



Monterey County

Item No.

Monterey Conference Room
168 W. Alisal St., 2nd Floor
Salinas, CA 93901

Budget Committee Report

Legistar File Number: BC 21-006

January 27, 2021

Introduced: 1/19/2021

Version: 1

Current Status: Agenda Ready

Matter Type: Budget Committee

- 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. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Budget Committee:

- 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. Provide direction to staff.

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 as well as potential increased costs to implement Citygate's recommendations approved by the Board of Supervisors. 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 three proposed options to address the budgetary shortfall.

The Budget Committee is asked to receive the financial condition report and provide direction to HCD/PWFP on the preferred option (either from the three presented or one proffered by the Committee) to bring to the Board of Supervisors for consideration and approval.

OTHER AGENCY INVOLVEMENT:

HCD/PWFP consulted with the County Administrative Office Budget & Analysis Division in the preparation of this report.

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 three (3) possible options for the Budget Committee's consideration. Two of the options involve unprecedented midyear staff layoffs; the third option proposes the use of Cannabis Tax Assignment revenue 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.

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Approved by: Carl P. Holm, AICP, Housing Community Development Director

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

Attachment:

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