



County of Monterey

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

Board Report

File #: BC 16-005, **Version:** 1

Receive information on the FY 2016-17 Recommended Budget.

RECOMMENDATION:

It is recommended that the Budget Committee receive information on the FY 2016-17 Recommended Budget.

SUMMARY:

The FY 2016-17 Recommended Budget for all funds and departments totals \$1.4 billion, supporting a workforce of 5,203 authorized positions and funding for 24 general fund departments, the County's hospital, and the Monterey County Free Libraries. The Recommended Budget will be presented to the Board of Supervisors for consideration at the public budget hearings scheduled to commence on June 1, 2016.

DISCUSSION:

The recommended spending plan for FY 2016-17 includes expenditures for all funds, departments and programs of \$1.4 billion, an increase of \$146.7 million from the current year adopted budget. Reasons for the increase in appropriations include: increased labor costs due to rising employee health insurance rates and the addition of 169 positions since the adoption of the current year budget; higher capital spending associated with jail addition, new juvenile hall, and East/West Wing preservation; expansion of primary care and behavioral health services; and social services entitlement program commitments.

Recommended appropriations for the General Fund total \$634.5 million, representing growth of \$32.0 million over the current year adopted budget. Much of this increase reflects the underlying cost of providing baseline service levels. Over the last three budget cycles General Fund cost drivers - including pay raises authorized under current bargaining agreements, retirement rate increases, increases in health insurance rates, and upgrade costs for the County's enterprise resource planning (ERP) system have consumed growth in revenue. As a result of these increased costs, departments have seen erosion of their operational flexibility to meet service and staffing level goals.

To balance budgets for next fiscal year, initial "baseline" submittals to the Budget Office contained proposed cuts of 156.4 positions, including the loss of 83.0 vacancies and 73.4 filled positions. To avoid these position reductions and mitigate potential operational impacts, departments submitted augmentation requests to the Budget Office totaling \$39.8 million in appropriations, supported by \$9.6 million in program revenue and \$30.3 million in requested General Fund Contributions - far exceeding available resources. In developing the Recommended Budget, the County Administrative Office targeted available funding toward restoration of at-risk filled positions to preserve the County's service levels, particularly in public safety departments. The Recommended Budget restores 83.3 General Fund positions, including 49.3 filled positions and 34.0 vacancies. The Recommended Budget also includes 72.5 new positions of which 62.0 are for the Health Department to support the expansion of primary care and behavioral health services and funded by program revenue. Significant augmentations of General Fund Contributions include:

- \$5,194,344 to the Sheriff's Office to restore all 17.0 of its at-risk filled positions, 24.0 vacancies, and \$1.7 million to continue funding the replacement of patrol cars;
- \$2,022,577 to the Probation Department to restore 20.0 filled positions at risk of layoffs due to cost

pressures;

- \$347,974 to the Public Defender to restore a position at risk of layoff, funding to restore two vacant positions, and one-time funding in the amount of \$37,500 to replace computers;
- \$679,346 to County Counsel to restore four attorneys (three filled and one vacant);
- \$294,587 to Social Services to expand homeless services;
- \$350,475 to the County Administrative Office to restore 1.0 filled Emergency Planner, fund the County's contribution to the Monterey Peninsula Regional Water Authority and continue the OpenGov software contract;
- \$246,978 to the District Attorney to restore funding for operational expenses such as trial related expenditures;
- \$230,621 to the Human Resources Department to restore 2.0 vacancies, restore the reduction in time to one filled position, and provide \$30,000 for labor consultation services;
- \$117,144 to the Health Department to restore a vacant Environmental Health Specialist and the addition of 67.0 positions fully funded by program revenues; and
- \$202,764 to the Assessor-County Clerk Recorder to restore a vacant Appraiser, offset by a reduction to the baseline budget, for a net augmentation of \$101,392.

Due to the limited discretionary funding available this year and the substantial amount of requests for additional general funds, a number of requests are not included in the Recommended Budget. Those requests include a reduction in filled positions in the following departments: eight positions in the Parks Department's resort operations due to a continued decline in revenue, one position in County Counsel, and five positions in the Resource Management Agency (RMA) due to the sustained decline in gas tax revenue. Also not included in the Recommended Budget are future wage increases. In 2013, the Board approved three year agreements with most bargaining units. Those agreements expire at the end of this fiscal year (June 30, 2016). In considering future agreements, careful thought must be given to the County's fiscal capacity to sustain additional operating costs, particularly in light of the significant increases in employee benefit costs, without further impacting departmental staffing levels and service goals.

Expanded details about the Recommended Budget can be found in the attached executive summary.

OTHER AGENCY INVOLVEMENT:

Development of the Recommended Budget is a collaborative effort between the County Administrative Office and all County departments.

FINANCING:

This is an informational report and as such there is no fiscal impact that would result from the receipt of this report.

Approved by:

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Approved by:

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Assistant County Administrative Officer

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Attachment: Executive Summary - FY 2016-17 Recommended Budget