/2020	\$17,274,625	\$3,854,044	\$1,000,000	\$788,506	\$2,158,163	\$4,913,382	\$3,106,947	\$1,453,583	\$17,274,625
2020/2021	\$17,320,759	\$3,854,044	\$1,000,000	\$788,506	\$2,160,638	\$4,918,643	\$3,508,741	\$1,090,187	\$17,320,759
2021/2022	\$17,827,821	\$3,854,044	\$1,000,000	\$788,506	\$2,163,162	\$4,924,008	\$4,280,460	\$817,640	\$17,827,821
2022/2023	\$19,410,553	\$3,854,044	\$1,000,000	\$788,506	\$2,165,737	\$4,929,481	\$6,059,555	\$613,230	\$19,410,553
TOTALS	\$101,103,379						\$18,893,814	\$5,912,751	

Note: Includes Agency costs

Strategic Financing Plan Advisory Ad Hoc Committee

Criminal Justice Health Care & In- Home Supportive Services Action Plans

June 2018



Tulare County Health & Human Services Agency

In- Home Supportive Services Action Plan



Tulare County Health & Human Services Agency

In Home Supportive Services Program Background

- In Home Supportive Services (IHSS) is an entitlement program that provides in-home personal care assistance to low-income adults who are either 65 years of age; blind, or disabled; as well as to children who are blind or disabled.
- The purpose of the IHSS program is to allow a qualified recipient to remain in their household and avoid institutional care and the associated costs. Current caseload is 3,159 cases per month, with a total of 334,208 authorized hours per month.
- A majority of services are provided by a family member of the recipient and who may even live in the same household. Trainings are offered. Currently 3,031 providers.
- Health & Human Services Agency has seen a 54% increase in active cases per month since 2012 due to the growing aging population in Tulare County.

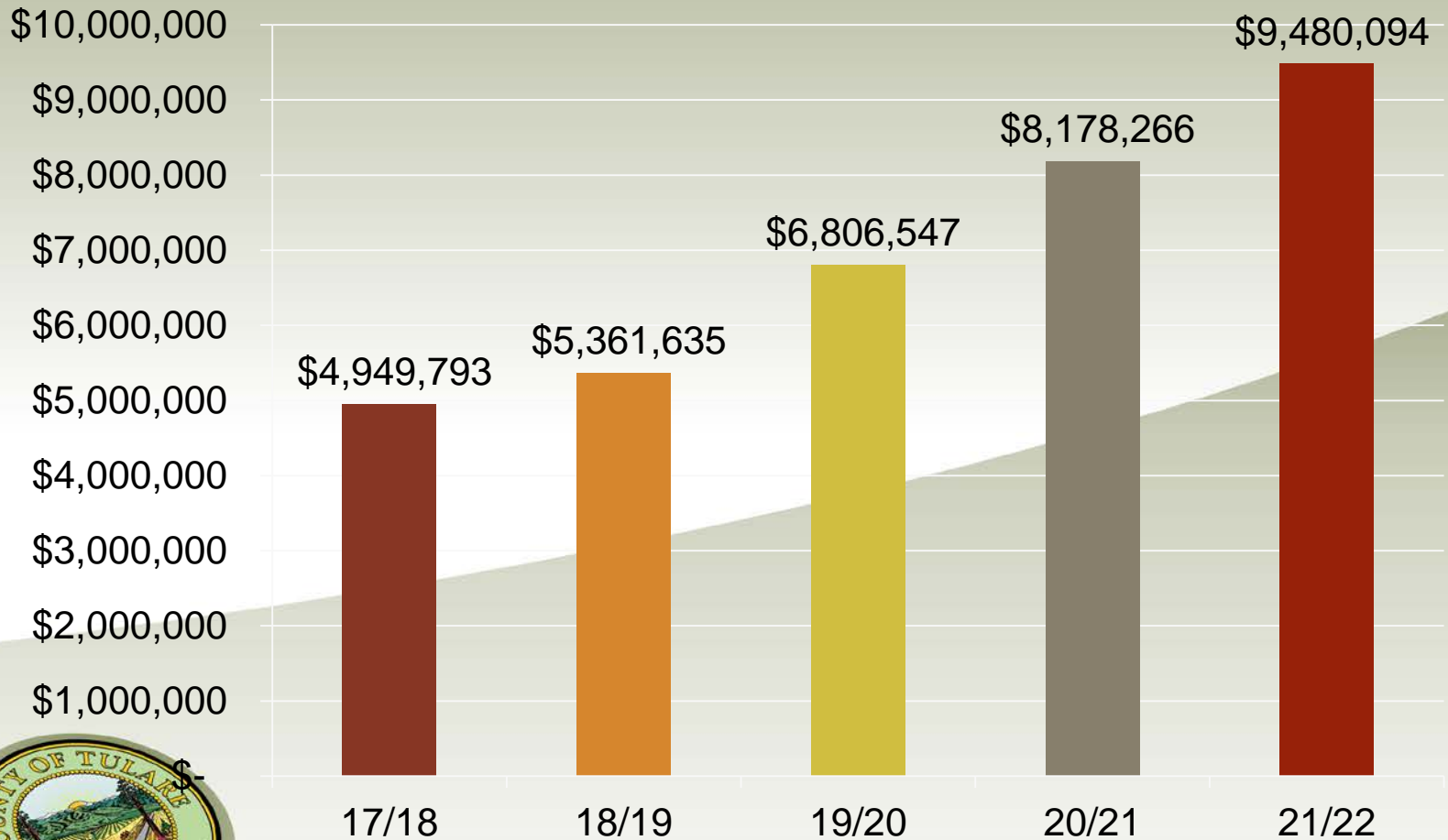


IHSS Financing 2017/2018- Forward

- “Poison Pill” provision of Coordinated Care Initiative unwinds Maintenance of Effort (MOE) formula.
 - SB 90 creates New Maintenance of Effort for Counties
 - \$625 Million shifted back to counties over 5 years.
 - State General Fund Offset
 - \$400 Million in 2017/2018
 - \$330 Million in 2018/2019
 - \$200 Million in 2019/2020
 - \$150 M in 2020/2021, \$150 M annually after 2020/2021
 - Increased Maintenance Of Effort burden to counties with a 7% annual inflator.
 - Redirection of Vehicle License Fee and Sales Tax Growth from Health and Mental Health.



IHSS Full MOE Cost by Year



Tulare County Health & Human Services Agency

FY 18/19 Impacts

- The estimated new costs for FY 18/19 are \$892,000 at the low end of caseload growth and \$1.2 million with moderate caseload growth.
- Costs in FY 18/19 and subsequent years will continue to be outpaced by a combination of the reduced state contribution and compounding effect of the annual cost inflator.



Scenario Overview

- These scenarios assume that other Human Services programs receive sufficient revenues.
- Scenario 1- HHSA absorbs the MOE cost shift without using existing Realignment reserve funds or additional County General Fund.
- Scenario 2- HHSA assumes conservative Realignment growth to mitigate the MOE cost shift.
- Scenario 3- HHSA uses 1991 Realignment Sub-Fund reserve account to mitigate the MOE cost shift.



Scenario 1

HHSA absorbs the MOE cost shift without using existing Realignment reserve funds or additional County General Fund.

- Reduce overall expenses to the Human Services Branch:
 - Reduce support to other departments.
 - Reduce non-mandated contracts in Human Services.
 - Reduce personnel costs in other Human Services programs by controlling overtime and eliminating vacant positions. This may result in lost Federal and State revenues, as personnel activities generate revenues.



Scenario 2

HHSA assumes conservative Realignment growth to mitigate the MOE cost shift.

- HHSA has not historically budgeted Realignment growth, as it fluctuates based on economic conditions.
- HHSA could budget conservative growth: 50% of prior year 1991 and 2011 growth receipts. This would result in \$960,862 budgeted or assumed growth in FY 18/19.
- Budgeting growth presents risks and is not recommended during times of economic contraction.



Scenario 3

HHSA uses 1991 Realignment Sub-Fund reserve account to mitigate the MOE cost shift.

- The 1991 Realignment Sub-Fund will be nearly depleted by the end of the five-year forecast period.
- The table below summarizes this scenario:

Phase-in Year	FY	Unadjusted MOE	SB90 Cost Offsets	Adjusted MOE	Cumulative Cost Impact	Withdrawal from Realignment Sub Fund	Ending 1991 Sub-Fund Balance
1	2017/18	7,676,955	2,727,162	4,949,793	310,957	2,496,119	17,142,842
2	2018/19	8,953,952	3,592,316	5,361,635	722,800	3,168,773	14,646,723
3	2019/20	10,520,927	3,714,380	6,806,547	2,167,712	4,079,306	11,477,950
4	2020/21	12,572,562	4,394,297	8,178,266	3,539,430	4,665,206	7,398,644
5	2021/22	14,575,187	5,095,093	9,480,094	4,841,259	2,733,438	2,733,438

Action Plan for FY 18/19

- HHSA proposes to mitigate the IHSS impact in FY 18/19 through a combination of Scenarios 2 and 3: budgeting and assuming conservative Realignment revenue growth and withdrawing from Realignment Sub-Fund.
- HHSA proposes no impacts to other departments in FY 18/19.
- Action plans for subsequent years should be determined on a year-to-year basis as accurate expense and revenue projections become available.



Criminal Justice Health & Mental Health Care Services Action Plan



Tulare County Health & Human Services Agency

Updates

- Contracted services with Corizon Health Inc., will expire June 30, 2018.
- HHSA recommends the Board enter into a contract with a new vendor effective July 1, 2018.
- South County Detention Facility is scheduled to open in Fiscal Year 18/19.
- HHSA plans to implement the Medi-Cal County Inmate Program on July 1, 2018.



Tulare County Health & Human Services Agency

Cost Estimate Forecast

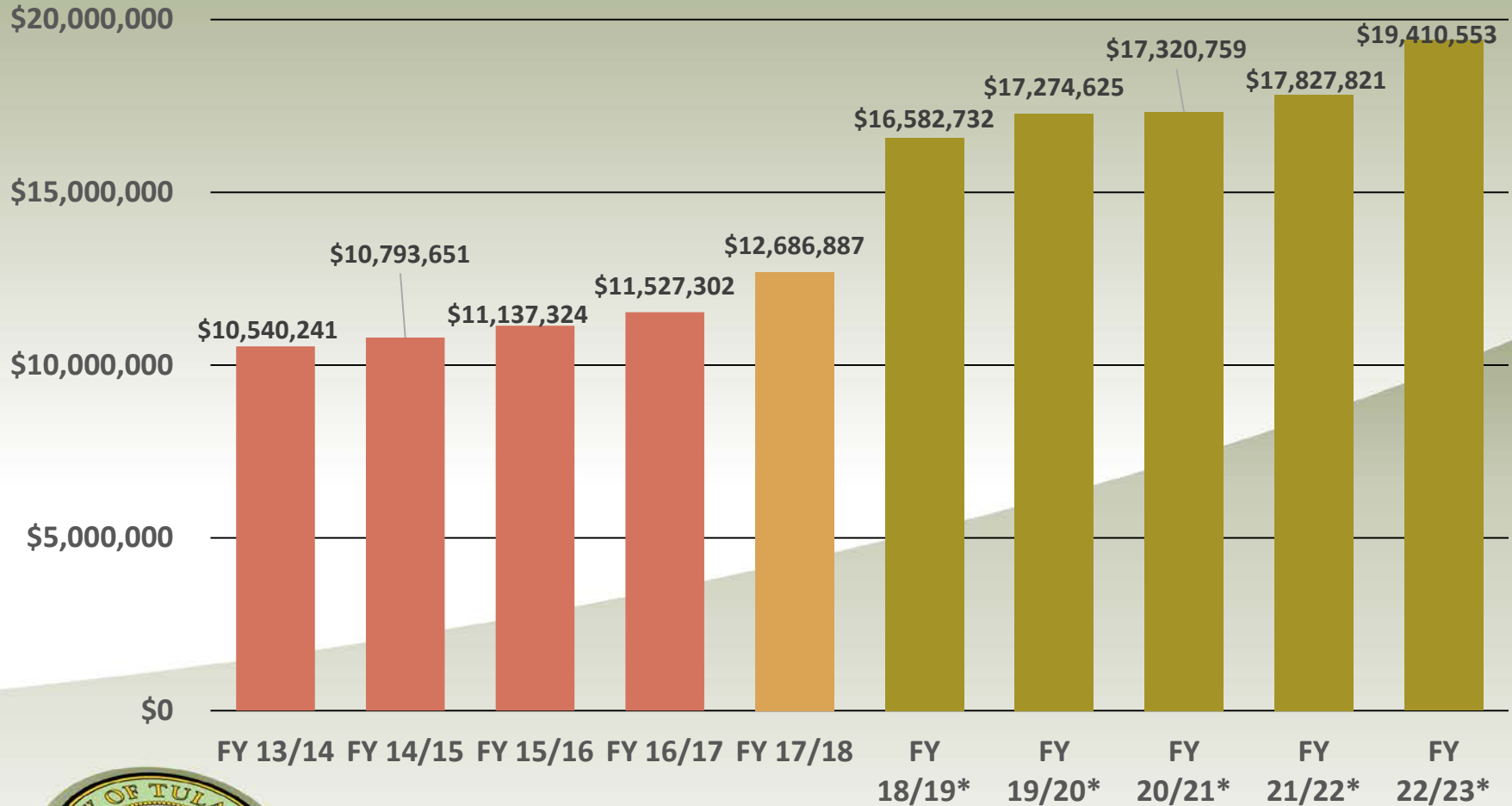
Fiscal Year	FY 17/18 (Current)	FY 18/19 (Phase I)	FY 19/20 (Phase II)	FY 20/21 (Phase III)	FY 21/22 (Phase IV)	FY 22/23 (Phase V)
Total Cost	\$ 12,686,887	\$ 16,582,734	\$ 17,274,625	\$ 17,320,759	\$ 17,827,821	\$ 19,410,553

- South County Detention Facility costs are factored into Fiscal Year 18/19 through Fiscal Year 22/23.



Tulare County Health & Human Services Agency

Criminal Justice Medical Services Costs



*Includes South County Detention Facility



Tulare County Health & Human Services Agency

FY 17/18 Criminal Justice Contract Revenue Support

- Probation Department:
 - AB 109 Realignment - \$1,000,000
- Health and Human Services Agency:
 - Health Realignment - \$4,463,183
 - Mental Health Realignment - \$1,934,426
 - Block Grant for Minors - \$788,506
 - **Total Contribution - \$7,186,115**
- General Fund Contribution - \$3,854,044



Tulare County Health & Human Services Agency

Scenario 1: Increased General Fund Support

County allocates additional General Fund revenue to cover increasing Criminal Justice Health and Mental Health Care Services contract expenses.

Fiscal Year	Expense:	Current Revenues:					Additional Contributions:		Total Revenues
	Total Criminal Justice Expense	General Fund	AB 109 Contributions	Mental Health Block Grant for Minors	Mental Health Realignment	Health Realignment	Annual General Fund	HHSA Realignment Funds	
2017/2018	\$12,686,887	\$3,854,044	\$1,000,000	\$788,506	\$2,153,358	\$4,890,979	\$0	\$0	\$12,686,887
2018/2019	\$16,582,734	\$3,854,044	\$1,000,000	\$788,506	\$2,155,737	\$4,908,225	\$3,876,221	\$0	\$16,582,734
2019/2020	\$17,274,625	\$3,854,044	\$1,000,000	\$788,506	\$2,158,163	\$4,913,382	\$4,560,530	\$0	\$17,274,625
2020/2021	\$17,320,759	\$3,854,044	\$1,000,000	\$788,506	\$2,160,638	\$4,918,643	\$4,598,928	\$0	\$17,320,759
2021/2022	\$17,827,821	\$3,854,044	\$1,000,000	\$788,506	\$2,163,162	\$4,924,008	\$5,098,101	\$0	\$17,827,821
2022/2023	\$19,410,553	\$3,854,044	\$1,000,000	\$788,506	\$2,165,737	\$4,929,481	\$6,672,785	\$0	\$19,410,553
TOTALS	\$101,103,379						\$24,806,565	\$0	

Note: Includes Agency costs



Tulare County Health & Human Services Agency

Scenario 2: County and HHSA Cost Share Option

County and HHSA share the cost of Criminal Justice Health and Mental Health Care Services contract expenses (50/50 share of first year cost increases, with HHSA share decreasing by 25% annually).

Fiscal Year	Expense: Total Criminal Justice Expense	Current Revenues:					Additional Contributions:		Total Revenues
		General Fund	AB 109 Contributions	Mental Health Block Grant for Minors	Mental Health Realignment	Health Realignment	Annual General Fund	HHSA Realignment Sub-Fund Reserve	
2017/2018	\$12,686,887	\$3,854,044	\$1,000,000	\$788,506	\$2,153,358	\$4,890,979	\$0	\$0	\$12,686,887
2018/2019	\$16,582,734	\$3,854,044	\$1,000,000	\$788,506	\$2,155,737	\$4,908,225	\$1,938,111	\$1,938,111	\$16,582,734
2019/2020	\$17,274,625	\$3,854,044	\$1,000,000	\$788,506	\$2,158,163	\$4,913,382	\$3,106,947	\$1,453,583	\$17,274,625
2020/2021	\$17,320,759	\$3,854,044	\$1,000,000	\$788,506	\$2,160,638	\$4,918,643	\$3,508,741	\$1,090,187	\$17,320,759
2021/2022	\$17,827,821	\$3,854,044	\$1,000,000	\$788,506	\$2,163,162	\$4,924,008	\$4,280,460	\$817,640	\$17,827,821
2022/2023	\$19,410,553	\$3,854,044	\$1,000,000	\$788,506	\$2,165,737	\$4,929,481	\$6,059,555	\$613,230	\$19,410,553
TOTALS	\$101,103,379						\$18,893,814	\$5,912,751	

Note: Includes Agency costs



Tulare County Health & Human Services Agency

Sustainability

- The Agency does not have sustainable revenue source(s) to cover cost increases in FY 18/19 and subsequent years.
- In Scenario 2, HHSA would enable a smoothing period to mitigate the immediate impact to the County's General Fund.
- The use of additional HHSA Realignment funds may result in the elimination of or significant reduction to other HHSA programs.



Public Health Services

Public Health services potentially impacted include:

- Tuberculosis Control
- Communicable Disease Control
- HIV Case Management and Surveillance
- Immunization Program
- Vital Statistics Program
- Public Health Lab
- Public Health Nursing
- Environmental Health Surveillance
- Environmental Health CUPA Program
- Environmental Health Integrated Waste Program
- Women, Infants, and Children (WIC) Program
- Child Health and Disability Prevention Program
- Tulare County Medical Services



Tulare County Health & Human Services Agency

Mental Health Services

Mental Health services potentially impacted include:

- Specialty Mental Health Services
 - Children's Mental Health Services
 - Adult's Mental Health Services
- Alcohol & Other Drug Services
 - Drug Medi-Cal Waiver (DMC-ODS) Program Roll-Out
- MHSA
 - Homeless Outreach & Housing
 - Wellness & Recovery Services



Tulare County Health & Human Services Agency

Action Plan for FY 18/19

- HHSA proposes the conceptual model of Scenario 2 (County and HHSA Cost Sharing) to assist the County in smoothing expense increases over five years.
- Cost projections are estimates only and will be updated as new information becomes available.



Tulare County Health & Human Services Agency

Questions & Direction



Tulare County Health & Human Services Agency

Attachment 3

Action Plan for Fire Department Improvements, Fixed Assets, and Staffing

Fire Department Action Plan

This is a proposed Action Plan for the Tulare County Fire Department is designed to provide a comprehensive approach to address future fiscal challenges. To maintain and improve operational effectiveness and sustainability, the plan identifies needs for key personnel, equipment and improvements. Attached is the Fire Department's proposed Action Plan.

Essentially, as indicated by the Department, the goal is to align programs with budgetary funding, thereby facilitating compliance with standards associated with the Occupational Safety and Health Administration (OSHA) and National Fire Protection Association (NFPA).

After review, the proposed Action Plan, as revised, is divided into four parts identified as follows:

- Part I: Five Year Plan Proposed by Fire Department
- Part II: Analysis of Fire Department's Budgets
- Part III: Potential Public Financing Scenarios
- Part IV: Options for Consideration by the Board of Supervisors

Part I: Five Year Plan Proposed by Fire Department*

YEAR 1: FY 2018/19 - Grand Total \$3,181,000

- **Personnel:** Add (6) Fire Apparatus Engineers and (1) Division Chief: (Total \$640,000)
- **Update Operational Assets:** Nozzles and Fire Hose, Personnel Protection Equipment (PPE), and Auto Extrication Equipment (Total 655,000)
- **Vehicles:** Purchase (5) Battalion Chief vehicles, (1) Division Chief vehicle (Total \$370,000)
- **Capital Improvements:** Refurbish Terra Bella Fire Station and Re-pave Pixley and Posey Fire Stations (Total \$1,516,000)

YEAR 2: FY 2019/20 - Grand Total \$3,814,000

- **Personnel:** Add Six (6) Fire Apparatus Engineers and One (1) Fire Captain (Total \$578,000)
- **Vehicles/Apparatus:** Purchase Two (2) Type III Engines, One (1) Type VI engine and One (1) Battalion Chief Vehicle (Total \$1,100,000)
- **Update Operational Assets:** Auto Extrication Equipment, Nozzles, Fire Hoses, PPE (Total 620,000)
- **Capital Improvements:** Refurbish Goshen Fire Station, Re-pave Lindsay and Kings River Fire Stations (Total \$1.5M)

YEAR 3: FY 2020/21 - Grand Total \$4,466,000

- **Personnel:** Add (6) Fire Apparatus Engineers and (1) Deputy Fire Marshal (Total \$530,000)
- **Vehicles:** (1) Aerial Fire Truck and (2) Type I Engines (Total \$2.2M)
- **Auto Extrication Equipment:** (Total \$220,000)
- **Capital Improvements:** Refurbish Strathmore Fire Station and Re-pave Tipton and Richgrove Fire Stations (Total \$1.5M)

YEAR 4: FY 2021/22 - Grand Total \$4,456,000

- **Personnel:** Add (6) Fire Apparatus Engineers, (1) Captain, (2) Lieutenants, and (3) Battalion Chiefs (Total \$1.1M)
- **Fire Engine Replacement:** Purchase (1) Aerial Fire Truck and (1) Water Tender (Total \$1.6M)
- **Auto Extrication Equipment:** (Total \$180,000)

- **Capital Improvements:** Refurbish Three Rivers Fire Station and Re-pave Cutler-Orosi and Ivanhoe Fire Station (Total \$1.5M)

YEAR 5: FY 2022/23 - Grand Total \$2,938,000

- **Personnel:** Add (9) Fire Apparatus Engineers (Total \$672,000)
- **Fire Engine Replacement:** Purchase (2) Type I Engines and (1) Type VI Engine (Total \$1.2M)
- **Operational Assets:** PPE, Tools, Auto Extrication Equipment, Fire Hose, Nozzles (Total \$250,000)
- **Capital Improvements:** Refurbish Earlimart Apparatus Bay and Re-pave Hot Springs and Goshen Fire Stations (Total \$816,000)

*Grand total amounts are rounded from the Fire Department’s proposed plan.

Part II: Analysis of Fire Department’s Budgets

Table 1 below presents the Revenues, Expenditures and General Fund Commitment for the past five fiscal years and proposed for Fiscal Year 2018/19.

TABLE 1

County Fire Budget			
Six Fiscal Years - 2013/14 to 2018/19			
Fiscal Years	Revenue	Expenses	General Fund Commitment
2013/14	14,017,141	13,995,469	4,810,875
2014/15	15,061,338	15,050,773	5,660,875
2015/16	15,696,153	16,871,532	5,760,875
2016/17	17,894,745	17,365,380	6,242,268
2017/18	18,634,912	19,837,210	5,999,488
2018/19*	20,638,384	21,654,045	8,868,975
*County Fire Proposed FY 2018/19 Budget			

After review of this table, it should be noted that the Revenues and Expenses do not balance; however, since the Fire Department is a Special Revenue Fund and not a General Fund Department, the Fire Department has its own Fund Balance which has been used to make the Department’s budget balance each fiscal year. It should be noted also that the dollar amount entered in the General Fund Commitment column is included in the Revenues column.

After review of the Department’s budgets, the majority of the Department’s expenditures are for Salaries and Benefits averaging \$12.1 Million or 73 % over the past five fiscal years. For Fiscal Year 2018/19, the Salaries and Benefits are \$14.7 Million or 68% of total expenditures.

Revenues from federal, state and local sources average \$1.58 Million or 9% of total revenues; and as such, over the past five fiscal years, General Fund Support has averaged 35% of total expenditures and is proposed to be 42.97% of total expenditures for Fiscal Year 2018/19.

Importantly, over the past five years, General Fund Commitment to the Fire Department averaged \$5.7 Million, with last fiscal year’s commitment in the amount of \$5.9 Million. For Fiscal Year 2018/19, the requested commitment from the Fire Department is \$8.8 Million, an increase of \$2.9 Million. As stated below in Option 1, this office is suggesting that a feasible amount be made for the commitment pending close-out of all budgets.

Part IV: Potential Public Financing Opportunities

A. Grant Opportunities: USDA Grant; Department of Homeland Security Grant; Firefighters Support Foundation; Volunteer Fire Assistance Grant; Community Block Development Grant; FEMA Grants.

B. Additional Funding Sources: FEMA-Safer Grant, Fire Safe Council; Wildland Urban Interface Grants; and California Joint Apprenticeship Committee.

C. Equipment Rotation Plan: The Fire Department should develop an Equipment Rotation Plan which identifies all necessary equipment and places on an annual schedule the equipment needed and the associated cost. The plan is intended to be used as a tool to phase out the expenditures in a budgetary sustainable method. For FY 2018/19 the amount requested to support the Equipment Rotation Plan is \$904,600. For the next four years FY 2019/20 – FY 2022/23 the amount of requested support is \$960,302 annually. The estimated costs are proposed to be funded by General Fund contributions.

For greater detail of the Equipment Rotation, see Table 2 below.

**Tulare County Fire
Equipment Rotation Schedule**

Asset Type	Asset Purpose	Useful Life in Yrs	Quantity	Extended Cost	FY 18/19 Estimated Cost	FY 19/20 Estimated Cost	FY 20/21 Estimated Cost	FY 21/22 Estimated Cost	FY 22/23 Estimated Cost
Hurst Tools	Jaws of Life - Vehicle Extrication Tools	10	34	\$ 1,417,800	\$ 291,900	\$ 125,100	\$ 125,100	\$ 125,100	\$ 125,100
PPE	Structural Gear	10	360	\$ 810,000	\$ 137,336	\$ 81,000	\$ 81,000	\$ 81,000	\$ 81,000
PPE	Wildland Gear	10	360	\$ 720,000	\$ 122,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000
PPE	Swift Water Gear	10	32	\$ 173,312	\$ 21,664	\$ 16,248	\$ 16,248	\$ 16,248	\$ 16,248
Fire Hose	Fire Hose - Incident Attack Item	10	3864	\$ 483,000	\$ 80,000	\$ 48,250	\$ 48,250	\$ 48,250	\$ 48,250
SCBA	Self Contained Breathing Apparatus	15	360	\$ 3,060,000	\$ -	\$ 255,000	\$ 255,000	\$ 255,000	\$ 255,000
Radio	Communications	8	289	\$ 722,500	\$ 70,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
Nozzles	Nozzles for Fire Hoses	10	760	\$ 562,400	\$ 70,000	\$ 56,240	\$ 56,240	\$ 56,240	\$ 56,240
Ropes	Rescue	5	130	\$ 149,500	\$ 10,000	\$ 29,900	\$ 29,900	\$ 29,900	\$ 29,900
Rescue Hardware	Rescue	5	130	\$ 157,820	\$ 5,000	\$ 31,564	\$ 31,564	\$ 31,564	\$ 31,564
Thermal Imaging Camera	TIC - Incident Attack Item	8	64	\$ 480,000	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Computers/Laptops/NotePads	Computers/Laptops/NotePads/iPads	3	120	\$ 240,000	\$ 96,700	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
				\$ 8,976,332	\$ 904,600	\$ 960,302	\$ 960,302	\$ 960,302	\$ 960,302

D. Public Financing: The Department’s Five Year Action Plan identifies fire engine replacement in Years Two through Five with an estimated total cost of \$6.5 Million. Additionally, there is a need for capital improvements at various fire stations estimated at \$7.3 Million.

As these cost estimates are significant, the option of debt financing may be considered; and if so, further study is suggested. Absent public financing, funding for fire engine / equipment replacement and capital improvements would be necessary from Grants and the General Fund.

Part IV: Options for Consideration by the Board of Supervisors

- Option 1: General Fund Support:** For the proposed FY 2018/19 Budget, provide General Fund support in a feasible amount for operations and capital improvements pending close-out of all budgets. At this time, \$1.4 Million is proposed to be included in the Capital Improvement Program (CIP) for fire station remodels and paving. Parenthetically, the CIP also includes funding in the amount of \$2.9 Million for Fire Station No. 1 to be located in the Central Road Yard on Avenue 256 and Road 140.
- Option 2: Grant Funding:** Continue to seek grant funding to address costs for Capital Improvements and Replacement Fire Engines and Equipment.
- Option 3: Public Financing:** After further study, consider potential public financing for Capital Improvements and Replacement Fire Engines and Equipment.



Action Plan

Plan: Comprehensively provide solutions for impending fiscal challenges, while identifying key personnel, equipment and facility needs necessary to maintain and improve operational sustainability.

Programs: Strategically align and demonstrate OSHA and NFPA compliance through a fiscally responsible replacement process for vital personal protective equipment and tools.

Projects: Complete a systematic approach to strengthen infrastructure, repair vital capital assets, and improve aging facilities.

FY 18/19

- **Priority 1:** Staffing: Six Fire Apparatus Engineers, Division Chief: \$640,000
- **Priority 2:** Updating Operational Assets:
 - Nozzles and Fire Hose: \$185,000 (an increase of \$100,000 from FY 17/18)
 - PPE: \$250,000 (an increase of \$30,000 from FY 17/18)
 - Auto Extrication Equipment: \$220,000 (an increase of \$220,000 from FY 17/18)
- **Priority 3:** Vehicles: 5 Battalion Chief vehicles, 1 Division Chief vehicle: \$370,000 (an increase of \$70,000 from FY 17/18)

Projects: Capital Improvements: Refurbishment of Terra Bella Fire Station, re-pave Pixley and Posey Fire Stations: \$1,516,000

Total for FY 18/19: \$3,200,000 (an increase of \$2,616,000 from FY 17/18).

FY 19/20

- **Priority 1:** Staffing: Six Fire Apparatus Engineers, One additional Fire Captain: \$578,000
- **Priority 2:** Vehicles/Apparatus: Purchase two Type III engines, one Type VI engine, one Battalion Chief vehicle: \$1,100,000 (an increase of \$830,000 from FY 18/19)
- **Priority 3:** Updating Operational Assets
 - Auto Extrication Equipment: \$220,000 (no increase from FY 18/19)
 - Nozzles and Fire Hose: \$150,000 (decrease of \$35,000 from FY 18/19)
 - PPE: \$250,000 (no increase from FY 18/19)

Projects: Capital Improvements: Refurbishment of Goshen Fire Station, re-pave Lindsay and Kings River Fire Stations: \$1,516,000

Total for FY 19/20: \$3,814,000 (an increase of \$614,000 from FY 18/19).

FY 20/21

- **Priority 1:** Staffing: Six Fire Apparatus Engineers, One Deputy Fire Marshal: \$529,347
- **Priority 2:** Vehicles: Aerial Fire Truck, Two Type I Engines: \$2,200,000 (an increase of \$1,100,000 from FY 19/20)
- **Priority 3:** Auto Extrication Equipment: \$220,000 (no increase from FY 19/20)

Projects: Capital Improvements: Refurbishment of Strathmore Fire Station, re-pave Tipton and Richgrove Fire Stations: \$1,516,000

Total for FY 20/21: \$4,470,000 (an increase of \$886,000 from FY 19/20).

FY 21/22

- **Priority 1:** Staffing: Six Fire Apparatus Engineers, one Captain, two Lieutenants, three Battalion Chiefs: \$1,100,000
- **Priority 2:** Fire Engine Replacement: Purchase one Aerial Fire Truck and one Water Tender: Estimated expenditure: \$1,660,000 (a decrease of \$600,000 from FY 20/21)
- **Priority 3:** Auto Extrication Equipment: \$180,000 (a decrease of \$40,000 from FY 20/21)

Projects: Capital Improvements: Refurbishment of Three Rivers Fire Station, re-pave Cutler-Orosi and Ivanhoe Fire Stations: \$1,516,000

Total for FY 21/22: \$4,456,000 (an increase of \$14,000 from FY 20/21).

FY 22/23

- **Priority 1:** Staffing: Nine Fire Apparatus Engineers: \$672,000
- **Priority 2:** Purchase two Type I Engines and one Type VI Engine: \$1,200,000 (a decrease of \$400,00 from FY 21/22)
- **Priority 3:** Operational Assets: PPE, Tools, Auto Extrication Equipment, Fire Hose, Nozzles: \$250,000

Projects: Capital Improvements: Refurbishment of Earlimart’s Apparatus Bay, re-pave Hot Springs and Goshen Fire Stations: \$816,000

Total for FY 22/23: \$3,000,000 (a decrease of \$1,456,000 from FY 21/22).

Funding/Financing Sources

The Department’s FY 17/18 budget adoption and projected operating expenses are as follows:

Anticipated FY 17/18

<i>Property Tax - \$8,267,101.00</i>	<i>General Fund Contribution - \$5,960,875.00</i>
<i>Grants, etc - \$235,000</i>	<i>CFAA- \$498,824.00</i>
<i>Miscellaneous (Plans Check, Cost Recovery, Dispatch, Exeter) - \$1,267,344</i>	
<i>Total Anticipated Operating Income: \$16,229,644.00</i>	
<i>Total Anticipated Operating Expense: \$17,992,247</i>	
<i>Net Income: (\$1,762,603.00)</i>	

Grants: <u>Volunteer Fire Assistance Grant</u>	<u>Community Block Development Grant</u>	<u>USDA Grant</u>
<u>Department of Homeland Security</u>	<u>Firefighters Support Foundation</u>	<u>FEMA Grant</u>

Opportunities for potential additional funding sources requiring CAO and Board Approval:

<i>Tax Referendum</i>	<i>Interdepartmental Inspection Fees</i>	<i>Bonds</i>
<i>Impact/Mitigation Fees</i>	<i>Certificate of Participation</i>	<i>FEMA-Safer Grant</i>
<i>California Joint Apprenticeship Committee</i>	<i>Lease/Purchased Equipment Agreements</i>	
<i>Fire Safe Council, and Wildland Urban Interface Grants</i>		

Attachment 4

Action Plan for Resource Management Agency Zones of Benefit

Zones of Benefit Action Plan

The County of Tulare -- through the Resource Management Agency (RMA) -- currently operates various water and wastewater systems that provide services to rural communities.

The proposed Action Plan is divided into four parts identified as follows:

Part I: Identification of Zones of Benefit and Related Systems

Part II: Potential Projects

Part III: Legislation and Potential State/Federal Revenue Sources

Part IV: Options for Consideration by the Board of Supervisors

Each part will be discussed.

Part I: Identification of Zones of Benefit and Related Systems

The waters systems are referred to as the Zones of Benefits (ZOBs) and are identified as follows:

- El Rancho Sewer (Z01),
- Delft Colony Sewer (Z10),
- Delft Colony Water (Z11),
- Seville Sewer (Z50),
- Toneyville Sewer (Z60),
- Tooleville Sewer (Z70),
- Traver Sewer (Z80),
- Yettem Sewer (Z90),
- Yettem Water (Z91),
- Wells Tract Water (Z95),
- Wells Tract Sewer (Z96).

In addition to the ZOBs, the County operates the

- Terra Bella Sewer Maintenance District (761) and the
- Seville Water (798) which is currently under receivership by court order.

To maintain these operational systems, there is a continuing cost of maintenance which normally exceeds revenues generated by the ZOBs; and as such, for over 25 years, the County has loaned funds to the ZOBs to maintain these facilities. As of June 30, 2018 the revolving loan balance is \$1,646,719.

According to state law (e.g., Government Code Section 25214.5), the Board of Supervisors may appropriate available funds up to \$2,000,000 for county service areas to be reimbursed within ten years; however, under the same state law, the Board of Supervisors -- by a four-fifths vote -- may waive the reimbursement in whole or part.

Part II: Potential Projects

A. Short-term Projects Identified to Reduce Cost or Increase Revenue:

1. Consolidation of Yettem and Seville Water Systems – Reduce Subsidy by \$11,000 Annually
2. Propose a Rate Increase for Terra Bella Sewer Maintenance District (Proposition 218 Required)
3. Traver Wastewater Rate Increase – Reduce subsidy by \$5,500 annually (Proposition 218 Required)
4. Wells Tract Water & Sewer Rate Increase – Reduce subsidy by \$6,500 annually (Proposition 218 Required)

B. Medium-term Projects for Consideration of Implementation in Next Two to Five Years:

1. Terra Bella Sewer Expansion – Estimated annual revenue increase of \$50,000
2. Traver Wastewater Expansion Project – Increase capacity based on residential growth

3. Solar Grants – Estimated savings of \$85,000 annually
4. Meter Grants – Estimated savings of \$8,700 annually
5. Yettem/Seville Phase 2 – New well and meter installation
6. Operational Restructuring – Estimated savings of \$100,000

C. Long-term Projects:

1. Continue to Seek Solutions for Sustainability
2. Review and Analyze Potential Revenue Generating Activities and Sources
3. Divest Systems and Transfer to Other Public Entities

Part III: Legislation and Potential State/Federal Revenue Sources

- California Proposition 68 – Parks, Environment and Water Bond
- SB623 – Safe and Affordable Drinking Water Fund
- SB966 – Water Recycling Programs
- Water Supply and Water Quality Bond Act of 2018
- AB277 – Water and Wastewater Loan and Grant Program
- Other State and Federal Funding Programs

Part IV: Options for Consideration by the Board of Supervisors

Option 1: Continue to obtain grant funding to help operate effectively and sustain the water and wastewater systems. Grant funding opportunities include USDA-Rural Utility Service; Clean Water State Revolving Fund (CWSRF); State Public Health; Drinking Water State Revolving Fund (DWSRF); US Department of Commerce-Economic Development Administration; and US Department of Housing-CDBG.

Option 2: As some of these systems are strategically located near neighboring cities or special districts, the County could explore with these public entities the potential transfer of these systems. The County may have to consider write-off of loans payable or support for the infrastructure improvements.

Option 3: Consolidate facilities that are the County’s responsibility to operate.

Option 4: Continue operations by using the General Fund through loans to support maintenance and operations.

Zone of Benefit Action Plan

Introduction

This Action Plan intends to provide actions and goals to be taken by the Resource Management Agency (RMA) within the next 1 to 5 years to improve the fiscal health of the County's four (4) water and seven (7) wastewater systems. The actions to be undertaken fall into the short term (here defined to include actions by the end of FY18/19) and actions in the medium term (here defined to include actions by the end of FY22/23) and will focus on either reducing costs or increasing revenues. The short term actions may reduce the annual County subsidy of these systems by **up to \$23,991 per year** in total from the General Fund. These additional suggestions may also increase the financial health of the individual systems and accounts, which may reduce or eliminate the need for any subsidy from the General Fund for future capital improvements.

The actions to be taken under this Action Plan will not interfere with the County's obligation to fulfill and maintain a certain standard to keep systems in operation to meet public health laws and regulations, avoid regulatory fines, and provide adequate water and sewer services for the residents and customers of the small systems. Further, the County has several agreements with entities for the distribution of water and the treatment of wastewater for the County's systems, which the County will continue to meet.

Currently, staff are running the operations maintenance in a way to minimize the costs for any given year while meeting the system standards as set forth by the Regional Water Quality Control Board and the State Water Resources Control Board – Division of Drinking Water or by statute. In essence, this means that equipment is replaced only when it has failed or will fail imminently and preventative maintenance is generally limited to essential functions. Also, much of the control equipment is outdated and requires frequent repairs and replacements. Staff will study the cost effectiveness of upgrading control equipment before making any such recommendations. Staff will also review and analyze all preventative maintenance and operations procedures to determine if there is the possibility to reduce costs or decrease the intervals on which certain actions are performed, but staff will not recommend any further reductions that may violate existing standards or create public health concerns.

This Action Plan is intended to supplement the December 2017 report by the Resource Management Agency titled *Zones of Benefit: Operational and Financial Analysis*. It is also intended to supplement the presentation by the Resource Management Agency at the Strategic Finance Committee meeting on February 20, 2018 in accordance with direction provided at that meeting.

Short Term Projects

The Short Term projects are actions to be taken by RMA to increase revenue or reduce costs for one or all of the systems by the end of FY18/19. Systems targeted for Short Term Projects either have active projects or have actions which may be implemented within a year to effect the goals to reduce cost or increase revenue, including taking actions to raise the rates charged to customers for certain previously identified systems.

Yetter & Seville Water Systems – Divestment by FY19/20, Reduce Subsidy by \$11,701 per Year

The current operating deficit, including depreciation, for the Yettem and Seville water systems are \$24,106 and \$1,967 respectively, which includes a cash subsidy of \$9,734 and \$1,967 per year, respectively.

The County is currently undertaking Phase 1 of the Yettem & Seville Water System Project, which includes the construction of a new water distribution system in Seville, water meters and the abandonment of Seville's existing, failing water system. As part of this Project, the County and its partners have submitted an application to LAFCO to form a Community Services District (CSD) to operate the water system in these communities. LAFCO has already tentatively approved the application and are required to hold a protest hearing in early June 2018. Assuming the protest fails, the formation of the CSD will be placed on the ballot for November 2018, which will also include the election of CSD officers. The CSD application includes several conditions prior, including that the CSD will not assume the water power until the County has issued the Notice of Completion for the Phase 1 construction project, which is expected to occur in April 2019. Further, a LAFCO condition for the formation of the CSD requires a new rate be approved before one year after the Notice of Completion for the Phase 1 project. Staff will be undertaking a Prop 218 rate increase in summer of 2018, and the CSD may undertake another rate increase thereafter.

Terra Bella Sewer Maintenance District - Revenue Neutral by FY19/20

The wastewater system in Terra Bella was identified as a candidate for a rate increase based on the current rate being below the affordable threshold and the larger size of the community. The current rate is \$21.00 per Equivalent Dwelling Unit (EDU), while the affordable rate was determined to be \$50.12. The system is currently operating at an annual operating deficit of \$24,435 with 519 users and does not receive a cash subsidy from the County. To cover this deficit, rates could be raised by approximately \$4 per month per customer to \$25 per month, which would still be an affordable rate for the community. This represents an approximately 20% rate increase and still a low rate compared to other sewer rates Countywide.

RMA will perform a rate study, conduct outreach, and undertake a Prop 218 rate increase process for this system to increase rates to either be revenue neutral or to begin establishing emergency and capital reserves as determined by the rate study in FY18/19.

Traver Rate Increase – Reduce Subsidy by \$5,538 per Year, Potential Net Revenue Increase up to \$44,248 per Year

The Traver wastewater treatment system is currently operating at an annual operating deficit of \$44,248 including depreciation, which includes an annual cash subsidy of \$5,538. The County would need to raise the user rate by approximately \$21 per month per customer to \$57.25 per month to fully cover the deficit. The affordable rate for this community was determined to be \$64.90; the break-even rate is below the affordable rate.

RMA will perform a rate study, conduct outreach, and undertake a Prop 218 rate increase process for this system to increase rates to either be revenue neutral or to begin establishing emergency and capital reserves as determined by the rate study in FY18/19.

Well Tract Water & Sewer – Reduce Subsidy by \$6,752 per Year

The Wells Tract water & sewer systems are currently operating at an annual deficit of \$13,684 and \$41,653, respectively, including depreciation. This includes an annual cash subsidy of \$6,752 and \$33,261, respectively. Wells Tract water service charge is currently at a flat rate of \$29.50, the City of Woodlake charges its water users on a metered water rate structure. RMA staff recommends that the Wells Tract rate match the City of Woodlake water user fee schedule, as the County may be liable for the difference. RMA will perform a rate study, conduct outreach, and undertake a Prop 218 rate increase process for the water system to increase rates to either be revenue neutral or to begin establishing emergency and capital reserves as determined by the rate study in FY18/19.

The current Wells Tract sewer user rate is \$62.25, the City of Woodlake sewer user fee is \$61 per month. A rate increase is not likely to be successful in this community due to the rate already above the city's user rate and the current rate is above the determined affordable sewer rate of \$53.78 in Wells Tract.

The County should continue to roll delinquent fees into property tax to recover uncollected user charges in all the water and sewer systems they operate.

Medium Term Projects

There are additional potential cost savings projects that should be considered for implementation within the next 2 to 5 years. These projects have been considered but have not been fully defined and the cost savings are approximate. Further, the likelihood of success of each project (highly likely, moderately likely, unlikely, highly unlikely, and unclear) is discussed below.

Terra Bella Expansion – Highly Likely, Additional Revenue of \$50,000 per year

Terra Bella Sewer Maintenance District (TBSMD) provides service to only a portion of the community of Terra Bella, as demonstrated by the attached figure. Staff have received several requests for service from a variety of proposed and existing businesses, including packing houses and stores, all located within half of a mile of existing sewer lines.

The opportunity for expansion exists, at this time staff is not knowledgeable as to the demand for sewer service and the cost associated to the constructing of additional collection system. There are multiple single family dwellings, small retail, restaurants, gas station, and manufacturing buildings that currently rely on septic system on the West and East of the TBSMD boundary. We have estimated that if the TBSMD were to expand the collection system to the west, there will be approximately 198 equivalent dwelling units. This expansion will generate approximately \$50,013 per year in revenue at the current rate (\$59,539 per year at the proposed rate of \$25/month). Expansion of the system would improve the economy of scale and lead the system to be economically sound. Additional research will need to be conducted to determine project feasibility and the availability of grants or loans for this project.

Traver Wastewater Expansion Project – Likelihood Unclear

Traver is another community with potential for residential growth and has had a number of inquiries for commercial business to develop. There is currently a project to study the expansion of the wastewater collection system and an upgrade and expansion to the wastewater treatment facility. However, the project is currently on hold pending direction from the Board of Supervisors due to funding issues. Staff have prepared an analysis and will seek direction from the Board in June 2018. The expansion proposed by this project would make wastewater treatment capacity available to new or existing development and

would expand the collection system to the business corridor west of the railroad tracks. This expansion and any new development connected to the system would improve the revenue collection of the system, reducing the fiscal reliance on the County General Fund.

Solar Grants – Moderately Likely, Total Savings Up to \$85,039 per year

The cost of electricity represents from 6-18% of operating and maintenance cost and these cost will only continue to rise. Solar energy may be a solution to reduce expenses, especially at the bigger wastewater treatment facilities. At this time, it is unclear the cost of a solar system, the amount of energy cost savings, and the availability of grants available for implementing this system.

Staff has identified several systems that have high electricity cost and would benefit from solar energy. The TBSMD, Seville Water system, and Traver Wastewater system have the highest cost in electricity. If the County were to implement solar for the systems, it is estimated that the electrical cost savings will be between 80-90%. Based on fiscal year 2016 & 2017 electricity cost, if all systems implemented solar energy, approximately \$85,039 per year would be saved. Although the systems will save in electrical cost, there are other items to consider, such as: land availability for solar panel placement, acquiring land and cost associated to the maintenance of the solar system.

Meter Grants – Moderately Likely, Potential Savings up to \$8775 per year

All the water systems that are owned or operated by the County are billed a flat rate, staff are unable to determine household water usage and are unable to shut off service for unpaid balances. Meters are currently planned for the Yettem and Seville water systems as part of the Water System Improvement for Yettem-Seville. Wells Tract water system has water meters installed, provided by the City of Woodlake, but the County has not implemented a meter rate structure. The Delft Colony water system currently does not have water meters installed, staff will look into grants that may be available for these types of improvements. In recent projects, the estimated cost of each water meter and installation is \$2,400. Grants would be the ideal funding for this type of project, and staff have identified several potential grant sources.

The United States Environmental Protection Agency estimates that water meters account for up to a 9% reduction in water use. The reduction in water use will decrease the amount of electricity consumed and treatment cost, which ultimately will save the water systems in operation and maintenance costs. The implementation of water meters in the communities of Delft Colony, Seville Water, and Yettem Water may save the County about \$8,775 per year. Through an agreement with Wells Tract, the City of Woodlake operates and maintains the water production, storage and distribution facilities; there is no estimated cost savings as the County does not pay for electricity or treatment of water. The operation of water meters would improve the financial and operations position of these systems.

Yettem/Seville Phase 2 – Highly Likely

Phase 2 of the Yettem-Seville Water System Improvement Project consists of a physical intertie of the Seville and the Yettem water systems, new well, and meter installation in the Yettem water system. This project will substantially benefit both systems, and will create a stronger system for the future Seville & Yettem CSD, as discussed above.

Operational Restructuring – Moderately Likely, Potential Savings of \$100,000+ Countywide

Cursory review suggests that \$100,000 or more per year may be saved if the County were to consolidate operations of the Zone of Benefit systems with the County's other wastewater and water systems, including the Central Road Yard system and the Bob Wiley wastewater and water systems. Operations of these systems would either be brought in-house or the operations and maintenance contracts therefore would be restructured for the County to take a more active role in certain maintenance tasks, such as County staff providing heavy equipment operators, electricians and IT support. Further, staff have identified an apprenticeship program offered by the California Rural Water Association to train water and wastewater operators.¹

Long Term Projects & Revenue Generating Activities

Staff will continue to look for solutions to make the water and sewer systems sustainable. To ensure that the systems continue to operate efficiently, identifying problems that are not readily apparent, and reassess the remaining useful life of collection or distribution infrastructure so that appropriate steps may be taken to refurbish or rehabilitate infrastructure or plan for the replacement thereof, staff will develop a capital plan for each of the systems as resources allow. Staff will also continue to explore options to divest of some of the systems.

More emphasis is being placed on safe drinking water and public health issues, so staff anticipate that there may be a growing availability of grants for disadvantage public water and wastewater system in the future. Staff will monitor these programs, and recommend that the County apply for grant opportunities for planning, replacement and expansion to make these systems sustainable.

Staff will also review and analyze potential revenue generating activities for these systems

Additional revenue may also be available, but at this time staff does not have a quantifiable generation of revenue. Such revenue generating endeavors include: phosphorous/fertilizer extraction, potable water sales, recycled water sales, and provide septic discharge disposal. Staff also does not have an estimate of cost for the improvements to accommodate these potential revenue generating activities.

Legislation and Possible State and Federal Revenue Sources

California Proposition 68, Parks, Environment, and Water Bond

Prop 68, would provide \$4.1 billion in funding for a variety of natural resources, parks, and water programs. This would include \$250 million in funding for grants or loans for local projects designed to improve access to safe drinking water, including equipment for water treatment. A certain portion of the funding is dedicated for severely disadvantaged communities.

SB623 – Safe and Affordable Drinking Water Fund

Senate Bill 623 was introduced to establish the Safe and Affordable Drinking Water Fund. This Fund would, in part, provide financial assistance to disadvantaged communities for the operation and maintenance of drinking water systems by taxing customers of public water systems. The Water Board would also be able to award grants, loans, contracts and services to eligible applicants. The County's water system would likely qualify for grants, loans and other funding if this bill is successful.

¹ For more information, see <https://calruralwater.org/crwa-apprenticeship-water-and-wastewater-operations-specialist-programs-overview/>

[SB966 – Water Recycling Programs](#)

Senate Bill 966 would allow local communities to expand the use of graywater, blackwater, rainwater, stormwater, foundations drainage and other reused water. This bill would promote onsite water recycling for nonpotable uses by creating a statewide standard for local governments to adopt.

[Water Supply and Water Quality Bond Act of 2018](#)

The bond will invest \$8.877 billion dollars in California water infrastructure in a variety of programs. This includes \$500 million for safe drinking water and \$250 million for wastewater treatment for disadvantaged communities. A portion of these funds will be grants available for small or disadvantaged communities. Matching funds may not be required for the County's systems. This is on the ballot in November.

[AB 277 – Water and Wastewater Loan and Grant Program](#)

The bill will authorize the State Water Resources Control Board (SWRCB) to establish the Water & Wastewater Loan & Grant Program to fund drinking water & wastewater treatment projects including extending or connecting service lines from water or wastewater systems to residential structures, paying connection fees, paying for the abandonment or destruction of septic tank and water wells and water treatment systems for systems which groundwater exceeds a primary or secondary drinking water standard. A County or not-profit organization will receive funding and shall provide loan or grant to homeowners or small water systems and follow criteria set by the SWRCB.

Proposed Strategic Financing Action Plans

**Michael C. Spata
County Administrative Office**

July 31, 2018

Overview

1-Strategic Financing Plan Ad Hoc Committee

2-General Options

- Priority Based Budgeting
- Phasing of Spending Plans
- Deferring Expenditures
- Adjusting Expenditures

3-Proposed Action Plans

- Sheriff, with HHSA, GSA, IT: South County Detention Facility
- HHSA: In-Home Support Services and Health/Mental Health
- Fire Department: Improvements, Fixed Assets and Staffing
- RMA: Zones of Benefit for Water and Wastewater Systems

4-Agency and Department Comments

5-Requested Action

- Receive the Action Plan Report
- Provide Direction Regarding Action Plans

Strategic Financing Plan Ad Hoc Committee

Purpose: Study and Discuss Known Future Fiscal Challenges Facing Tulare County

Time Period: 2017 - 2018

Topics:

- ✓ **Finance Department**
- ✓ **Retirement's Unfunded Liability**
- ✓ **Sheriff: South County Detention Facility**
- ✓ **Health and Human Services Future Budget Impacts**
- ✓ **Fire Department's Strategic Plan**
- ✓ **RMA's Zones of Benefit**

General Options

- 1-Priority-Based Budgeting
- 2-Phasing of Spending Plans
- 3-Deferring Expenditures
- 4-Adjusting Expenditures

Sheriff with HHSA, GSA and IT South County Detention Facility Phasing Plan

- **Phase 1 Plan Total Cost: \$16,867,387** (Attachment 1, Table 1)
- **Phase 1 Plan Actual Cost: \$5,527,847** (Attachment 1, Table 1A)
- **Phase 2 Plan Total Cost: \$8,587,090** (Attachment 1, Table 2)
- **Grand Total: \$25,454,477** (Attachment 1, Phase 1 and 2 Plans)
- **Option 1:** Provide General Fund Support for Phases 1 and 2
- **Option 2:** Pursue Entrepreneurial Activities (P&E Facility)
- **Option 3:** Pursue Grants, Subvented Funds or Public Financing
- **Option 4:** All of the Above

Health and Human Services Agency

In-Home Support Services

(Attachment 2)

- **Scenario 1:** HHSA absorbs the Maintenance of Effort (MOE) cost shift by using existing 1991 Social Services Realignment Fund or additional County General Fund.
- **Scenario 2:** HHSA assumes Conservative Realignment Growth to mitigate the MOE cost shift.
- **Scenario 3:** HHSA uses the 1991 Social Services Realignment Fund to mitigate the MOE cost shift.
- **Action Plan for IHSS (FY 2018/19):** This office supports a combination of Scenarios 2 and 3 as proposed by HHSA -- Budgeting and assuming Conservative Realignment Revenue Growth and withdrawing from 1991 Social Services Realignment Fund. No impacts to other departments. Action Plans for subsequent years to be determined on a year-to-year basis.

Health and Human Services Agency

Criminal Justice Health and Mental Health

- **Scenario 1** - Increase General Fund Support to cover increasing expenses for Criminal Justice Health and Mental Health Care Services. (See Attachment 2, Table 1.)
- **Scenario 2** - HHSA and the General Fund share cost of Criminal Justice Health and Mental Health Care Services by a 50/50 share of first year cost increases, with HHSA share decreasing by 25% annually, thereby increasing General Fund commitment. (See Attachment 2, Table 2.)
- **Suggested Approach:** Per Scenario 2 and Table 2, support 50/50 split for FY 2018/19 when cost becomes known in 2019. For future budget years, Board of Supervisors should review on a year-by-year basis feasibility of (1) providing additional revenue from General Fund and (2) the percentage split. HHSA notes that without a 5-Year Phasing Plan commitment, costs may accelerate. HHSA may provide comments to this effect to Board when matter is considered.

Fire Department

Five Year Phasing Plan

-- Improvements, Fixed Assets and Staffing --
(Attachment 3, Part I)

- YEAR 1: FY 2018/19 - Grand Total \$3,181,000
- YEAR 2: FY 2019/20 - Grand Total \$3,814,000
- YEAR 3: FY 2020/21 - Grand Total \$4,466,000
- YEAR 4: FY 2021/22 - Grand Total \$4,456,000
- YEAR 5: FY 2022/23 - Grand Total \$2,938,000

Note: General Fund Support for Fire's Budget over the past five years has averaged \$5.7M, with Support for the FY 2017/18 Budget in the amount of \$5.9M. Based on the above information for FY 2018/19, the General Fund Commitment could increase to \$9.M.

Fire Department

- **Option 1 - General Fund Support:** For FY 2018/19 Budget, provide General Fund support in a feasible amount for operations and capital improvements pending close-out of all budgets, including an Equipment Rotation Schedule. Currently, \$1.4 Million is proposed in the Capital Improvement Program (CIP) for fire station remodels and paving. CIP also includes funding in the amount of \$2.9 Million for Fire Station No. 1 to be located in the Central Road Yard.
- **Option 2 - Grant Funding:** Continue to seek grant funding for increased costs for Capital Improvements, Replacement Fire Engines and Equipment.
- **Option 3 - Public Financing:** Consider potential public financing for Capital Improvements and Replacement Fire Engines and Equipment.

RMA's Zones of Benefit

(Attachment 4)

Short-term Projects

- Consolidation of Yettem and Seville Water Systems
- Propose Rate Increase for Terra Bella Sewer Maintenance District*
- Traver Wastewater Rate Increase*
- Wells Tract Water and Sewer Rate Increase*

Medium-term Projects

- Terra Bella Sewer Expansion
- Traver Wastewater Expansion Project
- Solar and Meter Grants
- Yettem/Seville Phase 2
- Operational Restructuring

Long-term Projects

- Continue to Seek Solutions for Sustainability
- Review/Analyze Potential Revenue Generating Activities and Sources
- Divest Systems and Transfer to Other Public Entities

*(Prop 218 required)

RMA's Zones of Benefit

- **Option 1:** Continue to obtain grant funding to operate effectively and sustain water and wastewater systems.
- **Option 2:** As some of these systems are strategically located near neighboring cities or special districts, the County could explore with public entities potential transfer of systems.
- **Option 3:** Consolidate facilities that are the County's responsibility to operate.
- **Option 4:** Continue operations by using General Fund through loans to support maintenance and operations.

Acknowledgements

- 1-Strategic Financing Plan Ad Hoc Committee**
- 2-Board of Supervisors**
- 3-County Counsel**
- 4-Sheriff's Office**
- 5-Health and Human Services Agency**
- 6-Fire Department**
- 7-Resource Management Agency**
- 8-General Services Agency**
- 9-Information and Communications Technology**
- 10-County Administrative Office**

Requested Action

1-Receive the Report regarding Strategic Financing Action Plans; and

2-Provide Direction regarding Strategic Financing Action Plans