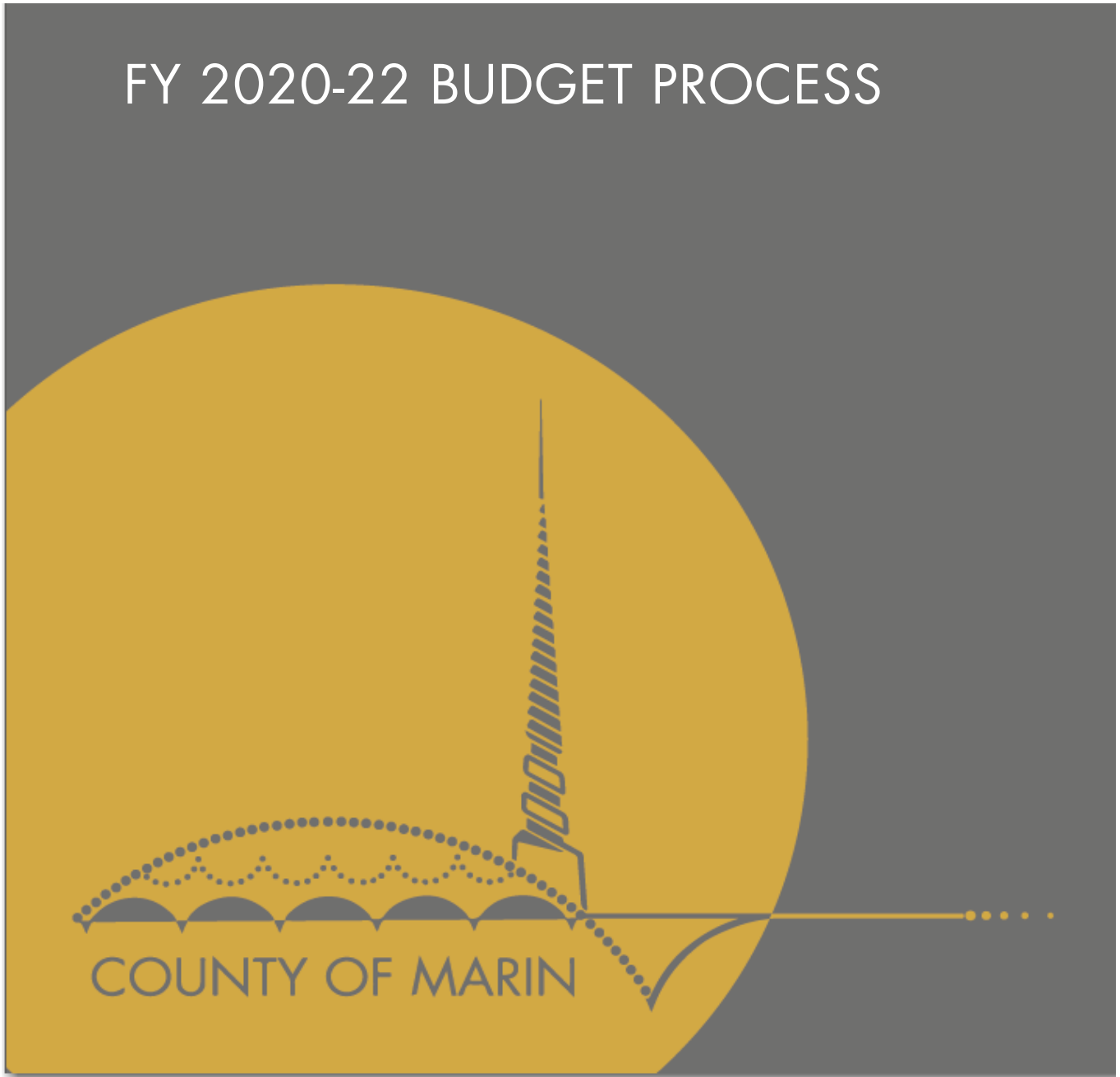
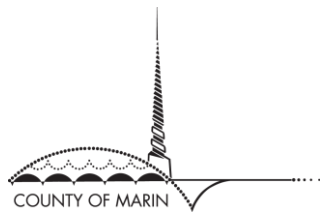

County Administrator's Office
3501 Civic Center Drive
San Rafael, CA 94903
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FY 2020-22 BUDGET PROCESS

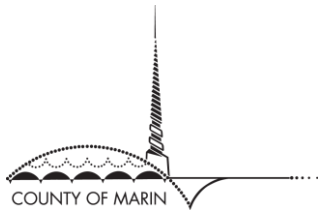
December 10, 2019



FY 2020-22 BUDGET BRIEFING

Slide 2

- Goals for upcoming budget process
- Economic forecast
- Updated 5-year projection
- Budget instructions
- Next steps
- Questions

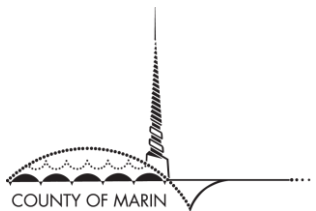


BUDGET PLANNING PROCESS

LONG TERM PLANNING GUIDED BY MULTIPLE INPUTS

Slide 3

- Economic indicators
- State and federal budget impacts
- Marin Compass and department priorities
- Employee Voice Survey
- Multi-year budget goals
 - Build reserves to prepare for economic downturn
 - Invest in facilities and technology
 - Reduce unfunded liabilities



BOARD AND COMMUNITY PRIORITIES

CONTINUE TO ADJUST BUDGET TO REFLECT
BOARD PRIORITIES

Slide 4

- Investing in County infrastructure
- Improving emergency preparedness
- Preserving and creating affordable housing
- Addressing sea level rise and climate change
- Prioritizing racial equity

GOALS FOR BUDGET PROCESS

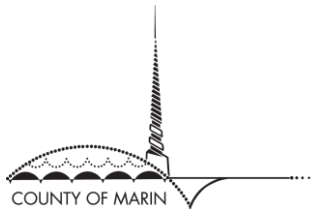
Slide 5

- Engage staff to help establish workplans and set priorities
- Update current baseline budget to more accurately reflect costs for current services
- Prioritize baseline, one-time and cost-covered budget adjustments
- Identify funding strategies for emerging needs
- Develop multi-year budget strategy to invest in the top 5 community priorities
- Update department fee schedules to keep pace with inflation

ECONOMIC FORECAST

Slide 6

- The U.S. is in its 11th year of economic expansion
 - Longest on record
- Most fundamentals remain solid
 - Moderate growth
 - Better than expected investment market returns
 - Near full employment
- Risks and uncertainties exist
 - International trade
 - Global economic slowdown
- State budget outlook is positive in the short term



LOCAL FISCAL OUTLOOK

GOOD NEWS SINCE JUNE

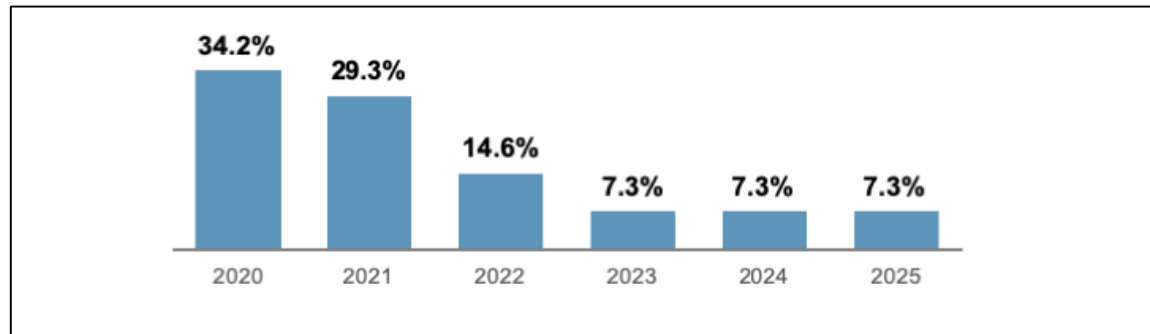
Slide 7

- In June 2019, your Board adopted a balanced budget
 - Longer term projections indicated a slowdown beginning in FY 2022-23
 - Contributions to Facility Reserve were identified as a budget stabilization strategy
- Local property tax revenue in line with prior projections
 - Sales have increased in 2019
 - Median prices have been relatively flat
 - Growth in countywide assessed value is slowing
- Pension costs have been lower than previously assumed
 - Steady annual investment returns over past five years
- Additional ongoing spending is needed to adequately maintain roads and County-owned facilities
 - Construction costs have increased

ECONOMIC PROJECTIONS

RECENT DOWNWARD REVISIONS TO SHORT TERM OUTLOOK

- Wall Street Journal poll of leading economists
 - Nearly 80% expect recession to begin within 3 years



Slide 8

- The CEO Confidence Measure is at the lowest reading since 2009
 - 67% of expect economic conditions to worsen
- According to the Legislative Analyst's Office (LAO):
 - "Risk to this year's economic outlook has increased compared to other recent years"

BUDGET ASSUMPTIONS

PROJECTIONS ASSUME MODERATE
ECONOMIC GROWTH

Slide 9

Revenues

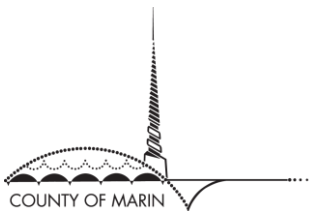
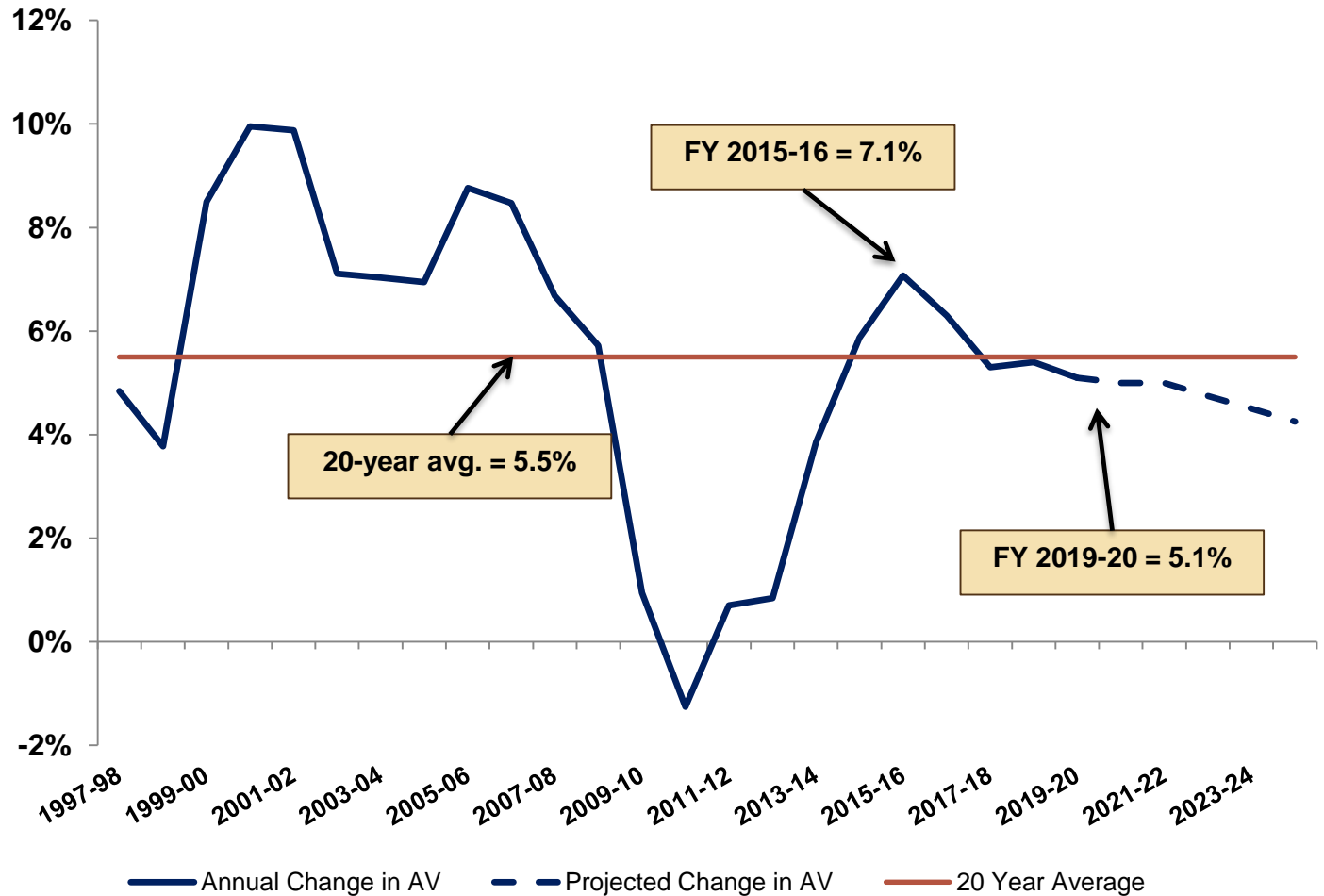
- Continued regional economic stability for next 2 years
- Property tax growth rate assumed to slow
 - Annual growth rate slows to 4 percent by 2025
- Moderate growth in state and federal revenues
- Department fee increases where applicable

Expenditures

- Maintain current service levels
- Cost of living adjustments each year
- Slight increase in pension costs in 2022
- Increased funding for County roads to meet \$8M target
- Increased funding for ongoing high priority initiatives

PROPERTY TAX REVENUE: ASSESSED VALUE (AV) GROWTH CONTINUES TO SLOW

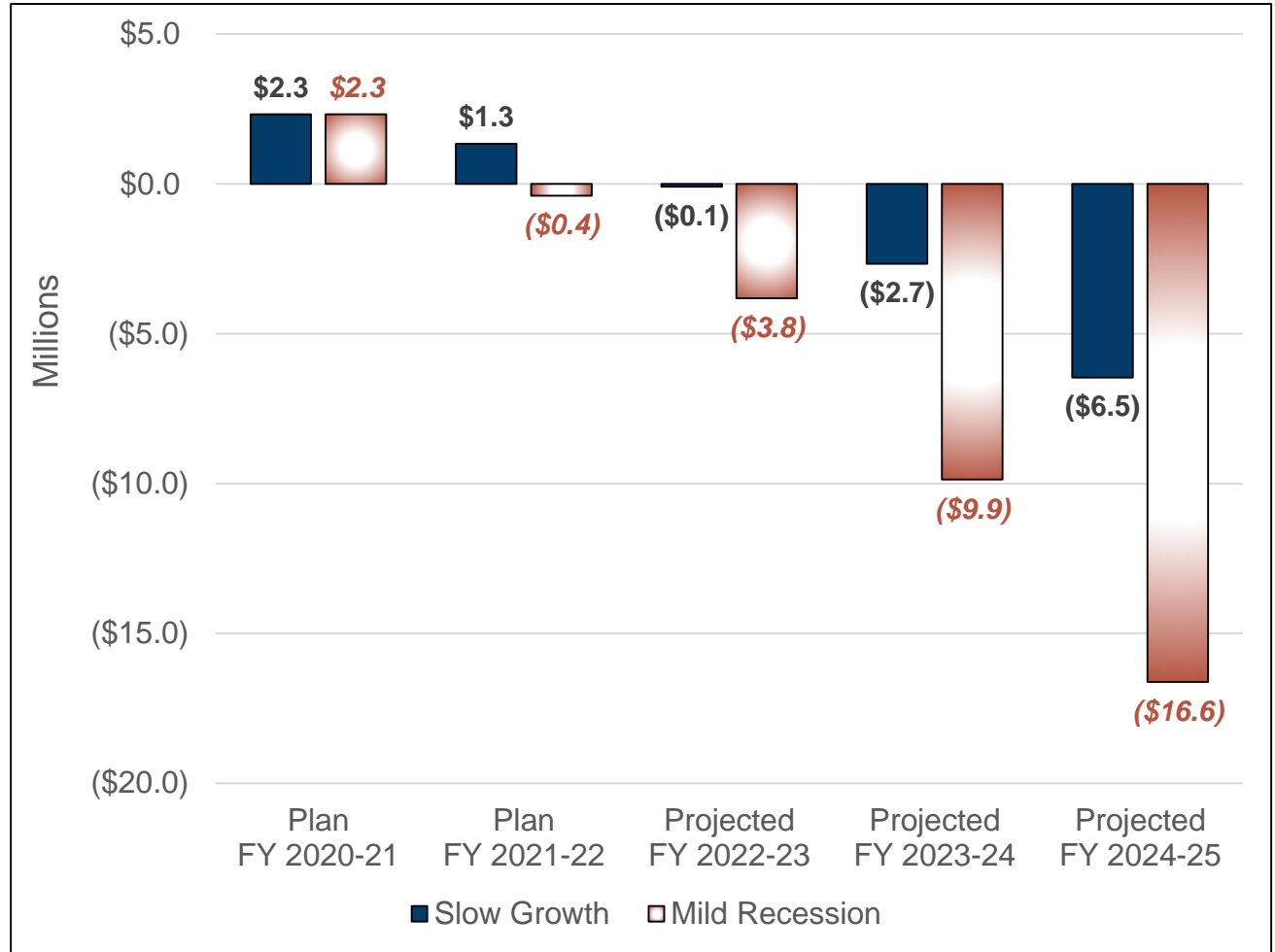
Slide 10



GENERAL FUND PROJECTIONS

S L O W G R O W T H V S . M I L D R E C E S S I O N

Slide 11



**Does not include use of budget stabilization strategies*

FY 2020-22 BUDGET INSTRUCTIONS

Slide 12

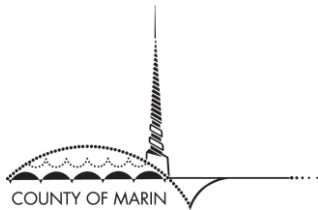
- Use temporary surplus for one-time purposes
- No ongoing department BCP's
- Establish working groups for baseline services and one-time investments related to Countywide priorities
 - Emergency Preparedness
 - Climate Change
 - Equity
- Finalize Marin Compass Steps
 - Engage staff to adjust priorities to meet emerging needs within baseline budget
- Adjust department baseline budget to accurately reflect cost of services
- Update department fee schedules to keep pace with inflation

Slide 13

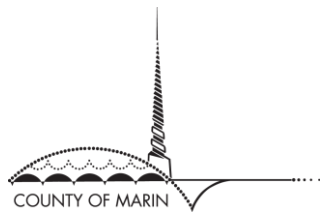
NEXT STEPS

BUDGET MILESTONES

- Distribute budget instructions (December)
- Mid-year department meetings with CAO (Jan/Feb)
- Budget and Compass workshops (March)
 - Updated budget outlook
 - Status update on Marin Compass
 - Two-Year Department Budget Workplans
- FY 2020-22 County Budget Hearings (June)



QUESTIONS?



COUNTY OF MARIN