County of Monterey

Board Report

Item No.19

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

Legistar File Number: RES 24-169

September 24, 2024

Introduced: 9/18/2024		**Current Status:** Agenda Ready
Version: 1		**Matter Type:** BoS Resolution

Adopt a resolution supporting budget priorities for future discretionary funds made available to use in the unincorporated area of the County of Monterey.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution supporting budget priorities for future discretionary funds made available to use in the unincorporated area of the County of Monterey.

DISCUSSION/SUMMARY:

Despite efficient management and stewardship of the County fiscal resources, the County faces significant challenges which include impacts from the inflated housing market and growing response to emergencies. These challenges were presented during prior Board of Supervisor (Board) meetings. On March 12, 2024, the County Administrative Office (CAO) presented the countywide financial forecast to the Board, which indicated continued growth in discretionary revenues. However, the growth is not sufficient to keep up with the increased cost of doing business. An update about the County's financial condition was provided to the Board during its April 2, 2024, budget workshop.

The County is working toward securing funds to ensure service needs can be met including working on grant funding opportunities and a potential increase in the County's sales tax. On June 27, 2024, the Board adopted a resolution calling for an election for the purpose of submitting to the qualified Electors of the County a Measure to raise the Retail Transactions and use Tax (Sales Tax) in the Unincorporated Area by One Percent. The Board directed the Sales Tax be put on the ballot as a general tax. Annual revenue from a successful district sales tax at 1% per dollar is estimated at $29 million.

Background

As of March 2024, the California Department of Finance (DOF) projects the County's population at 432,301. The local economy is primarily based on tourism in the coastal regions and agriculture in the Salinas Valley. The education and research institution sector and non-profit sector also contribute greatly to the economy. Employers in the County support several industries including agriculture production and shipping, education, health, tourism, and government services.

Salinas is the largest city in the County with approximately 159,475 residents as reported by the DOF in May 2023. The cities of Marina, Soledad, Monterey, and Seaside form the second largest group in population, ranging from 22,086 to 29,790 residents each. The smallest cities include Sand City, Del Rey Oaks, Carmel-by-the-Sea, and Gonzales with populations ranging from 376 to 8,300. The population for the unincorporated areas of the County is 104,236; therefore, a quarter of the County's population lives in the unincorporated area. Communities like Prunedale, Castroville, San Ardo, and San Lucas, and more rely on the County for traditional municipal services such as road maintenance, law enforcement,

parks, and building permits. The County is the second largest "city" in the County.

Simultaneously, the County is responsible for providing countywide services for all residents including public health and safety net support services, district attorney and public defender services, and conducting elections.

Over the past several years, natural disasters resulting from climate change, housing affordability driving away essential frontline workers and increasing homelessness, and a challenging economic environment impacting the County's ability to improve critical infrastructure, like roads and parks, are straining the County's limited financial resources.

Staff recommends that the Board adopt a resolution establishing current budget priorities, aimed at addressing critical community needs, aligning with the County's approved five strategic goals focused on Well Being and Quality of Life; Sustainable Infrastructure Now and in the Future; Safe and Resilient Communities; Diverse and Thriving Economy; and Dynamic Organization and Employer of Choice, with housing objectives focused on Meeting the Housing needs of residents and workforce, Combating Housing Discrimination, Efficient Use of Land, and Implementing a meaningfully inclusive process.

Current Budget Priority Areas
1. Road Repair and Infrastructure Projects - repair streets, potholes and bridges, and address failing public facilities and infrastructure that have exceeded their useful life.
2. Water and Sewer (Wastewater) Infrastructure Projects - improve efficiency, quality, and service for reliable and safe water.
3. Parks Projects-restoring the recreational features and improve our County parks lake recreational facilities for enhancing visitorship experience.
4. Other essential County services, programs, and improvements, including but not limited to strategies to address housing affordability, reduce homelessness, and provide healthcare services for children and vulnerable populations as well as improved emergency services.

Financial Impact
Grant funding is ongoing and if approved, a one percent sales tax could generate $29,000,000 annually. Additional funding would help address the County's various ongoing challenges such as housing affordability, disaster response, infrastructure improvements, and other essential services. This revenue would be accepted and appropriated in the General Fund, and the Board would decide on an annual basis how to allocation such funds.

OTHER AGENCY INVOLVEMENT:
The County Administrative Office coordinated with the Office of County Counsel, with input provided by Public Works, Facilities and Parks and the Environmental Health Bureau.

FINANCING:
There is no impact to the General Fund associated with the adoption of the recommended resolution.

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Attachments:
Resolution Supporting Budget Priorities