

1010200000—County Administrator

General Government

Monica Nino, County Administrator

General Fund	2017-2018 Actual	2018-2019 Adjusted	2019-2020 Requested	2019-2020 Recommended	Increase/ (Decrease)
Expenditures					
<i>Salaries & Benefits</i>	\$2,444,861	\$3,076,624	\$3,478,187	\$3,478,187	\$401,563
<i>Services & Supplies</i>	452,618	1,033,601	1,084,425	1,084,425	50,824
<i>Centrally-Budgeted Expenses</i>	105,330	232,634	242,085	242,085	9,451
<i>Total Expenditures</i>	\$3,002,809	\$4,342,859	\$4,804,697	\$4,804,697	\$461,838
<i>Expenditure Reimbursements</i>	(515,071)	(686,945)	(907,161)	(907,161)	(220,216)
<i>Total Appropriations</i>	\$2,487,738	\$3,655,914	\$3,897,536	\$3,897,536	\$241,622
Earned Revenues By Source					
<i>Aid From Other Governments</i>	\$0	\$47,886	\$153,113	\$153,113	\$105,227
<i>Miscellaneous Revenues</i>	87	0	0	0	0
<i>Operating Transfers In</i>	10,000	127,979	34,500	34,500	(93,479)
<i>Total Revenues</i>	\$10,087	\$175,865	\$187,613	\$187,613	\$11,748
Net County Cost	\$2,477,651	\$3,480,049	\$3,709,923	\$3,709,923	\$229,874
<i>Allocated Positions</i>	14.0	14.0	14.0	14.0	0.0

Purpose

The County Administrator leads the administrative functions of County government. Specifically, the position oversees five departments, directs and coordinates all other County departments and agencies; acts to enforce ordinances, policies, rules, and regulations as adopted by the Board of Supervisors; advises and makes recommendations to the Board on a vast number of issues; supervises the preparation of the annual County budget; monitors departmental and agency revenues and expenditures throughout the fiscal year; prepares the County's legislative platform and monitors legislation that can significantly affect County programs; coordinates and leads efforts/activities related to County Economic Development; and leads efficiencies in customer service delivery, innovation, and labor negotiations.

Board Strategic Priorities 2019-2020 through 2021-2022

The 2019-2020 recommended budget for the County Administrator's Office (CAO) focuses on the implementation of the Board Strategic Priorities as adopted by the Board on April 9, 2019. The Board Strategic Priorities for fiscal years 2019-2020 through 2021-2022 are a continuation of the

Board's original five key priorities established in 2015. The Board has updated and augmented the goals associated with these strategic priorities to reflect the Board's direction related to water issues, health, collaboration, and homelessness.

The following highlights provide an overview of several projects, programs, and activities administered by the CAO that directly align and support the Board's strategic priorities.

Ensure Fiscal Responsibility

Maintain a Structurally-Balanced Budget

The Board continues to strongly advocate for the County to maintain a structurally-balanced budget. By definition, according to the Government Finance Officers Association, a structurally-balanced budget is achieved when "recurring revenues equal or exceed recurring expenditures." Additionally, "a true structurally-balanced budget is one that supports financial sustainability for multiple years into the future."

To achieve a long-term, structurally-balanced budget requires fiscal and budgetary discipline. The Board has wisely limited major expansion of services only to those areas that have ongoing revenue from outside the General Fund. The County

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Administrator has been upholding the County's reserve policies, negotiating labor agreements the County can afford in its entirety, limiting the issuance of debt, and taking steps to address the County's unfunded retirement liability. Continuation of these practices will provide the necessary foundation for a structurally-balanced and sustainable budget, ensuring expenditures remain contained within available revenues in future years.

To further support the Board's priority of ensuring fiscal responsibility, in 2018-2019 the County Administrator focused on efforts necessary for retention of the County's positive credit rating. In June 2017, the CAO and KNN Public Finance, LLC met with two credit rating agencies in San Francisco, S&P Global Ratings and Moody's Investor Services. Subsequently, S&P Global Ratings raised its underlying credit rating from A to A+ for the County's Series 2017 Certificates of Participation Administration Building Project and from A- to A for the County's Solid Waste Enterprise Fund COPs. The raised rating was based on the County's stronger economic environment with growing tax base and falling unemployment rates as well as its maintenance of very strong financial flexibility and strong performance scores. Moody's Investor Services affirmed the County's existing COPs rating of Aa3. During 2018-2019, the County continued to successfully maintain its positive credit rating.

Responsibly Consider Resources to Address the County's Pension Obligations and Labor Related Costs

The County participates in the San Joaquin County Employees' Retirement Association (SJCERA). As of January 1, 2019, net pension liability was \$1.86 billion with San Joaquin County's portion totaling \$1.74 billion. Since January 2017, in conjunction with the 2017 calendar year rate set by the SJCERA Board, the County has been contributing an additional 5% towards the County's unfunded retirement liability. Through June 30, 2019, the total value of this 5% contribution is approximately \$51.0 million. The Board has also established a reserve for the unfunded liability, which can be used in those years when the County is unable to achieve the 5% contribution within a structurally-balanced budget. The reserve for the unfunded liability currently has a balance of \$25.5 million.

Acknowledging a short-term pay down of this liability in its entirety is not feasible nor fiscally affordable. The County Administrator maintains the Board approved policy (B-16-194), and in preparation of the recommended budget, continues to focus on the pay down of the unfunded retirement liability in a fiscally prudent and accelerated time frame. It is this disciplined effort that continues to incrementally move the County towards long-term sustainability.

In 2018-2019, the CAO in partnership with Human Resources conducted a competitive procurement process to secure an additional employee health care plan option that is comprehensive, affordable, and financially sustainable. This new option will be discussed in detail with the various collective bargaining units in 2019-2020. The CAO and the Human Resources team are evaluating the County's existing health plans to determine if plan adjustments are necessary to ensure the ongoing availability of affordable health plan options for County employees.

Additionally, the CAO will continue to advocate for the County's retention of its share of property taxes when negotiating master property tax sharing agreements with cities in San Joaquin County. The majority of the County's current property tax sharing agreements stipulate that the County receives 80% of the property tax revenue and the cities receive 20%. Because property tax is the single largest source of General Purpose Revenue for the County, any change in this formula could have a significant negative fiscal impact to the County and jeopardize its ability to maintain a structurally-balanced budget.

Promote Good Governance and Increase Organizational Capabilities

The County Administrator actively participated in several successful projects during 2018-2019 that directly contributed to the Board's priority of promoting good governance and increasing the County's operational capabilities. The CAO, in partnership with Information Systems Division (ISD), successfully implemented several innovative projects, including:

- **Implementation of a New County Budget System** – San Joaquin County was one of the first counties in California to implement the new cloud-based budgeting system available from Oracle Corporation. The new budget system was used by the CAO staff and all County departments during the development of the 2019-2020 Proposed Budget.
- **Data Analytics** – The County has begun utilization of another cloud-based product to analyze large amounts of data related to employee salary and benefits costs; employee use of sick leave; costs associated with labor negotiations; key characteristics related to certain portions of the homeless population; and data related to health care delivered at San Joaquin General Hospital.
- **Biennial Update of the County Administrative Manual** – The CAO, in partnership with County departments, completed a comprehensive review of the County Administrative Manual (Manual). On March 26, 2019, the Board of Supervisors approved revisions to 30 sections of the Manual. Biennial reviews of the

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Manual will be conducted at the end of every even numbered year in order to ensure that the policies and procedures remain up-to-date, providing a relevant and essential resource for County departments and employees.

- **Expansion of On-Line Services to Employees** – In May 2019, the County began providing employees access to benefit, paycheck, and other employee-related information via the employee’s personal mobile device. Employees can both review and update relevant information any time of the day or night from a smartphone, tablet, or personal computer.

During 2018-2019, staff also developed and presented for Board consideration and approval, the County’s biennial State and Federal Legislative/Regulatory Platforms and Policy Guidelines for 2019 and 2020. The Platforms provide a means of communicating the County’s legislative/regulatory agendas; the Board Strategic Priorities and interests; and guide the County’s legislative advocacy efforts, allowing the County to take positions on pending legislation/regulations in a timely manner. Legislative issues not identified in the Platforms will be presented to the Board for consideration as they emerge.

Encourage Collaboration Internally Among County Departments and Externally with Other Governmental and/or Community Organizations that Provide Opportunities for Residents

In 2018-2019, CAO staff provided regional leadership to the Point-in-Time (PIT) count; an effort that focused on counting the unsheltered homeless in the community. Federal, County, and city staff, along with over 400 volunteers, conducted the count. The 2019 PIT count identified over 1,500 unsheltered homeless individuals; double the number identified during the 2017 PIT count.

CAO staff engaged in a number of initiatives focused on homelessness during 2018-2019, including:

- Led the San Joaquin Continuum of Care (CoC), an Advisory Board comprised of volunteers and local stakeholders tasked with coordinating services and funding to make homelessness rare, brief, and non-recurring.
- Successfully applied for and received additional planning grant funding (\$138,000) for the coordination of homelessness efforts.
- Strengthened and expanded participation and governance of the CoC.
- Partnered with the Housing Authority of San Joaquin County to develop a permanent supportive housing project on 4.57 acres exclusively for homeless Veterans;

a first in the region and the only housing of its kind in San Joaquin County.

Improve Public Safety and Enhance Overall Criminal Justice System

On May 15, 2018, the Board approved the separation of the Coroner function from the Sheriff, and approved the creation of an independent Medical Examiner’s Office. The County Administrator has taken the lead, along with County Counsel, to develop an organizational plan for the independent Medical Examiner’s Office. The Board has interviewed highly qualified candidates for the position of Chief Medical Examiner and it is anticipated that the Board of Supervisors will make a final hiring decision in June 2019.

The transition period is expected to be complete by the end of 2019-2020. In the interim, the Office of the Medical Examiner will remain under the Sheriff; however, the authority of determining the cause and manner of death will be assigned to the Medical Examiner, once appointed.

Promote Economic Development

During 2018-2019, the CAO continued to support the efforts of County departments and community agencies to advance economic development opportunity throughout the County. The CAO remains committed to being responsive and supportive to local jurisdictions and business partners when development opportunities arise. The following highlights provide an overview of efforts administered by the CAO:

- **Airpark 599 Project** – During 2018-2019, staff continued discussions with the Federal Aviation Administration (FAA) to obtain a release from restrictions related to a portion of the Airpark 599 property. Staff anticipates issuance of the FAA release in 2019-2020. Staff has also continued to work with the County’s development partner on revisions of the current Master Development Agreement and on an amendment of the County’s adopted Stockton Metropolitan Airport Special Purpose Plan. The Airpark 599 development is projected to generate new jobs and promote economic activity, which will benefit the County well into the future.
- **iHub San Joaquin (iHub)** – During 2018-2019, staff continued to participate as a member of the iHub San Joaquin Board of Directors. The goal of iHub is to stimulate partnerships, economic development, and job creation by leveraging assets to provide an innovation platform for startup businesses, economic development organizations, business groups, and financial institutions. Targeted industry sectors include agri-business, healthcare, and sustainable construction technology. In 2018-2019, iHub awarded a total of \$20,700 in contract funding to two local organizations,

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Café Coop and HealthForce Partners, intended to help iHub accomplish its goal by providing innovative programs for early stage startups from San Joaquin County and by promoting workforce development in the healthcare sector. iHub also held its 4th annual H2O Hackathon event, which challenges local high school students to develop applications to solve water issues affecting California.

- **California Governor’s Office of Business and Economic Development (GO-Biz)** – During 2018-2019, staff continued to collaborate with the San Joaquin Partnership to respond to a number of State and national site searches facilitated by GO-Biz. This collaboration is focused on connecting new and expanding businesses to available development sites within the County resulting in additional living-wage jobs and improved economic activity. In addition, staff submitted letters of support to GO-Biz recommending approval of applications for California Competes Tax Credit for businesses considering a move to San Joaquin County.
- **Local Incentives** – In 2018-2019, the CAO met with local jurisdictions to discuss opportunities to incentivize commercial and manufacturing development. The CAO has been responsive in the consideration of property and sales tax incentives as our economic development partners, including the cities, GO-Biz, and the San Joaquin Partnership have packaged competitive proposals for both global, regional, and national business inquiries. The CAO continues to lead negotiations with cities on property tax agreement extensions as a result of commercial and residential annexations proposals.

Stay Informed and Proactive in Dealing with Water Issues

The County continues to invest significant resources to support the Delta Counties Coalition, and the County’s legislative efforts related to water. A Deputy County Administrator is anticipated to dedicate approximately 10% of her time to Delta-related activities.

Major Budget Changes

Salaries & Employee Benefits

- \$330,471 Salary and benefits adjustments.
- \$142,807 Add a Management Analyst position.
- (\$71,715) Delete a vacant Senior Office Assistant position.

Services & Supplies

- \$46,319 Increase in professional services for data analytics consulting support.
- \$16,000 Increase in consulting fees for annual sales tax audit.
- (\$14,695) Decrease in recruiting services.

Centrally-Budgeted Expenses

- \$9,719 Increase in data processing charges.

Expenditure Reimbursements

- \$220,216 Cost Allocation Plan adjustment.

Revenues

- \$105,227 Increase in State and Federal grant funding for Program Administrator-Homelessness Initiatives.
- (\$93,479) Decrease in funding from the Community Corrections Partnership for Program Administrator-Homelessness Initiatives.

Program Discussion

The 2019-2020 recommended budget for the County Administrator’s Office totals \$4,804,697, which is an increase of \$461,838 from the 2018-2019 adjusted budget. This change primarily reflects salary and benefits adjustments, the addition of a Management Analyst III, and an increase in professional services, offset by the deletion of a vacant Senior Office Assistant position. The cost of the Program Administrator-Homelessness Initiatives position is fully-funded by grants applied for by the CAO.

During 2019-2020, the CAO will continue to provide for media support, financial analysis and funding for specialty studies and reviews as required, and will also provide administrative support and leadership for several major projects that will have long-term implications for the County. Many of these projects will continue into 2020-2021:

- **Labor Negotiations** – The County has current labor agreements with 86.8% of the County labor force. However, as of September 2019, 87.5% of the labor agreements will have expired. The bargaining units currently without contracts are Law Enforcement Management Association (LEMA), Deputy Sheriff’s Association (DSA), Sheriff Deputy Sergeant

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Association (SDSA), In-Home Supportive Services, and Nurses (CNA). The Physicians (UAPD) unit is set to expire June 30, 2019. The Service Employees International Union (SEIU) units are set to expire September 5, 2019.

- **Financial Tools** – In partnership with the Auditor-Controller, ISD, and Human Resources, the County Administrator will expand the number of financial and management tools available to departments. The County Administrator will continue to be an active participant on the PeopleSoft Governance Committee.
- **Annual Report – A Year In Review** – This report highlights County efforts and accomplishments during 2017-2018 related to the Board-adopted Strategic Priorities. The report was released in a hard-copy form and posted on the County’s webpage. The 2018-2019 Annual Report is currently being developed and delivery of the finished report to the Board is scheduled for August 2019.
- **New Budget System – Phase II** – In collaboration with the ISD, the County Administrator will expand the capabilities of the newly implemented County budget system in 2019-2020 to include position cost estimation functionality and broader County salary/benefit projection capabilities for use during the 2020-2021 budget preparation.
- **Homelessness Activities** – Assistance and support will continue to be provided to the Program Administrator in the transition to an effective CoC, providing leadership to coordinate more accurate data of the County’s homelessness population, and focus on permanent housing projects and available grant funds. CAO staff will actively pursue newly developed State grants focused on supporting homelessness efforts that will deliver solutions across the County.
- **Data Analytics** – In 2019-2020, the CAO will hire a consultant to leverage the County’s vast array of information to support data driven decision making. The data analytics effort will focus on several key areas including salary/benefit analysis for collective bargaining, financial analysis of Countywide spending for potential cost savings, and the aggregation of performance data that will outline how County services are delivered to the community.
- **Clean San Joaquin** – CAO will convene a meeting with County departments who perform or address services in regards to community cleanup. Staff will also support the development of a “Love San Joaquin County” brand that is associated with Clean San Joaquin. In 2019-2020, CAO staff will encourage departmental collaboration with cities in San Joaquin

County that are actively involved with the “Love our Cities” program.

- **Office of the Medical Examiner** – In 2019-2020, the CAO will continue to lead efforts surrounding the creation of the Office of the Medical Examiner. The establishment of this new Office within the Health Care Services Agency is expected to be complete by the end of 2019-2020.
- **Department Head Recruitments** – In collaboration with Human Resources, the County Administrator will conduct recruitments to fill three Board-appointed department head positions (Human Services Director, Community Development Director, Clerk of the Board).
- **San Joaquin General Hospital (SJGH)** – The County Administrator provides strategic guidance to SJGH on both fiscal and policy issues. In 2019-2020, participation will continue in the monthly meetings of the Health Care Services Review Committee at which major topics of significance for SJGH are discussed, including financial performance, capital projects, and various operational issues. One of the main ongoing focus areas is ensuring future viability of the Hospital and its clinics. Although SJGH has effectively utilized non-recurring revenue and fund balances to reinvest in infrastructure improvements and other one-time capital needs, Hospital cash flows need to be managed carefully to ensure that ongoing costs and commitments are supported by sustainable revenues. In this regard, the County Administrator and Auditor-Controller monitor monthly financial inflows and outflows, cash balances, and revenue collection data utilizing information from the SJGH financial system. The recent integration of the Hospital’s system with the County’s PeopleSoft system is expected to yield more accurate and timely financial reporting for use by SJGH management going forward. In addition, staff from the County Administrator’s Office, Purchasing and Support Services Division, ISD, and Auditor-Controller’s Office are actively working with SJGH fiscal staff to ensure that the appropriate control and approval mechanisms are in place for contract management and procurement activities.

Continued emphasis on primary care as a way to reduce costly emergency room visits and inpatient hospital care is evidenced by the expansion of services provided through the San Joaquin Community Clinics (SJCC), the SJGH-affiliated Federally Qualified Health Center-Look Alike. The CAO will work closely with SJGH executives to ensure that the services delivered by the clinics are cost effective and that the clinics are financially sustainable. The County Administrator

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routinely attends the SJCC Finance Committee meetings.

County Debt Reduction

In 2019-2020, the County will pay off two of the three Certificates of Participation (COPs) that were issued in the last 30 years to finance the County's major capital improvement projects. The County will make final debt payment for the General Hospital Project COP in September 2019 and the final payment for the Capital Facilities Project COP in November 2019. These actions will reduce the County's overall debt service costs.

The CAO will focus on cash flowing replacement facilities or new construction on behalf of those departments with the

greatest need. The County currently does not have the funding capacity to take on new long-term debt.

Supplemental Request

The CAO is requesting supplemental funding of \$71,092 for the addition of a Management Analyst III position. The CAO anticipates a marked growth in workload associated with several ongoing Countywide projects such as the expansion of automated financial management tools for departments, increased use of data analytics technologies, and an increase in economic development efforts.

The recommended budget has been augmented by \$71,092 in order to address this request.