



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: County Administrative Office

(831) 454-2100

Subject: Consider Report on the County's Critical Unmet Needs

Meeting Date: June 26, 2018

Recommended Action(s)

- 1) Accept and file report on the County's critical unmet needs; and
- 2) Direct the County Administrative Officer to return on August 7, 2018 with a further report on revenue options and funding strategies to address these needs.

Executive Summary

Despite good fiscal stewardship including increasing reserves and improving credit ratings, lowering pension liabilities and maintaining prudent staffing levels, the County still has critical unmet needs that require funding strategies in order to leverage state and federal funds for Parks and Capital Improvements, provide for a year-round homeless shelter and navigation center, and increase crisis intervention by funding an evidence-based focused deterrence program that matches law enforcement with treatment and supportive services. The County Administrative Officer will return August 7th with a full report on addressing these needs.

Background

During budget hearings, the Board requested an additional report back on Last Day to address funding the County's critical unmet needs as mentioned by departments during budget hearings.

Analysis

Good Fiscal Stewardship

Tripled Reserves - In recent years, the County has tripled General Fund reserves, and met the Board's reserve goal of 10 percent of revenues several years early. As a result, the County has improved its credit rating and reduced debt costs. The County's 3 percent debt load is very low for local governments, and will be reduced by another two-thirds over the next 10 years. As we have increased reserves, our debt ratings have also improved, with a AA+ rating on long-term lease revenue bonds and AAA rating on long-term general obligation bonds.

Reduced Pension & Health Costs - Working closely with the employee bargaining units, the County reduced pension obligations and health insurance costs by requiring employees to pay an increased share of these costs, and by changing vesting schedules and retirement formulas. Following those changes, the County's unfunded long-term post-employment health and pension costs were reduced by \$116 million initially, and we expect that number to increase over time.

Reduced Budget Imbalance - The County continued to reduce costs wherever possible and decreased the annual budget's overall structural imbalance between ongoing revenues and expenditures.

Funded Deferred Maintenance - With adequate reserves in place and the County's improved credit rating, one-time budget savings are now applied to deferred maintenance on county facilities. The County is now able to address more than health and safety issues, though numerous county facilities and assets remain at or beyond the limits of their functional life.

Reduced Energy Costs - Energy efficiency projects, such as solar installations, storing off-peak electricity for use during peak demand and boiler replacements help reduce energy costs and redirect public dollars to needed programs and services.

Augmented Services

County staff continues to augment services by pursuing funding opportunities through grants and other funding from the state and federal government in areas such as probation, public works, public safety, parks and more. The County has demonstrated success particularly in the area of community health by securing funding for programs such as the Nurse Family Partnership, Thrive by Three, Whole Person Care and the Medi-Cal drug expansion.

In the last fiscal year, the County responded to the needs of the homeless by expanding winter shelter capacity by 30 percent and approving more than \$2 million in federal grants to greatly expand services and alleviate homelessness among local youth.

The County has also made significant investments in public safety with new facilities at Rountree and Blaine Street as well as the Recovery Center - all designed to reduce recidivism and transition offenders back into our community in a positive way.

Critical Unmet Needs

Despite practicing good fiscal stewardship and augmenting services wherever possible through grants and other funding, the County still has critical unmet needs. The County's ability to meet these needs is impeded by many factors, including historically low levels of federal funding to address homelessness compared to other jurisdictions, per capita sales tax revenues that lag far behind our Bay Area neighbors, a lack of philanthropic capacity and other factors.

Based on information brought forward by departments, the County Administrative Office has summarized the most critical unmet needs and estimated costs below.

One-time Unmet Needs

Parks Critical Capital Improvements - \$4,075,000

- **Chanticleer - \$1,125,000**

To fulfill the County's commitment to match existing private-sector funding of \$2.5 million in grants and donations and build "LEO's Haven," the County's first all-inclusive playground for children of all abilities. Once completed, the playground will include accessible structures, a sensory wall, a "Wee-Saw" and more. The money will also fund improvements to the surrounding park area, and staff continue to work with the community on funding additional improvements not reflected here, including a community garden and picnic tables, a paved lot and security lighting, a water recharge system and tank house, and more.

- **Simpkins Family Swim Center Pool Renovation - \$1,350,000**

To replace the 21 year-old, pool infrastructure including pumps, heaters, and deck. These improvements will result in savings on heating costs and reduce water loss from the pool itself, and improved lighting around the pool would allow the County to offer more night classes, which would help Simpkins become more financially sustainable.

- **Heart of Soquel Linear Parkway Phase II - \$530,000**

To provide matching funds and unlock \$1 million in secured grants and other funding to create a linear parkway adjacent to Heart of Soquel Park, providing greater connectivity between Soquel Creek, the Soquel Village Commercial Corridor, Soquel Elementary School and Lions Park. Opening the river to the surrounding neighborhoods has additional benefits as we look to further activate Heart of Soquel Park with events and other attractions, such as ongoing Family Movie Nights.

- **The Farm Park - \$235,000**

To provide matching funds and unlock \$460,000 in secured grants and other funding to replace the bridge between Tee Street and the Farm Park and make other improvements. This project would also improve Americans with Disabilities Act (ADA) accessibility, safety lighting and neighborhood connectivity throughout the park.

- **Felton Nature Park - \$400,000**

To provide funds to match \$440,000 in grants and other funding to design and construct a Nature Park adjacent to the planned new Felton Library. The project

is the first of its kind on the San Lorenzo Valley, offering an outdoor learning space for environmental literacy programming, interactive nature discovery zones, and an interpretive nature loop trail. This may be the first local library in California to pair the many offerings of a modern library with an outdoor education facility and nature park.

- **Aptos Park Facility - \$435,000**

To renovate the Aptos Park Community Center including to remodel the kitchen, upgrade the windows and lighting, add additional parking, replace irrigation and stairway and various other improvements. This facility was previously the site of several community festivals, and we believe site improvements will help restore its potential as a venue for similar events, as well as for weddings and other smaller occasions.

Ongoing Unmet Needs

- **Homeless Navigation Center - \$590,000**

To establish year-round day and night shelter and service centers for homeless in both North and South County. The South County center would serve approximately 40 adults, and the North County center would serve approximately 150. Currently, the County funds a winter emergency shelter operation for \$290,000. It is estimated that a regional year-round navigation center could cost the County \$765,000-\$880,000 leaving an ongoing unmet need of approximately \$590,000.

- **Improved Parks Operations and Maintenance - \$250,000**

To fund up to three park maintenance and recreation staff to provide additional oversight for new parks and park improvements as well as staff to increase youth and senior programs.

- **Focused Deterrence Initiative - \$1,000,000**

The County currently offers a suite of low-income mental health programs, including crisis respite services, supportive housing, drop-in services, and a variety of outreach through the Homeless Persons Health Project, Downtown Outreach Workers, Mobile Emergency Response Teams and law enforcement liaisons. However, a small subset of clients remain resistant to services, including some who engage in criminal conduct.

As highlighted by the Sheriff's Office, some communities are demonstrating success through focused deterrence paired with intensive services. This evidence-based program matches law enforcement with treatment through a team approach that brings, focused, intensive resources to those in highest need and impact on public safety. It is estimated that this team will require up to eight new professionals in the Sheriff's Office and Health Services Agency, along with

equipment and funding to maximize success.

Summary

The County Administration Office will explore options to fund these critical unmet needs. It is anticipated that additional funds could be also used to leverage other funding sources, such as park funds from Proposition 68 and SB2 "No Place Like Home" funds for homeless services.

Staff requests the Board's approval to return on August 7th with a full report.

Financial Impact

None.

This is the item to follow the Last Day Reports. Memo to follow on Monday.

Jason is reviewing the draft and will provide comments by 6-22

I have a separate version that removes the notes for the future park improvements and leaves in all of the Chanicleer need for a total of \$4.9 million which may be manageable.

Submitted by:

Carlos J. Palacios, County Administrative Officer

Recommended by:

Carlos J. Palacios, County Administrative Officer

Attachments:

04a Memo printout (5774)

cc:

County Administrative Office



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