



Monterey County

Item No. 24

Board Report

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

Legistar File Number: RES 21-030

February 09, 2021

Introduced: 2/2/2021

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Adopt a resolution to:

- a. Receive a financial condition report for the Housing and Community Development Department and Department of Public Works, Facilities, & Parks (collectively, the former Resource Management Agency) for Fiscal Year (FY) 2020-21; and
- b. Authorize the County Administrative Office and Direct the Auditor-Controller to release up to \$1,814,761 in Cannabis Assignment (001-3132), General Fund Contingencies (001-3113) 4/5th vote required, Strategic Reserve, or other funding directed by the Board to fund revenue shortfalls resulting from the pandemic as outlined in Attachment A.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution to:

- a. Receive a financial condition report for the Housing and Community Development Department and Department of Public Works, Facilities, & Parks (collectively, the former Resource Management Agency) for Fiscal Year (FY) 2020-21; and
- b. Authorize the County Administrative Office and Direct the Auditor-Controller to release up to \$1,814,761 in Cannabis Assignment (001-3132), General Fund Contingencies (001-3113) 4/5th vote required, Strategic Reserve, or other funding directed by the Board to fund revenue shortfalls resulting from the pandemic as outlined in Attachment A

SUMMARY/DISCUSSION:

The Resource Management Agency (RMA) dissolved on November 30, 2020, and in its place, two new departments were formed: the Housing and Community Development Department (HCD) and the Community Services Department (CSD), the latter was updated to be called the Department of Public Works, Facilities, & Parks (PWFP). It was decided that the Fiscal Year (FY) 2020-21 RMA Adopted Budget (adopted June 23, 2020), including all subsequent Board of Supervisor-approved modifications, will remain intact through June 30, 2021. No changes to the accounting structure will occur until FY 2021-22. Accordingly, HCD/PWFP will continue to manage the RMA General Fund budget to the bottom line and not individually by department or functional unit.

HCD/PWFP is presenting today a financial condition report for FY 2020-21 that details the impact of COVID-19 on revenue. Staff projects a shortfall in General Fund revenue of \$2.5 million, offset slightly by a reduction in costs of \$0.3 million, resulting in a net loss of \$2.2 million. The net loss of \$2.2 million is expected to be further reduced to \$1.8 million from CARES revenue of \$0.4 million, that will be treated as additional General Fund Contribution (GFC). Attachment A provides detailed revenue and budget projections and the overall projected net loss for FY 2020-21, along with two (2) proposed options to address the budgetary shortfall.

OTHER AGENCY INVOLVEMENT:

HCD/PWFP consulted with the County Administrative Office Budget & Analysis Division in the preparation of this report. The Budget Committee supported bringing this report forward to the Board of Supervisors at their January 27, 2021 meeting.

FINANCING:

A revenue shortfall of \$2.5 million, a reduction in costs of \$0.3 million, and an increase in GFC from Cares Act funding of \$0.4 million are projected for FY 2020-21, resulting in a net loss of \$1.8 million. To address this gap, the departments are providing two (2) possible options for the Board of Supervisor's consideration. One option involves a combination of freezing all vacant positions and unprecedented midyear staff layoffs; the second option proposes the use of Cannabis Tax Assignment, General Fund Contingencies, Strategic Reserve, or other funding directed by the Board to offset the loss. The Cannabis Tax Assignment balance is currently \$8.6 million. If \$1.8 million is designated to address the HCD and PWFP budget shortfall, the Cannabis Tax Assignment remaining balance will be \$6.8 million. The Contingency Balance and Strategic Reserve balances are \$0.7 million and \$66.0 million, respectively.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommendation of this report supports the Board of Supervisors Administration Strategic Initiative by ensuring accurate, timely, and transparent fiscal accounting and effective resource management which enables the HCD and PWFP to complete its essential public services.

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

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Approved by: Mike Novo, Interim Housing & Community Development Director

Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities, & Parks

Attachments:

Attachment A-HCD and PWFP FY 2020-21 Financial Condition Report

Attachment B-Draft Resolution

(Attachments are on file with the Clerk of the Board)