



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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Matter Type: Budget Committee

Receive the Sheriff's Office Fiscal Year (FY) 2022-23 Mid-Year Financial Status Report.

RECOMMENDATION:

It is recommended that the Board of Supervisors Budget Committee:

Receive the Sheriff's Office Fiscal Year (FY) 2022-23 Mid-Year Financial Status Report.

SUMMARY/DISCUSSION:

The Monterey County Sheriff's Office (MCSO) projects ending the current fiscal year with a deficit estimated at \$4.7 million. Expenditures are estimated at \$145.2 million or \$4.4 million higher than budget, while revenues are estimated at \$46.6 million or \$377,000 less than budget.

MCSO has exercised due diligence in managing our Adopted Budget and strong Internal Controls were adhered to control any overspendings. However, there were and are unexpected and unbudgeted charges that the Department will not be able to fully absorb.

The Inmate Medical Contract with California Forensic Medical Group (CFMG) was negotiated in November 2022 by the County Counsel in accordance with the Hernandez Lawsuit Settlement. New mental health positions were added in recognition of the ever-increasing mental health treatment needs at the jail. This resulted to a 40% increase in the contract amount or \$1.9 million unbudgeted costs to the Sheriff's Budget for the remainder of FY 2022-23.

The current year estimate projects a net deficit of \$3.1 million for salaries and benefits in FY 2022-23. This is a combination of a forecast of an additional \$3.6 million in overtime over the \$7 million already budgeted for the fiscal year, unbudgeted salary increases due to Labor Negotiations and Classification and Wage study results, and unbudgeted retirement payouts amounting to \$635,000 offset by \$1 million in salary savings from vacancies. There were several key contributing factors in the increase in overtime: Most of the overtime hours are non-discretionary as they are being used to cover minimum staffing requirements. When employees are off work on workers compensation injuries or sick leave, those shifts must be backfilled. This overtime use is completely unpredictable and impossible to budget. At any time of a year, there are 30 to 40 safety employees who are not fully functional for various reasons. Therefore, it is inevitable to incur overtime to fill the mandatory positions and to provide law enforcement and protection services to the public. In addition, the need to hire temporary employees to fill critical functions amounts to an unbudgeted \$527,000. These temporary professional staff provide support to Coroner and Investigations Unit, Civil, Records and Warrants, Jail, Fiscal and IT divisions. The Sheriff's Budget increased significantly in the past ten years, however, the number of professional staff did not increase in proportion with the increase in operational needs. These temporary professional staff are critical in providing

support to the overall operations of the Sheriff's Office.

MCSO worked with Fleet to replace 21 vehicles under the Vehicle Replacement Program. These replacements need an additional \$800,000 outfit and radio costs. The property insurance of the new jail took effect mid-year costing an additional \$271,000.

MCSO has identified savings in some areas of services and supplies categories to mitigate the overall deficit such as delays in the implementation of the new fingerprint machine managed by the RAN Board resulting in savings of \$541,000.

The net decrease of \$317,000 in revenue is due to Special Events that were canceled due to the ongoing pandemic and decreased revenue from the MOU for the School Resource Officer.

Below is the summary of factors that contributed to the Sheriff's Office FY 2022-23 General Fund Contribution (GFC) overrun:

Unbudgeted Net Payroll Costs	(\$3,083,735)
Unbudgeted increase in CFMG contract	(\$1,897,770)
Funding shortage in vehicle related costs	(\$780,000)
Unbudgeted increase in property insurance	(\$271,139)
Savings from equipment maintenance due to delays in implementation of new Fingerprint System	\$541,000
Savings from various services and supplies, including hospital contract	\$1,138,480
Sub-total	\$4,353,164
Funding shortage in revenues	(\$376,950)
FY 2022-23 Mid-Year Estimated Deficit	\$4,730,114

With the recent Storm Disaster in January 2023, MCSO has incurred additional costs estimated at \$765,000 consisting of \$662,000 in overtime costs and \$103,000 in supplies, not included in the above Mid-Year \$4.7 million deficit estimate. This results in a revised estimated deficit of \$5.5 million for FY 2022-23.

The General Fund Contribution was budgeted at \$93.8 million. The Sheriff's Office will do its best to manage the operating costs and reduce the projected deficit of \$5.5 million.

Under the new Administration, the following measures will be implemented to lower the projected deficit:

1. Control and reduce overtime by around \$1 million.
2. Cancel the outfitting of the new vehicles and move it to next fiscal year to save around \$800,000.
3. Delay payments towards the Vehicle Replacement Program of the new vehicles to save around \$75,000.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office has reviewed the report.

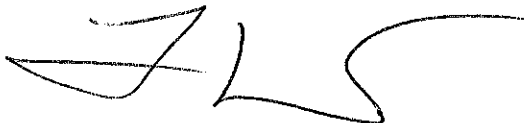
FINANCING:

No financing is requested in this report and its receipt does not have a fiscal impact. The Department will work closely with the CAO to identify potential sources of funding and request additional appropriations closer to the end of the year as required.

Prepared By: Keith Boyd, Undersheriff, ext. 3859

Approved By: Tina Nieto, Sheriff/Coroner, ext. 3750

Attachments:
Board Report

A handwritten signature in black ink, appearing to be 'T. Nieto', is written over the 'Attachments:' section.