

Recognizing that the establishment and maintenance of a budget policy is a key element in enhancing the management of the County's finances and management of the County's credit quality, the Board of Supervisors established a County Budget Policy in November of 2006 and revised it in December 2013. The current policy with suggested changes is presented below:

1. Contra Costa County shall annually adopt a budget that balances on-going expenditures with on-going revenue.
2. Contra Costa County shall adopt a budget each year early enough (and no later than May 31) to allow all impact on programs and/or revenues to be in effect by July 1.
3. Contra Costa County shall prepare multi-year (3-5 year) financial projections as part of the annual budget planning process.
4. Contra Costa County shall at a minimum prepare formal mid-year budget reports to the Board of Supervisors detailing actual expenditures and projections through the remainder of the fiscal year. This report will include through December 31 of each year:
 - a. actual net County cost by department by fund
 - b. actual and budgeted expenditure by major object by department
 - c. actual and budgeted revenue by major object by department
 - d. If a particular cost center is projected to be over-budget, a report clearly indicating planned corrective action will be presented to the Board of Supervisors within 30 days of the mid-year report. If necessary, this report will include appropriation and revenue adjustments.
5. The County will not directly allocate a specific General Purpose Revenue source to specific programs/communities. The policy would not apply to mitigation revenue that is derived from a project and intended to offset the environmental impacts from the project on the "host" community.
6. Short-term funding sources shall be used for short-term requirements, one-time uses, or contingencies.
7. Revenue windfalls not included in the budget plan will not be expended during the year unless such spending is required in order to receive the funding.
8. Fee-for-service and federal/state revenue offsets will be sought at every opportunity.
9. As part of the annual budget process, each department shall analyze its fee structure in order to maintain maximum offset for services.
10. The Board of Supervisors shall make reserve funding available for venture capital to be used to increase efficiencies and economies in

Update to County Budget Policy

departments that do not have resources available within their normal operating budgets for such expense. Requests for these funds will be included as part of the annual budget process.

11. The year-end practice of “use it or lose it” shall be changed to “save it and keep it”. The County Administrator’s Office will continue to refine the concept of fund balance sharing as an incentive to departments to maximize resources. Some portion of fund balance credit may be used by operating departments for one-time expenditure. These one-time expenditures shall be used to maximize economy/service delivery/efficiencies/employee satisfaction. Unless specific arrangements are made with the County Administrator’s Office, fund balance credit will be spent/encumbered within the following fiscal year.
 12. The annual budget process will include funding decisions for maintaining the County’s facility assets, allowing the Board of Supervisors to weigh competing funding decisions using credible information.
 13. ~~Beginning in FY 2008-09,~~ Ithe annual budget process will include a strategic planning and financing process for facilities renewal and new construction projects (short and long term capital budgets) and establishment of a comprehensive management program for the County’s general government real estate assets relative to acquisition, use, disposition, and maintenance. [This capital improvement plan should be updated every five years and will integrate operating cost of new facilities and capital life-cycle costs.](#)
 14. Each ~~February~~fall, Contra Costa County shall prepare and make a formal budget report to the Board’s Finance Committee detailing earned revenues and expenditures for all mitigation and community benefit fees, trust and special revenue funds, and special Board appropriations during the prior fiscal year. The report shall identify amounts that were diverted from General-Purpose revenue in order to satisfy a special Board appropriation or other special revenue program. The Finance Committee shall review prior-year expenditures for consistency with the approved purpose of the fees, funds or special Board appropriations, and will forward recommendations for the subsequent budget year to the Board of Supervisors for consideration in the annual budget process. ~~Contra Costa County shall distribute updates to the Board-Administered Special Revenue Reference Book annually.~~
- ~~**Special Revenues Policy** In December 2013, the Board of Supervisors adopted the following policy to ensure clarity and county-wide continuity on the use of various revenue sources.~~
15. Adopt the following definitions to be used in County policies with regard to special revenues:

- a. Mitigation fee: A monetary exaction other than a tax or special assessment, whether established for a broad class of projects by legislation of general applicability, such as Area of Benefit mitigation fees (County Ordinance Code §913-2.404)¹, Drainage fees, and Park Dedication fees, or imposed on a specific project on an ad hoc basis, that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of mitigating the impacts of the project on the affected community. Such fees are not intended to be a general-purpose revenue measure for the host community.
- b. Trust Fund: Funds held in trust for any beneficiary or for any purpose, in a separate fund and not commingled with any public funds, earning interest, and to be paid to the beneficiary of such trust upon the termination thereof, including moneys held as trustee, agent or bailee by the state, any county, city or town, or other political subdivision of the state, or any commission, committee, board or office thereof or any court of the state, when deposited in any qualified public depository. Trust funds are limited to the following purposes as defined by Governmental Accounting, Auditing, and Financial Reporting: Pension, Investment, Private-Purpose and OPEB Irrevocable funds.
- c. Special Revenue Fund: Funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Examples of special revenue funds are those established for the purpose of financing schools, parks, or libraries.
- d. Community Benefit Fee: Voluntary payment(s) made by a developer or project sponsor that benefit a defined community, either through capital or community program improvements. These funds, typically, have been intended for uses that will benefit the quality of life for the communities in which a project is approved. In the past, these funds have been identified for such uses as economic development, health care, education, infrastructure, transportation, etc.
- e. Special Board Appropriation: A designation by the Board of Supervisors dedicating a portion of one or more General-Purpose Revenue sources to a specific program or activity, and/or to benefit a specific geographic area.
- f. Special Revenues: Collectively, all of the preceding revenues.

¹ Area of Benefit mitigation fees are to be used specifically to improve the capacity and safety of the arterial road network within a defined boundary area as development occurs in order to mitigate traffic impacts generated by new development projects.

~~16. Re-affirm Paragraph 5 of the County Budget Policy prohibiting special Board appropriations, which states, "The County will not directly allocate a specific General Purpose Revenue source to specific programs/communities. The policy would not apply to mitigation revenue that is derived from a project and intended to offset the environmental impacts from the project on the "host" community."~~

~~17.~~ 16. Adopt a policy governing the Authorization for Mitigation and Community Benefit Fees and Their Allocation:

~~g.~~ a. Affirm that revenues from existing fees are to be administered by the Supervisor serving in the district for which the fee was created, unless specified otherwise when the fee was established or as an action of the Board of Supervisors, and may require Board of Supervisors approval prior to expenditure.

~~h.~~ b. Affirm that revenues from existing fees are to be used with the support and authorization (to be signified by sponsorship or co-sponsorship of a Board Order/Proposal) of the current Supervisor serving in the district where the fee originated, unless specified otherwise when the fee was created or as an action of the Board of Supervisors.

~~i.~~ c. Affirm that when fees are created in the future, the authorizing Board Order or Resolution must specify:

- the type of fee (mitigation or community benefit)
- in what geographic area the funds are to be used, e.g., countywide or limited to one or more supervisorial districts or areas within a supervisorial district;
- the specific purpose of the fee;
- the recommended process for allocating the funds; and
- the department that will be responsible for administration of the funds;
- measurable performance outcomes that demonstrate how the fee revenue has mitigated the project impacts and otherwise benefited the affected community.

~~j.~~ d. Affirm that no new fees are to be negotiated or created without input or consultation with the current Supervisor serving in the district where the land development project is located.

~~k.~~ e. Affirm that fees developed for Countywide use will be administered by the full Board of Supervisors, with the goal of spending the money equally among supervisorial districts, unless specified otherwise when the fee is established. These fees will be assigned to and administered by a particular County department.

~~18.17. Accept the compendium of current special revenue funds for FY 2009/10 and Pursue opportunities to secure new mitigation and community benefit fees, where appropriate.~~

~~19. Amend the County Budget Policy, adopted in November 2006, to include the following new policy:~~

~~—“Each February, Contra Costa County shall prepare and make a formal budget report to the Board’s Finance Committee detailing earned revenues and expenditures for all mitigation and community benefit fees, trust and special revenue funds, and special Board appropriations during the prior fiscal year. The report shall identify amounts that were diverted from General Purpose revenue in order to satisfy a special Board appropriation or other special revenue program. The Finance Committee shall review prior-year expenditures for consistency with the approved purpose of the fees, funds or special Board appropriations, and will forward recommendations for the subsequent budget year to the Board of Supervisors for consideration in the annual budget process. Contra Costa County shall distribute updates to the Board Administered Special Revenue Reference Book annually.”~~