



Legislation Details (With Board Report)

File #: BC 20-077 **Name:** a. Receive a status report on the Resource Management Agency Fiscal Year 2019-20 General Fund budget, including 11 of its General Fund appropriation units; and
b. Support authorizing and directing the Auditor-Controller to amend the Fiscal Year 2019-20

Type: Budget Committee **Status:** Agenda Ready

File created: 6/8/2020 **In control:** Budget Committee

On agenda: 6/24/2020 **Final action:**

Title: a. Receive a status report on the Resource Management Agency Fiscal Year 2019-20 General Fund budget, including 11 of its General Fund appropriation units; and
b. Support authorizing and directing the Auditor-Controller to amend the Fiscal Year 2019-20 Adopted Budget by increasing appropriations in the General Fund, Fund 001, appropriation units: 1) Facilities Services Appropriation Unit RMA006 by \$300,268, 2) Utilities Appropriation Unit RMA098 by \$145,282, and 3) Park Operations Appropriation Unit RMA104 by \$44,503; all financed by a decrease in appropriations of \$490,053 in the General Fund, Fund 001, RMA Administration Appropriation Unit RMA013.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Budget Committee Report, 2. Attachment A-Draft Resolution

Date	Ver.	Action By	Action	Result
6/24/2020	1	Budget Committee		

a. Receive a status report on the Resource Management Agency Fiscal Year 2019-20 General Fund budget, including 11 of its General Fund appropriation units; and
b. Support authorizing and directing the Auditor-Controller to amend the Fiscal Year 2019-20 Adopted Budget by increasing appropriations in the General Fund, Fund 001, appropriation units: 1) Facilities Services Appropriation Unit RMA006 by \$300,268, 2) Utilities Appropriation Unit RMA098 by \$145,282, and 3) Park Operations Appropriation Unit RMA104 by \$44,503; all financed by a decrease in appropriations of \$490,053 in the General Fund, Fund 001, RMA Administration Appropriation Unit RMA013.

RECOMMENDATION:

It is recommended that the Budget Committee:

a. Receive a status report on the Resource Management Agency (RMA) Fiscal Year (FY) 2019-20 General Fund budget, including 11 of its General Fund appropriation units; and
b. Support authorizing and directing the Auditor-Controller to amend the Fiscal Year 2019-20 Adopted Budget by increasing appropriations in the General Fund, Fund 001, appropriation units: 1) Facilities Services Appropriation Unit RMA006 by \$300,268, 2) Utilities Appropriation Unit RMA098 by \$145,282, and 3) Park Operations Appropriation Unit RMA104 by \$44,503; all financed by a decrease in appropriations of \$490,053 in the General Fund, Fund 001, RMA Administration Appropriation Unit RMA013.

SUMMARY:

The Resource Management Agency (RMA) has a Fiscal Year (FY) 2019-20 Adopted Budget of \$30,365,133 financed by General Fund Contribution (GFC) of \$17,463,900 and revenue of \$12,901,233. Staff is projecting

a revenue shortfall of \$1,967,635 at year-end. The COVID-19 outbreak has significantly impacted the local economy, directly affecting RMA's projected revenues through a marked slow-down of development (permit revenue) and high cancellation of Parks events/activities during peak season.

To counter this impact, RMA has taken stringent measures to reduce costs, and expenditures are now projected to come in under budget by \$2,055,225. Should this projection hold, a potential General Fund Contribution give back of \$87,590 would result. Projected year-end expenditures, however, can vary between \$300,000-\$500,000. RMA experiences these swings, typically less than three percent of the overall budget, primarily due to reimbursables of staff time for projects and changes in project timelines. It is always challenging to pinpoint the exact final budget. As such, this report underlines the possibility that RMA could experience a General Fund deficit this year.

As mentioned, General Fund appropriations are projected to come in under budget; however, several individual appropriation units are projected to exceed budget. Therefore, RMA recommends transferring appropriations between its General Fund units to balance RMA appropriations as they are projected at this point. RMA manages 11 General Fund appropriation units to the bottom line, which affords this flexibility.

DISCUSSION:

RMA's total General Fund need for the FY 2019-20 budget was \$30,365,133. RMA received a General Fund Contribution of \$17,463,900. The difference to balance the costs of salaries/benefits and services and supplies was derived through RMA projected General Fund revenues totaling \$12,901,233 and a ten percent (10%) attrition/vacancy rate (\$2,308,198). Revenues were based on projected fees received for permit services; planning & engineering; health; park activities and events; rents and leases; and court reimbursements.

On March 17, 2020, the Monterey County Public Health Officer issued the first Shelter-in-Place Order (Order) to slow the spread of novel coronavirus (COVID-19) and preserve critical healthcare capacity. In response, RMA evaluated its operations to identify essential public services and developed Employee Workforce Plans to continue meeting essential community needs while adhering to County policy directives. The Permit Center was closed to walk-in traffic on March 18, 2020 and began conducting business electronically with essential staff working remotely for the most part. On April 3, 2020, Construction was restricted to essential business. On May 4, 2020, the Order was reissued effective through May 31, 2020. Then, Construction, if certain protocols were followed, was allowed to reopen.

The most recent reissued Order, dated May 26, 2020, relaxes restrictions on certain lower-risk businesses consistent with direction from the State. During this time, Parks use has been limited to the use of trails. Facilities like picnic areas, campgrounds, etc. have been closed. Reservations had to be cancelled resulting in refund of fees/deposits. Substantial revenue-generating events like Wildflower (May) and Spartan (June) also were cancelled and could not be rescheduled during this fiscal year.

The Orders' impact on RMA General Fund revenues generated from County fees has been significant. General Fund revenues are forecast to fall short of budgeted revenues by \$1,967,635 or 15.25%. The most significant shortfalls are anticipated in Building Construction Permits, Environmental Planning and Engineering Services, and Parks and Recreation Fees. By way of example, the week prior to the COVID-19 closure (March 9-13, 2020), RMA received 75 Building Permits, Planning Permits, and Design Approvals, compared to the week of May 18-22, 2020, when RMA received only 38 permits, a 50.67% reduction. Across the appropriation units, a reduction in activity has lowered revenues.

RMA has 11 General Fund appropriation units and manages the budget to the overall bottom line. General

Fund expenditures are forecast to come in under budget appropriations by \$2,055,225 or 6.77%. The savings is primarily due to vacancies. RMA immediately implemented the Board of Supervisors direction issued on March 31, 2020 to freeze all non-essential hiring and travel, training, and capital and equipment purchases. RMA is fiscally conservative and maintains tight control over total budget appropriations and expenditures.

Of RMA's 11 General Fund appropriation units, three (3) units are projected to exceed appropriations (\$490,053 in total), which include:

Facilities Services Appropriation Unit RMA006 (\$300,268)

Facilities projected reimbursements for staff time on projects are coming in lower than budget due to changes in Project Manager assignments.

Utilities Appropriation Unit RMA098 (\$145,282).

Utility communication charges and utility expenditures are trending higher. RMA may receive rebates to offset some of this overage.

Parks Operations Appropriation Unit RMA104 (\$44,503).

Parks are estimated to exceed budget primarily due to Fleet and Vehicle Usage and Replacement charges, as vehicles assigned to the Lakes were moved to Parks.

RMA recommends using projected budget savings in RMA Administration, Appropriation Unit RMA013, to offset these projected overages in the amount of \$490,053, which will result in a net zero impact to the RMA's overall budget's bottom line.

OTHER AGENCY INVOLVEMENT:

This report was reviewed by the County Administrative Office Budget & Analysis Division.

FINANCING:

If approved, the FY 2019-20 Adopted Budget will be amended to allow for the transfer of appropriations between RMA's General Fund units. The net impact to the General Fund bottom line budget is zero. This action increases appropriations in the General Fund, Fund 001, appropriation units: 1) Facilities Services Appropriation Unit RMA006 by \$300,268, 2) Utilities Appropriation Unit RMA098 by \$145,282, and 3) Park Operations Appropriation Unit RMA104 by \$44,503; all financed by a decrease in appropriations of \$490,053 in the General Fund, Fund 001, RMA Administration Appropriation Unit RMA013. Pursuant to State Government Code, transfers of any amount between appropriation units within a fund, if overall appropriations are not increased, require a majority vote.

Although, RMA is currently projecting the overall General Fund budget to end with a positive \$87,590, numerous variables could change the year-end results, plus or minus, as much as \$500,000. In the worse-case scenario, RMA would report a deficit for the fiscal year. RMA is diligently working to stay within its adopted budget.

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Approved by: Shawne Ellerbee, RMA-Deputy Director of Administrative Services

Approved by: Carl P. Holm, AICP, RMA Director

Attachment:

Attachment A- Draft Resolution