

County of Monterey FY 2024-25 Budget Workshop

Board of Supervisors 04/02/2024



Order of Presentation

- Current Year Estimate and Forecast
 - General Fund
 - Year end Estimate and Forecast Overview
 - Revenue Trends
 - Expenditure Trends and Cost Drivers
 - Other Funds
- Baseline Budget Requests Summaries
- Augmentation Requests Summaries
- State Budget Impacts
- Next Steps



Current Year End Estimate and Forecast



General Fund



General Fund Current Year Estimate Favorable

- Current year estimate shows positive balance of \$11.4 million adding \$10.7 million to unassigned fund balance

	2022-23	FY 2023-24			2024-25	2025-26	2026-27
	Actual	Adopted	Modified	Year-End Estimate	Forecast		
Available Financing:							
Beg. Unassigned Fund Balance	\$ 4.0	\$ -	\$ 0.7 ▲	\$ 0.7	\$ -	\$ -	\$ -
Release of Fund Balance	167.1	11.1	11.6 ▲	12.3 ▲	-	-	-
Revenues	798.2	836.7	841.9	836.6	831.2	839.3	852.9
Total Financing Sources	\$ 969.3	\$ 847.8	\$ 854.2	\$ 849.6	\$ 831.2	\$ 839.3	\$ 852.9
Financing Uses:							
Assignments/Restrictions	\$ 100.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures	856.0	844.3 ▼	851.8	835.8	860.7	879.9	896.6
<i>Salary Adjustment</i>					(6.6)	(6.7)	(6.8)
Appropriation for Contingencies	-	3.5	2.4 ▲	2.4	3.4	3.4	3.4
Total Financing Uses	\$ 956.0	\$ 847.8	\$ 854.2	\$ 838.2	\$ 857.5	\$ 876.6	\$ 893.2
Ending Unassigned Fund Balance	\$ 13.3	\$ -	\$ -	\$ 11.4	\$ (26.3)	\$ (37.3)	\$ (40.3)

Forecasted years show a deficit of \$26.3 million in FY 2024-25 which grows to \$37.3 and \$40.3 million in FY 2025-26 and FY 2026-27

The deficit for FY 2024-25 for status quo operations is estimated at \$12.6 million.

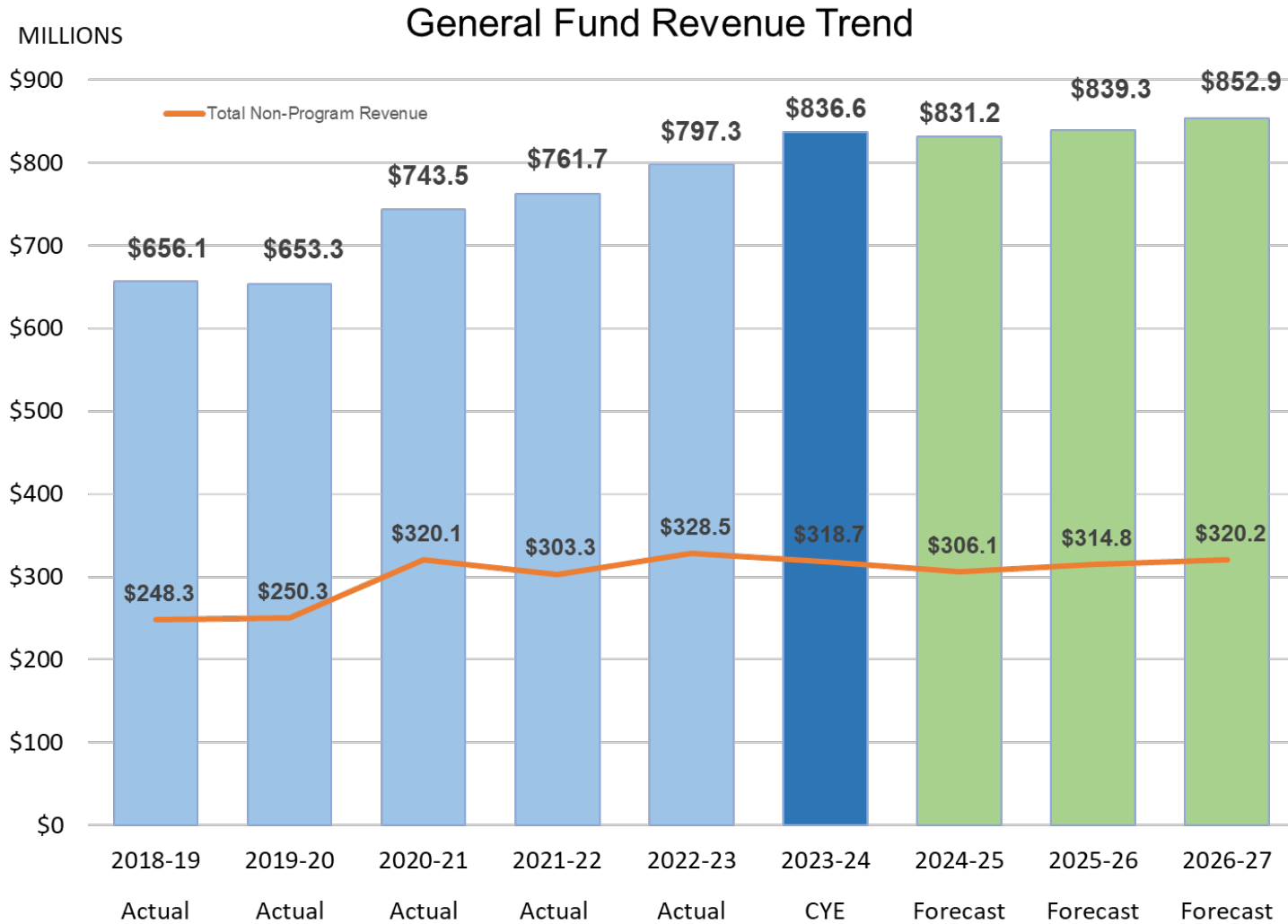
Figures in millions



Revenues



General Fund Revenue Still Increasing

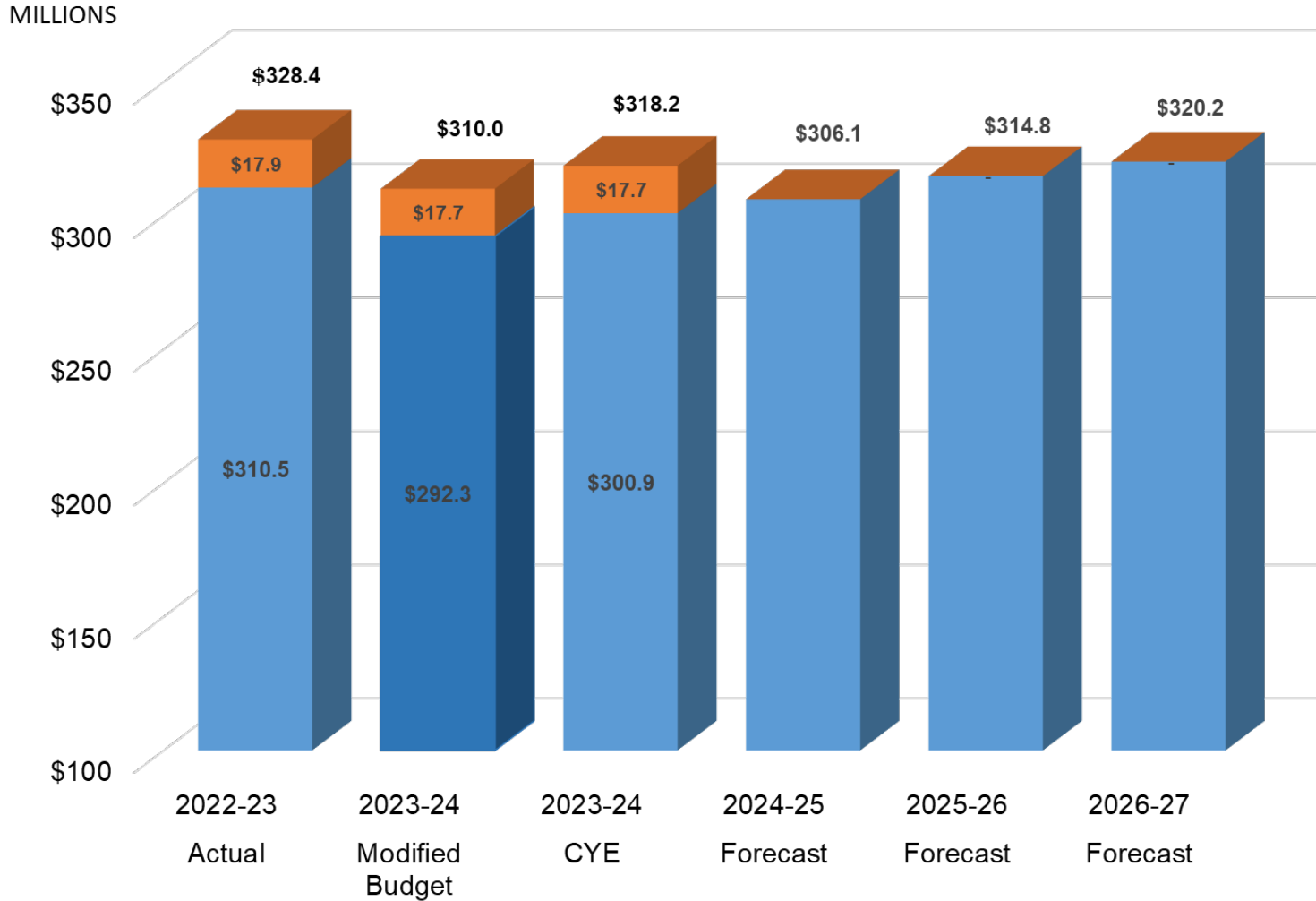


- General fund revenue is estimated to increase by \$39.3 million in FY 2023-24 when compared to actuals in FY 2022-23.
- Overall revenue is projected to decrease \$5.4 million the following year before increasing to \$852.9 million by the end of the forecast period. The decrease from FY 2023-24 to 2024-25 is related to one time revenue (mostly ARPA).



General Fund Discretionary Revenue Still Increasing

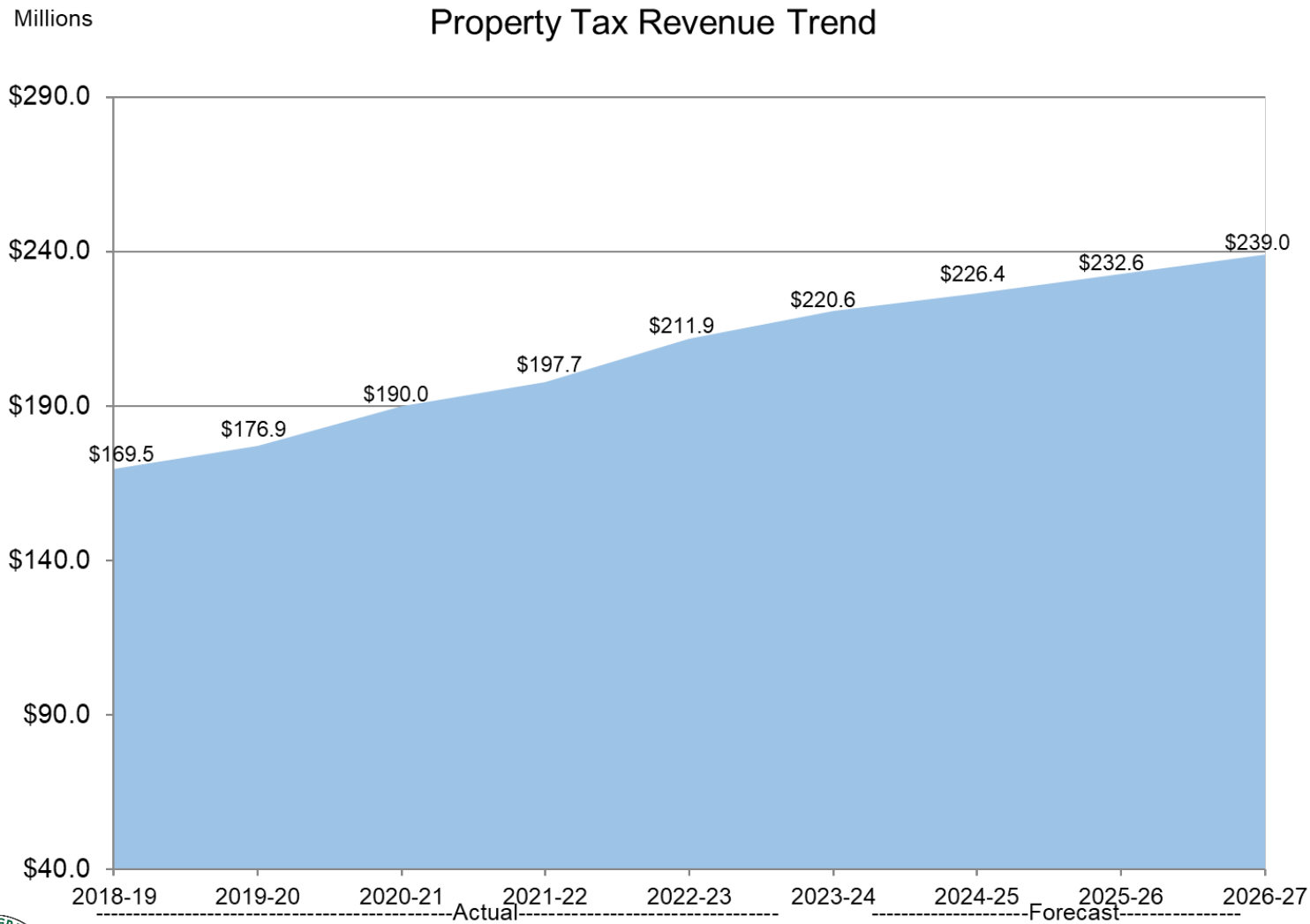
Discretionary Revenue Forecast



- Discretionary revenue is projected higher by \$8.2 million in FY 2023-24 compared to budget, with primary growth derived from Property Taxes and Transient Occupancy Taxes
- FY 2024-25 revenue is projected \$12.1 million below the current year estimate. When adjusting for effects of one-time revenue, overall revenue is increasing \$5.2 million.



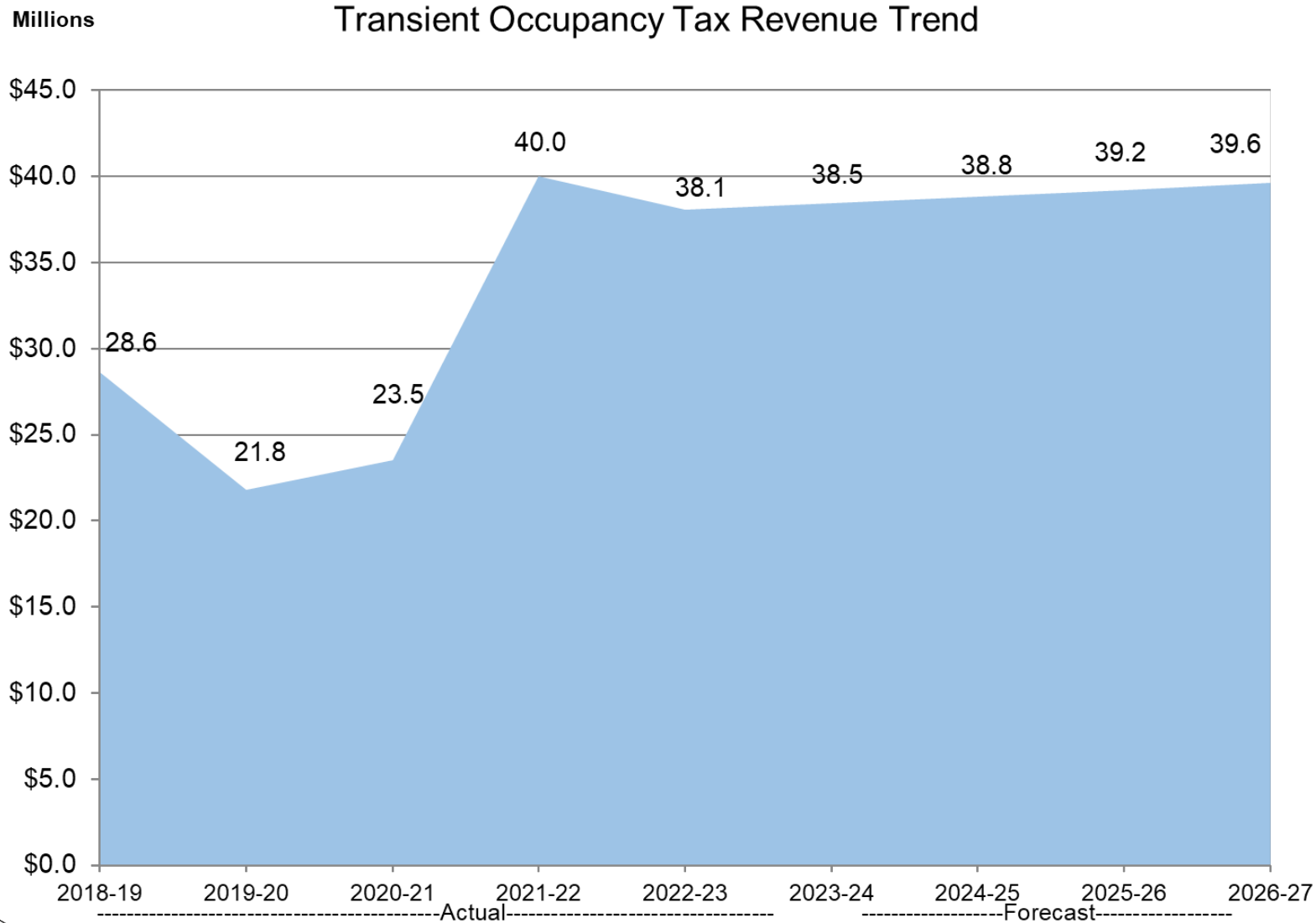
General Fund Discretionary Revenue Drivers – Property Tax



- Property Taxes have continued to grow, with the most significant growth occurring in FY 2022-23 and continued growth projected in the forecast years.
- Property taxes have been surprisingly strong amid the pandemic and other economic pressures; but need to monitor closely as reduction in this revenue could be impactful to service levels



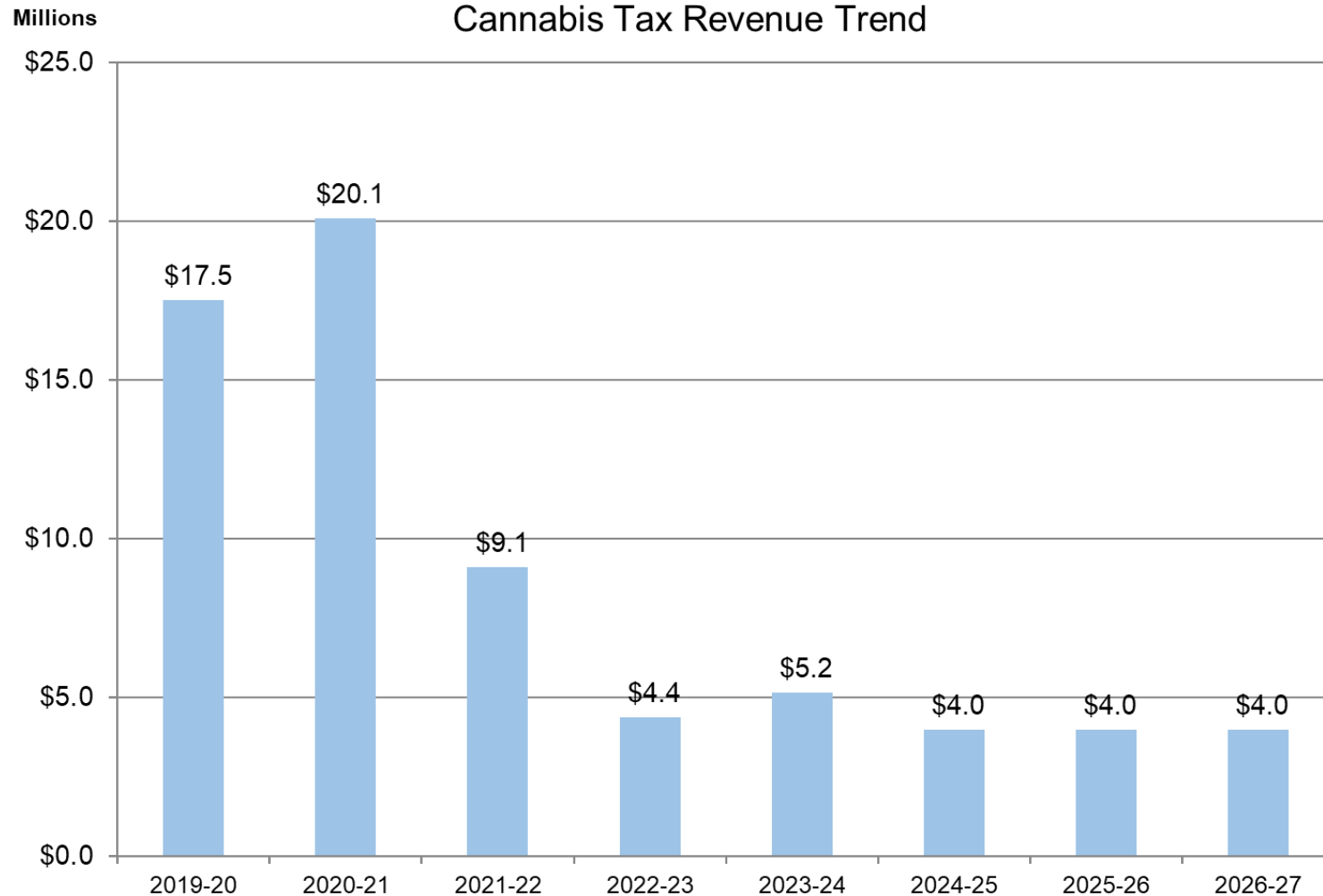
General Fund Discretionary Revenue Drivers – TOT



- Transient Occupancy Taxes are the County's second largest source of discretionary revenue. This funding source is also one of the most volatile as it responds quickly to changes in the economy
- FY 2021-22 actuals of \$40 million represents an unprecedented amount for this revenue but actuals for FY 2022-23 were lower at \$38.1 million.
- Revenue is projected to increase in the forecast years, but the County must monitor closely due to its high volatility



General Fund Cannabis Revenue



- Cannabis revenue has also changed significantly year over year since its inception; latest estimates indicate this revenue source will be \$5.2 million in FY 2023-24.
- This estimate could change significantly dependent on industry performance.
- Revenue collected in FY 2023-24 as of 02/22/2024 is \$3.3 million.



ARPA Revenue

General Fund	Spent			Allocated*	Variance	Budgeted	Allocated	Total
	FY 2020-21	FY 2021-22	FY 2022-23					
Department								
Ag Commissioner	\$ -	\$ 222,353						\$ 222,353
Assessor-Clerk Recorder						\$ 545,159		\$ 545,159
Auditor Controller	\$ -	\$ 167,200	\$ 356,590	\$ 356,590	\$ -			\$ 523,790
Board of Supervisors	\$ -	\$ -	\$ 234,506	\$ 234,506	\$ -			\$ 234,506
Civil Rights	\$ -	\$ 50,799	\$ 199,010	\$ 204,767	\$ 5,757	\$ 38,294		\$ 288,103
Clerk of the Board	\$ -	\$ -	\$ 102,727	\$ 102,727	\$ (0)			\$ 102,727
Cooperative Extension						\$ 40,118		\$ 40,118
County Administrative Office	\$ 4,989,651	\$ 2,669,030	\$ 2,605,688	\$ 3,668,762	\$ 1,063,074	\$ 2,667,864	\$ 800,000	\$ 13,732,234
County Administrative Office EOC	\$ 747,169	\$ (747,169)	\$ -	\$ 100,000	\$ 100,000	\$ 100,000		\$ 100,000
County Counsel	\$ -	\$ 107,494	\$ 517,710	\$ 517,710	\$ -			\$ 625,204
Department of Emergency Management						\$ 215,354	\$ 195,354	\$ 410,708
District Attorney	\$ -	\$ 237,000	\$ 1,687,964	\$ 1,687,964	\$ -	\$ 100,325		\$ 2,025,289
Elections						\$ 1,460,659		\$ 1,460,659
Health	\$ 2,045,677	\$ 6,329,477	\$ 1,955,732	\$ 3,307,419	\$ 1,351,687	\$ 749,148	\$ 77,973	\$ 11,158,007
Housing and Community Development	\$ -	\$ 934,112	\$ 520,000	\$ 520,000	\$ -	\$ 320,906		\$ 1,775,018
Human Resources	\$ -	\$ 349,545	\$ 652,660	\$ 652,659	\$ (1)	\$ 50,000		\$ 1,052,204
Information Technology	\$ -	\$ -	\$ 1,395,901	\$ 3,295,901	\$ 1,900,000	\$ 4,095,333		\$ 5,491,234
Probation	\$ -	\$ 371,012	\$ 12,558	\$ 12,560	\$ 2	\$ 136,182		\$ 519,752
Public Defender	\$ -	\$ 504,002	\$ 559,549	\$ 559,549	\$ -	\$ 292,970		\$ 1,356,521
Public Works Facilities and Parks	\$ 424,720	\$ 3,400,726	\$ 1,414,394	\$ 1,414,394	\$ -	\$ 1,523,102		\$ 6,762,943
Sheriff Coroner	\$ 504,038	\$ 2,906,798	\$ 3,812,723	\$ 3,812,723	\$ -	\$ 3,380,255		\$ 10,603,814
Social Services	\$ 256,989	\$ 223,822	\$ 1,518,629	\$ 2,062,293	\$ 543,664	\$ 2,114,659		\$ 4,114,099
Social Services (storm- general asst)			\$ 25,575	\$ 250,000	\$ 224,425			\$ 25,575
Treasurer Tax Collector	\$ -	\$ 61,810		\$ -	\$ -	\$ 38,203		\$ 100,013
Totals General Fund	\$ 8,968,245	\$ 17,788,011	\$ 17,571,916	\$ 22,760,524	\$ 5,188,608	\$ 17,868,531	\$ 1,073,327	\$ 63,270,030
Other Funds								
	Spent			Allocated	Variance	Allocated	Allocated	Total
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2022-23	FY 2023-24	FY 2024-25	All Years
Emergency Communications	\$ -	\$ 278,046			\$ -			\$ 278,046
Public Works - Carmel Lagoon		\$ 96,867	\$ 110,583	\$ 160,027	\$ 49,444	\$ 49,444		\$ 256,894
Public Works - prop 68		\$ -	\$ 63,001	\$ 157,848	\$ 94,847	\$ 94,857		\$ 157,858
Public Works - Road Fund	\$ -	\$ 110,000			\$ -			\$ 110,000
Public Works - Boronda CSD	\$ -	\$ 38,993			\$ -			\$ 38,993
Public Works - San Jerardo CSD	\$ -	\$ 35,159	\$ 131,341	\$ 131,341	\$ -			\$ 166,500
Public Works - Pajaro CSD	\$ -	\$ -	\$ 1,178,797	\$ 1,178,797	\$ -	\$ 1,160,163		\$ 2,338,960
Public Works - Capital Projects	\$ -	\$ 1,655,119	\$ 7,024,104	\$ 7,565,866	\$ 541,762	\$ 7,208,384	\$ -	\$ 15,887,607
Public Works - Health HVAC	\$ -	\$ -	\$ 22,346					\$ 22,346
Workforce Development Board Fund	\$ 745,342	\$ 145,425		\$ -	\$ -			\$ 890,766
Totals Other Funds	\$ 745,342	\$ 2,359,609	\$ 8,530,173	\$ 9,193,879	\$ 686,052	\$ 8,512,848	\$ -	\$ 20,125,625
Grand Total Obligated County	\$ 9,713,586	\$ 20,147,619	\$ 26,102,089	\$ 31,954,403	\$ 5,874,660	\$ 26,381,379	\$ 1,073,327	\$ 83,395,654
Unobligated			\$ 55,963,295					\$ 84,311,261

- Total County allocation is \$84.3 million
- \$9.7 million was spent in FY 2020-21, \$20.1 million in FY 2021-22, and \$26.1 million in FY 2022-23.
- FY 2021-22 was the first full fiscal year these funds were available as Congress enacted this bill around May of 2021
- The Board approved a three and a half fiscal year plan for the use of the funds to enable the County to respond to the pandemic. This plan allocated higher dollar amounts in FY 2021-22 and FY 2022-23 to minimize the County's dependence on these funds in the out years
- \$910,000 of the total remains unallocated in accordance with this plan; the budget office recommends fully allocating these funds as part of the budget process; allowing the Board to look at comprehensive County needs and available funding



ARPA Revenue

- Total County allocation is \$84.3 million
- \$3.8 million included in PWWP baseline budget from prior year allocations
 - \$2.8 million in fund 404 and \$989,674 for Laguna Seca projects
 - Total original allocation was \$15.89 million

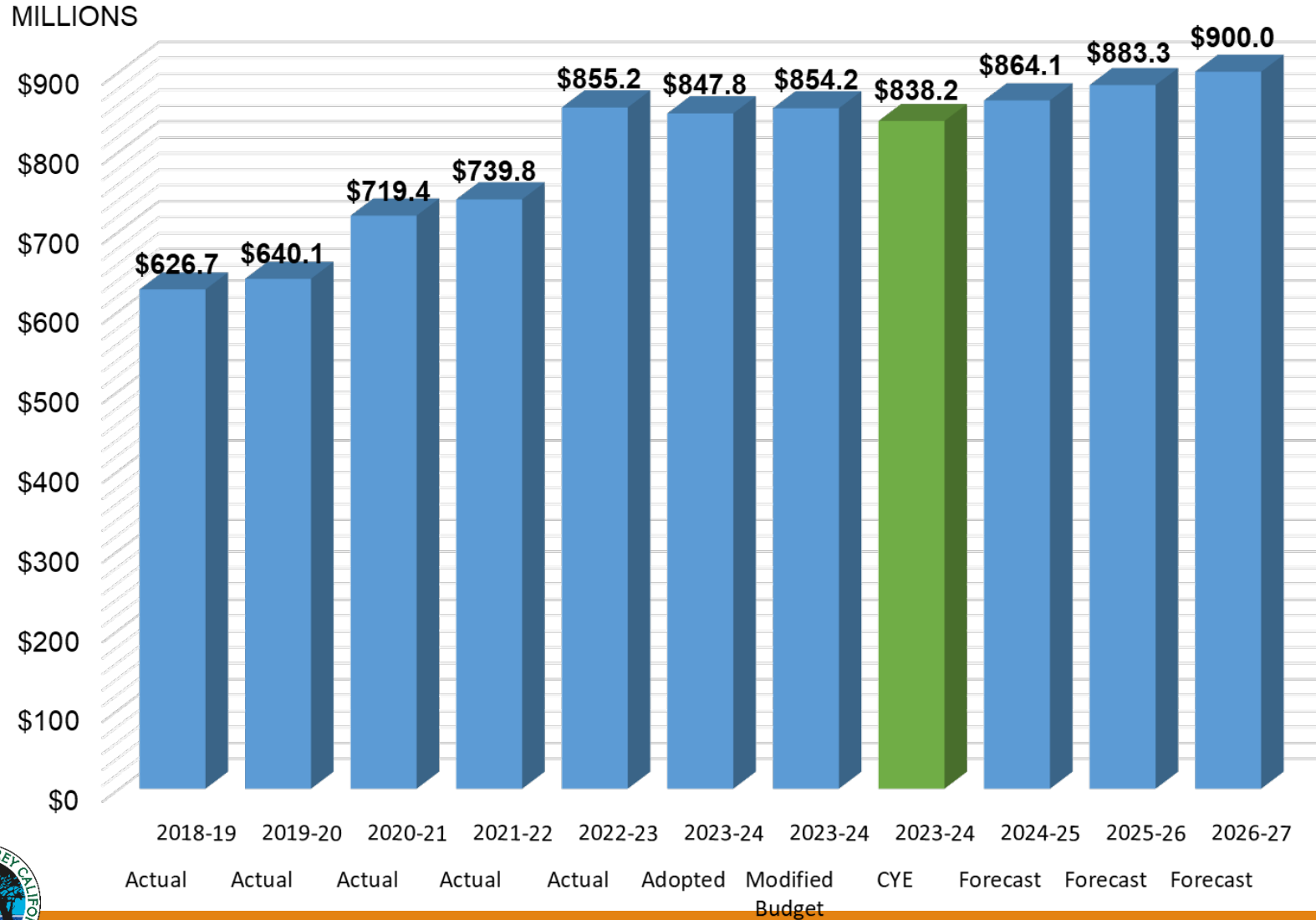


Expenditures and Cost Drivers



General Fund Expenditures Trend

General Fund Expenditure Trend

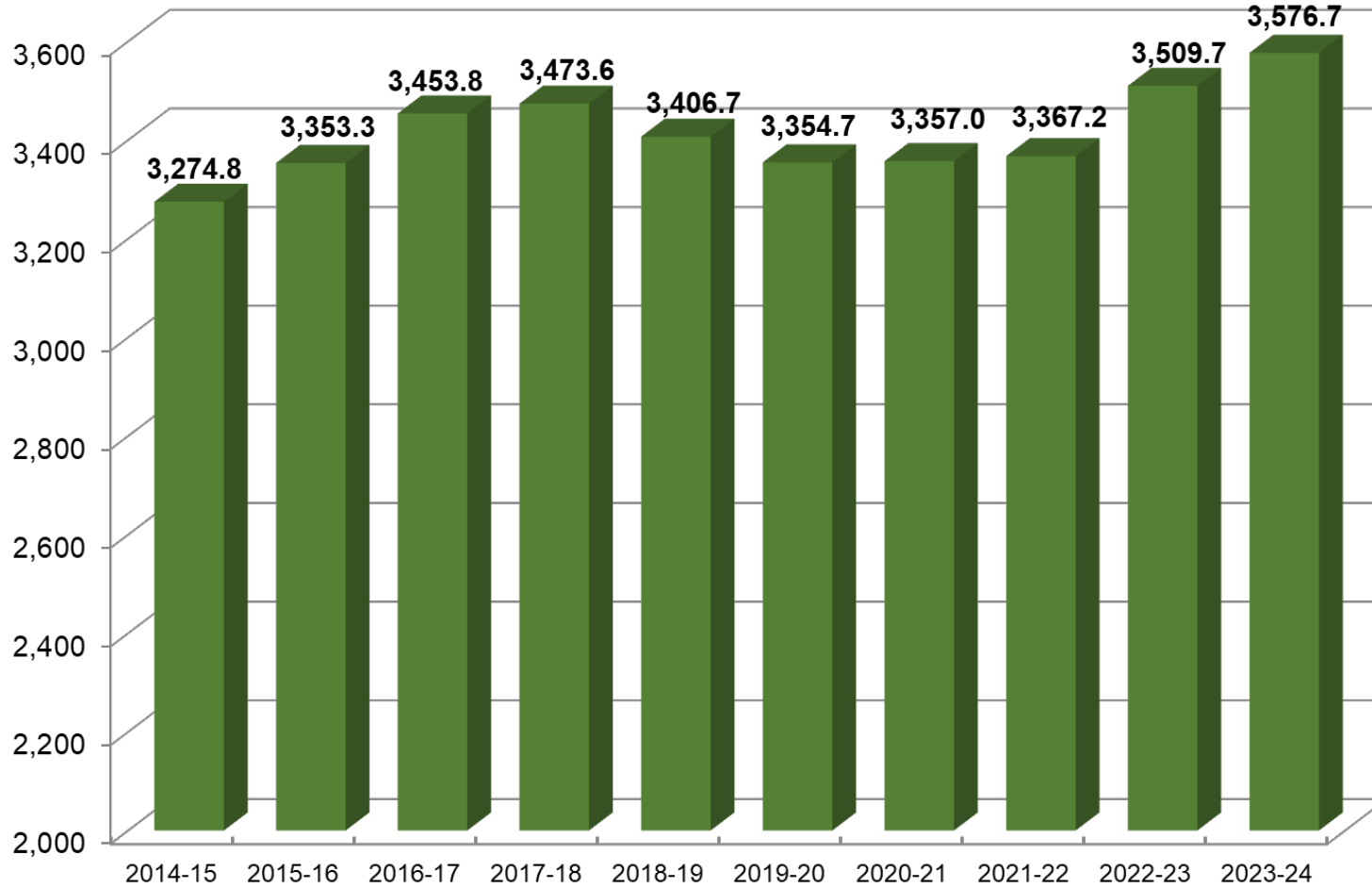


- Expenditures in the general fund continue to grow at a faster rate than revenue
- Current year estimates indicate expenditures of \$838.2 million, that is \$211 million more than the County spent in FY 2018-19
- Expenses continue to grow in the forecast years due to cost drivers explained in the following slides.



General Fund Cost Drivers - Positions

General Fund Authorized Positions

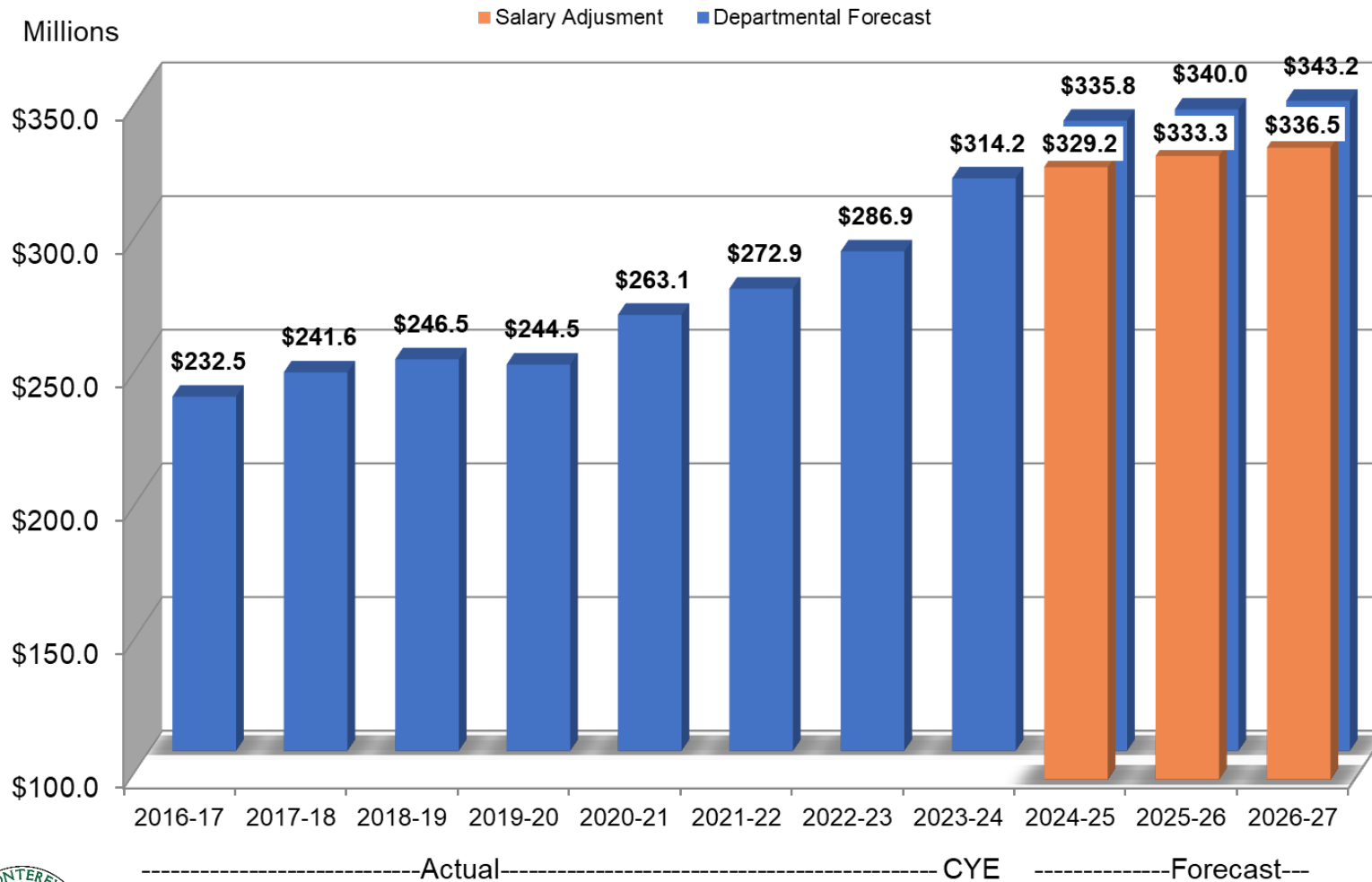


- Positions have grown from a low of 3,274.8 in FY 2014-15 to 3,576.7 in the current year



General Fund Cost Drivers - Salaries

General Fund Salary Expenditure Trend

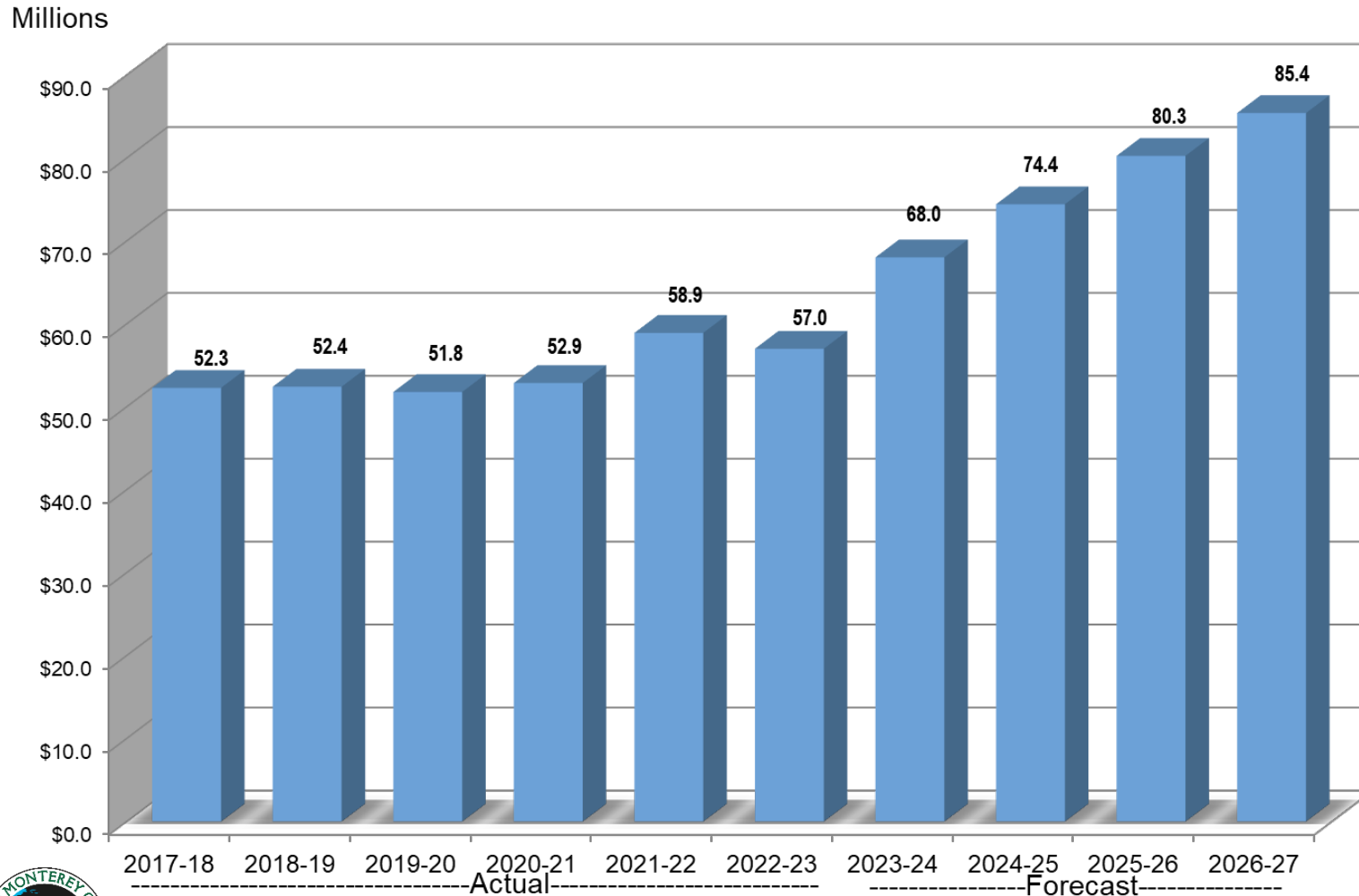


- Salaries are estimated to grow to \$314.2 million in FY 2023-24; an increase of \$27.3 million from FY 2022-23.
- The largest contributing factor to this growth is related to increased wages due to labor agreement negotiations, wage studies and cost of living adjustments
- Additionally, salaries are projected to grow to \$335.8 million by FY 2024-25
- Part of this increase is driven by the increase in total positions
- But increased wages due to cost of living adjustments, negotiations and wage studies also play a significant part



General Fund Cost Drivers – Health Insurance

General Fund Employee Health Insurance Expenditures

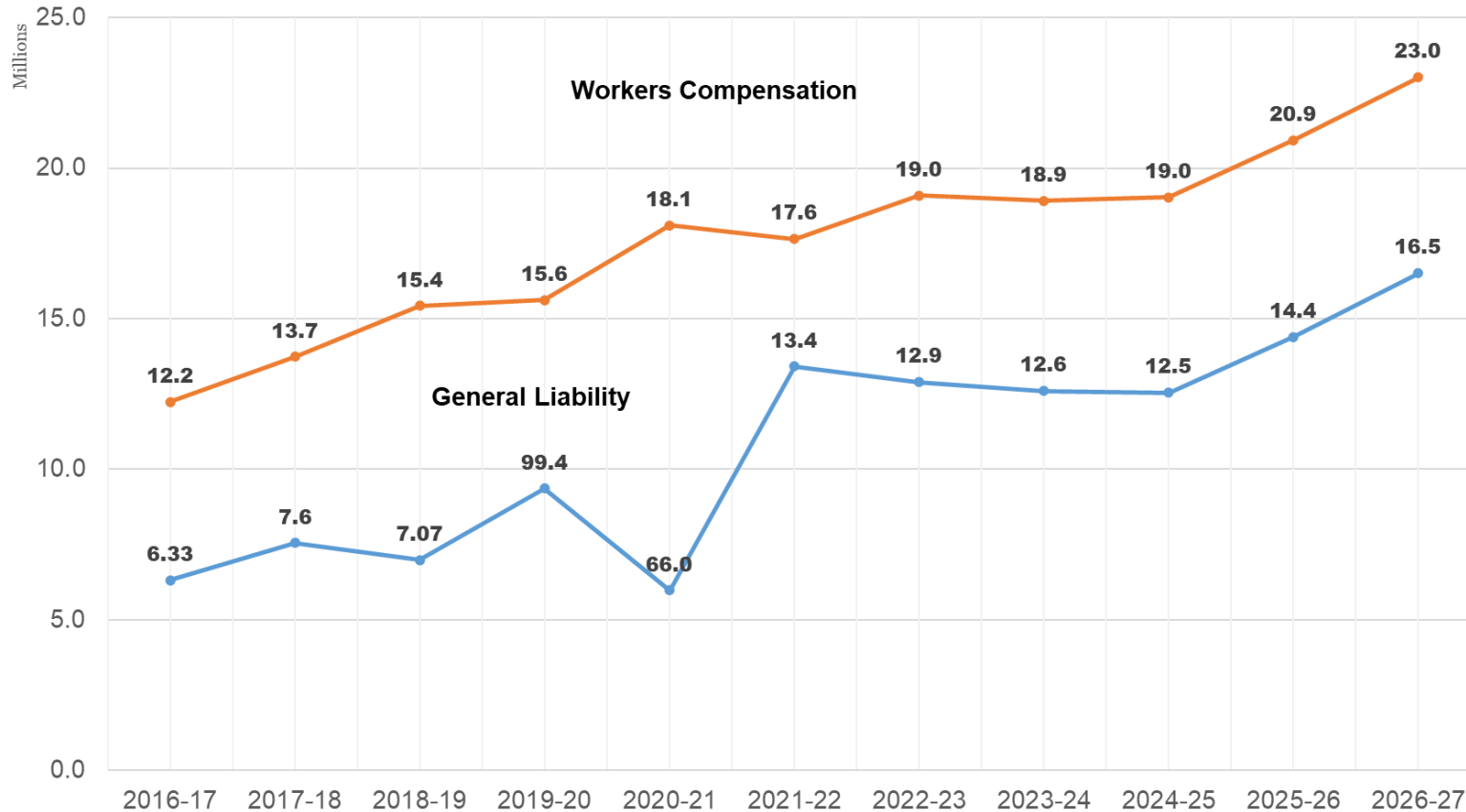


- Health Insurance costs are projected at \$68 million at the end of FY 2023-24, which represents an increase of \$11 million from the prior fiscal year.
- This rate of growth is unprecedented and is expected to continue in FY 2024-25 (\$6.4 million) because of increased premiums and negotiated labor agreements which increased the County’s share of the cost of those premiums.
- Additionally, cash back payments to bargaining units which previously did not receive them were implemented as part of the new labor agreements



General Fund Cost Drivers – GL and WC

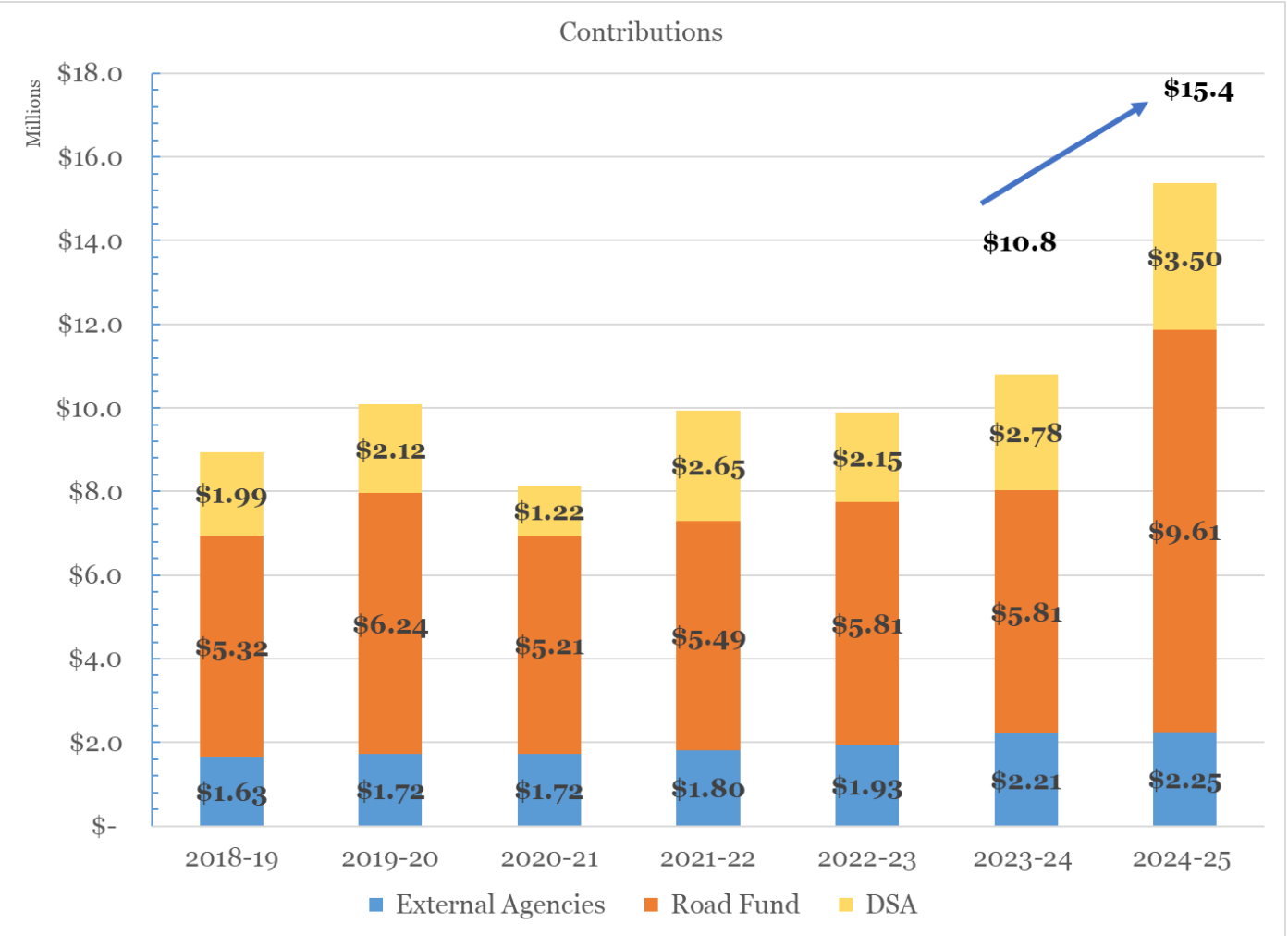
General Fund Workers Comp and General Liability Costs



- Workers' compensation and general liability costs continue to grow, and it is important to manage this growth to minimize the impact on County operations



General Fund Cost Drivers – Contributions



- Contributions will grow by \$6.1 million in FY 2024-25 from FY 2023-24 levels due to
 - The Board’s decision to provide 25% of Transient Occupancy Taxes to the Road fund (\$3.8 million increase), and
 - Restoring the formula approach to contributions to the Development Set Aside (DSA) agencies (\$0.8 million).
 - Increase in contributions to fire agencies (172 revenue share \$.04 million)

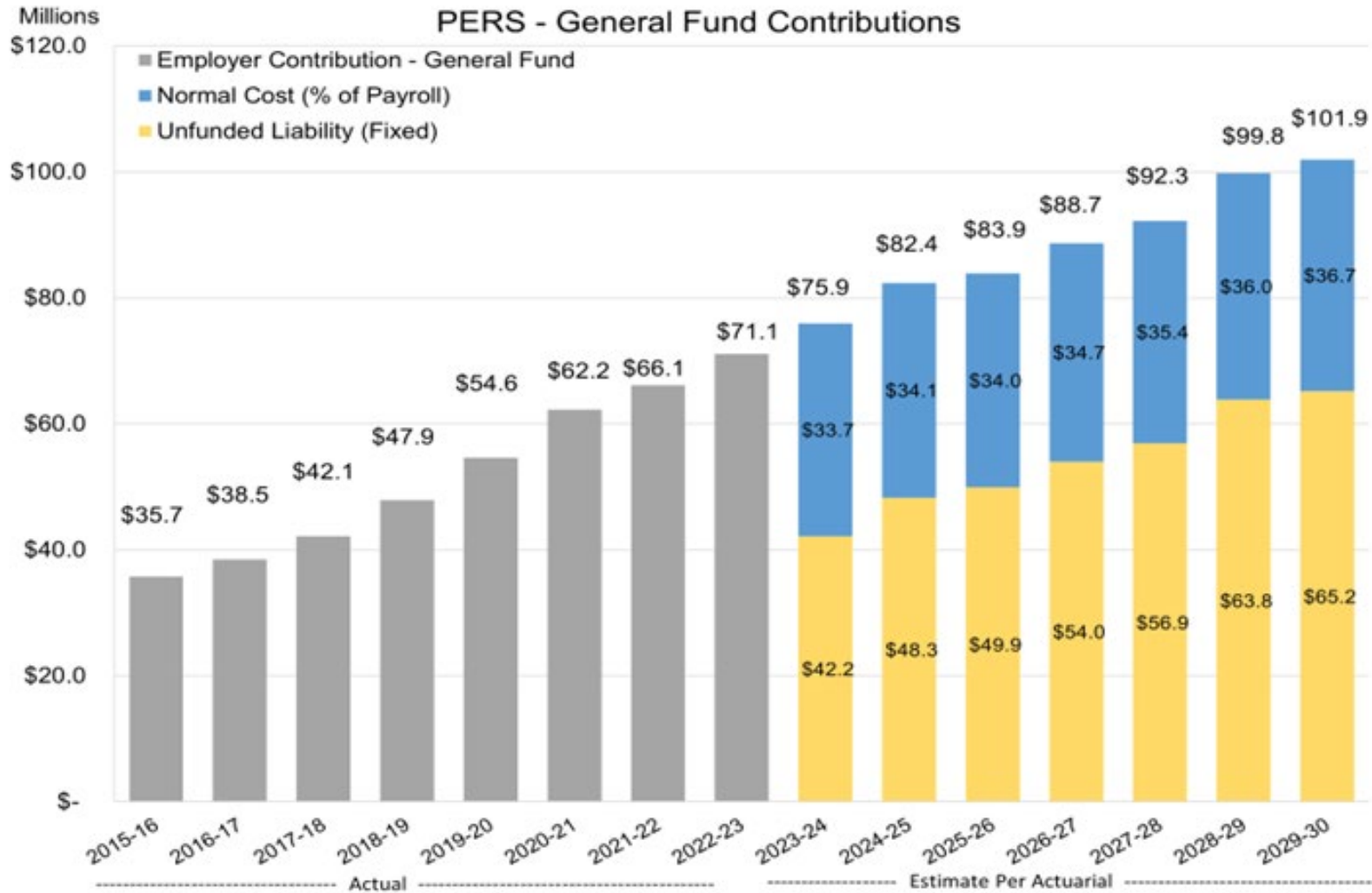


General Fund Cost Drivers – Contributions

County Contributions Other Agencies		
	FY 24	FY 25
Contributions BU8029	Adopted	Baseline GFC
ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS	\$ 37,368	\$ 37,368
CA CANNABIS AUTHORITY JPA	\$ 7,000	\$ -
COURT APPOINTED SPECIAL ADVOCATES OF MONTEREY COUNTY	\$ 50,000	\$ 50,000
LAFCO	\$ 390,424	\$ 390,424
MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT	\$ 59,153	\$ 59,153
PAJARO RIVER WATERSHED FLOOD PREVENTION AUTHORITY	\$ 10,000	\$ 10,000
PAJARO SUNNY MESA COMMUNITY SERVICES DISTRICT	\$ 25,000	\$ 25,000
PRUNEDALE SENIOR CENTER	\$ 25,000	\$ 25,000
SALINAS REGIONAL SOCCER COMPLEX	\$ 200,000	\$ -
SALINAS VALLEY PROMISE (Hartnell College Foundation)	\$ 200,000	\$ -
MONTEREY COUNTY HISTORICAL SOCIETY	\$ 75,000	\$ -
COMMUNITY ASSOCIATION OF BIG SUR	\$ 56,250	\$ -
SHUMAN HEART HOUSE	\$ 100,000	\$ -
REGENARATIVE MONTEREY COUNTY (2nd MUSE)	\$ 75,000	\$ -
PAJARO SUNNY MESA - PAJARO PARK	\$ 59,000	\$ -
MCBC - Small Business Technical Assistance Grant	\$ 64,000	\$ -
Contributions	\$ 1,433,195	\$ 596,945
Development Set Aside		
MCCVB	\$ 1,775,580	\$ 2,284,417
Arts Council	\$ 559,691	\$ 753,858
Film Commission	\$ 268,842	\$ 361,699
MCBC	\$ 175,000	\$ 100,000
Total DSA	\$ 2,779,113	\$ 3,499,974



General Fund Cost Drivers – Pension Costs



- Pension costs are projected to increase to \$75.9 million in FY 2023-24 and grow to a high of \$101.9 in FY 2029-30.
- Costs being paid in FY 2023-24 are more than double the amount the County paid in FY 2015-16
- These cost increases are due to changes in the discount rate resulting from responses to the investments' performance
- Normal cost remains stable in the projections, but unfunded liability costs have grown significantly and remain the more volatile part of this cost



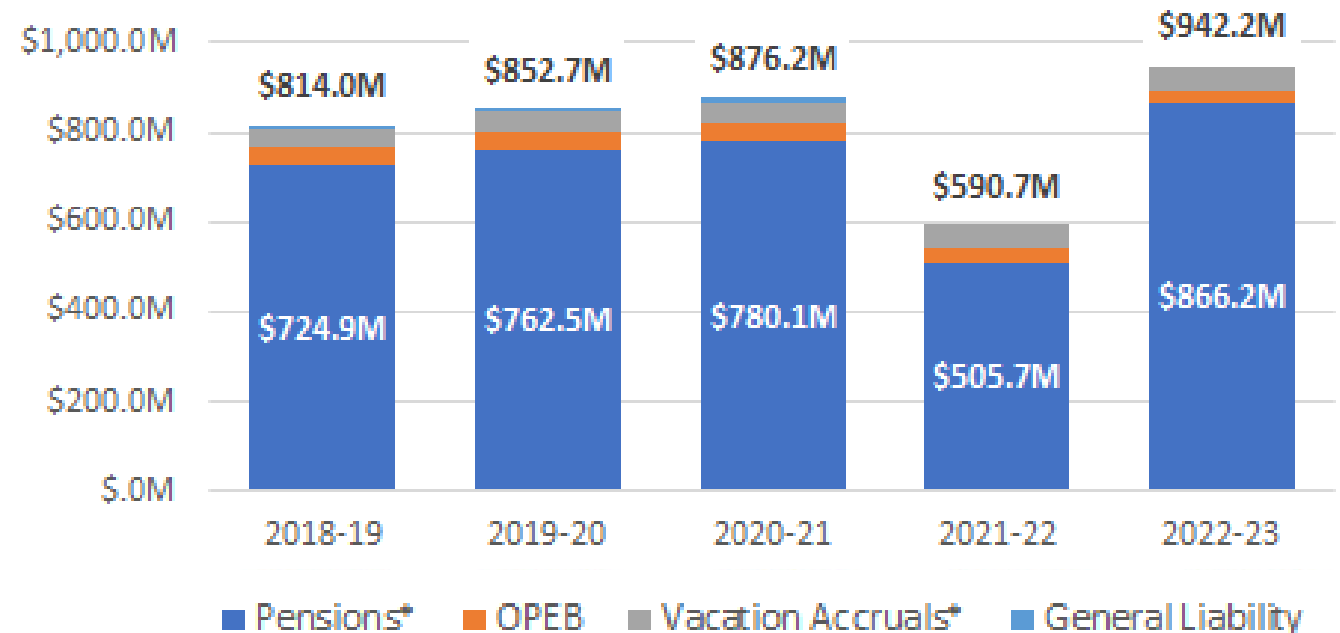
Unfunded Liabilities

Actuarial obligations grew by \$351.5 million overall

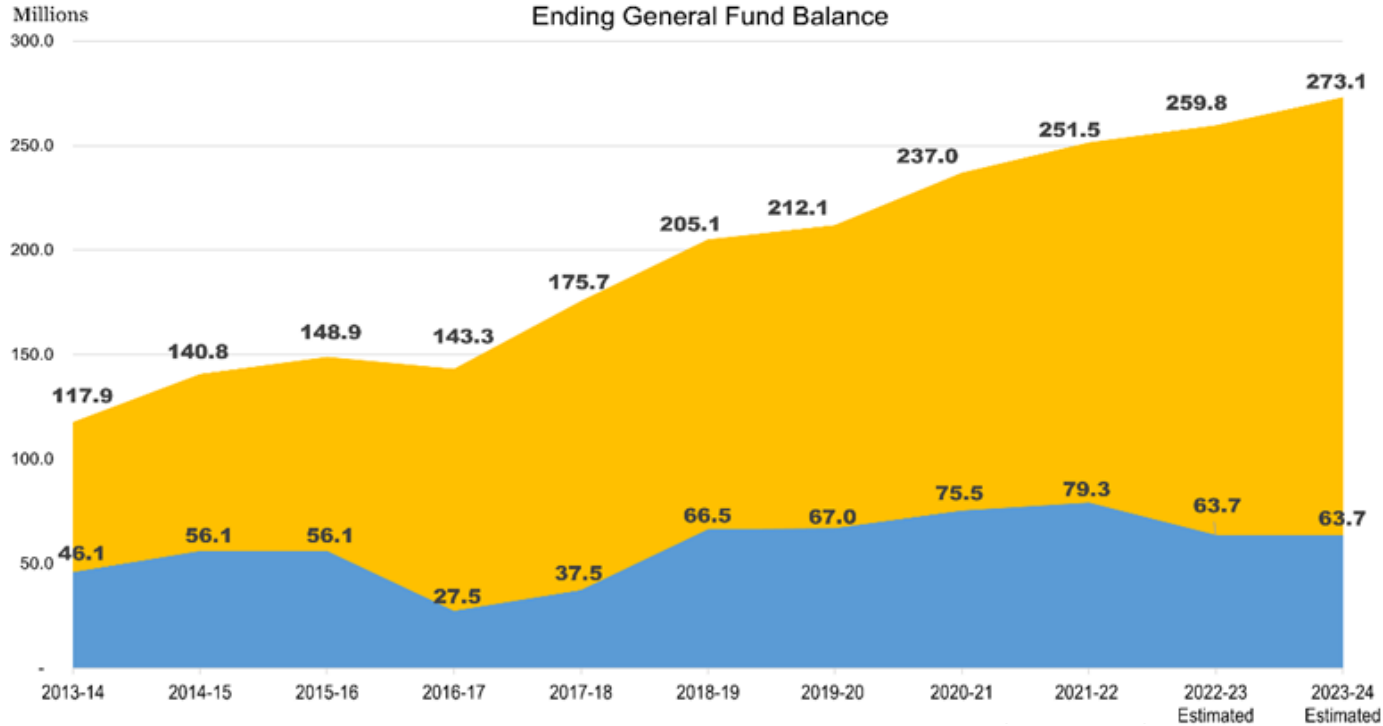
Net Unfunded employee pension benefits are the largest liability at \$866.2 million (\$947.5 million UAL - \$81.3 in 115 trust).

- Increase of \$360.5 million
- CalPERS investment return -6.1%
- Impacts of lower discount rate on unfunded liability to continue FY25
- The discount rate was lowered to 6.8% in 2021 and remains at that level

Unfunded Liabilities
(actuarial obligations)



Strategic Reserve



■ Ending GF Fund Balance ■ Strategic Reserve

- Strategic reserve balance is estimated at \$63.7 million since a significant portion was used during FY 2022-23.
- Pending any uses of the reserve for FY 2023-24 storm impacts, this level could be reduced.
- Also, the Board approved \$6.9 million from the strategic reserve for emergency response March 26, 2024.

Disaster	Description	Estimated Available Cost	Best Available Federal Share Cost (FEMA)		Reimbursement Amount	
			Obligated	Received	Outstanding	
4683	2023 January Storms	25,295,753	19,141,834	18,447		19,141,834
4699	2023 March Storms	66,115,505	49,586,629	0		49,586,629
4558	2020 Fires	1,820,703	1,737,358	1,737,358	1,123,053	614,306
4482	COVID	31,766,408	18,214,534	2,385,919	1,841,810	16,372,724
4434	2019 Storms	456,032	77,251	77,251	68,833	8,418
Total		125,454,401	88,757,606	4,218,975	3,033,696	85,723,910



Emerging County's Needs

Emerging Needs - General Fund	FY 2022-23	FY 2023-24	FY 2024-25
Wage study adjustments	\$ 3,089,163	TBD	TBD
Salary Increases, Labor Agreements*	\$ 17,356,062	\$ 22,541,919	TBD
PERS Contribution Increase	\$ 3,886,936	\$ 3,627,166	TBD
Pandemic Response Costs	TBD	TBD	TBD
Winter Storm & Atmospheric River Event	TBD	TBD	TBD
Total	\$ 24,332,161	\$ 26,169,085	\$ -

- Salary increases are projected to impact the current year's budget by 22.5 million
- Wage study adjustments will continue to impact the County's costs into the future
- Most of the ARPA revenue will sunset after FY 2023-24
 - pandemic response costs may impact the county without this revenue source
- Winter and Atmospheric River Events, or other disasters will continue to impact the County so the County must have adequate reserves to respond to these emergencies.
- Labor agreements are expiring at the end of FY 2023-24, any cost increases resulting from these negotiations would exacerbate the projected deficits.



Departmental Estimated Results and Other Funds



Departmental Performance

Departments projecting a deficit in the fiscal year (more details on page 3 of the forecast report)

- Health, self funded, so this deficit is eliminated
- Public Works
- Sheriff
- Social Services

Department	Modified GFC Budget FY 2023-24	Estimated GFC FY 2023-24	Variance
Agricultural Commissioner	\$ 5,020,091	\$ 4,586,868	\$ 433,223
Auditor-Controller	\$ 1,572,281	\$ 1,238,531	\$ 333,750
Assesor-County Clerk Recorder	\$ 6,204,670	\$ 5,634,731	\$ 569,939
Board of Supervisors	\$ 4,958,011	\$ 4,864,470	\$ 93,541
Child Support Services	\$ 78,835	\$ 78,835	\$ -
Civil Rights Office	\$ 407,997	\$ 337,417	\$ 70,580
Clerk of the Board	\$ 1,299,354	\$ 1,195,209	\$ 104,145
Cooperative Extension	\$ 467,431	\$ 467,245	\$ 186
County Administrative Office	\$ 5,170,711	\$ 4,458,652	\$ 712,059
County Counsel	\$ 1,528,855	\$ 1,100,576	\$ 428,279
Department of Emergency Management	\$ 4,432,518	\$ 2,495,762	\$ 1,936,756
District Attorney	\$ 21,625,742	\$ 19,381,831	\$ 2,243,911
Elections Department	\$ 5,829,434	\$ 5,811,609	\$ 17,825
Health	\$ 24,010,289	\$ 27,372,300	\$ (3,362,011)
Housing and Community Development	\$ 9,568,429	\$ 9,133,479	\$ 434,950
Human Resources	\$ 758,282	\$ 165,273	\$ 593,009
Information Technology	\$ 4,118,043	\$ 4,118,043	\$ -
Probation	\$ 27,299,257	\$ 27,261,328	\$ 37,929
Public Defender	\$ 15,563,265	\$ 15,535,042	\$ 28,223
Public Works, Facilities, and Parks	\$ 13,866,887	\$ 15,688,095	\$ (1,821,208)
Sheriff Coroner	\$ 101,261,147	\$ 101,960,343	\$ (699,196)
Social Services	\$ 27,240,923	\$ 28,109,035	\$ (868,112)
Treasurer Tax Collector	\$ 1,914,009	\$ 1,227,814	\$ 686,195
Totals			\$ 1,973,973



Other Funds

- The Library – The fund is projected to add \$0.4 million its fund balance with revenues of \$11.7 million and expenditures of \$11.3 million. Fund balance is projected to decrease from \$8.1 million in FY 2023-24 to \$7.1 million in FY 2026-27.
- Emergency Communications – reducing fund balance by approximately \$531,000 in FY 2023-24 due to a true up of proposition 172 revenues received the previous fiscal year. Each subsequent year, fund balance is projected to increase as revenues would exceed expenditures as one-time expenditures are completed in the current fiscal year.
- Natividad – Natividad’s net position is projected to improve from \$294.5 million at the end of FY 2022-23 to \$312.6 million at the end of FY 2023-24; similar increases project the hospital to end FY 2026-27 with \$320.5 million in net position.
- Lake Resort – fund balance is projected to increase from \$2.7 million to \$3.1 million in FY 2023-24. Of this total amount, \$1.9 million is restricted. The forecast projects increases in fund balance to a high point of \$4.6 million by the end of FY 2026-27.
- Laguna Seca – is projecting an operating gain of about \$1.2 million in FY 2023-24, but projects negative results in the forecast years with fund balance decreasing to \$2.4 million by the end of the forecast period. Careful monitoring of financial performance is paramount as this fund should be self sustaining just like all other enterprise funds.



Other Funds – Road Fund

- Road Fund – Revenues are projected lower than expenditures, resulting in the reduction of \$10 million to fund balance due to the implementation of the pavement index management program. The forecast years show a reduction in fund balance as more projects in this program are estimated for completion.
- The Road fund receives a contribution from the General Fund for Road improvement. The contribution varies from year to year but in FY 2024-25 the Board directed to dedicate 25% of TOT as a contribution to the Road fund resulting in an increase of \$3.8 million when compared to FY 2023-24.

Fund 002 Road Fund	Modified Budget 2023-24	Year-End Estimate 2023-24	Forecast		
			2024-25	2025-26	2026-27
A. Beginning Fund Balance	\$ 30,858,217	\$ 30,858,217	\$ 20,834,874	\$ 8,880,416	\$ (2,013,443)
B. Revenue	61,572,791	59,654,741	74,355,650	76,473,570	68,060,679
C. Cancellation of Assignments	-	-	-	-	-
D. Total Financing, A+B+C	92,431,008	90,512,958	95,190,524	85,353,986	66,047,236
E. Expenditures	78,446,989	69,678,084	86,310,108	87,367,429	77,192,478
F. Provisions for Assignments	-	-	-	-	-
G. Total Financing Uses, E+F	78,446,989	69,678,084	86,310,108	87,367,429	77,192,478
H. Ending Fund Balance, D-G	\$ 13,984,019	\$ 20,834,874	\$ 8,880,416	\$ (2,013,443)	\$ (11,145,242)



Other Funds – Behavioral Health

- Behavioral Health Fund – This fund is reducing its fund balance by about \$6 million since revenues are estimated at \$163 million and expenditures at \$170 million. Accordingly, The ending fund balance is estimated at \$37.4 million in FY 2023-24 and is projected to decrease to \$18.9 million in FY 2025-26.
- It is important to continue monitoring the fund balance and the potential impacts to the Mental Health Services Act revenues associated with proposed changes at the State level which would redirect local revenues to State mental health programs.

Fund 023 Behavioral Health	Modified Budget 2023-24	Year-End Estimate 2023-24	Forecast		
			2024-25	2025-26	2026-27
A. Beginning Fund Balance	\$ 43,745,224	\$43,745,224	\$ 37,353,287	\$ 31,069,833	\$ 25,556,545
B. Revenue	159,522,461	163,670,677	163,670,677	162,390,343	155,293,315
C. Cancellation of Assignments	-	-	-	-	-
D. Total Financing, A+B+C	203,267,685	207,415,901	201,023,964	193,460,176	180,849,860
E. Expenditures	166,379,440	170,062,614	169,954,131	167,903,631	161,893,462
F. Provisions for Assignments	-	-	-	-	-
G. Total Financing Uses, E+F	166,379,440	170,062,614	169,954,131	167,903,631	161,893,462
H. Ending Fund Balance, D-G	\$ 36,888,245	\$37,353,287	\$ 31,069,833	\$ 25,556,545	\$ 18,956,398



Baseline Budget FY 2024-25



Budget Process in Brief



- Preliminary plans for carrying out next year's operations.
- Must be balanced.
- Assumes no augmentations.

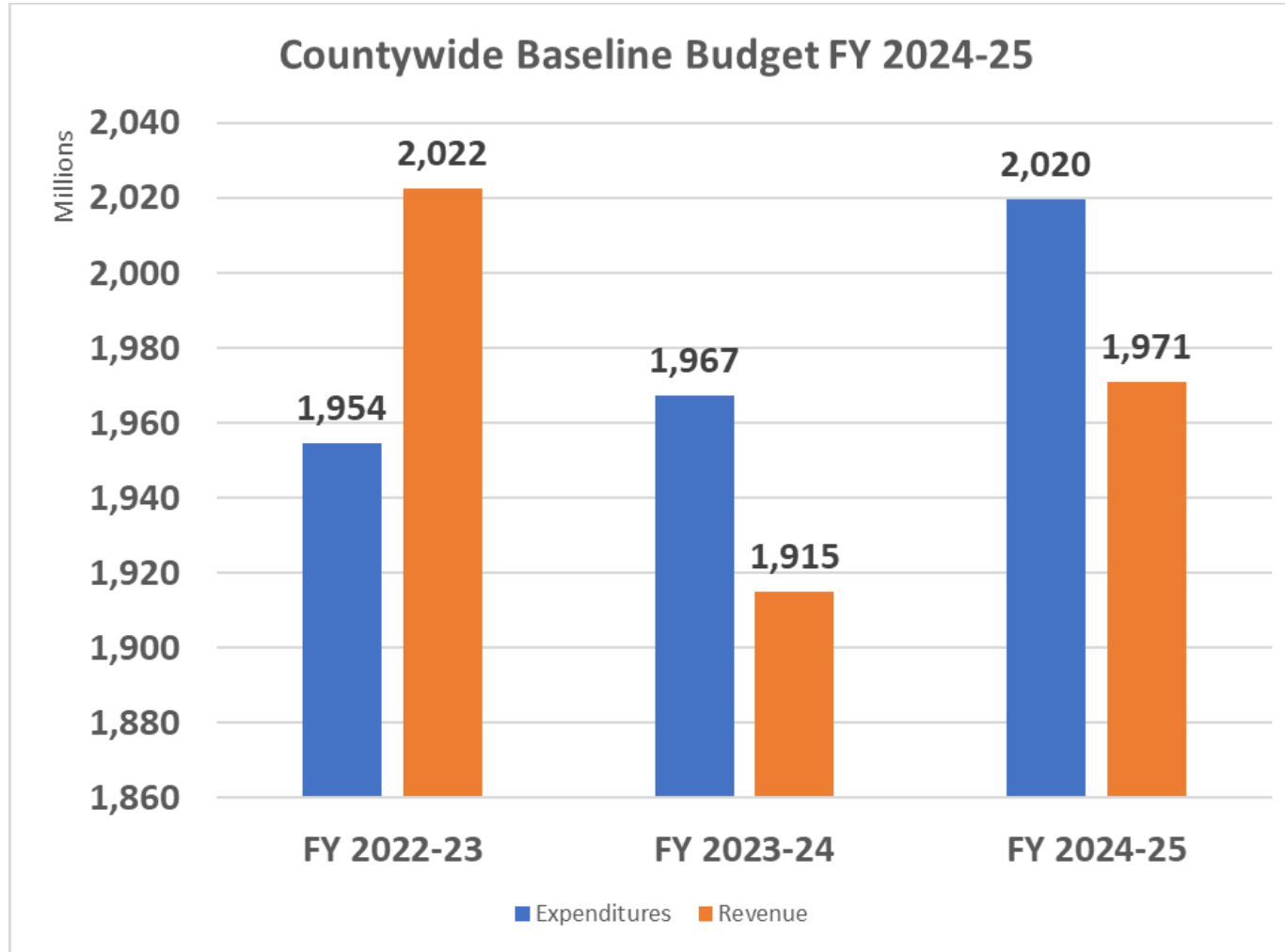
- Prioritized proposals if additional County Contributions are Available.

Countywide Analysis

- Countywide Needs Assessment
- DHs Workshop
- BOS Workshop
- Budget Hearings
- Budget Adoption



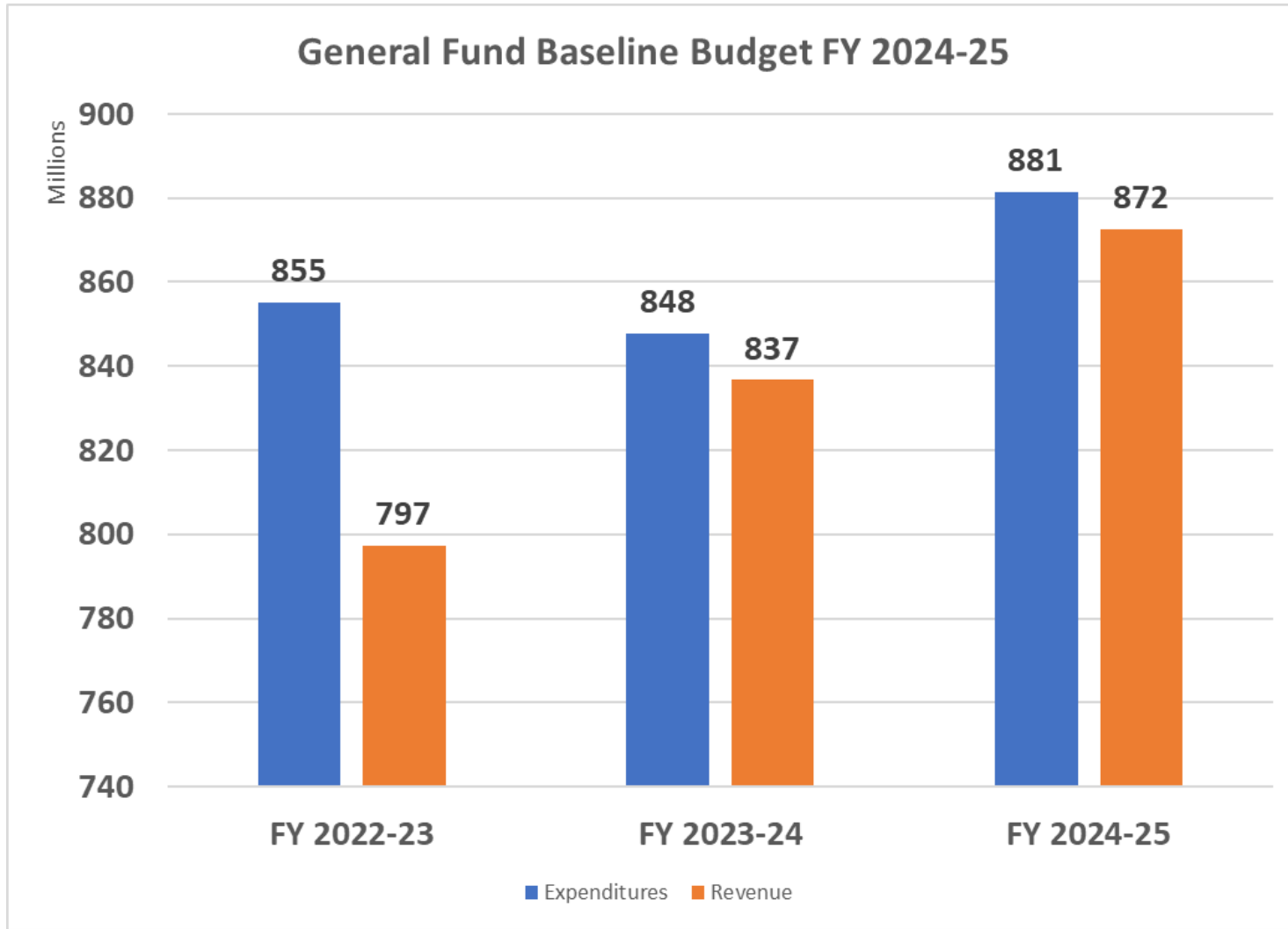
Overall County Baseline Budget



FY 2024-25 is projected to grow to \$2 billion in expenditures and \$1.9 billion in revenues



Overall General Fund Baseline Budget



Balanced Budget prior to augmentations



Augmentations Summary by Category

Row Labels	Sum of Requested FTE	Sum of Requested Expenditures	Sum of Requested Revenues	Sum of Net Request
Capital Improvements	-	\$ 2,103,501	\$ 1,790,125	\$ 313,376
Contribution to Other Funds	-	\$ 2,742,662		\$ 2,742,662
New Mandated Program/Service w/ General Fund Funding	2.00	\$ 1,454,203		\$ 1,454,203
New Mandated Program/Service w/ Outside Funding	3.00	\$ 774,893	\$ 774,893	\$ -
New Program/Service w/ General Fund Funding	0.50	\$ 3,193,761	\$ 221,100	\$ 2,972,661
New Program/Service w/ Outside Funding	8.00	\$ 1,762,881	\$ 1,266,881	\$ 496,000
Request New Position	41.00	\$ 5,281,343	\$ 1,709,869	\$ 3,571,474
Status Quo Filled Position	9.00	\$ 1,350,540		\$ 1,350,540
Status Quo Other	-	\$ 7,829,698		\$ 7,829,698
Status Quo Vacant Position	30.00	\$ 3,880,169	\$ 1,039,633	\$ 2,840,536
New Program	-	\$ -	\$ 1,023,993	\$ (1,023,993)
Grand Total	93.50	\$ 30,373,651	\$ 7,826,494	\$ 22,547,157

- Status quo requests equal approximately \$12.6 million
- \$1.3 million for filled positions
- \$7.8 million for status quo other and
- \$2.8 million for vacant positions
- This table does not include the CIP plan projects for those items managed by PWF



Augmentations Summary by Fund

Row Labels	Sum of Requested FTE	Sum of Requested Expenditures	Sum of Requested Revenues	Sum of Net Request
Capital Projects	-	\$ 1,700,000	\$ 1,700,000	\$ -
Emergency Communications	7.00	\$ 1,039,633	\$ 1,039,633	\$ -
General Fund	86.50	\$ 26,924,225	\$ 5,086,861	\$ 21,837,364
Pajaro Sanitation District	-	\$ 709,793		\$ 709,793
Grand Total	93.50	\$ 30,373,651	\$ 7,826,494	\$ 22,547,157

- Departments submitted **\$22.5** million in augmentation requests from the following funds
 - \$21.8 million from the General Fund
 - \$709,793 million in the Pajaro Sanitation District from the General Fund



Augmentations Summary by Department

Row Labels	Sum of Requested Expenditures	Sum of Requested Revenues	Sum of Net Request
Auditor-Controller	\$ 401,983		\$ 401,983
Civil Rights Office	\$ 15,000		\$ 15,000
Cooperative Extension Service	\$ 44,148		\$ 44,148
County Administrative Office	\$ 3,134,052	\$ 1,176,306	\$ 1,957,746
Department of Emergency Management	\$ 900,707		\$ 900,707
District Attorney	\$ 163,777	\$ 163,777	\$ -
Elections	\$ 500,000		\$ 500,000
Emergency Communications	\$ 1,039,633	\$ 1,039,633	\$ -
Health	\$ 2,280,240	\$ 1,131,823	\$ 1,148,417
Housing and Community Development	\$ 1,174,885		\$ 1,174,885
Human Resources	\$ 381,427		\$ 381,427
Information Technology	\$ 1,990,667	\$ 1,700,000	\$ 290,667
Probation	\$ 383,686		\$ 383,686
Public Defender	\$ 1,413,922	\$ 774,893	\$ 639,029
Public Works, Facilities & Parks	\$ 6,090,988		\$ 6,090,988
Sheriff-Coroner	\$ 9,379,098	\$ 1,370,470	\$ 8,008,628
Social Services	\$ 1,079,438	\$ 469,592	\$ 609,846
Grand Total	\$ 30,373,651	\$ 7,826,494	\$ 22,547,157

Largest Impacts

- Sheriff's Department \$8 million
- Public Works Facilities and Parks \$6.1 million



Capital Improvement Projects Presentation by Public Works Facilities and Parks Staff



Development Set Aside FY 2024-25

DSA Trend	Actual	Actual	Actual	Actual	Budget	Budget	Formula	
	2018-19	2019-20	2020-21	2021-22	2022-23		2024-25	FY 2024-25 %
Description	Actual	Actual	Actual	Actual	Actual	2023-24 Budget	Formula	of TOT
MCCVB	\$ 1,263,969	\$ 1,400,000	\$ 750,000	\$ 1,716,473	\$ 1,400,000	\$ 1,775,580	\$ 2,284,417	6.00%
Arts Council	\$ 421,331	\$ 420,000	\$ 247,500	\$ 566,436	\$ 440,000	\$ 559,691	\$ 753,858	1.98%
Film Commission	\$ 202,154	\$ 202,000	\$ 118,750	\$ 271,775	\$ 212,000	\$ 268,842	\$ 361,699	0.95%
MCBC	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 175,000	\$ 100,000	0.26%
Totals Outside Agencies	\$ 1,987,454	\$ 2,122,000	\$ 1,216,250	\$ 2,654,684	\$ 2,152,000	\$ 2,779,113	\$ 3,499,974	\$ 720,862

- The increase in the DSA allocation resulted in \$720,862 fewer resources to provide services in FY 2024-25 when compared to FY 2023-24 levels.



Development Set Aside

Presentation by Richard Vaughn



Criteria for Augmentations

- Mandated by current law or Board policy;
- Alignment with the County's strategic initiatives and priorities;
- Consistent with community priorities expressed in forums, surveys, and other engagement initiatives.
- Necessary to maintain current level of mission-critical services/operations;
- Substantiation of compelling public need (e.g., health, safety, economy vitality, quality of life) that cannot be met within existing resources;
- Likelihood of success based on prior performance, degree of readiness (planning/specificity), requested resources, and assumed timeline;
- Leverages sustainable financial support from non-County sources;
- Appropriate placement of responsibility (federal, state, or local);
- Degree of urgency; and/or
- Critical infrastructure investment to ensure productivity and continuity of operations.



Financing for Augmentations

- Immediate
 - Unfunded Accrued Liability Program Suspension \$10.9 million
 - ARPA unspent funds \$910,940
 - ARPA Carryover \$1 million (for projects already approved) and will be recommended
 - Compensated absences (one-time funds)
- Future
 - TOT Tax
 - Sales Tax
 - Utility User Tax
 - DSA Formula



Strategic Options to Address Budget Deficit

- Increase revenue
 - Potential voter approved measures
 - Increase Sales Tax – It could yield a revenue increase in the range of \$3 million (0.25%) to \$12.4 million (1.0%) annually
 - Establish a new Utility User Tax
 - Amend contributions to Development Set Aside (potential reinstatement of the FY 2023-24 cap)
 - Amend the existing Transient Occupancy Tax (TOT)
- Decrease Expenditures
 - Suspend or lower the 115 supplemental fund contribution
 - Compensated absences assignment



State and Federal Outlook

- State Budget Faces \$73 billion shortfall for FY 25
- Example of Known Local Impact
 - California Library online resources are at risk
 - Career resources such as LinkedIn learning, Coursera, Learning Express, Brittanica School, ProQuest
 - Will have to fund locally the following: HelpNow and VetNow
- Passage of Prop 1
 - Local funding will be diverted to the State for the implementation of housing and treatment beds creating lower funding amounts for the provision of services in local mental health programs



Pending Local Impacts

- Negotiations with labor groups are ongoing
 - All ongoing revenues have already been allocated
 - For example, a 2% increase would mean additional costs of \$14.8 million countywide and \$8.4 million in the general fund.
 - Last contract negotiation costs are estimated at \$50.4 million



Strategic Initiatives and the Budget Presentation by CAO's Office Staff



NEXT STEPS

In the coming weeks, staff analyzes baseline budgets to understand areas of budget flexibility, funding gaps, and potential impacts to build a well-informed and responsible recommended spending plan.

The Board's annual budget workshop on April 2 is an opportunity to provide a "budget preview" and receive direction before building the recommended budget to be presented at the budget hearings on May 29 -30.



Departmental Presentations

