



County of Monterey

Item No.

Board Report

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

Legistar File Number: RES 23-109

June 27, 2023

Introduced: 6/14/2023

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

a. Adopt a resolution authorizing and directing the Auditor-Controller to amend the Sheriff's FY 2022-23 Adopted Budget by increasing appropriations in 001-2300-SHE001-6111 in the amount \$1,262,100 and 001-2300-SHE003-6111 in the amount of \$3,700,000 financed by a release of \$1,026,449 from the Strategic Reserve BSA 001 3111, a release of \$799,394 from the Compensated Absences Assignment BSA 001 3115, and \$3,136,257 in Unassigned Fund Balance BSA 001 3101. (4/5ths Vote Required)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

a. Adopt a resolution authorizing and directing the Auditor-Controller to amend the Sheriff's FY 2022-23 Adopted Budget by increasing appropriations in 001-2300-SHE001-6111 in the amount \$1,262,100 and 001-2300-SHE003-6111 in the amount of \$3,700,000 financed by a release of \$1,026,449 from the Strategic Reserve BSA 001 3111, a release of \$799,394 from the Compensated Absences Assignment BSA 001 3115, and \$3,136,257 in Unassigned Fund Balance BSA 001 3101. (4/5ths Vote Required)

SUMMARY/DISCUSSION: The Monterey County Sheriff's Office (MCSO) is requesting to increase the Fiscal Year (FY) 2022-23 Adopted Budget in the amount of \$4,962,100. This request is to cover the deficits in the Administration and Enforcement Operations Appropriation Unit SHE001 and Corrections Operations Appropriation Unit SHE003.

Expenditures are estimated at \$145.767 million or \$4.962 million higher than budget, while revenues are estimated at \$45.860 million or \$1.146 million 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.

Please see Attachment A for the summary of factors that contributed to the Sheriff's Office FY 2022-23 deficit and the net General Fund Contribution (GFC) overrun.

The \$3.812 million overrun in payroll costs are due to various unbudgeted costs. The department has an average of 35 vacancies throughout the year. At any time of the year, there are 30 to 40 safety employees who are not fully functional for various reasons. The necessary cost of the overtime hours are non-discretionary as they are being used to cover minimum staffing requirements. When positions are vacant or 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. 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 \$511,251. 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.

Retirement Payouts, which are normally not budgeted amounted to \$799,394. In addition, the share of the Sheriff's Office on Retiree Fees amounting to \$224,000 for the FY 2020-21 will be billed by the Auditor-Controller's Office during the current fiscal year.

The Inmate Medical Contract with California Forensic Medical Group (CFMG) or known as Wellpath 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 in a 40% increase in the contract amount or \$1.897 million in unbudgeted costs to the Sheriff's Budget.

After the Mid-Year Financial Status Report was submitted to the Budget Committee in March, the new administration has implemented stronger measures to reduce the projected shortfall and control spending as discussed in the Mid-Year Financial Status Report. However, with the emergencies brought by the two major storms in January and March, overtime costs increased by another \$1.026 million. MCSO Fiscal staff are working with the Department of Emergency Management in billing the Federal Emergency Management Agency (FEMA) for the recovery of the payroll costs incurred during the two storms estimated at \$1.380 million. The County has engaged the services of a Consultant to facilitate the submission of FEMA claims. Different departments, including the Sheriff's Office, are working with this Consultant and the Department of Emergency Management to ensure that all eligible FEMA expenditures are properly billed.

The requested amount of \$4.962 million is \$44,000 more than what was presented before the Budget Committee on May 24, 2023. The additional \$44,000 is an unbudgeted one-time payment of PERS Platinum Health Plan adjustment paid on June 9, 2023, by the Auditor-Controller's Offices as directed by Human Resources to affected employees. Due to possible unforeseen expenditures that may transpire after the writing of the Budget Committee report, we have requested and received approval from the Budget Committee modification of the requested amount to include any unforeseen expenditures that transpired after May 24.

Total Revenue in FY 2022-23 is estimated to be lower by around \$765,205 million adding to the \$4.918 million need for additional funding from the County. With the anticipated FEMA reimbursement of \$1.380 million from the two storms and another pending \$1.142 million FEMA claims from the three 2020 fires (River, Carmel and Dolan), replenishment of County General Funds is expected to happen once FEMA reimburses the County. In addition, the Sheriff's Office will work with the Superior Courts at Year End for possible billing of COWCAP for the 22 Staff assigned to Courts in the amount of \$477,450. This will potentially reduce the shortfall in revenue.

Factors that contributed to the revenue shortfall include lost revenues from Special Events that were canceled due to the ongoing pandemic, decrease revenue from an MOU for the School Resource Officer and a big Special Event in June that was moved to July. Another major factor is the delay in the implementation of the Remote Access Network (RAN) Board Fingerprint machine. The additional Vehicle License fee amounting to around \$400,000 for FY 2023 was intended to pay for the maintenance cost of this new fingerprint machine. With the delay in the implementation, the State has allowed the county to keep the revenue that was earmarked for the RAN Board machine to a Balance Sheet account. This amount will be recognized as revenue next fiscal year once the new fingerprint machine is implemented. Lastly, the Department received an additional \$196,500 from Wellness and Mental Health Grant in March. This unbudgeted funding helped alleviate the estimated shortfall in revenue.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office has reviewed the report. The Budget Committee has supported this Request at their May 24, 2023 meeting.

FINANCING:

The requested increase in appropriations will be financed by a combination of unassigned fund balance, strategic reserves, and compensated absences assignment currently estimated at \$1,026,449 from Strategic Reserves, \$799,394 from Compensated Absences, and \$3,136,257 in Unassigned Fund Balance depending on availability after the close of the fiscal year and confirmation from the Auditor Controller's Office. Specific revenue amounts will be confirmed by the County Administrative Office before this item goes to the full Board for approval.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared By: Jonabel O. Perez, CPA, Finance Manager, ext. #4559
Reviewed by: Eddie Anderson, Chief Deputy Sheriff, ext. #3754
Reviewed By: Keith Boyd, Undersheriff, ext. #3859 *KB 102*
Approved By: Tina Nieto, Sheriff-Coroner, ext. #3750

Attachments:

- Board Report
- Attachment A - Appropriations Shortage (Deficit) and GFC Overrun
- Attachment B - Schedule of Estimated Revenue Shortfall
- Resolution

