



Fiscal Year 2023-24 Recommended Budget and Capital Improvement Plan

June 7, 2023

Ann Edwards, County Executive
Amanda Thomas, Chief Fiscal Officer

Addressing Current and Future Needs

- Addressing needs in Fiscal Year 2023-24 and over the longer term, against a backdrop of slowing revenue growth
- Board priorities for discretionary resources based on County's obligations and community needs
- Funding recommendations aligned with budget priorities:
 - Continued funding for ongoing programs and initiatives
 - New and enhanced programs and services for County obligations and most critical needs
 - Additional enhancements prioritized for Revised Recommended Budget, resources permitting
- General Fund reserve contributions to meet Board's goals and support longer term service stability

Budget Overview

- Budget is balanced, as required by State law, without significant reductions but with greater reliance on one-time sources
- General Fund tightening resulting from:
 - Lower fund balance and moderating revenue growth
 - Increased costs and obligations
- General Fund Growth totals \$138 million, with \$25 million funded with discretionary resources
 - Majority of Net County Cost Growth is for Mays Consent Decree
- General Reserve contribution recommended to meet Board policy goal of 10% of discretionary revenues

Community Engagement and Priorities

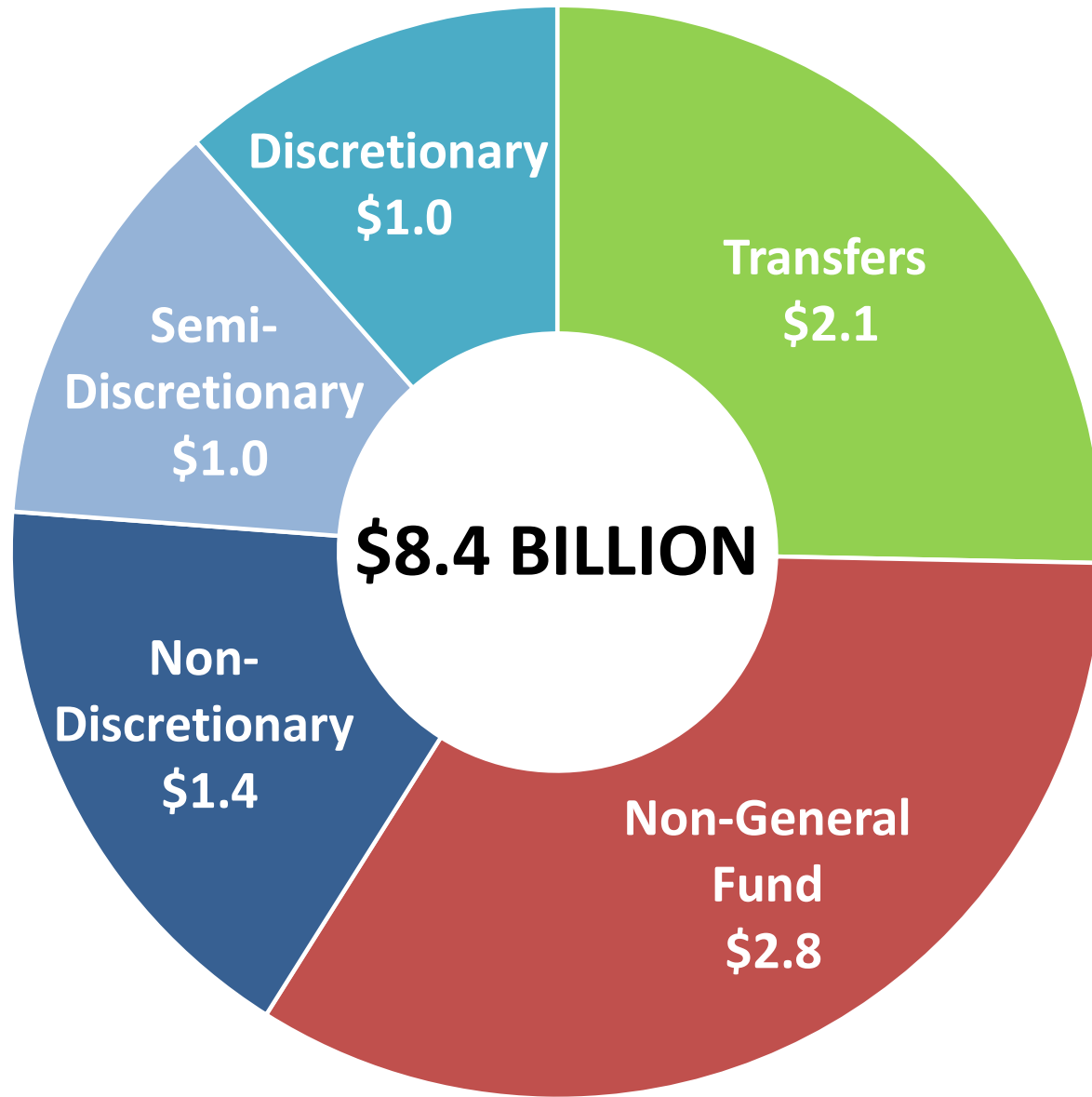
- June 2021 – Community Engagement Plan approved
- Summer 2021 – Budget summary and online tool launched
- Summer 2021 – Advisory board and commission outreach
- October 2021 and December 2022 – Public budget workshops
- October/November 2021 – Budget priority survey of County residents
- December 2021 – FY 2022-23 budget priorities adopted
- November 2022 – Budget priority focus groups
- January 2023 – FY 2023-24 budget priorities adopted

FY 2023-24 Budget Priorities

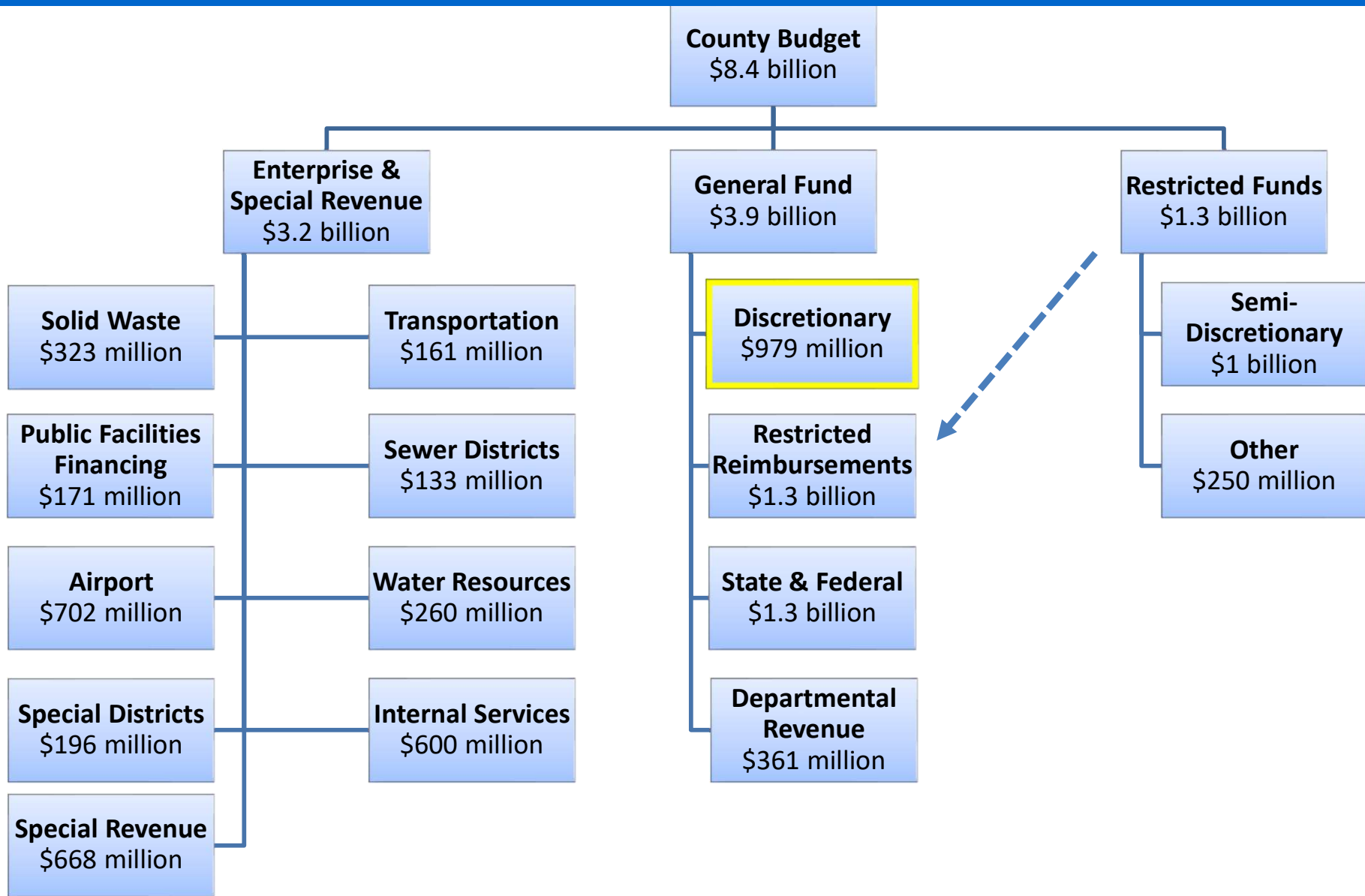
Board priorities based on community outreach and engagement:

1. Complying with the County's obligations
2. Maintaining existing service levels
3. New or enhanced programs focusing on most critical and urgent needs, with priority focus areas identified in a survey of County residents:
 - Countywide focus area of addressing homelessness and its impacts, including housing and behavioral health
 - Unincorporated focus area of improving the condition of streets and roads

All Funds Appropriations



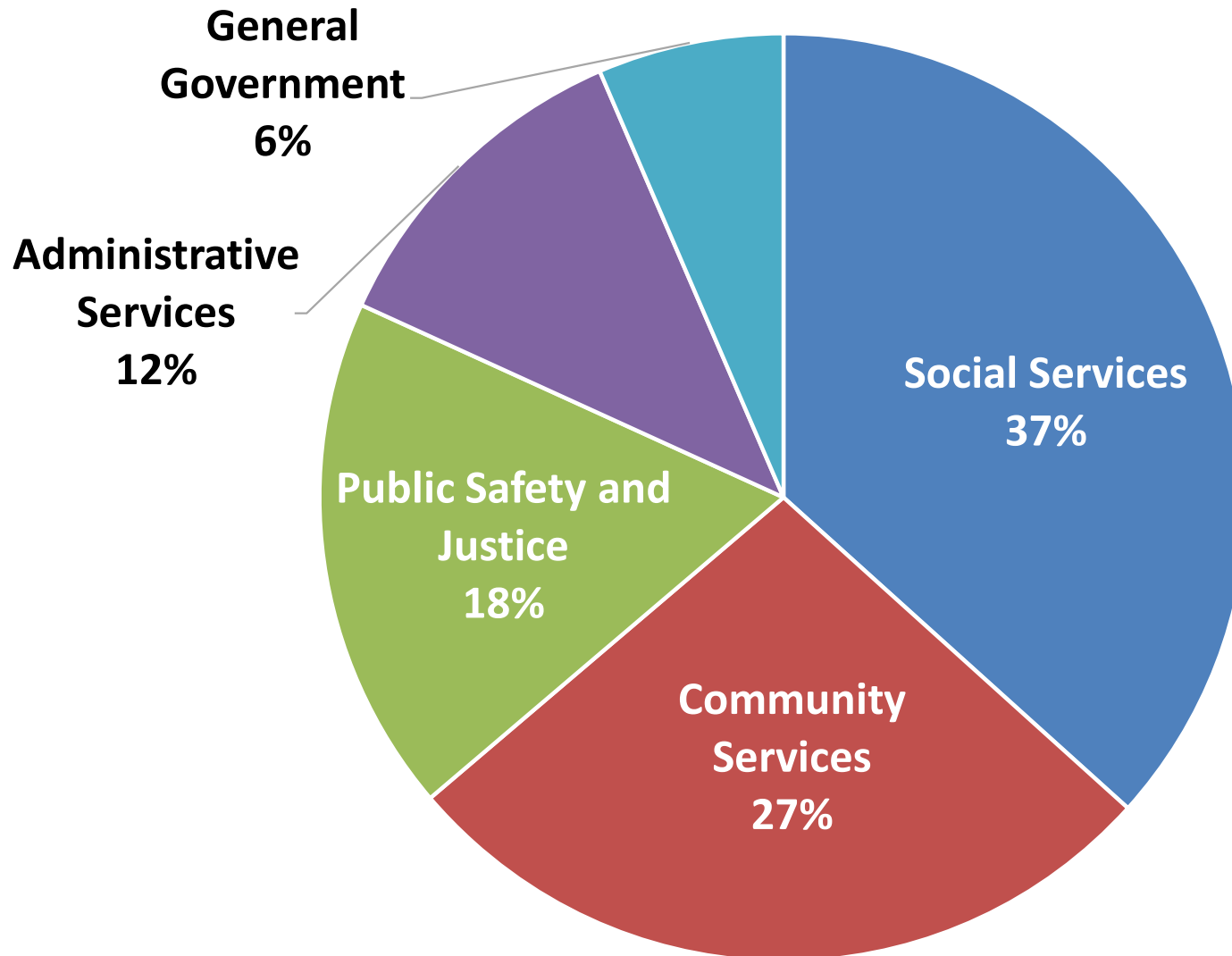
All Funds Budget



All Funds Budget

- \$8.4 billion in total appropriations, increase of \$502 million (6.4%) compared to FY 2022-23 Adopted Budget
 - General Fund: increase of \$215 million (5.8%)
 - Airport System: increase of \$159 million (29.3%)
 - Special district and agency funds: increase of \$56 million (12.4%)
 - Waste Management & Recycling: increase of \$51 million (18.6%)
- \$6.3 billion in budgeted expenditures net of reimbursements
- \$193 million total appropriations for new or enhanced programs (Growth)
 - \$138 million General Fund
 - \$55 million non-General Fund

All Funds Net Financing Uses: \$6.3B



General Fund Discretionary Resources

Discretionary Resources Available

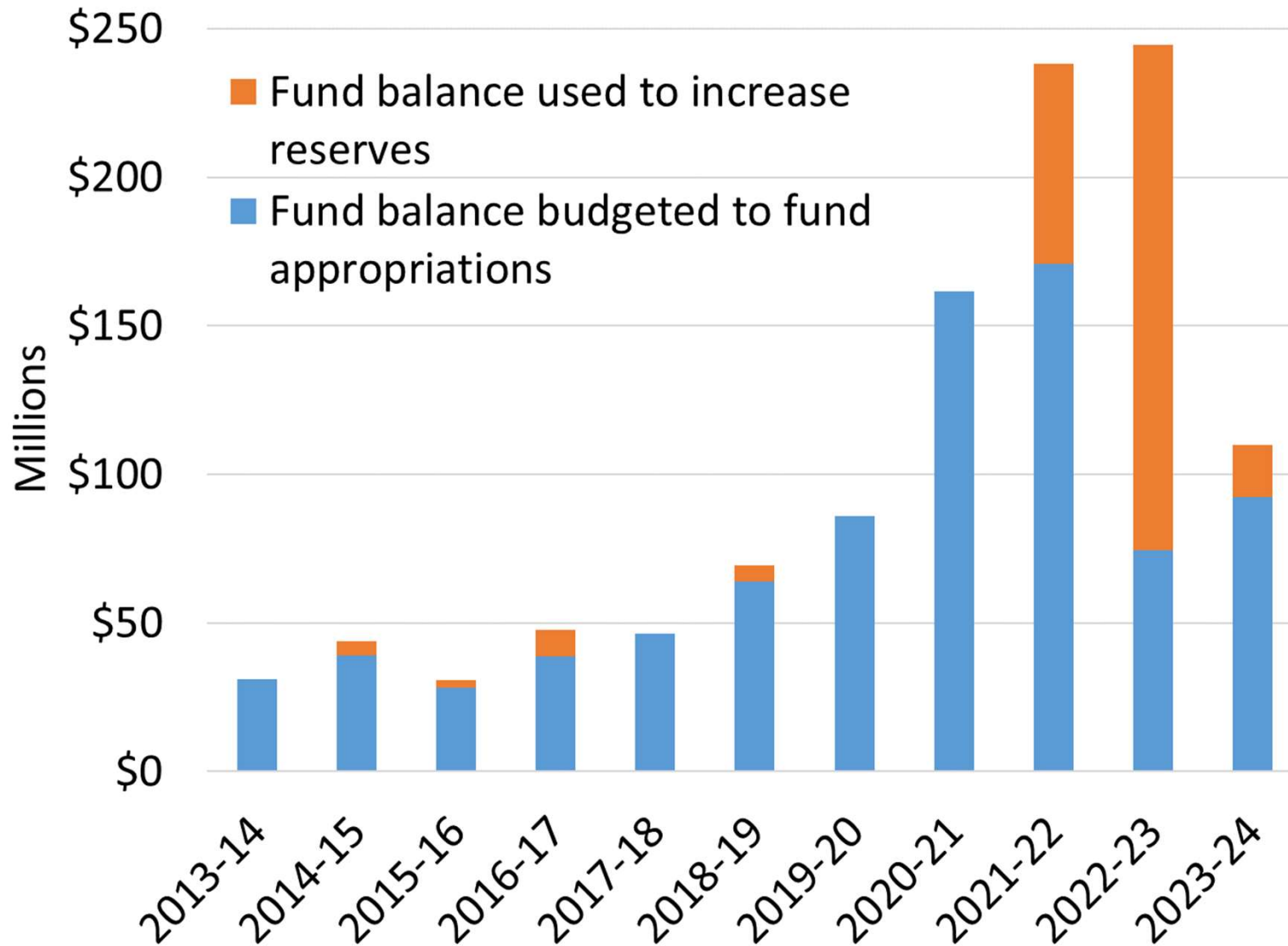
\$870 million
Discretionary revenue
and reimbursements
+
\$110 million
Fund balance
+
\$16 million
Reserve releases

=

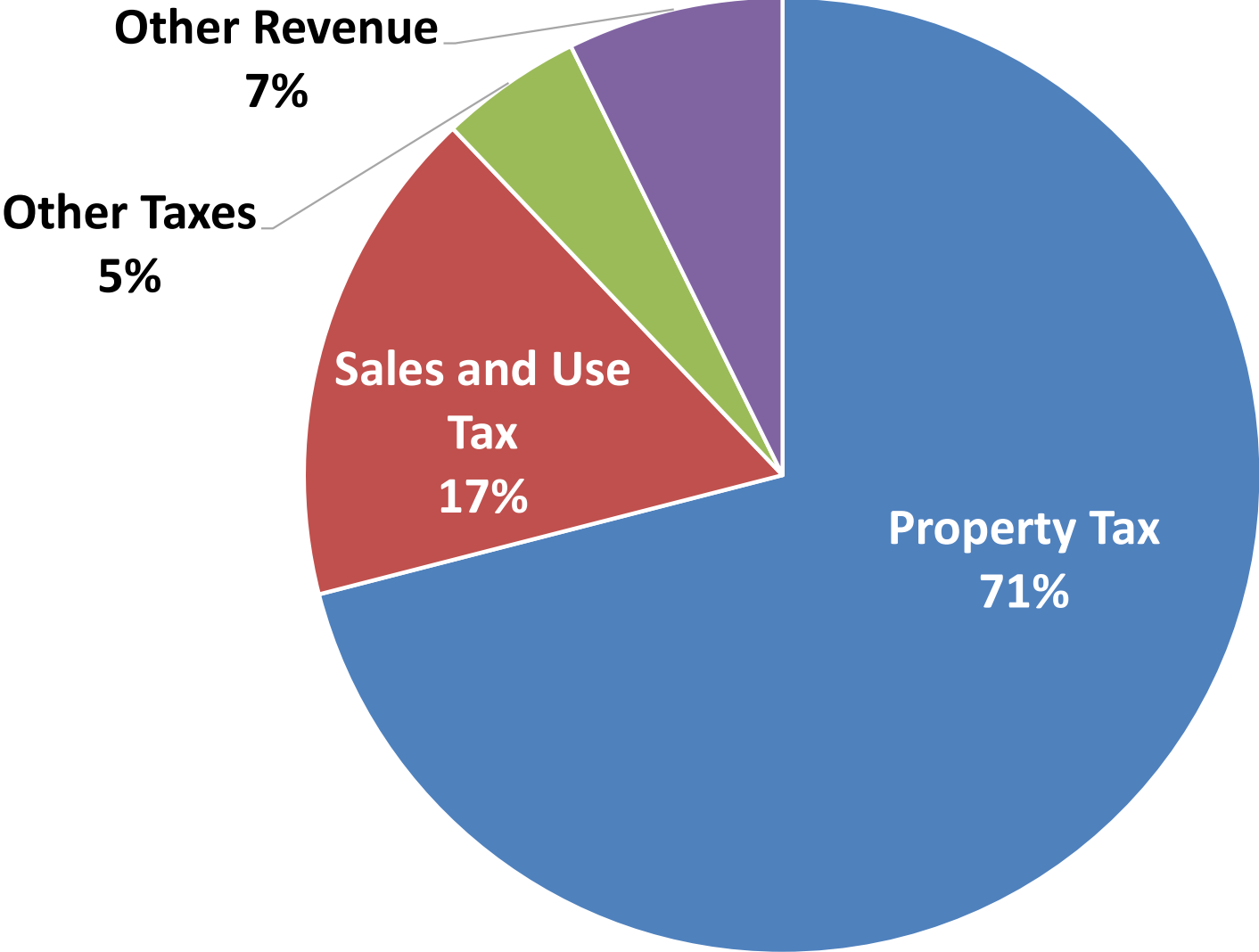
Use of Discretionary Resources

\$979 million
Net County Cost
+
\$17 million
General Reserve
increase

Available Fund Balance Carry-Forward



Discretionary Revenue: \$870 million



Discretionary Revenue

- \$870 million total, up \$45 million (5.4%) compared to FY 2022-23 Adopted Budget
- **Property taxes:** \$604 million, up \$39 million (6.9%)
- **Sales and use taxes:** \$147 million, up \$5 million (3.1%)
- **Other revenue:** \$64 million, includes following new sources:
 - AB 177 backfill
 - Wilton Rancheria MOU for new casino

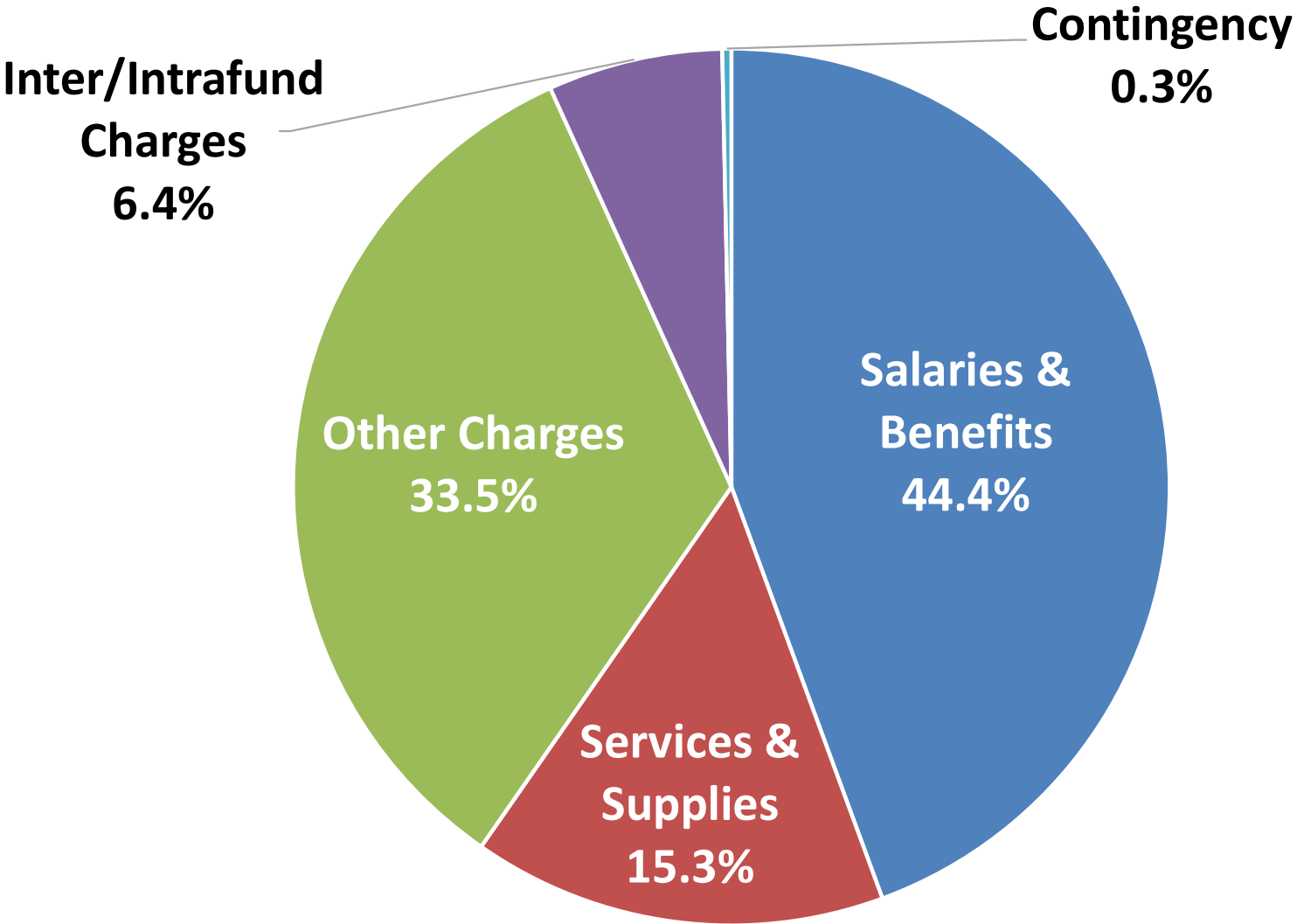
Semi-Discretionary Resources

- Semi-discretionary revenue/reimbursements = 1991 and 2011 Realignment and Proposition 172 Public Safety Sales Tax
- Restricted Fund Revenue: \$993 million, up \$24 million (2.5%)
- Reimbursements to the General Fund: \$1.035 billion, up \$18 million (1.8%)

General Fund Departmental Revenues

- \$1.9 billion total revenue and reimbursements, net increase of \$119 million (6.7%)
 - Health Services - \$141 million (27.3%) increase
 - Human Assistance – Aid Payments - \$25 million (18.8%) increase
 - Child, Family and Adult Services - \$22 million (13.3%) increase
- Categorical Revenue Reductions:
 - Department of Finance, Revenue Recovery - \$800k, backfilled with recommended Growth
 - Homeless Services and Housing - \$400k
 - Public Defender - \$200k
- \$61 million American Rescue Plan Act State and Local Fiscal Recovery Fund (ARPA) for previously approved projects

General Fund Appropriations: \$3.9B



General Fund Base Appropriations

- Salary and benefit costs:
 - 4% cost of living adjustment and other negotiated increases
- Inflationary impacts on cost of services and supplies
- Aid payments increase for CalWORKs caseloads
- Reduction for one-time amounts included in 2022-23 budget
- Categorical reductions not backfilled
- Contingency decrease of \$14 million for total of \$13 million

New or Enhanced Programs

- Over \$285 million departmental requests for new or enhanced programs (“Growth”)
- \$138 million General Fund Growth recommended for funding
 - \$25 million Net County Cost
 - 179.9 full time equivalent (FTE) positions
- Additional \$29 million Net County Cost Growth prioritized for Revised Recommended Budget
- \$55 million non-General Fund Growth recommended for funding
 - 89.0 FTEs

General Fund Growth

- **Mays Consent Decree Jail Population Reduction** - \$35 million (\$7 million Net County Cost)
- **Mays Consent Decree Remedial Plan** - \$10 million Net County Cost
- **New/Enhanced Programs Addressing Homelessness** - \$10 million (\$2 million Net County Cost)
- **Health Services** - \$84 million total (with some included above)
- **Child, Family and Adult Services** - \$17 million (\$3 million Net County Cost)

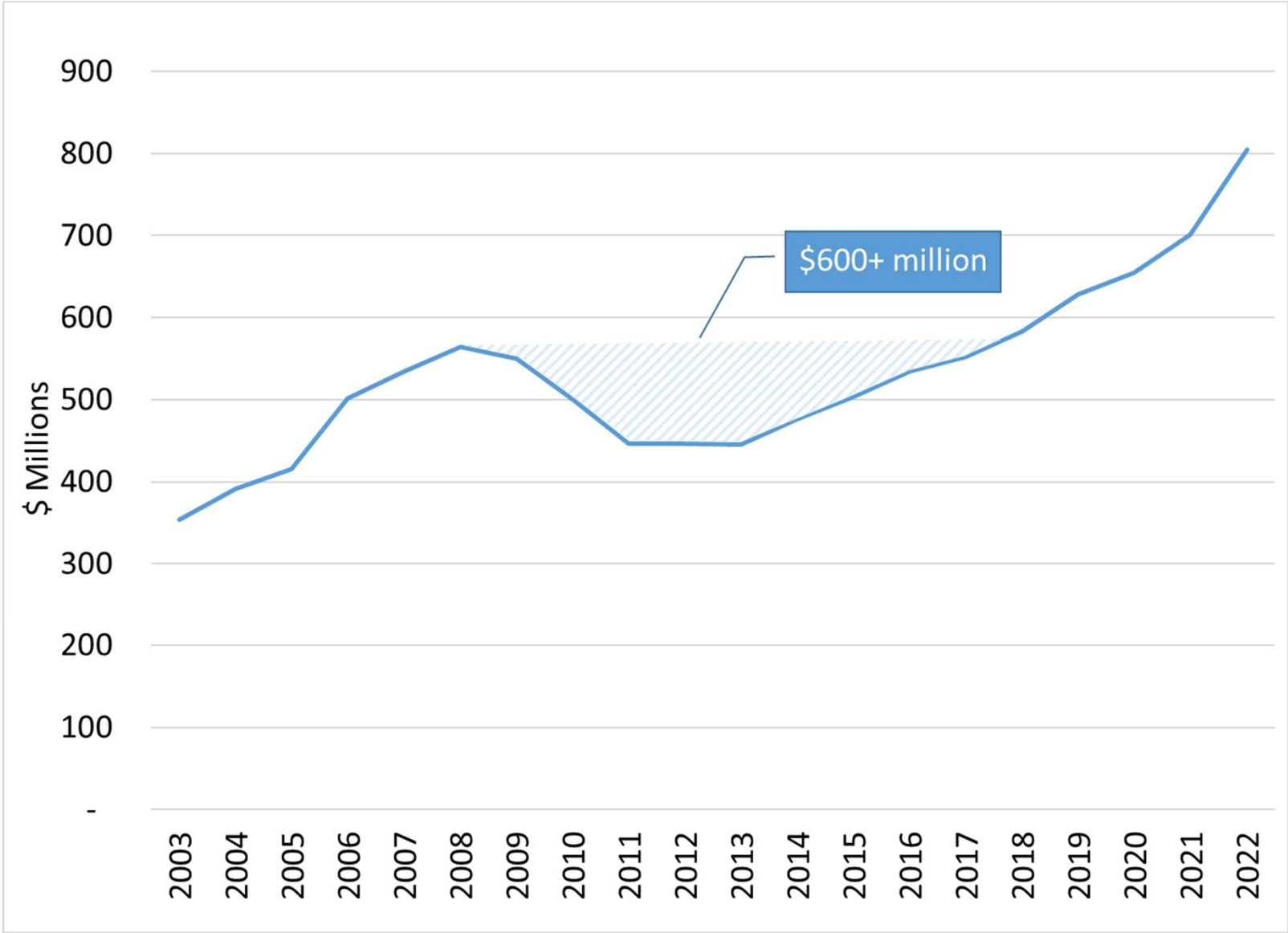
Growth Prioritized for September

Department/Budget Unit	Description	Cost	Net County Cost	FTE
Community Development	Professional services for General Plan Update scoping	\$ 250,000	\$ 250,000	0.0
Emergency Services	Add 1.0 FTE Emergency Operations Coordinator	205,820	205,820	1.0
Emergency Services	Add 1.0 FTE Asst. Emergency Operations Coordinator	183,430	183,430	1.0
Emergency Services	Replace computers and monitors in Emergency Operations Center	284,000	284,000	0.0
Financing-Transfers/Reimbursement	Transfers to Roads and Parks Construction Fund for Non-General Fund Growth	23,854,500	23,854,500	0.0
Health Services	Add 2.0 FTE Sr. Mental Health Counselors for Valley Oak Youth Academy	431,846	-	2.0
Probation	Expand Valley Oak Youth Academy Program	2,750,453	2,750,453	12.0
Public Defender	Add 3 Class 110 vehicles for investigators	93,225	93,225	0.0
Sheriff	Octasic Nyxcell System and One Class 140 Vehicle	1,275,722	1,275,722	0.0
Total General Fund		\$ 29,328,996	\$ 28,897,150	16.0
Park Construction	Match funding to complete Phase 2 of Dry Creek Parkway Trail	992,000	-	0.0
Park Construction	Repave Roads at Ancil Hoffman Park and Golf Course	2,862,500	-	0.0
Roads	Pavement maintenance and rehabilitation for County roads	20,000,000	-	0.0
Total Non-General Fund		\$ 23,854,500	\$ -	0.0
TOTAL ALL FUNDS		\$ 53,183,496	\$ 28,897,150	16.0

General Fund Reserves

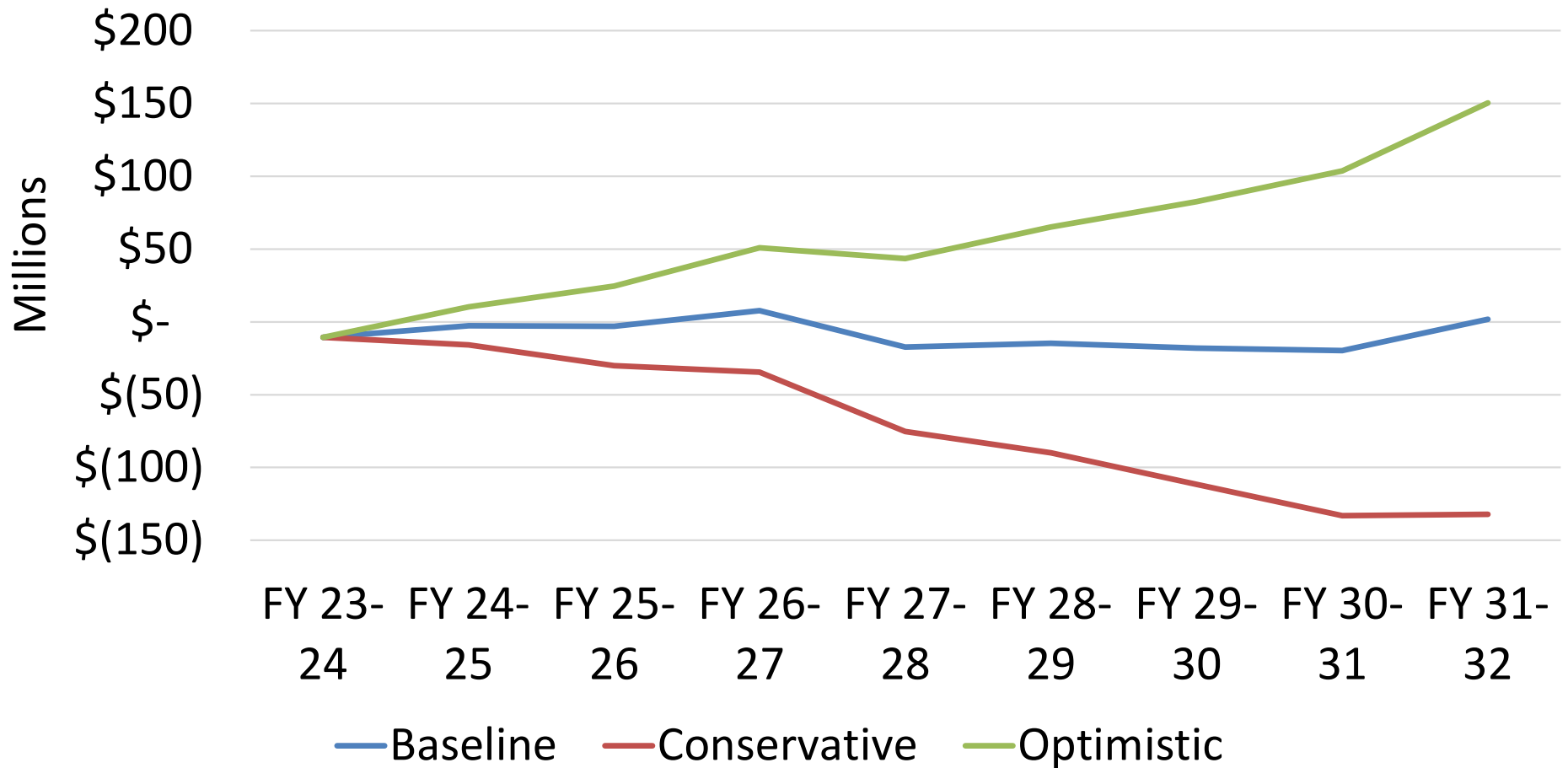
- \$17.7 million to General Reserves, bringing balance to \$87 million, which is 10% of discretionary revenues
- Reserve releases :
 - \$14.8 million Property Tax System reserve
 - \$775,000 Black Child Legacy reserve
 - \$500,000 Senior Programs reserve
 - \$104,730 Health for All Loan
- With recommended changes, total discretionary reserves would be \$288 million
 - 8% of total General Fund revenues and reimbursements

Historical Tax Revenues



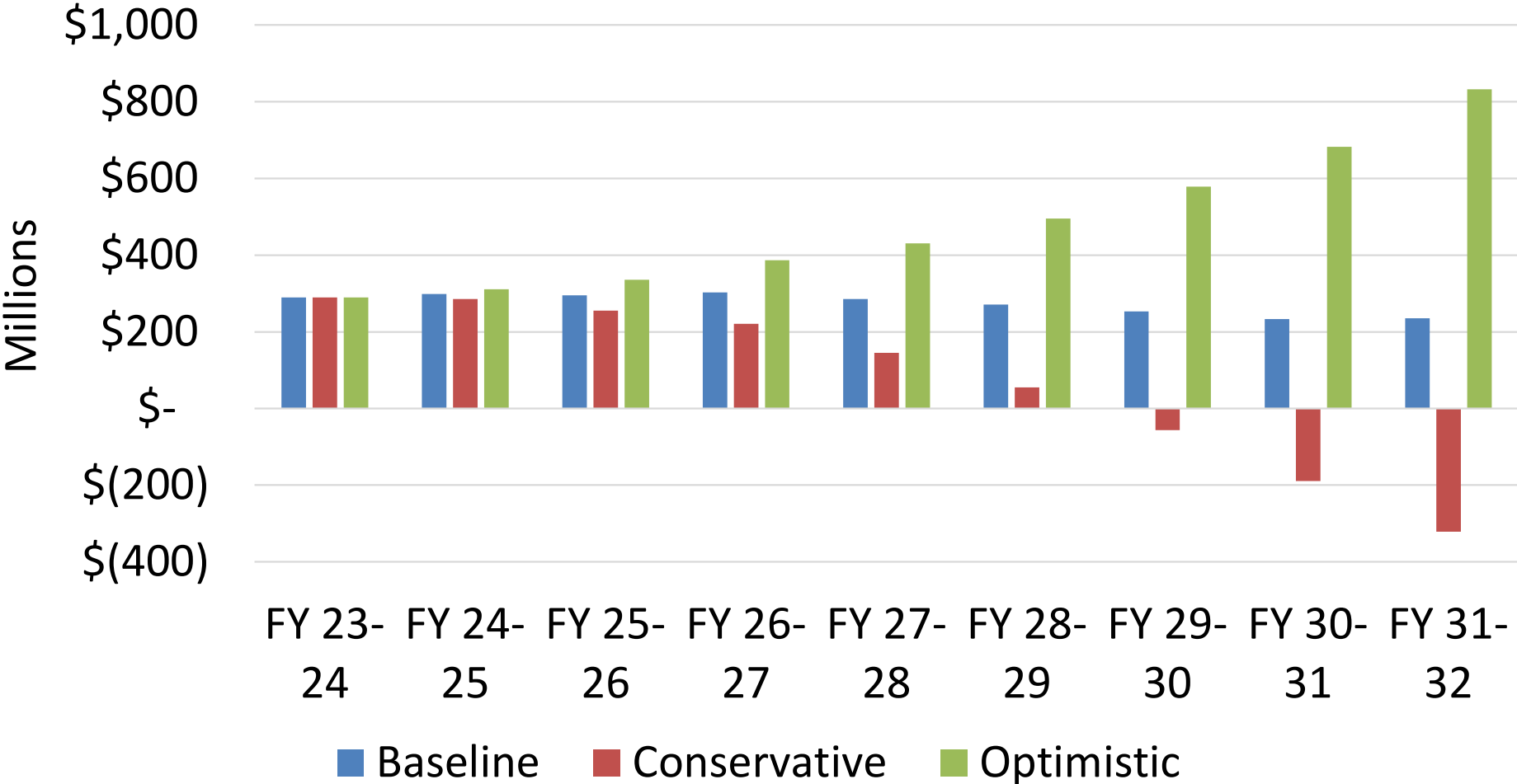
General Fund Sensitivity Analysis

PROJECTED DIFFERENCE BETWEEN DISCRETIONARY REVENUE AND NET COUNTY COST



General Fund Sensitivity Analysis

PROJECTED UNRESTRICTED FUND BALANCE



Capital Improvement Plan (CIP)

- 5-Year CIP Total: \$3.4 billion, with \$536 million in FY 2023-24
- Includes projects in following departments:
 - Airports
 - General Services: County Buildings, Libraries, Mather Community Campus
 - Regional Parks
 - Transportation
 - Waste Management & Recycling
 - Water Resources: Drainage and Water Supply
- All projects previously reviewed by the Board, most recently in April 2023, with a few minor exceptions
- Funding for FY 2023-24 projects included in the Recommended Budget

Recommended Actions

Recommended Budget:

1. Adopt the attached resolution approving the FY 2023-24 Recommended Budget and providing guidance regarding possible revisions to that Budget for final adoption.
2. Direct DPS to prepare an administrative SRA to reflect the positions approved in the FY 2023-24 Recommended Budget, including any deletion of positions and recognizing any class name changes approved by the Board but not yet reflected in the FY 2023-24 Summary of Positions.

Capital Improvement Plan:

1. Adopt the Fiscal Year 2023-24 Five-Year Capital Improvement Plan and incorporate additional projects.