

November 12, 2019

Regular Meeting

Item #7a

**2019 Economic Outlook and General
Fund Performance**

**Additional Documents:
PowerPoint Presentation**

FISCAL UPDATE and GENERAL FUND FISCAL PERFORMANCE

For the Fiscal Year Ended June 30, 2019

TODAY'S TOPICS

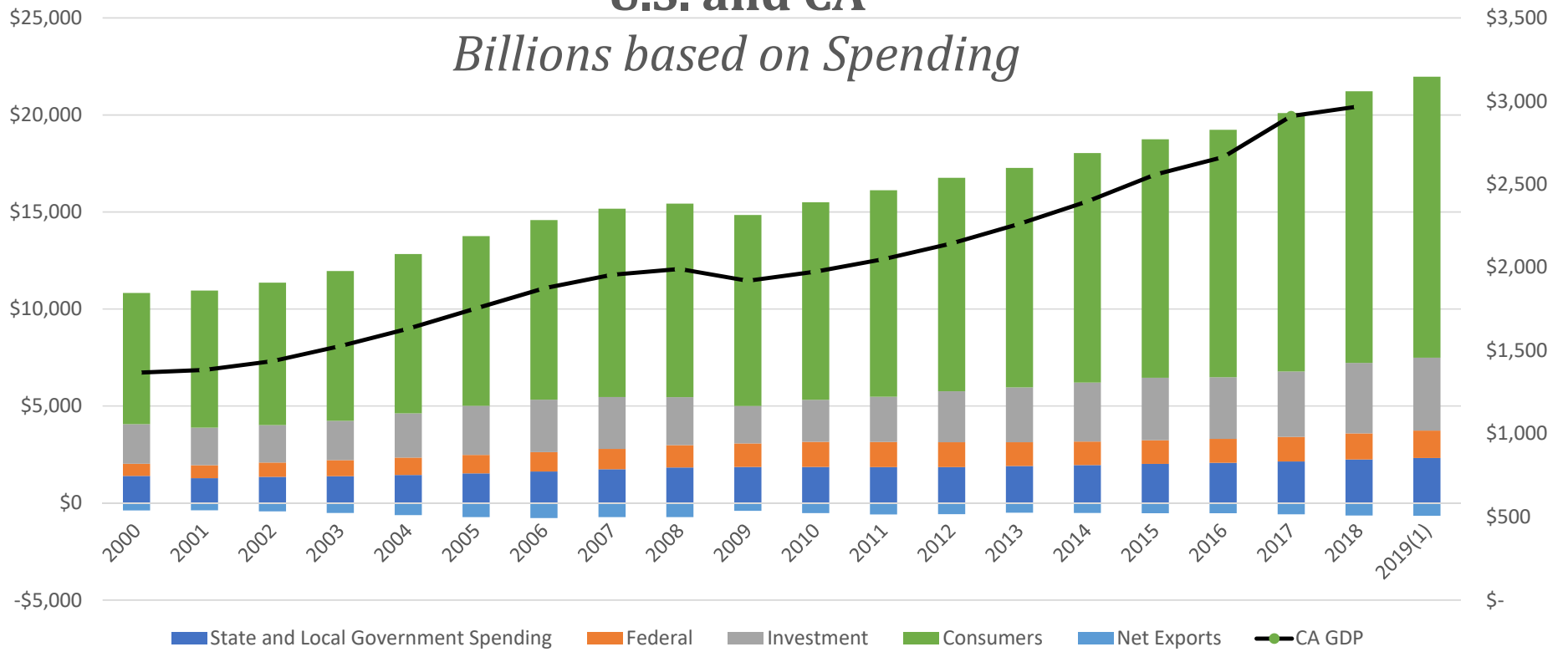
- Economic Indicators
 - National
 - State of California
 - Local
- GF Fiscal Performance – 2018/19
 - Budget to Actual
 - Revenue trends
 - Expenditure trends
- Status of GF Carryover balance
- Budget Scenarios



Economic Indicators *National and State*

GROSS DOMESTIC PRODUCT U.S. and CA

Billions based on Spending

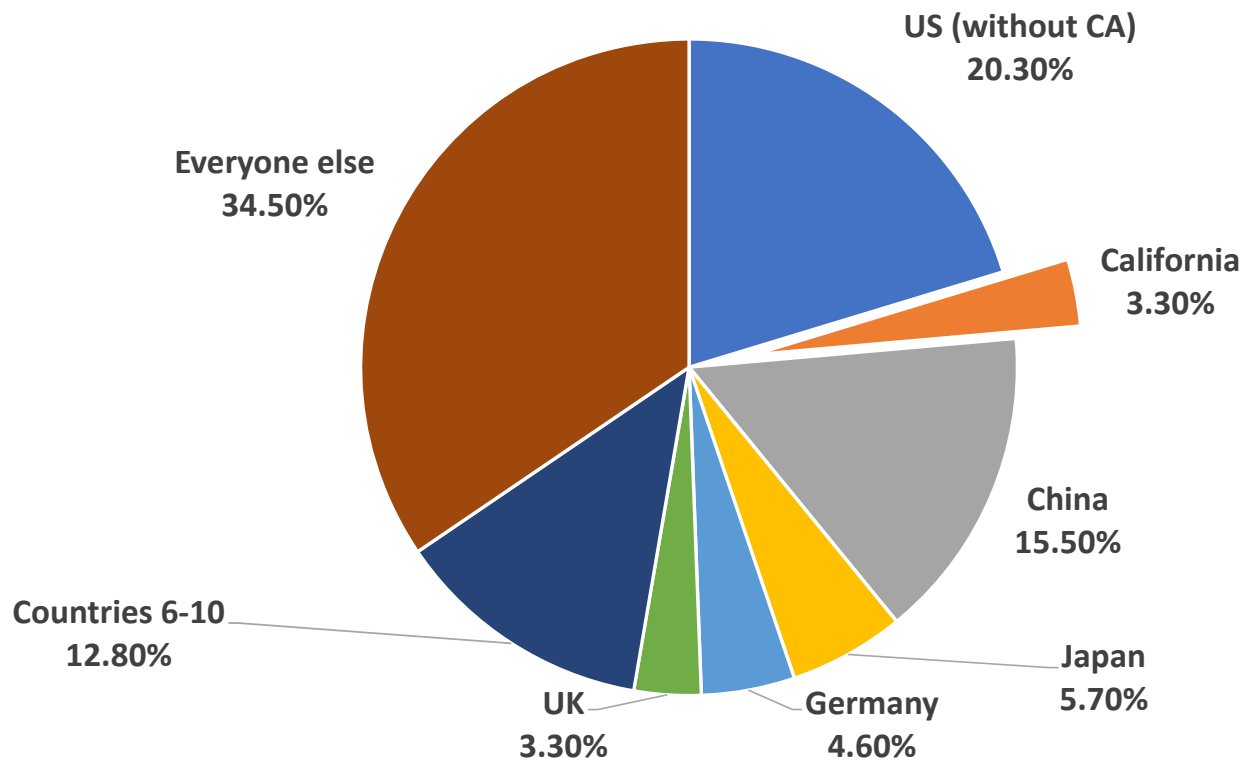


Source: U.S. Bureau of Economic Analysis
And CA Department of Finance
Adjusted to Current Dollars

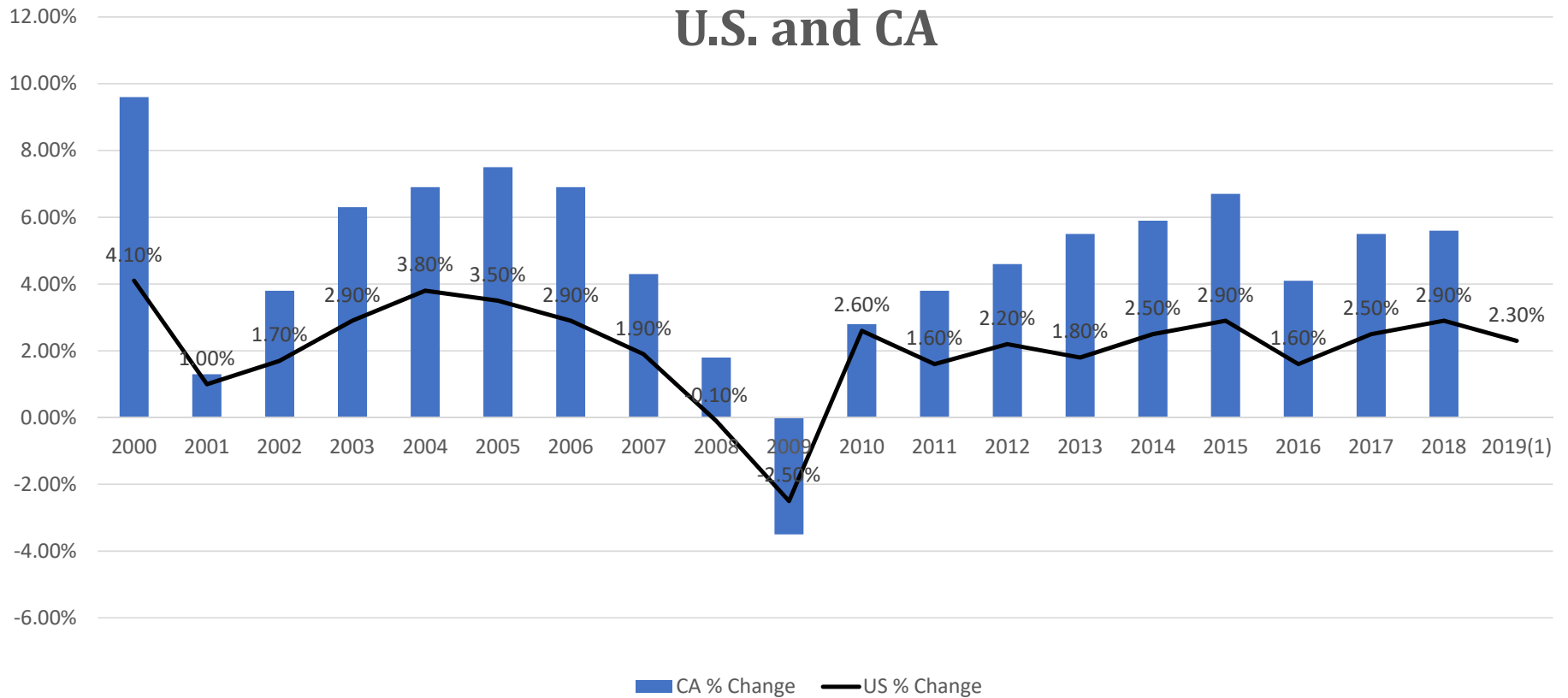
(1) Through 3rd quarter 2019

US in the World Economy - % by Country

2018



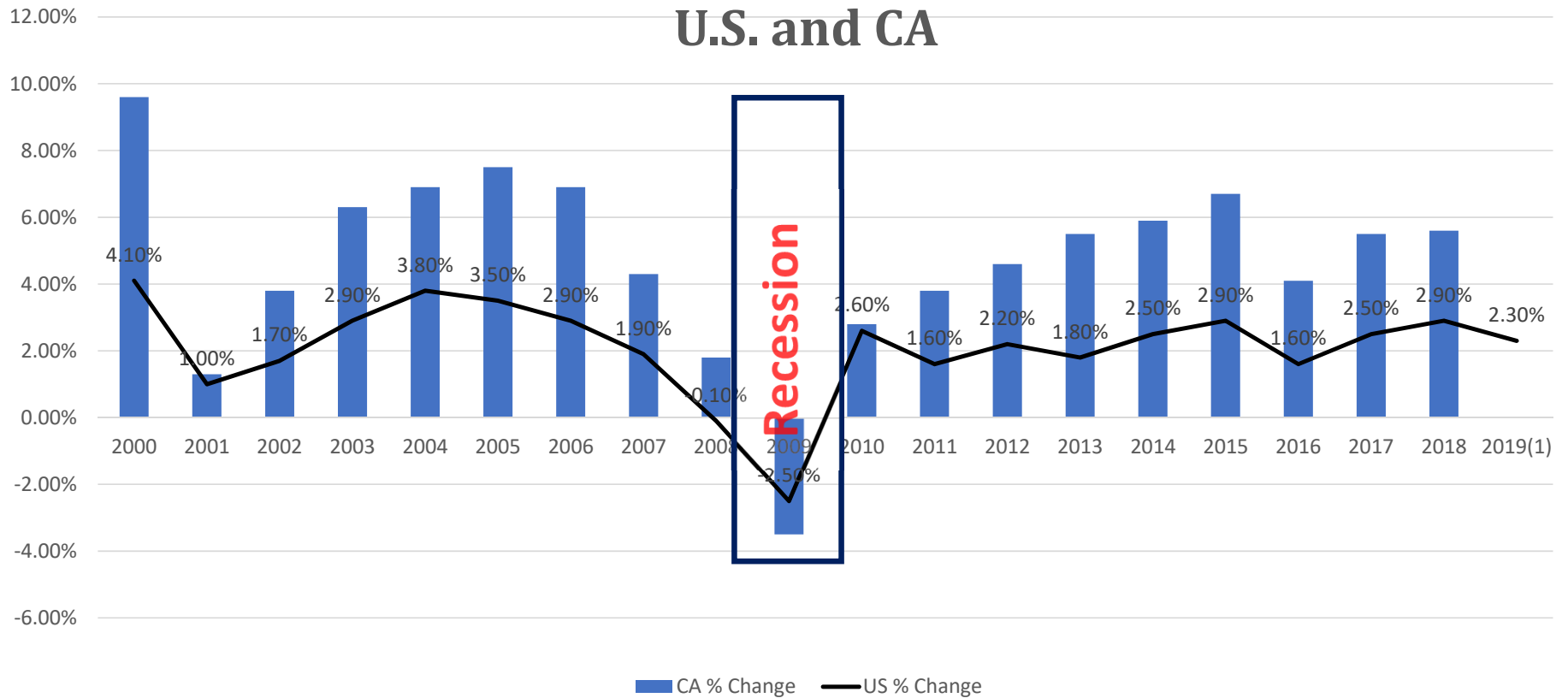
% CHANGE IN GROSS DOMESTIC PRODUCT U.S. and CA



Source: Bureau of Economic Analysis
And CA Department of Finance

(1) Through 3rd quarter 2019

% CHANGE IN GROSS DOMESTIC PRODUCT U.S. and CA

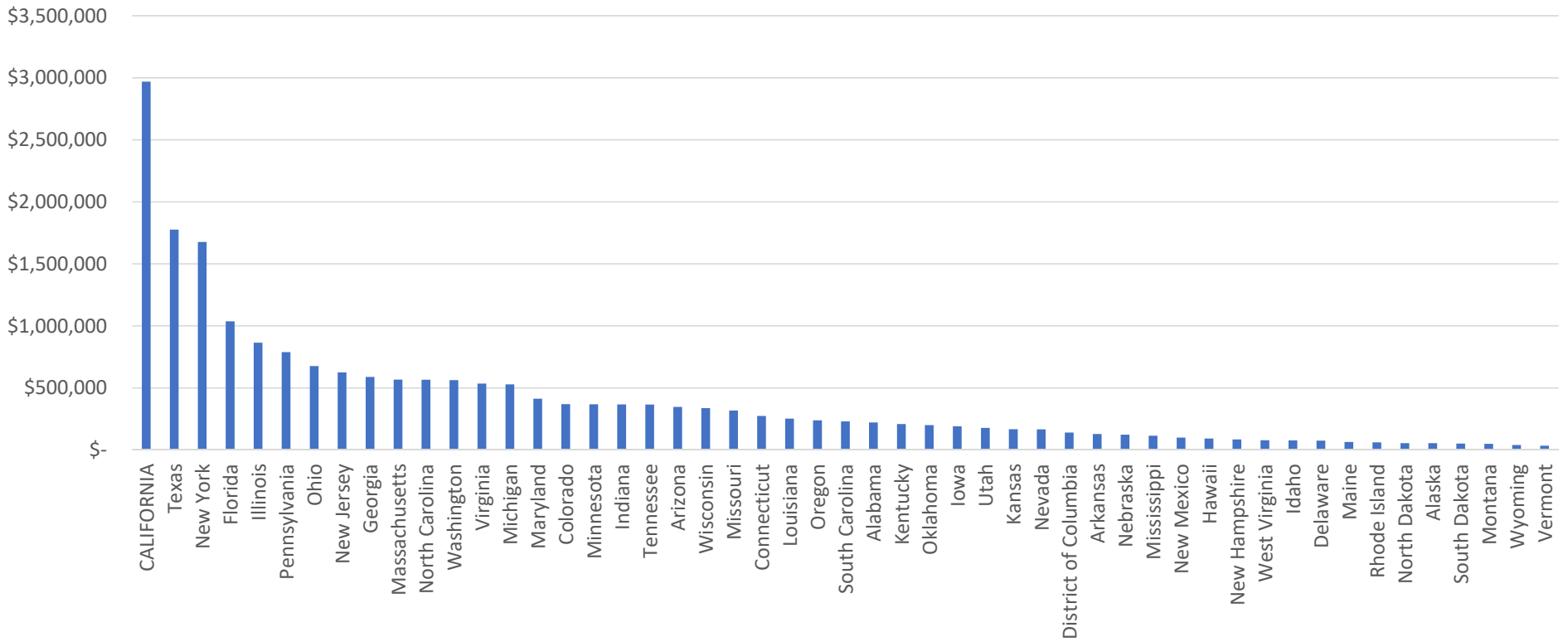


Source: Bureau of Economic Analysis
And CA Department of Finance

(1) Through 3rd quarter 2019

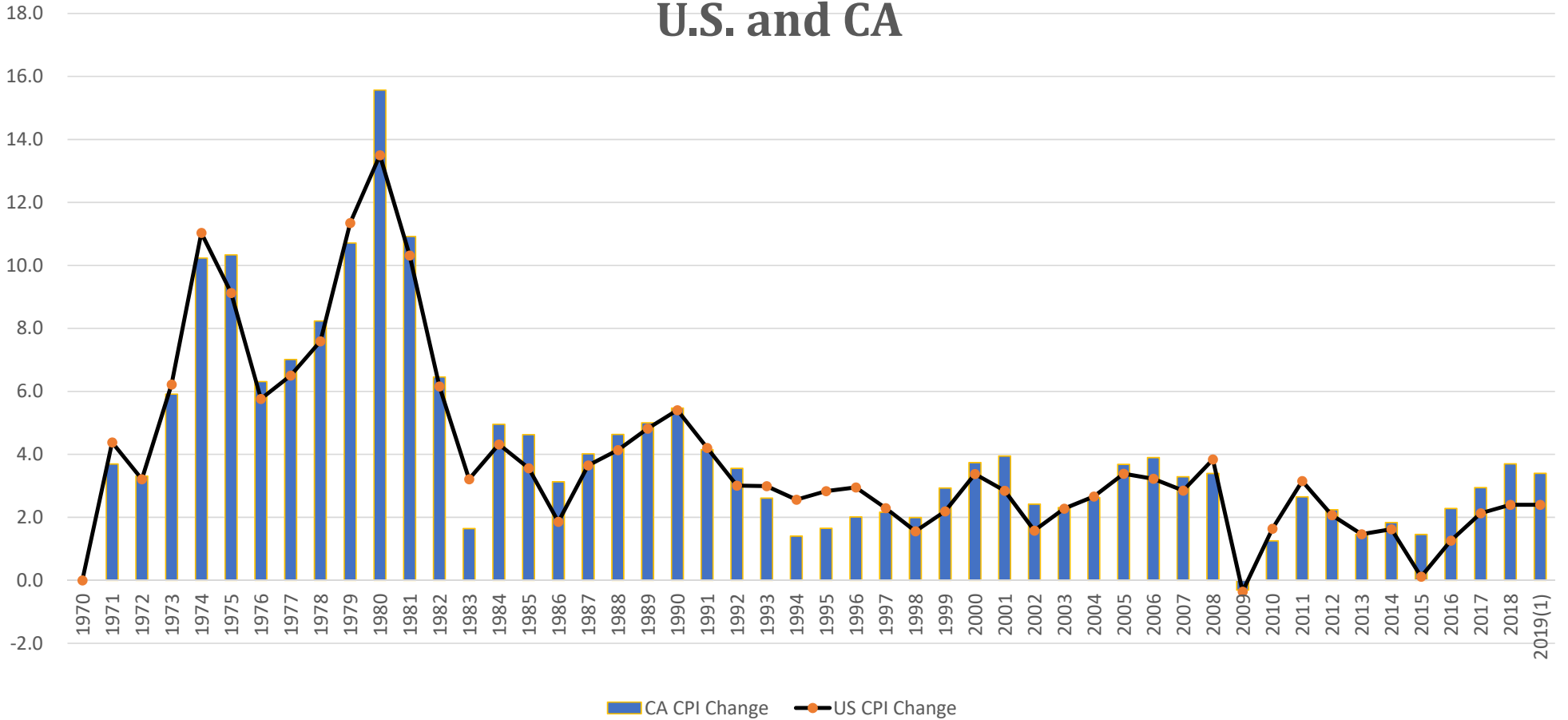
2018 GDP Ranked by Economy Size

In millions



CONSUMER PRICE INDEX

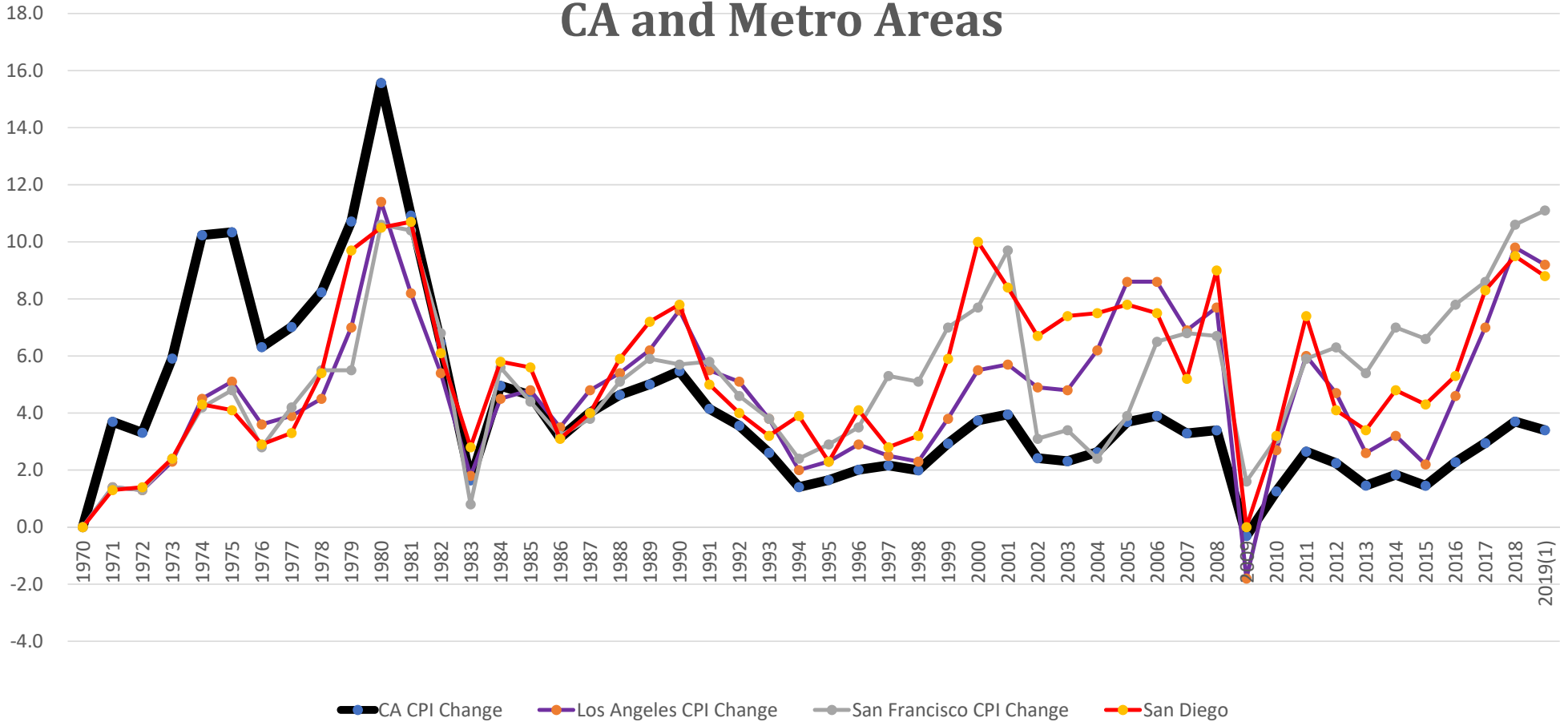
U.S. and CA



SOURCE: Bureau of Labor Statistics
And CA Department of Finance

(1) Forecasted

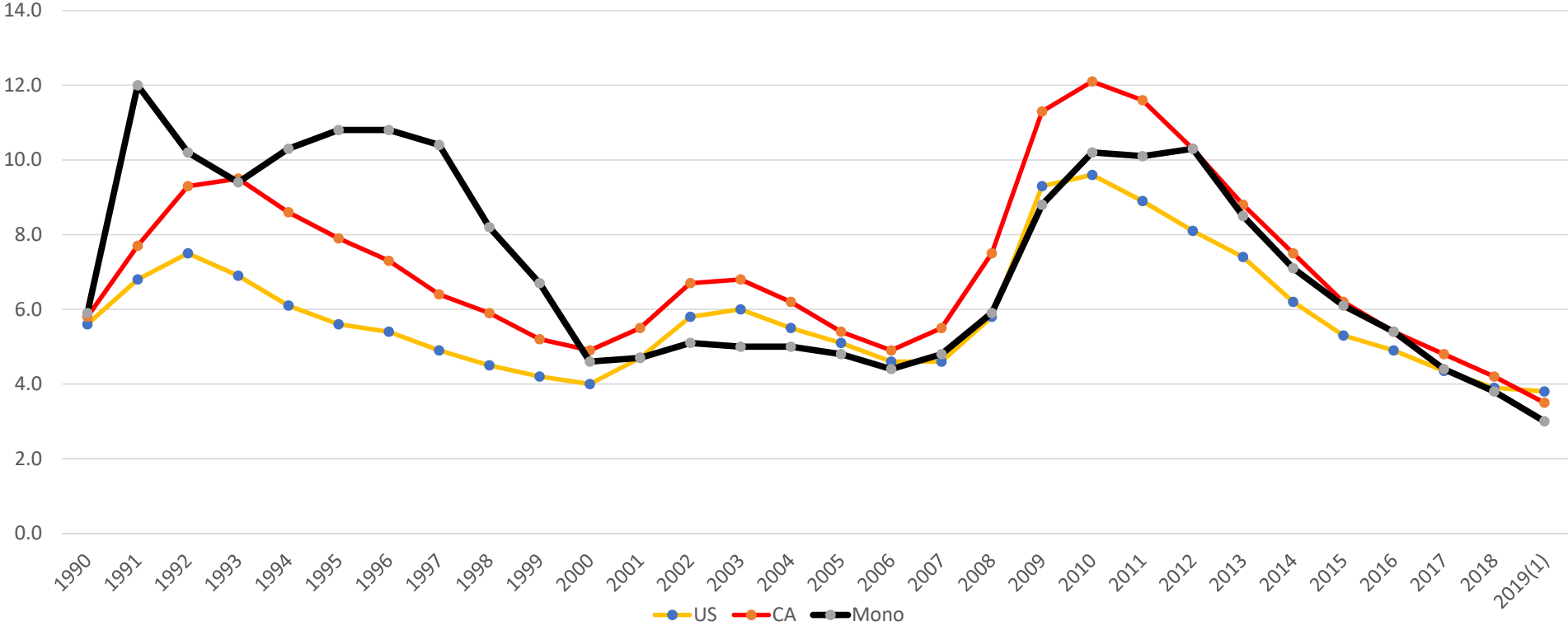
CONSUMER PRICE INDEX CA and Metro Areas



SOURCE:CA Department of Finance

(1) Forecasted

RATE OF UNEMPLOYMENT



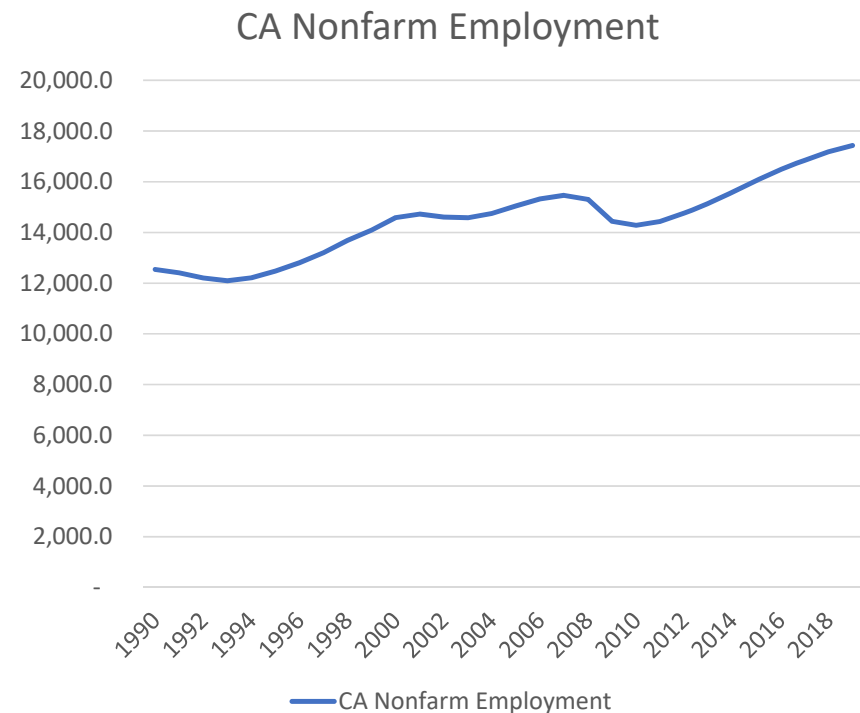
Average of monthly rate reported by underlying source
 SOURCE: U.S. Bureau of Labor Statistics
 All rates seasonally adjusted,

(1) As of September 2019

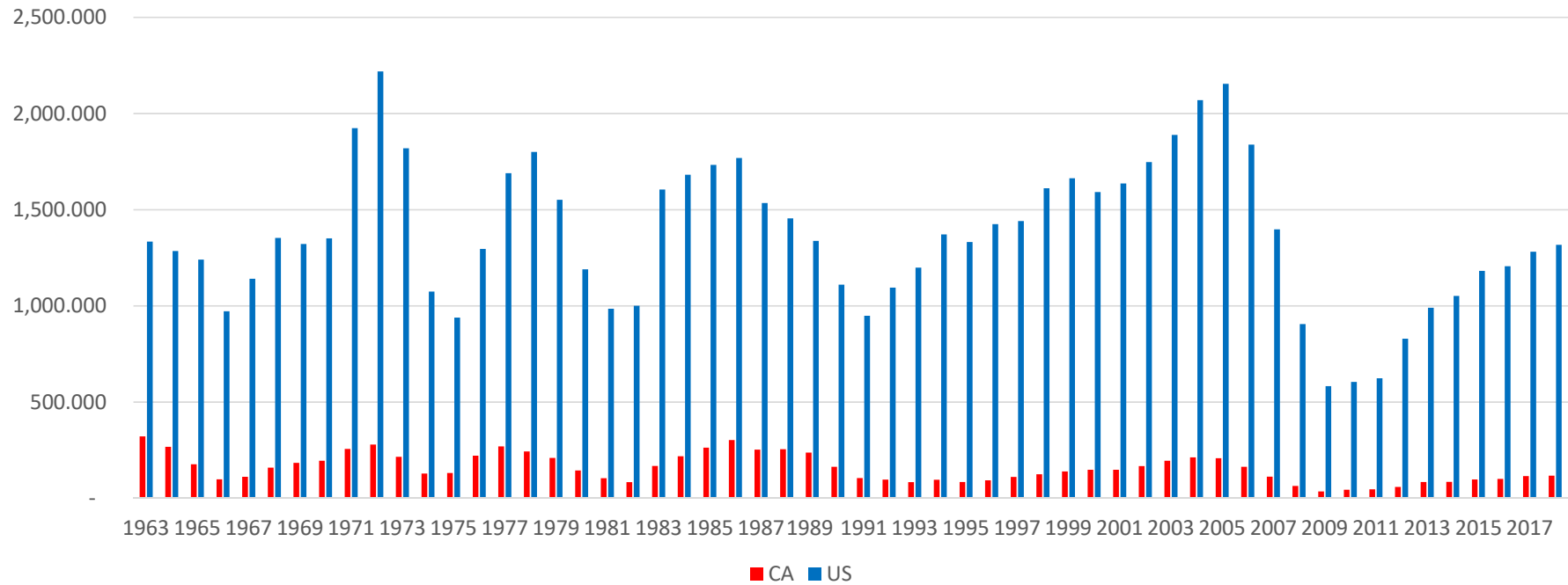
CA Labor Market Conditions

- Continued lowest unemployment rate in history – 3.5%
- Jobs added (nonfarm)
 - 2019 – average of 26,300 jobs per month (thru Sept 2019)
 - 2018 – average of 21,600 jobs per month
 - 2017 – average of 30,500 jobs per month
- Job Growth
 - CA – 1.9%
 - US – 1.4%
 - CA Jobs are 11.5% of all jobs in U.S. in 2017

Watch – decreasing growth rates

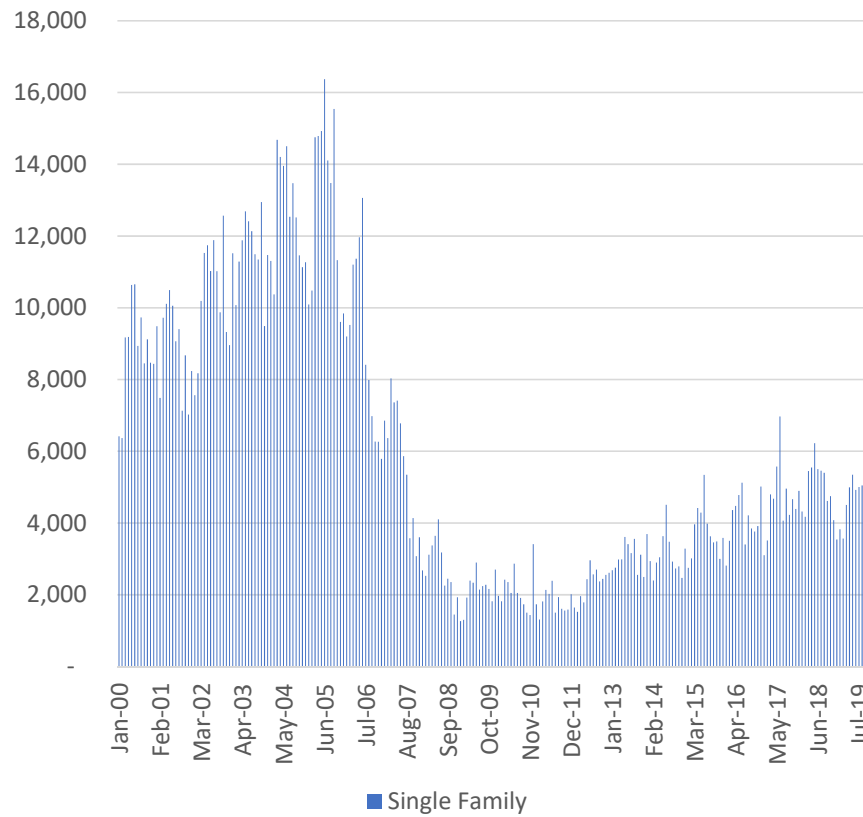


HOUSING ACTIVITY CA and US *Permits Issued*

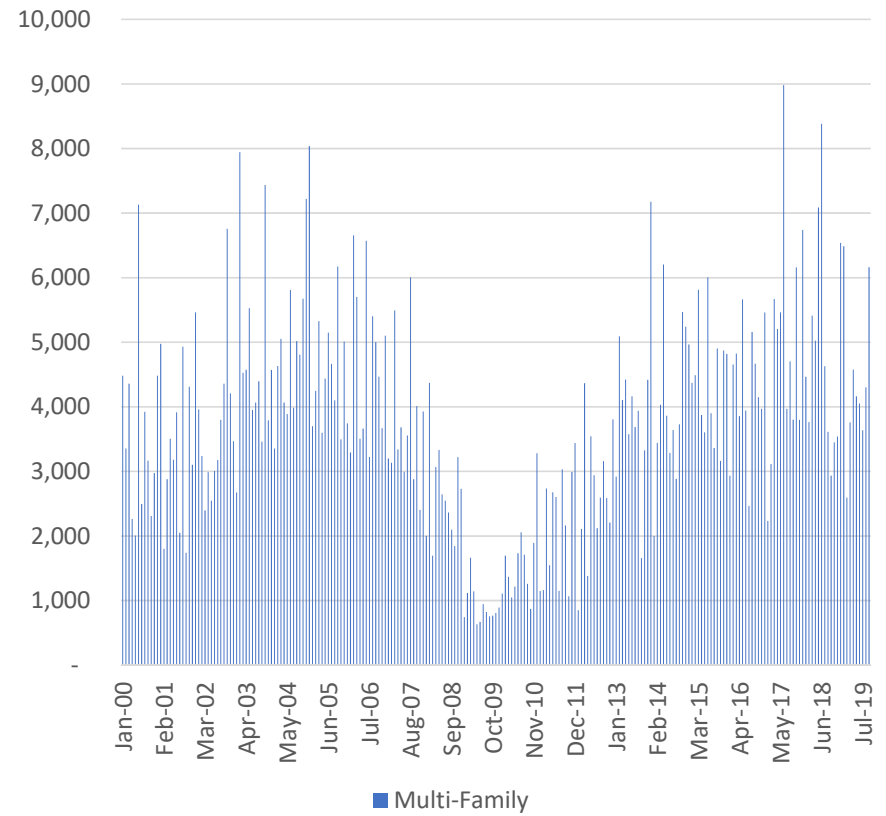


SOURCE: CA Department of Finance

CA Single Family Permits

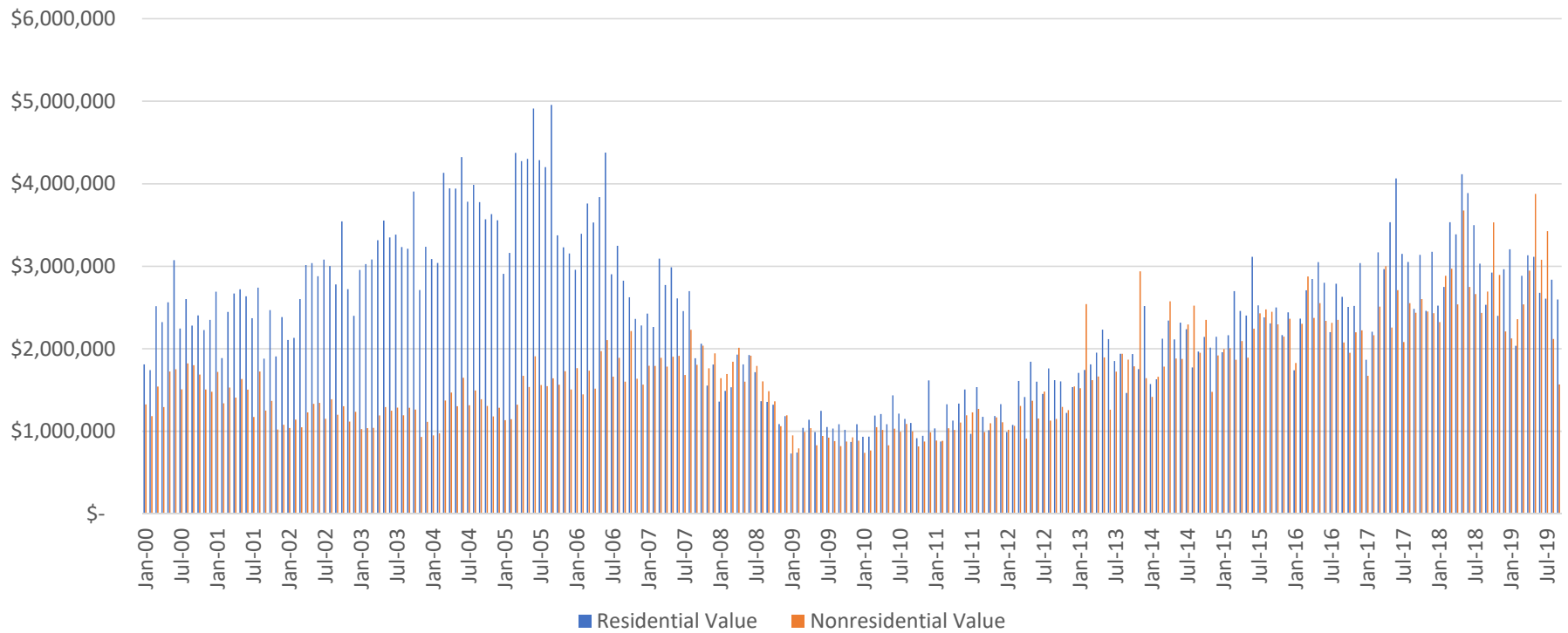


CA Multi-Family Permits



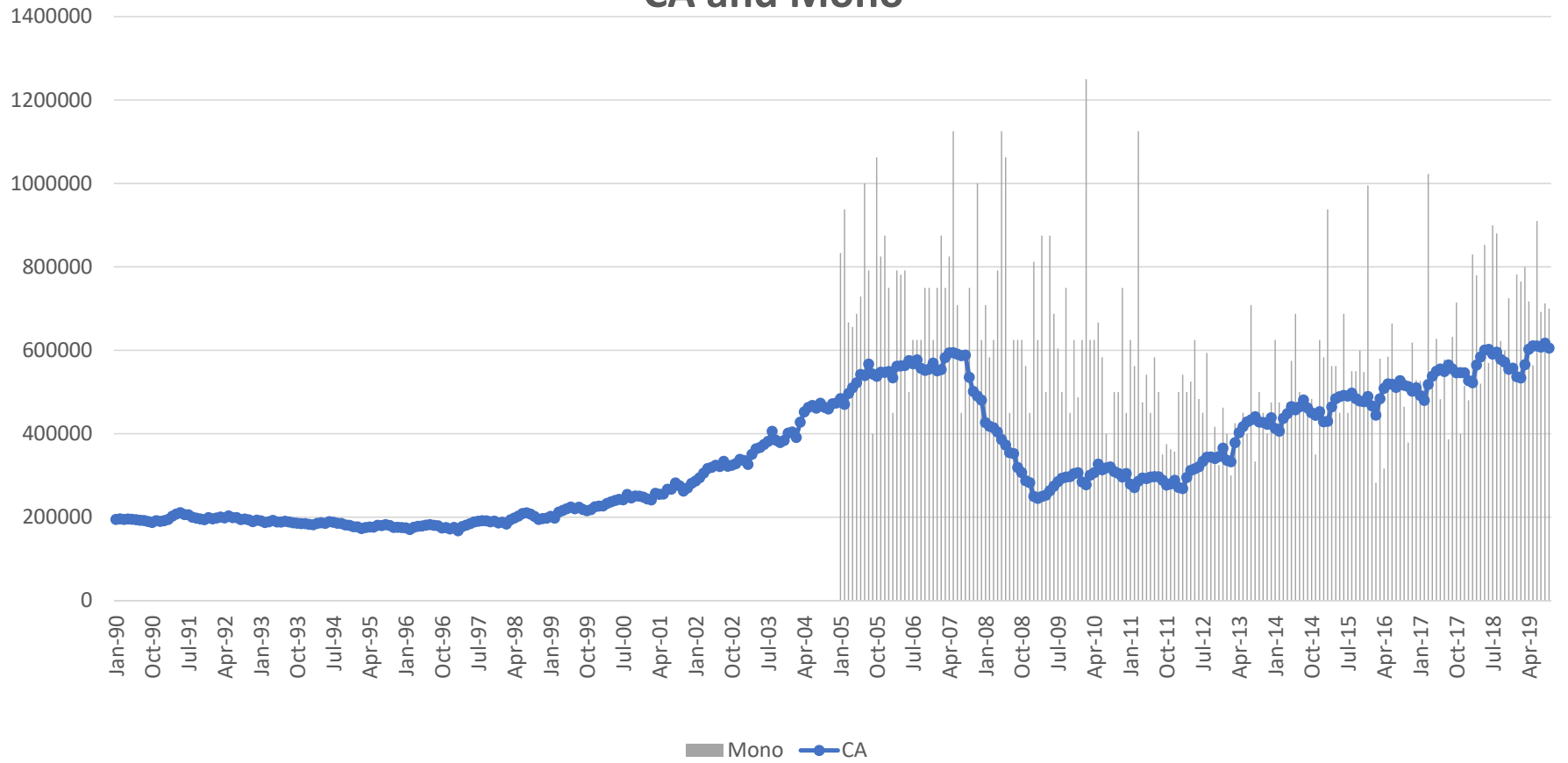
SOURCE: CA Department of Finance

CA Construction – Permit Value



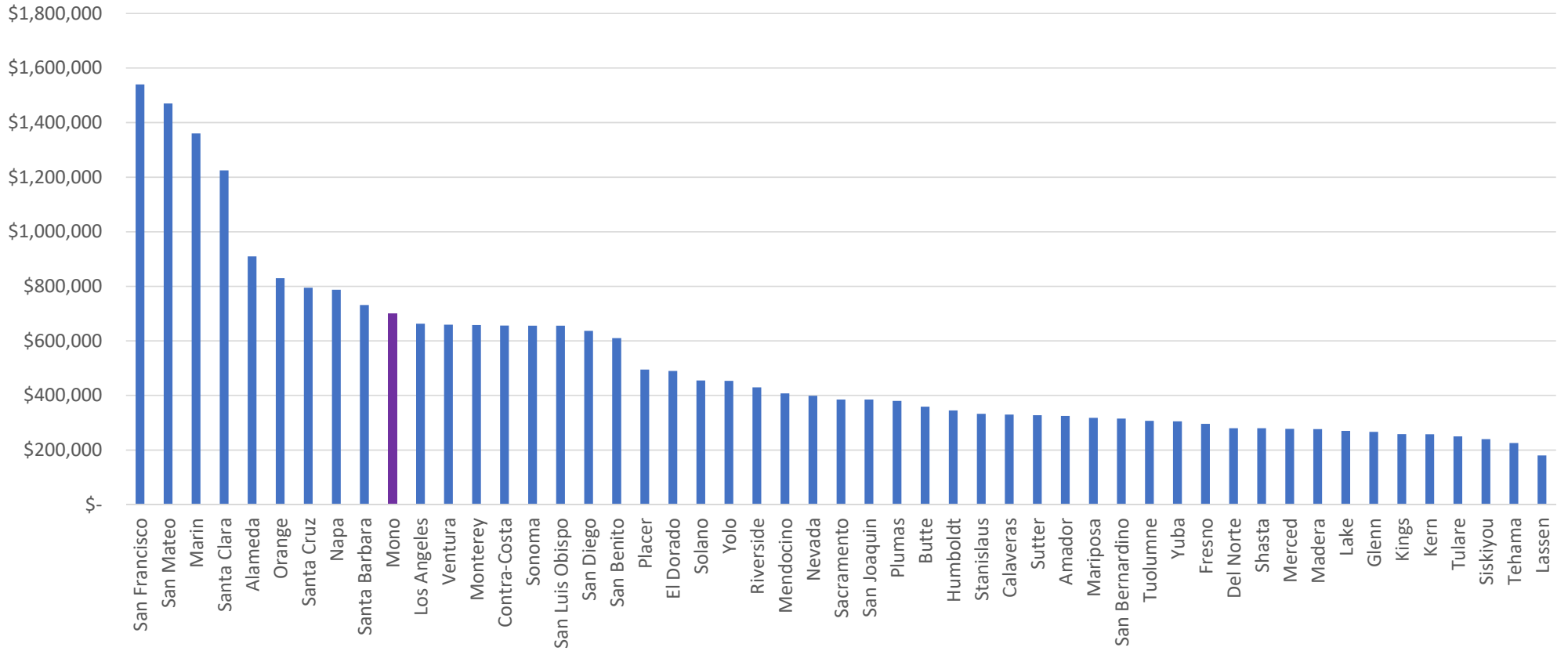
SOURCE: CA Department of Finance
In Thousands

Median Price of Existing Single Family Homes CA and Mono



SOURCE: CA Association of Realtors

Median Price of Existing Single Family Homes By County



Expansions and Recessions

- **EXPANSION**

- Economic growth
- Resource accumulation – Goods & Services
 - Efficiency – market
 - Efficiency – technology

- **RECESSION**

- Economic decline (2+ quarters)
- Cause – imbalance
 - Finance
 - Housing
 - Consumers

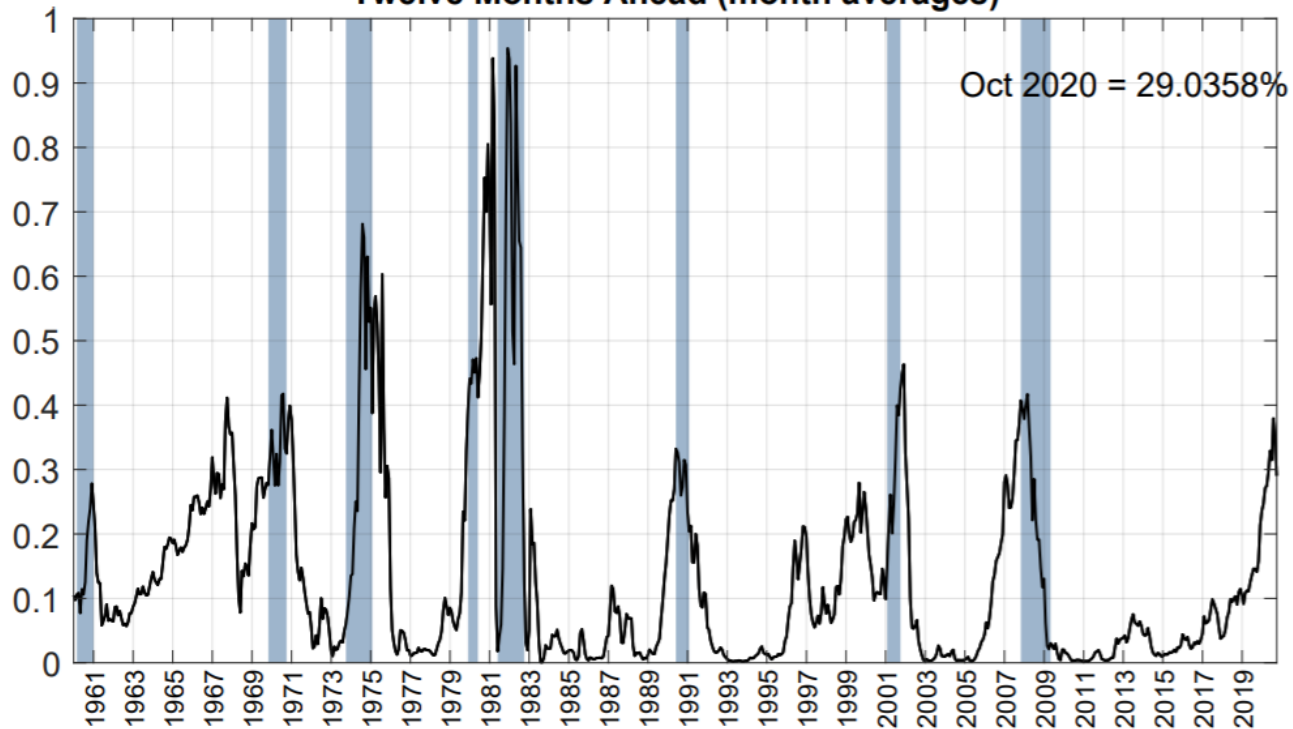
Chance of Recession Within 12 Months

26%

- **Economic Indicators**

- GDP
- Labor
- Consumer Spending
- Business Investments
- Wages
- Homes
- Debt

Probability of US Recession Predicted by Treasury Spread* Twelve Months Ahead (month averages)



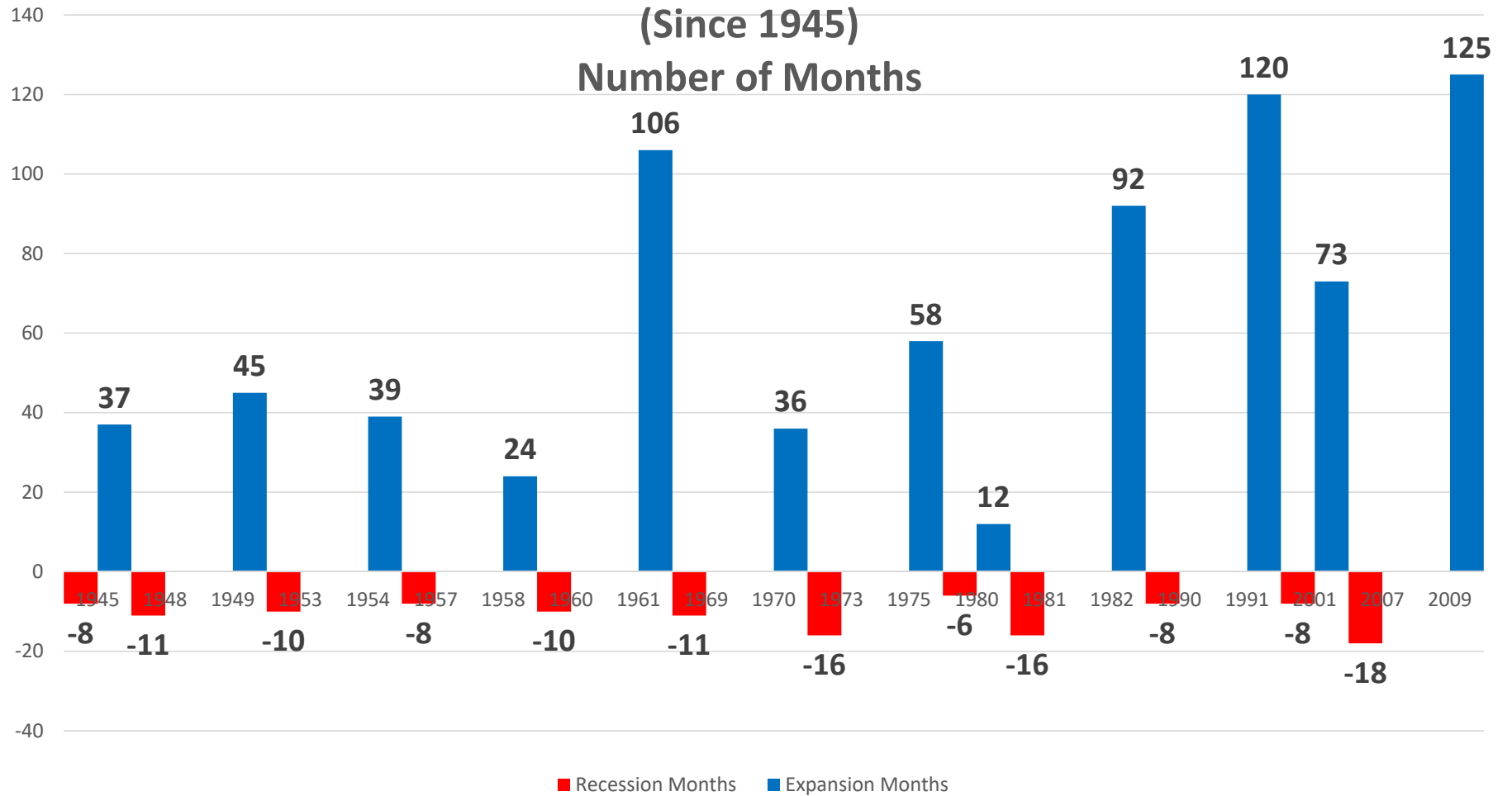
*Parameters estimated using data from January 1959 to December 2009, recession probabilities predicted using data through Oct 2019. The parameter estimates are $\alpha=-0.5333$, $\beta=-0.6330$.

Updated 04-Nov-2019

INVERTED
YIELD
CURVE?

EXPANSIONS AND RECESSIONS (Since 1945)

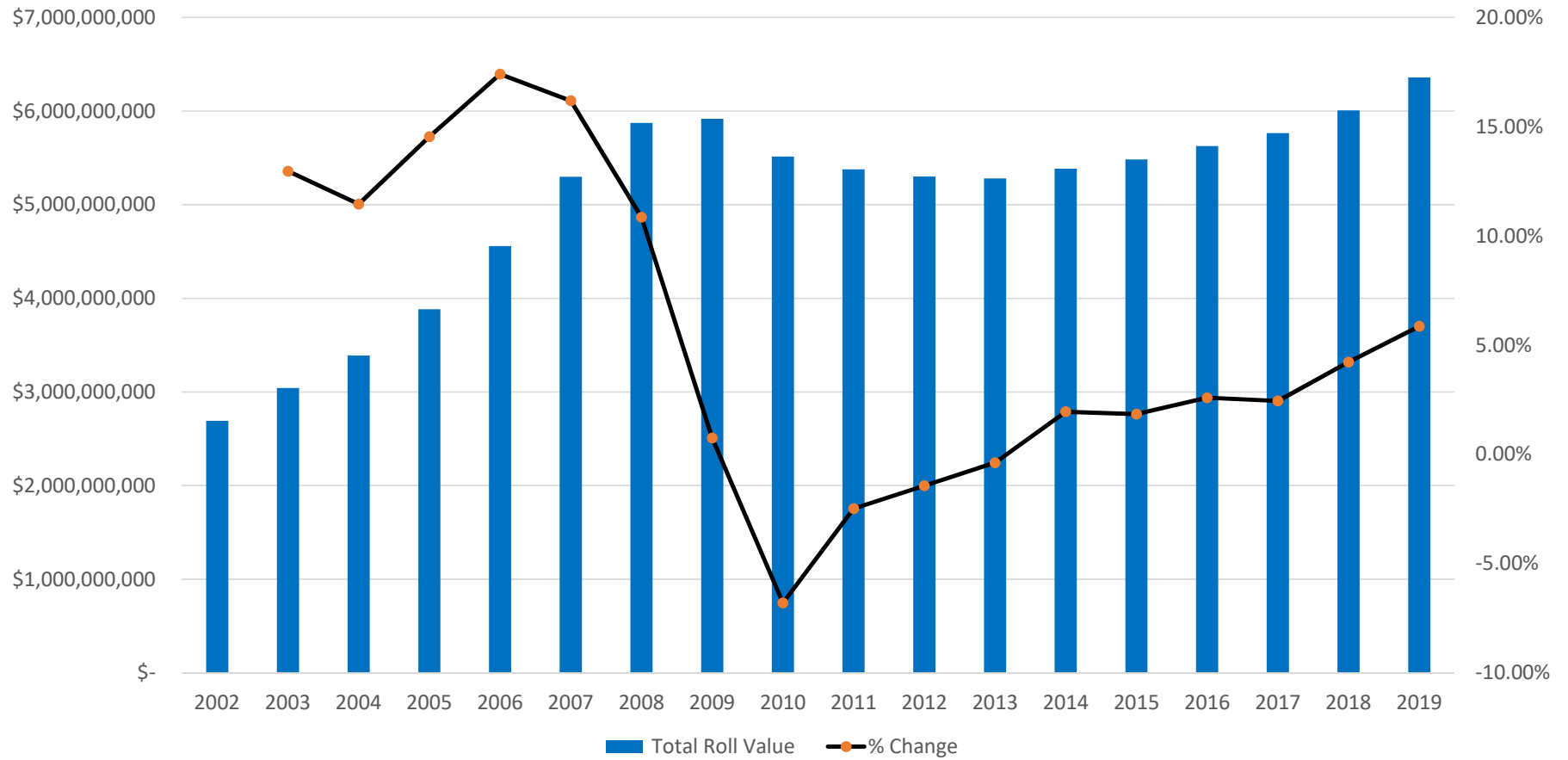
Number of Months



MONO COUNTY - Local Economy



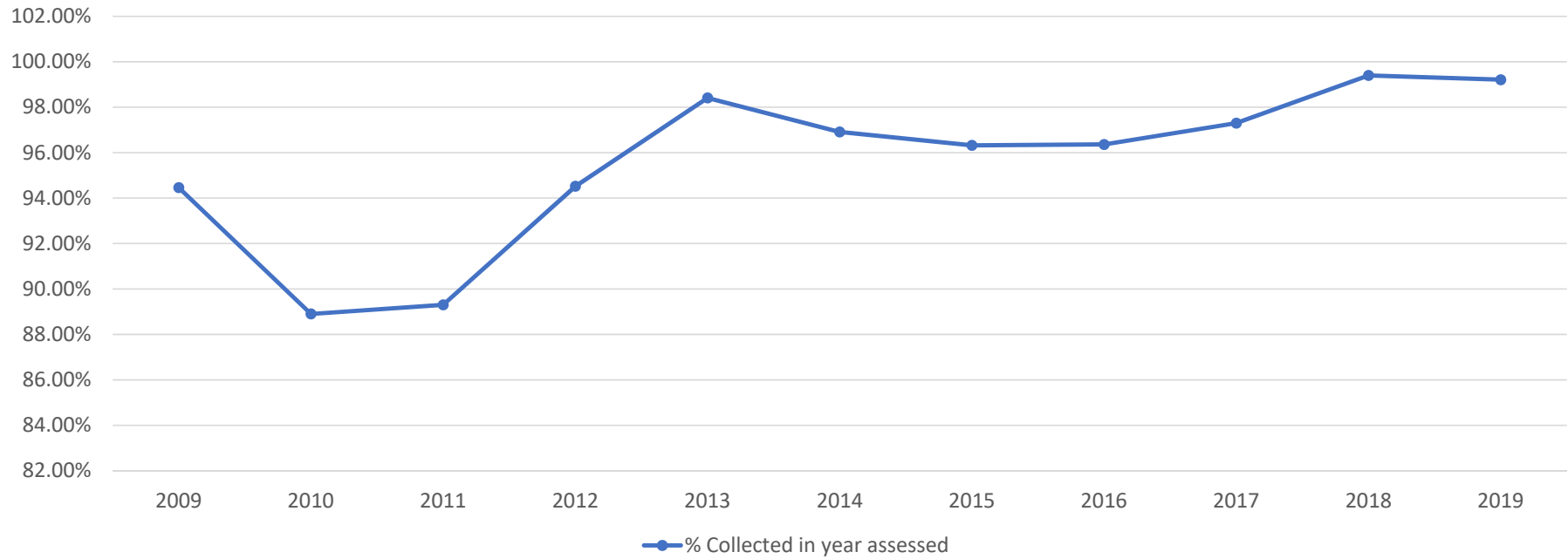
TOTAL PROPERTY TAX ROLL VALUE



Data based on actuals, includes current secured, unsecured and unitary values

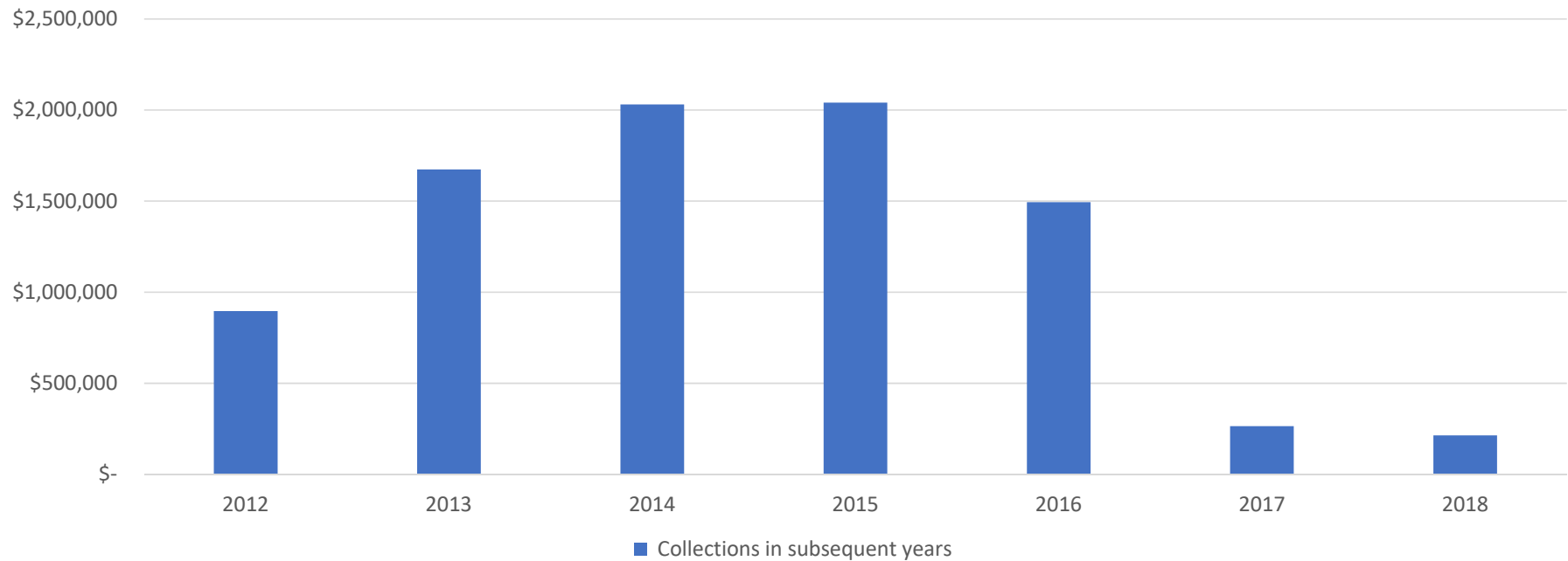
PT Collection Rate is Increasing

Property Taxes Collected in Year of Levy

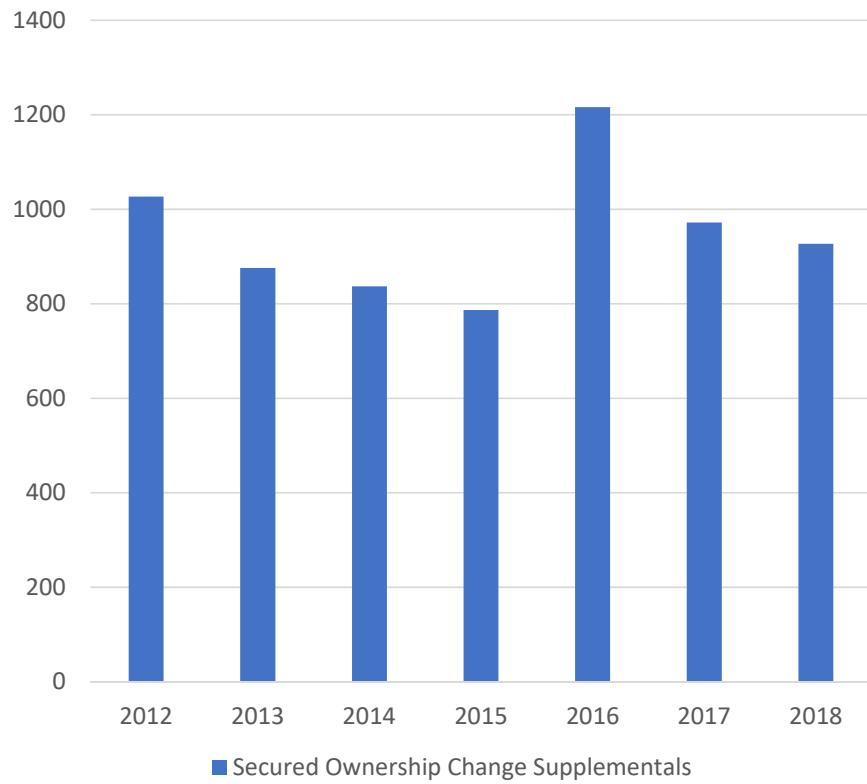


Consequently....Delinquent PT Revenues are Declining

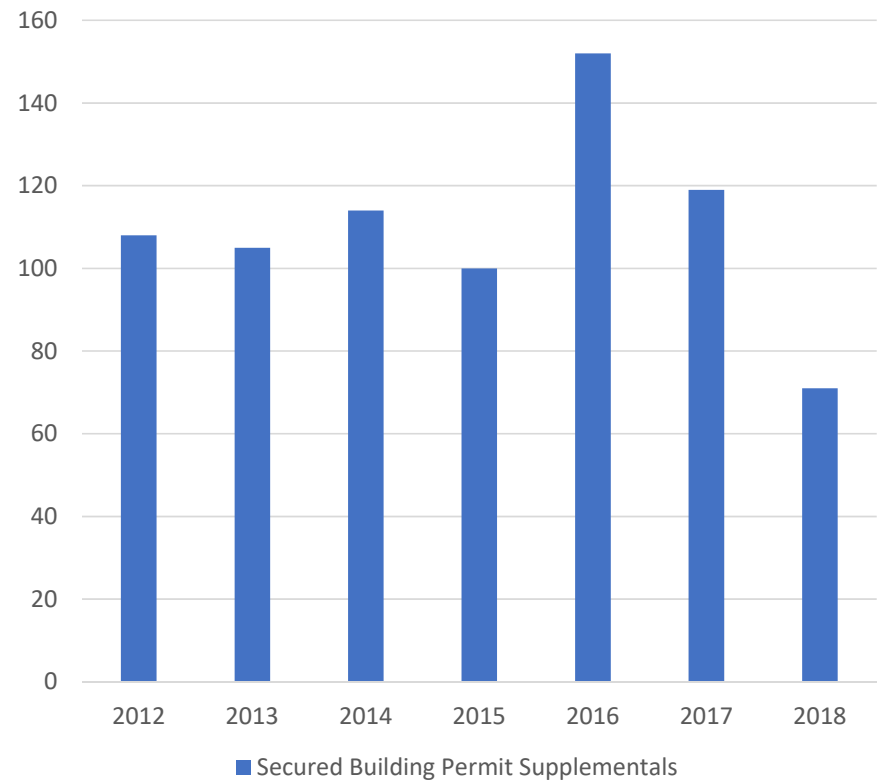
PT Collections in Years After Assessment



Number of Secured Ownership Change Supplementals



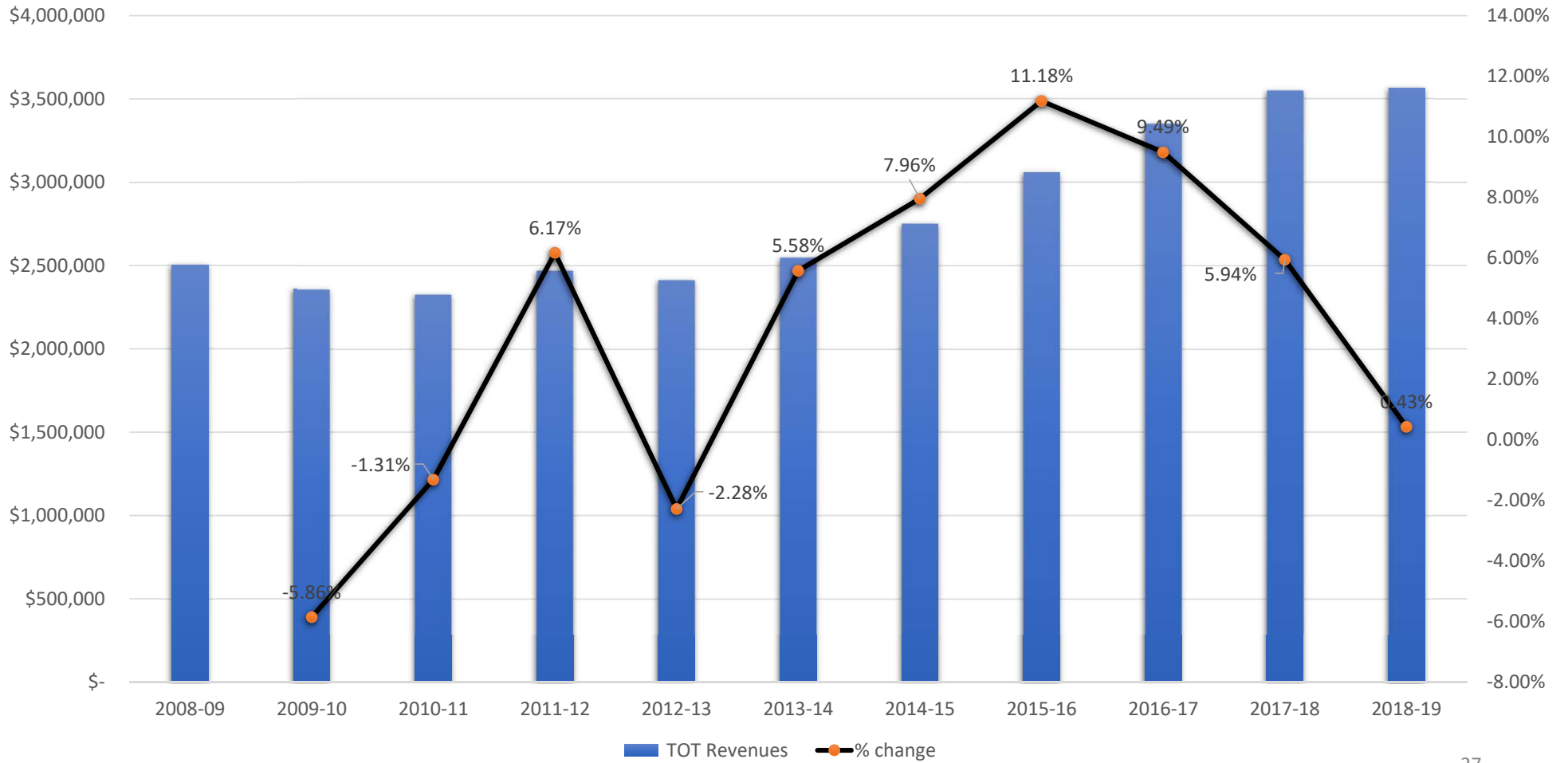
Number of Secured Building Permit Supplementals



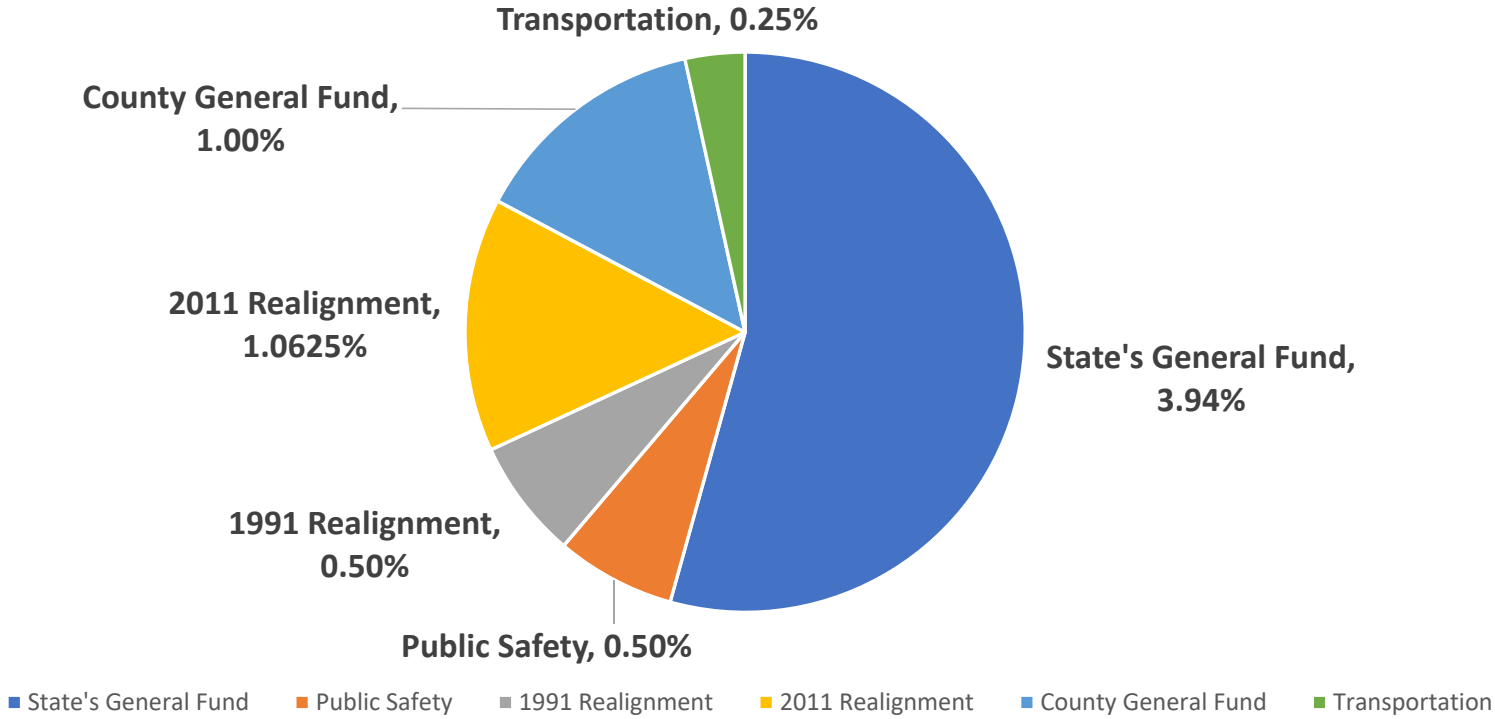
TRANSIENT OCCUPANCY TAXES

- Mono County Rate: 12%
 - GF Discretionary = 9% (75% of total) **\$2,643,000**
 - Paramedics (EMS) = 2% (16.67% of total) **\$587,000**
 - Tourism = 1% (8.33% of total) **\$293,000**
- TOT Rates from other Jurisdictions
 - Mammoth Lakes: 13%
 - Inyo County: 12%
 - South Lake Tahoe: 10% (12% at specific redevelopment properties)
 - Truckee: 10%
- 1% increase in the TOT rate yields approximately \$300,000

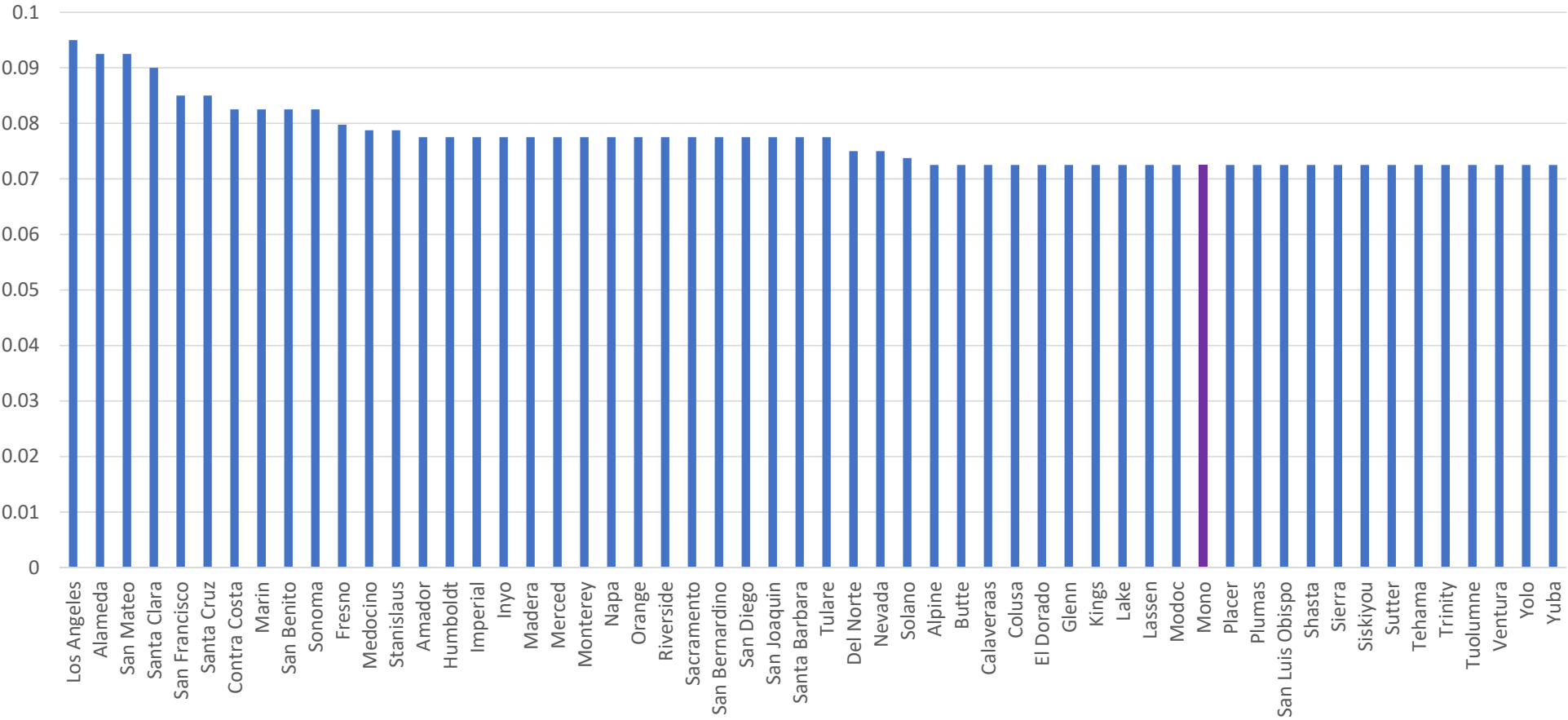
TRANSIENT OCCUPANCY TAX REVENUES



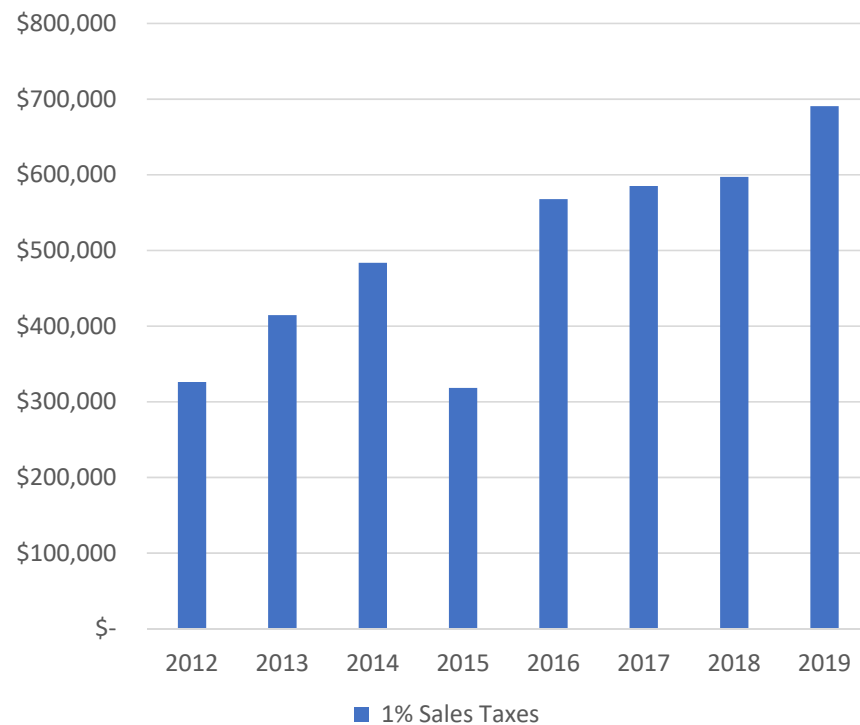
Mono County Sales Tax Rate: 7.25% (lowest)



County Sales Tax Rates



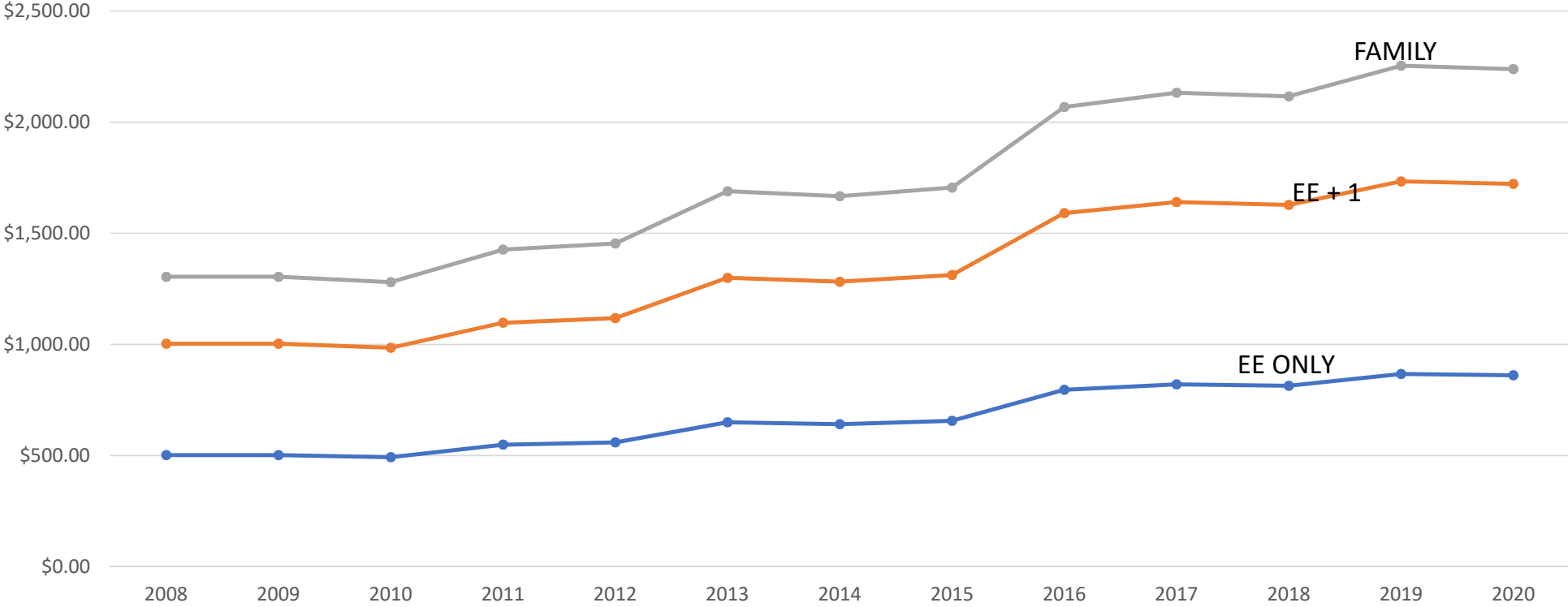
Mono County Sales Taxes – 1%



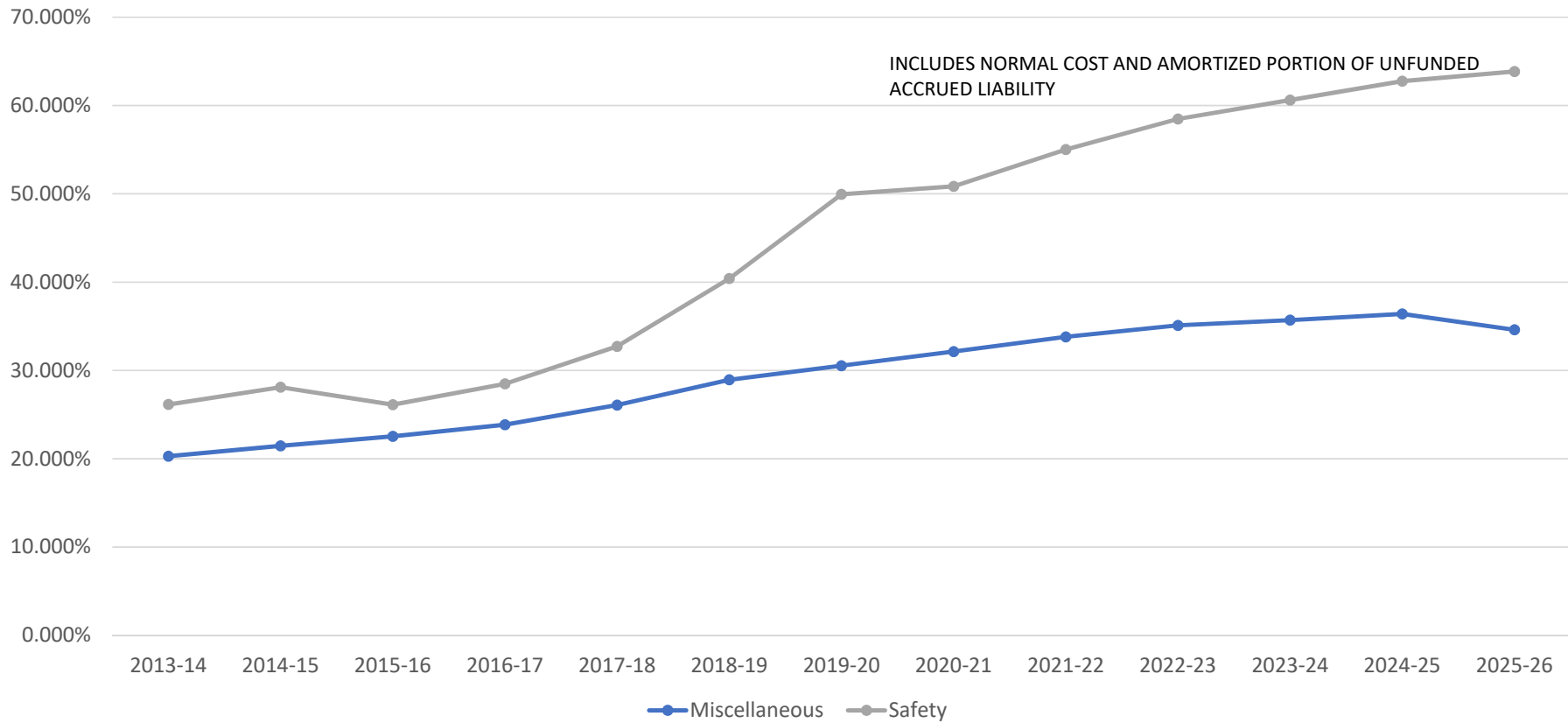
- HDL Sales Tax Revenue Recoveries
 - 2016: \$3,066
 - 2017: \$39,295
 - 2018: \$43,272
- ½% add on District Tax generates approximately \$345,000 additional revenues

ECONOMIC INDICATOR: HEALTH CARE

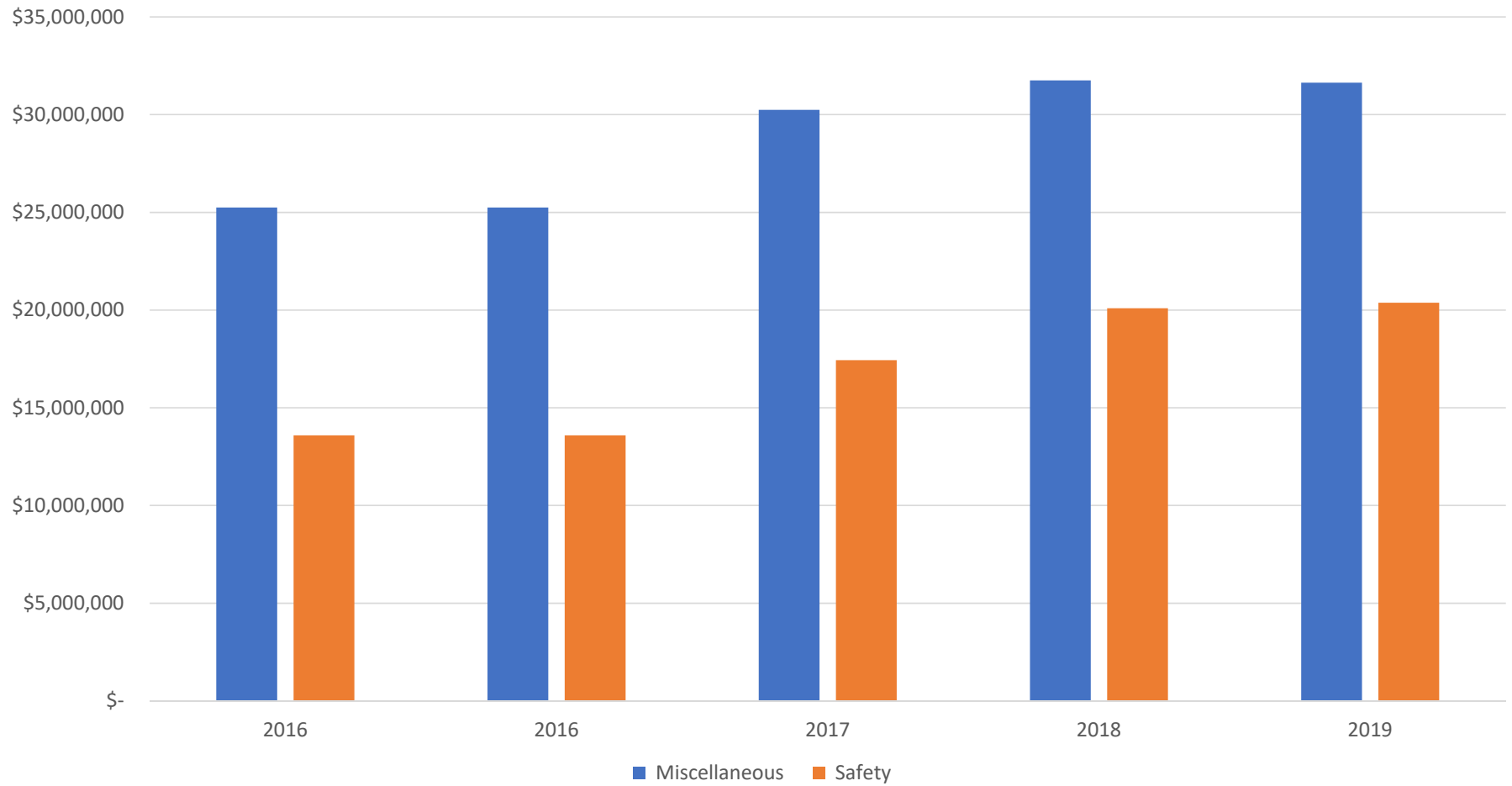
PERS CHOICE – RATES PER MONTH PER COVERAGE



PERS CONTRIBUTION RATES



NET UNFUNDED PENSION LIABILITY

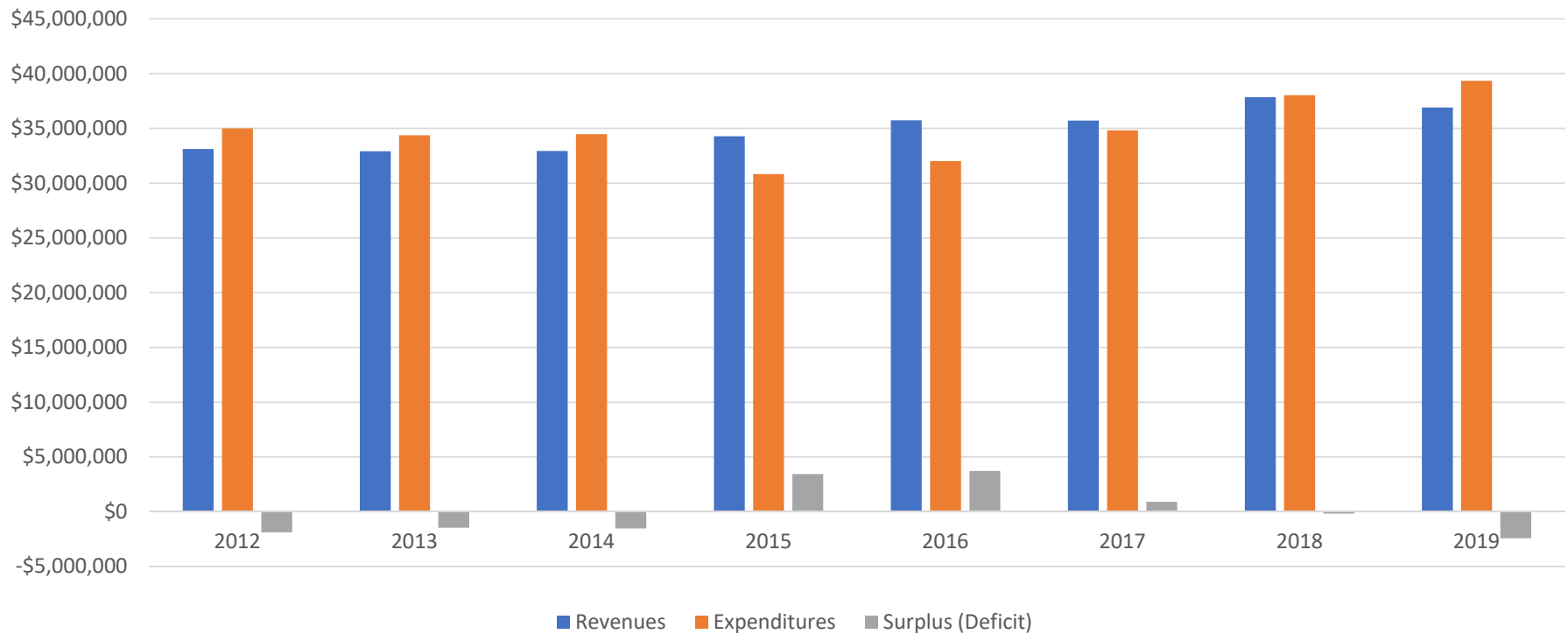


Mono County

General Fund Fiscal Analysis



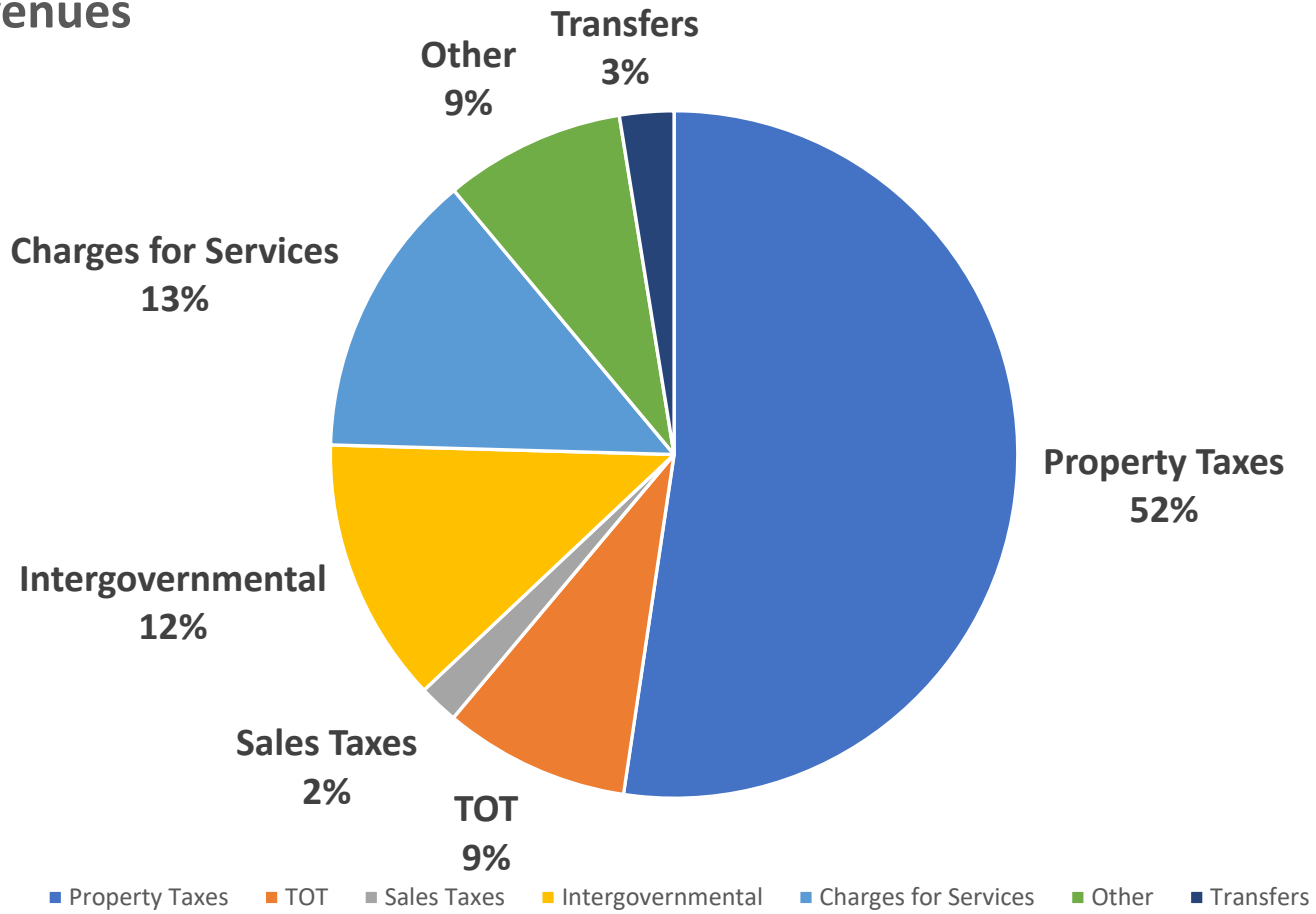
GF FISCAL PERFORMANCE – 8 YEARS



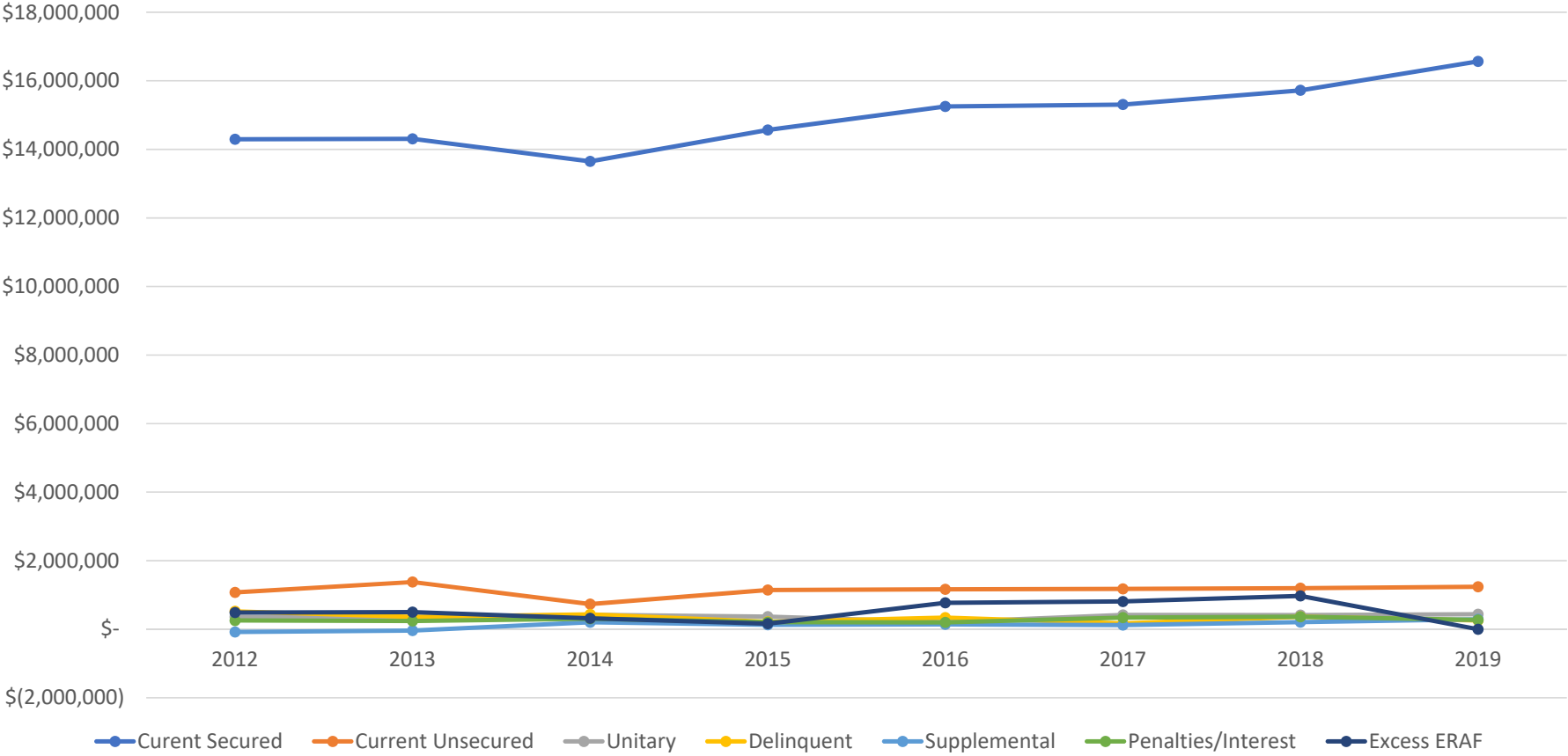
GF FISCAL PERFORMANCE 2015 – 2019 (Actuals)	2015	2016	2017	2018	2019
Discretionary Revenue	\$24,079,000	\$25,816,000	\$26,315,000	\$28,530,000	\$28,584,000
Program Revenue	10,201,000	9,926,000	9,409,000	9,332,000	8,331,000
TOTAL REVENUES	34,280,000	35,742,000	35,723,000	37,862,000	36,915,000
Salaries and Benefits	21,363,000	22,020,000	22,432,000	24,285,000	24,852,000
Services and Supplies	7,479,000	8,044,000	8,494,000	9,820,000	10,033,000
Capital outlay and Debt Service	253,000	280,000	668,000	393,000	208,000
Contributions and Transfers	1,742,000	1,636,000	1,850,000	2,627,000	2,724,000
TOTAL EXPENDITURES	30,837,000	31,980,000	33,444,000	37,125,000	37,817,000
NET CHANGE IN FUND BALANCE	3,443,000	3,762,000	2,279,000	737,000	(902,000)
Transfers to Reserves	--	(39,000)	(1,374,000)	(910,000)	(1,524,000)
FUND BALANCE, Beginning of Year	1,009,000	4,452,000	8,175,000	9,080,000	8,907,000
FUND BALANCE, End of Year	\$4,452,000	\$8,175,000	\$9,080,000	\$8,907,000	\$6,481,000

GF BUDGET TO ACTUAL PERFORMANCE FY 2018-19	BUDGET	ACTUAL	VARIANCE Positive (Negative)
Discretionary Revenue	\$28,873,000	\$28,584,000	\$(289,000)
Program Revenue	8,168,000	8,331,000	163,000)
TOTAL REVENUES	37,041,000	36,915,000	(126,000)
Salaries and Benefits	27,101,000	24,852,000	2,249,000
Services and Supplies	11,280,000	10,033,000	1,247,000
Capital outlay and Debt Service	465,000	208,000	257,000
Contributions and Transfers	2,824,000	2,724,000	100,000
TOTAL EXPENDITURES	41,670,000	37,817,000	3,853,000
NET CHANGE IN FUND BALANCE	(4,629,000)	(902,000)	3,727,000
Transfers to Reserves	(1,524,000)	(1,524,000)	--
FUND BALANCE, Beginning of Year	8,907,000	8,907,000	--
FUND BALANCE, End of Year	\$2,754,000	\$6,481,000	\$3,727,000

GF Revenues

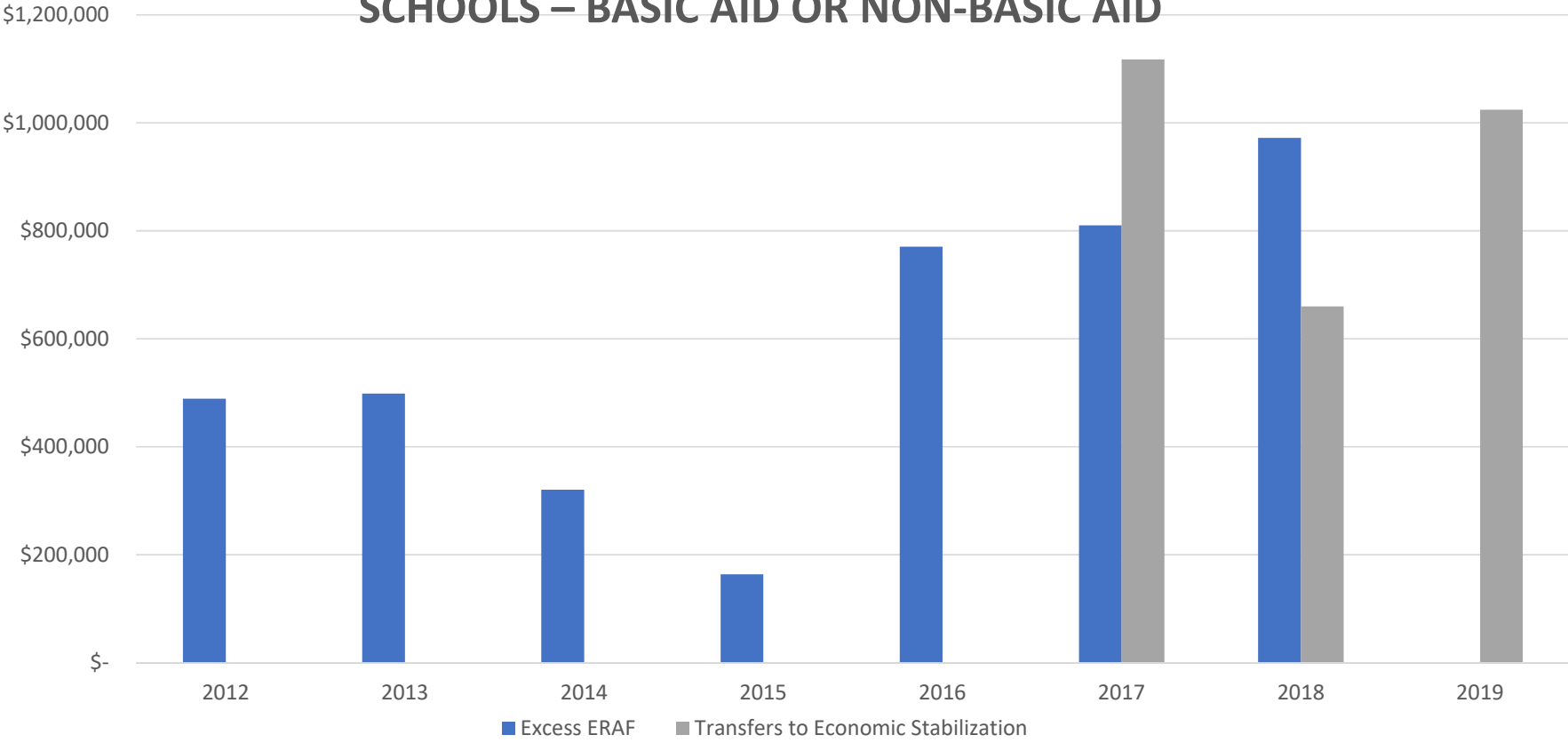


COMPONENTS OF PROPERTY TAX REVENUES

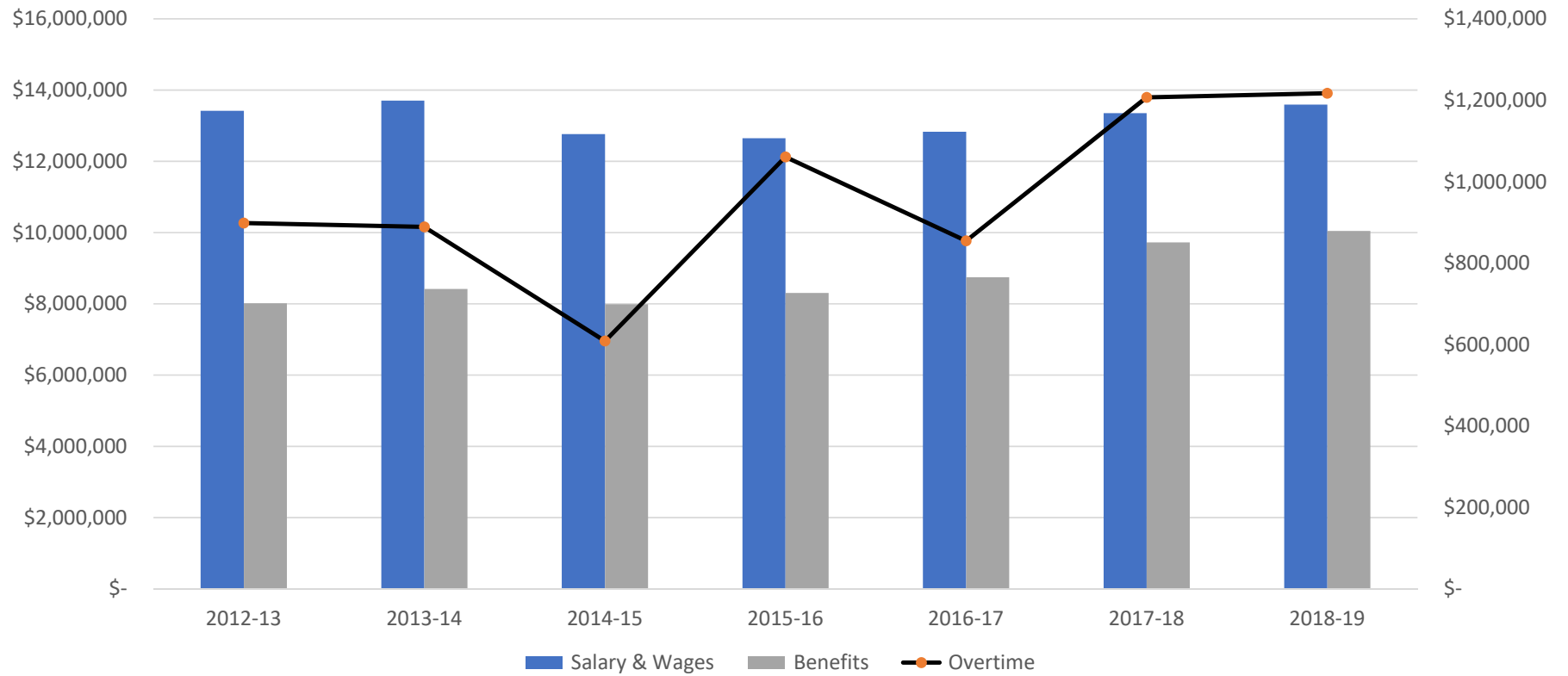


EXCESS ERAF

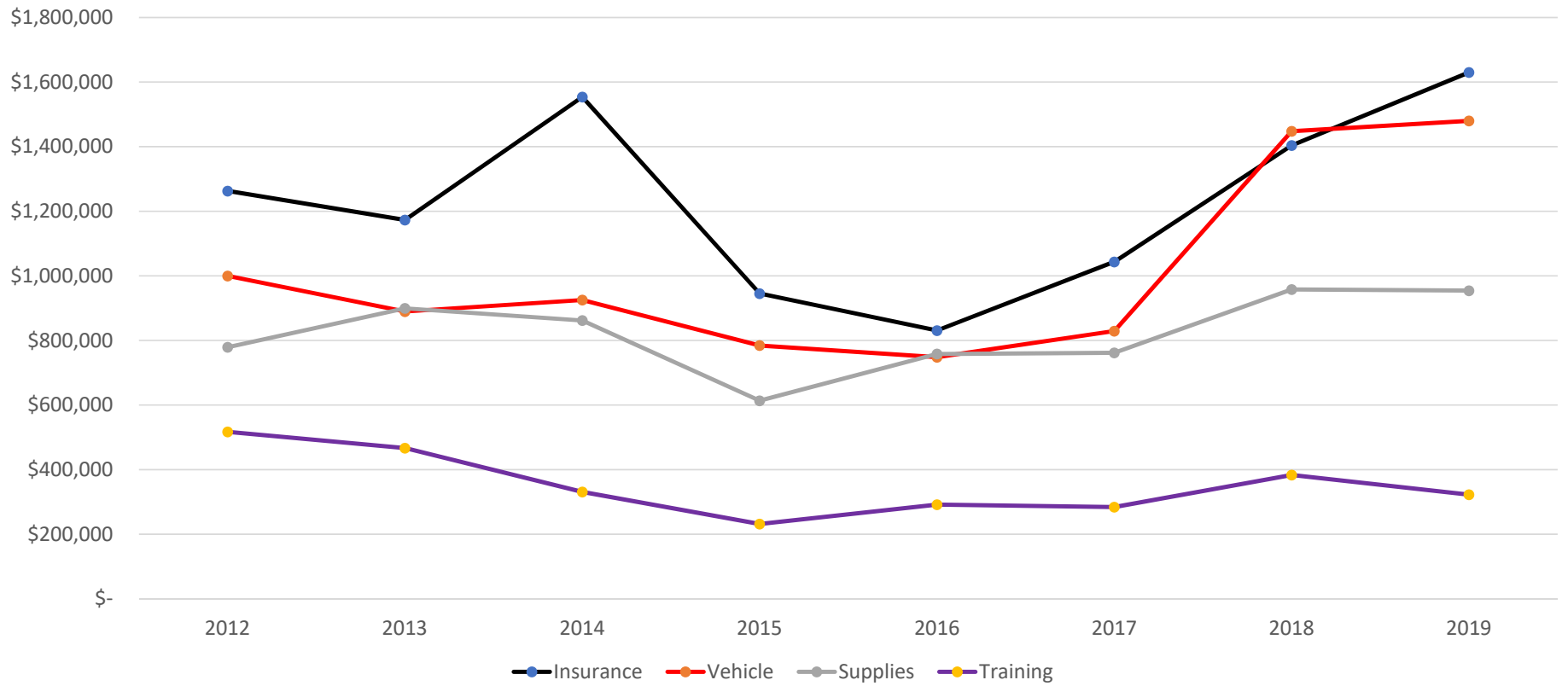
SCHOOLS – BASIC AID OR NON-BASIC AID



Salary & Benefit Trends



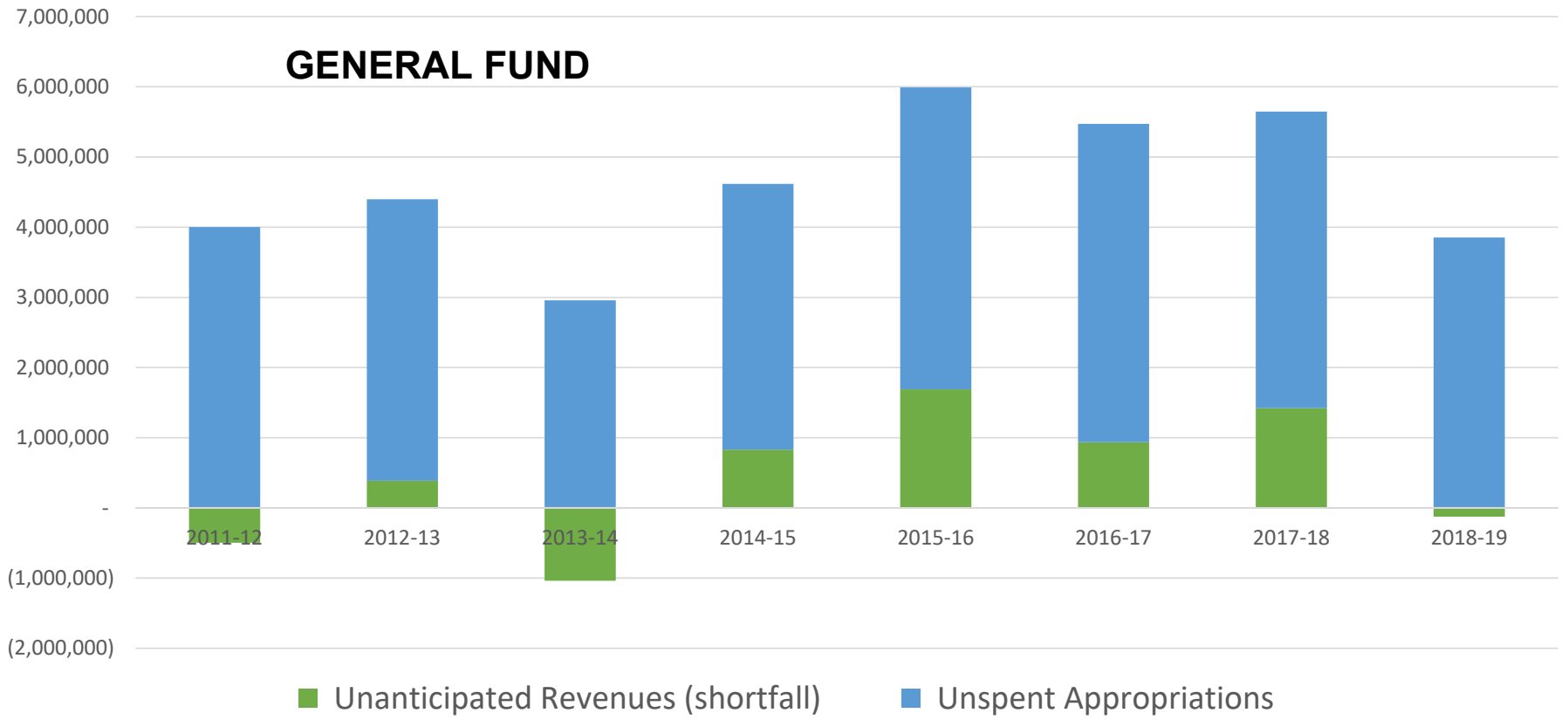
KEY EXPENDITURE TRENDS Non-Salary & Benefits



Estimated
Spendable
Resources
for
FY 2020-21
Budget Process

GENERAL FUND CARRYOVER

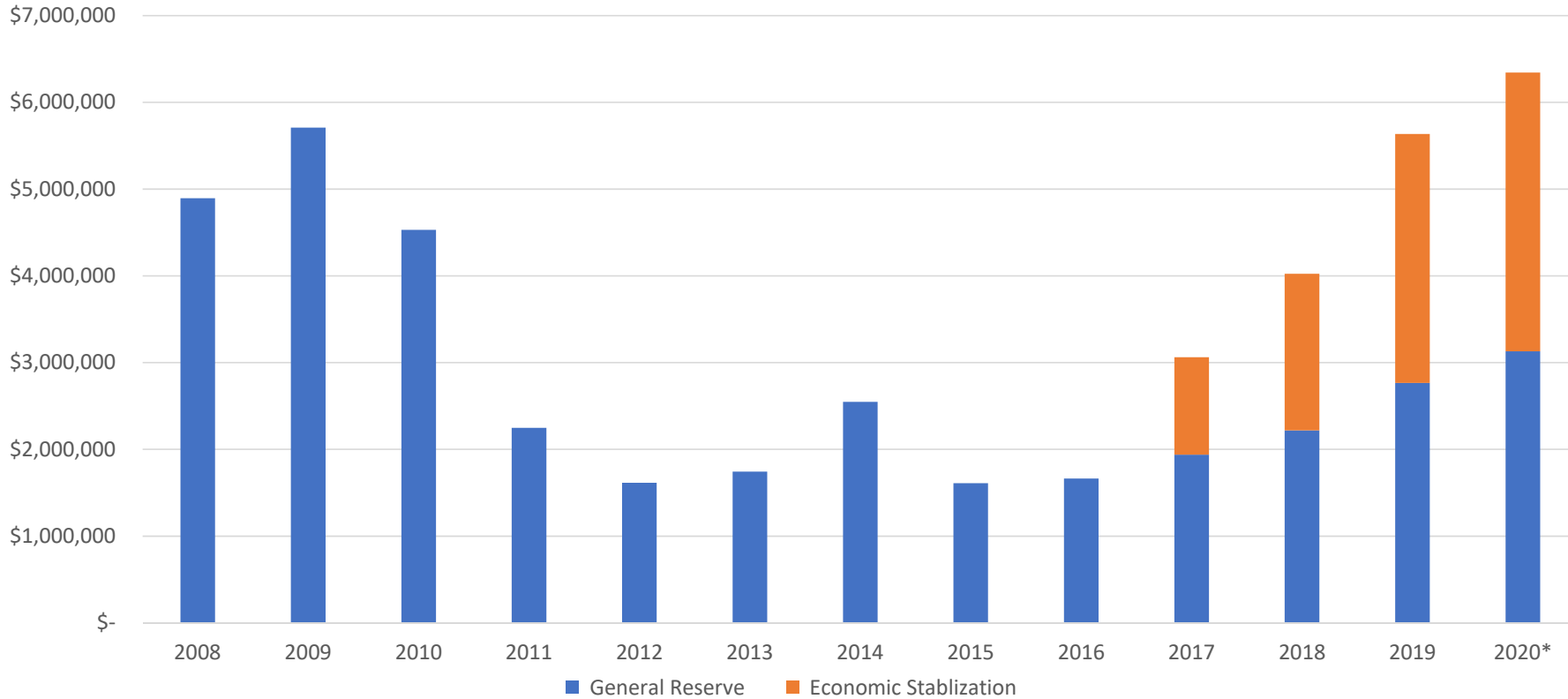
Budgetary Perspective of Carryover Fund Balance



GENERAL RESERVE BALANCES

Economic Stabilization:
 \$2,869,798 at 2019
 \$3,212,798 projected

General Reserve:
 \$2,765,838 at 2019
 \$3,130,308 projected



GFOA Recommended balances: 17% to 25% (\$7.14 to \$10.5 million)

County policy for general reserve: 5% to 15% (\$2.1 to \$6.3 million)

** Projected*

GF Carryover Balance at June 30, 2019

Assets	\$9,002,000
Liabilities	(2,521,000)
Carryover balance at June 30, 2019	\$6,481,000

FY 2017-18 Unspent Appropriations	\$2,754,000
FY 2018-19 Unspent Appropriations	3,727,000
Carryover balance at June 30, 2019	\$6,481,000

Estimated GF Fund Balance Carryover Available for Spending in FY 2020-21 Budget

GF FUND BALANCE CARRYOVER AVAILABLE FOR SPENDING	
FUND BALANCE AT JUNE 30, 2019	\$6,481,000
SET-ASIDES (not available for spending):	
• Solid Waste advance receivable	369,000
• CDBG and HOME Notes Receivable	887,000
• Jail County Match Obligation	810,000
• Treasury Loans (Innoprise, Election equipment)	160,000
• Prepaid expenses and inventory	73,000
FY 2019-20 Adopted Budget Deficit	3,000,000
FUND BALANCE AVAILABLE FOR SPENDING	\$1,182,000

BUDGET SCENARIOS	FY 2020 BUDGET	FY 2021 BUDGET SCENARIO #1	BY 2021 BUDGET SCENARIO #2
PT REVENUES	\$20,293,000	20,672,000	20,672,000
TOT REVENUES	3,309,000	3,309,000	3,309,000
ALL OTHER REVENUES	13,685,000	13,685,000	13,685,000
TOTAL REVENUES	37,287,000	37,666,000	37,666,000
SALARIES AND BENEFITS	26,045,000	27,868,000	27,868,000
OTHER EXPENSES	14,242,000	10,980,000	9,798,000
TOTAL EXPENSES	40,287,000	38,848,000	37,666,000
NET	(3,000,000)	(1,182,000)	--

November 12, 2019
Regular Meeting
Item #11b

Mill/Wilson Creek Water Mgmt

Additional Documents:
Letters to Board

To Mono County Board of Supervisors:

I am sorry I can't be here today to present my own comments. An elderly relative was hospitalized last night and I have to travel out of Mono County today to help him.

I have asked Hillary Hansen to read my personal comments on the Wilson Creek/Mill Creek water issue. I will keep my comments brief. These are not PMBP's comments.

1. It appears that a collaborative approach with Edison and the Settlement parties is not working.
2. This issue has been lurking for 20 years.
3. The only way this is ultimately going to be resolved is for an entity with authority to make a decision about allocation of Lundy drainage water.
4. I understand that the Board does not want to go to court to reopen the water rights decree at this time. You explained that at the last board meeting on this issue.
5. The only other entity with authority to resolve this issue is the California State Water Resources Control Board.
6. Please consider that even if all interested parties were to reach a settlement of this water allocation issue --- whatever was agreed upon would ultimately need to be approved by the State Water Resources Control Board anyway. No interested party or water rights holder has the authority to decide how the waters of the State of California are to be allocated - that must go to the State Board, or a court if the decree were reopened.
7. The California Fish and Wildlife biologist, Steve Parmenter, who claims to be one of the architects of the new water allocation plan that Edison has been following told me in no uncertain terms that his department knew that ultimately any plan to allocate this water would require State Water Board approval.

8. I ask that if you choose not to approach the Water Board for assistance at this time, that you explain to your constituents why you are not going to this state agency for assistance.

9. It will not cost the County anything to ask the State Board to step in and do the job that they are constitutionally mandated to do.

10. Meanwhile, resources are being damaged. Wilson Creek was periodically dried throughout the summer. Fish were killed. Wildlife suffered. Riparian habitat was subjected to an unnatural regime of wet and drought.

12. Please take serious note of an issue that you have not addressed in the past. This is an issue of importance that directly relates to your responsibilities to your constituents.

13. The reduction ^{of} in flows in Wilson Creek will affect groundwater recharge. How much is unknown.

14. This is a serious issue for well recharge for Conway Ranch homeowners and Lundy Mutual Company that serves Mono City.

15. Before anyone scoffs at the idea that reducing Wilson Creek could negatively impact well recharge, consider the following:

1. The County expressed this very concern to FERC in the relicensing proceeding. See the 2007 license amendment at Paragraph 36. The Conway homeowners and Lundy Mutual wrote in concern about this issue. ^{Wolke Co.}

2. FERC staff studied the issue. See the 2007 license amendment at paragraphs 43 and 44. Staff identified uncertainty of the effects on wells if Wilson flows were reduced. Staff recommended "Edison obtain better information about the effects on groundwater by monitoring the active Conway Ranch and Lundy Mutual wells." Edison has not done this. Staff recommended that Edison prepare a groundwater monitoring plan. Edison has not done this. Instead they are reducing flows while

doing nothing to monitor, protect, or take responsibility to mitigation of effects on community wells.

16. There is much more that could be said. The bottom line is that the citizens and residents that are potentially affected by what is occurring need the Board to act.

17. It would be my hope that our Supervisor, Mr. Gardner, would step up and do more to represent the environment and the community members in the north Mono Basin.

18. I am not asking that any of you agree with any particular allocation plan for Wilson Creek.

19. What I am asking is that you exercise the power that you have as a County and take action that causes environmental review to be done.

20. The outcome and an environmental review will determine whether mitigation is necessary to protect wells, for example, if Wilson flows are reduced regularly the way they were this season.

21. It is hard to imagine that the State Board would turn a deaf ear to your plea when so much is at stake. Why not find out if they will help?

Thank you for considering my comments.

Sincerely,



Katie Maloney Bellomo

From: Cole Hawkins chawkins@dch.org
Subject: Letter
Date: November 8, 2019 at 11:43 AM
To: Katie Maloney Bellomo hydroesq@schat.net



Here is my letter with the salutation & etc.

Cole Hawkins
PO Box 331
Lee Vining, CA
93541

Dear Mono County Supervisors,

The problems and fate of Wilson Creek remain in limbo. I think the concerned citizens and the County had great hopes when Southern California Edison offered to give a briefing on the water flow plans for Wilson Creek and the return ditch. Months have passed and there has been no briefing and little, if any communication.

Apparently the Mono Lake Committee sent several documents detailing what had happened with water flows over the last year or two and an interesting pdf version of a slide show to the County. There were a lot of data in these documents, but in terms of the future of Wilson Creek there was little, if any actual information.

My wife and I met with the Mono Lake Committee, at their invitation, to discuss the Wilson Creek issue. Lisa Cutting suggested that we needed a creative solution. After some discussion, I suggested that perhaps each of the water users on Mill and Wilson Creeks could donate some amount of water each year to keep lower Wilson Creek flowing and healthy. The Mono Lake Committee rejected this suggestion. At this point there seemed little reason to continue the discussion.

I have written previously of the many reasons the future of Wilson Creek and its delta need to be publicly and openly discussed and will not repeat those now.

In view of the lack of response on the part of the organizations controlling the fate of Wilson Creek I would like the County to insist on either a detailed response or open public meetings on the future of Wilson Creek.

The water in the Mill/Wilson system is a public resource, water rights holders have a claim on much of that water but only for legitimate uses. The water flows largely over public land. The public has a right to know.

Wilson Creek may die as the result of decisions made in secret and kept secret. Don't let this happen.

Thank you,
Cole Hawkins, PhD

"Those who would give up essential Liberty, to purchase a little temporary Safety, deserve neither Liberty nor Safety." -- Benjamin Franklin

11b

October 25, 2019

John Peters, Chair
Board of Supervisors
County of Mono, California
P.O. Box 715
Bridgeport, CA 93517

Re: Mill Creek and Wilson System, Mono County, California

Dear Chairman Peters:

Thank you for your letter dated July 16, 2019, concerning the management of flows in Mill Creek and the Wilson system in Mono County, California. The parties to the 2004 Lundy Hydroelectric Project Settlement Agreement (2004 Agreement)¹ write to address the Board of Supervisors' request for environmental stewardship and greater transparency in water management decision-making.

As the Board is aware, water management and environmental protection requirements associated with Mill Creek and the Wilson system are complex and highly regulated, both at the state and federal levels. The 1914 Mill Creek Adjudication, Mono County Superior Court Case No. 2088 (Nov. 30, 1914), governs appropriative rights, including Mono County's water rights on Mill Creek for several beneficial uses at the historic Conway and Mattly ranch properties. The Federal Energy Regulatory Commission (FERC) operating license for the Lundy Hydroelectric Project, FERC No. 1390 (Project), issued to Southern California Edison Company (SCE) in 1999 and amended in 2007,² requires significant public benefits related to recreation, erosion and sedimentation control, vegetation management, minimum flow requirements, sensitive species protection, riparian habitat enhancements, aesthetic improvements, and protection of historic properties and cultural sites. Finally, the 2004 Agreement requires the development of a plan to meet state-adjudicated water rights in Mill Creek and requires the improvement of the existing return conveyance facility for the delivery of Mill Creek water rights.

For many years, parties to the 2004 Agreement have been working to implement the agreement. As part of this work, the parties have discussed different ways to achieve the underlying goal of the 2004 Agreement, which was to develop a functional return ditch system that could be used by SCE to respond to the demands of the water rights holders and comply with the 1914 Decree. These ongoing discussions are essential to continuing and protecting the significant environmental mitigation and enhancement measures and public benefits provided by the Project.

¹ Parties to the 2004 Agreement consist of Southern California Edison, U.S. Forest Service, U.S. Bureau of Land Management, California Department of Fish & Wildlife, American Rivers, California Trout, and the Mono Lake Committee.

² *S. Cal. Edison Co.*, 86 FERC ¶ 61,230 (1999); *S. Cal. Edison Co.*, 121 FERC ¶ 61,154 (2007).

11b

Parties to the 2004 Agreement welcome further engagement with the Board of Supervisors and the public as we work together to improve SCE's ability to address the needs of all Mill Creek water rights holders. As a standard practice of contractual parties working to potentially amend contractual obligations, certain discussions among the settlement parties will continue to require confidentiality, until any such negotiations are final. And, of course, in negotiating any potential amendment to the 2004 Agreement, the settlement parties have no intention to interfere (and, indeed, cannot interfere) with state-adjudicated water rights. Within these limitations, the settlement parties are committed to facilitating public participation and will be in contact with County staff to schedule a presentation on proposed plans for meeting state-adjudicated water rights as an informational agenda item at a Board meeting in the near future. We believe these communications will also facilitate annual water planning, as it will bring all stakeholders up to speed on water management activities.

Your July 16 letter also raised a concern regarding environmental review. Pursuant to the National Environmental Policy Act (NEPA), FERC conducted an Environmental Assessment (EA) to inform its 1999 relicensing decision, and issued another EA in 2006 that analyzed the potential impacts of upgrading the return ditch as contemplated in the original 2004 Agreement. While SCE has been testing various changes to its operations that could achieve the purpose of the 2004 Agreement without needing to construct a new return conveyance facility, those operational changes have not involved any state or federal approvals that could trigger new environmental review under CEQA or NEPA. Additionally, at this time, the settlement parties have not yet finalized plans related to any potential amendment of the 2004 Agreement. Thus, it is premature to determine the applicability of NEPA and CEQA to any potential amendment. Should any final plan involve federal or state action requiring environmental review (under NEPA and/or CEQA), the County, the public, and other interested stakeholders will have an opportunity to participate in such review, as required under applicable federal or state law.

We appreciate the County's commitment to this matter and look forward to continuing to work with the County on the management of flows in Mill Creek and the Wilson system in Mono County. Should you have any questions, please contact any of the parties listed below.

Sincerely,



Geoffrey McQuilkin
Executive Director
Mono Lake Committee



Steven Nelson
Field Manager, Bishop Field Office
Bureau of Land Management



for Tammy Randall-Parker
Forest Supervisor, Inyo National Forest
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Leslie MacNair
Regional Manager, Inland Desert Region
California Dept. of Fish & Wildlife



Steve Rothert
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Wayne P. Allen
Principal Manager, Generation, Regulatory
Affairs & Compliance
Southern California Edison

cc: Mono County Supervisors Jennifer Kreitz, Fred Stump, Bob Gardner, Stacy Corless
Clarence Martin, LADWP Aqueduct Manager
Saeed Jorat, LADWP Waterworks Engineer
Katie Bellomo, People for Mono Basin Preservation