



Monterey County

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Board Report

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FY 2018-19 Board of Supervisors' Budget Workshop Presentation.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive an update on the budget development as part of the Board of Supervisors' FY 2018-19 Budget Workshop; and
- b. Provide direction to staff.

SUMMARY/DISCUSSION:

On March 20, 2018, the County Administrative Office (CAO) presented the countywide financial forecast to the Board of Supervisors (Board). As discussed in the forecast, revenues continue to grow moderately, but departments are experiencing increased costs due to rising pensions, raises, and increased allocations from our workers' compensation and general liability programs. The County is also impacted by program-specific challenges, such as the State's redirection of Public Health Realignment revenue. Because of multiple fiscal pressures, the County's financial forecast revealed a \$36.2 million estimated funding gap in next year's budget, growing to \$53.8 million by the end of the three-year forecast period.

Since the forecast, departments have submitted their requested budgets for next fiscal year, including preliminary "baseline" plans of operations that are feasible with expected resources. Staff in the County Administrative Office continue to analyze the requested budgets to better understand each department's operational needs and the implications to service levels. These preliminary baseline budgets identify large funding gaps including staff-related impacts of 283 positions (160 filled and 123 vacant).

Departments submitted requests to address these impacts, as well as augmentations to add new staff or enhance programs. Although discretionary revenue increases an estimated \$4 million, this financing is offset by reduced reserves that had been used to meet needs in the current year. Cannabis revenue has specifically been excluded as a source of discretionary financing given it has been following a special allocation process spearheaded by the CAO - Intergovernmental Affairs Division. In the coming month, the CAO budget staff will be exploring redirections of existing resources as the remaining ongoing source to financing impacted priority programs.

The April 10, 2018 Board budget workshop will provide more detailed information on the emerging budget challenges. The Board will also receive presentations from Department Heads to provide insight as to the impacts the community may experience. Direction and feedback provided by your Board will be incorporated into the Recommended Budget which is scheduled for presentation on June 4-5, 2018.

OTHER AGENCY INVOLVEMENT:

Development of the Recommended Budget is a collaborative effort between the County Administrative Office and all County departments, with overall direction provided by the Board of Supervisors. This workshop was preceded by a budget workshop with Department Heads on March 30, 2018.

FINANCING:

Discussion and direction provided by the Board at this workshop will shape the development of the Recommended Budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The budget workshop supports the Board's strategic initiative to promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency. An important objective of this strategic initiative is achieving a balanced budget that sustains core services and efficiently allocates resources. The annual budget workshop helps fulfill this objective.

☐ Economic Development
☒ Administration
☐ Health & Human Services
☐ Infrastructure
☐ Public Safety

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