



County of Monterey

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

Board Report

File #: BC 19-052, **Version:** 1

Receive the FY 2019-20 Recommended Budget.

RECOMMENDATION:

It is recommended that the Budget Committee receive the FY 2019-20 Recommended Budget.

SUMMARY:

The FY 2019-20 Recommended Budget includes \$1.5 billion in expenditures for all funds, which is an increase of \$25.8 million (1.7%) over the adopted budget. Total authorized positions of 5,359 increase by 120 positions from the current year adopted budget, including 60 positions added during the current year and 60 new positions included as part of the Recommended Budget. The Recommended Budget will be presented to the Board of Supervisors for consideration at the public budget hearings scheduled to commence on June 3, 2019.

DISCUSSION:

In March, staff presented the Financial Forecast projecting a \$14.1 million deficit next fiscal year, growing to \$36 million in FY 2021-22 to continue existing operations. Although the Forecast projected discretionary revenue growth due to favorable property tax collections, cost pressures to continue current service level operations rise at a faster pace including large increases in pension contributions and health insurance premiums, higher costs to run internal service fund programs such as the workers' compensation and general liability programs, and increased formula-driven contributions to outside agencies and other funds.

Following the Forecast, departments submitted initial "baseline budgets" for next fiscal year, which communicate what level of operations can be afforded, considering the fiscal pressures, if no additional funding is available. As a result of cost pressures and revenue loss for some programs, departments initially identified funding gaps to continue 70.5 filled positions and 32.4 vacant positions next fiscal year. As part of the budget development process, departments also submitted augmentation requests to increase funding to allow them to continue operating at existing service levels, to expand programs, and to complete capital improvements.

Due to favorable revenue growth and other funding solutions described in detail in the attached Executive Summary, the County has \$15.5 million available for augmentation. The bulk of augmented funding, or \$9.1 million, is recommended for County departments to cover rising costs and maintain current staffing and operations. The Recommended Budget also adds 60 new staff and \$4.3 million to expand vital programs in public safety, early childhood education, prevention, and homeless services. Although there are no service level reductions, there are impacted positions. Social Services lost funding from the Workforce Development Board for the adult and dislocated worker services, resulting in elimination of 15 positions, of which 14 are filled. Responsibility and associated funding for these services was awarded to Arbor/Rescare effective July 1, 2019.

The Recommended Budget does not include wage increases next fiscal year as labor negotiations are currently underway and fiscal impacts are unknown at this time. Additionally, because of fiscal constraints, the budget does not address \$24.3 million requested for capital improvements and deferred maintenance, new positions beyond those included in the Recommended Budget, and other needs described in detail in the Executive Summary.

Staff will present an overview of the spending plan and remaining unfunded needs at the budget hearings, scheduled to commence June 3, 2019.

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 results from the receipt of this report.

Prepared by: Raquel Escorcía, CAO Analyst, ext. 5030

Approved by: Paul Lewis, County Budget Director, ext. 3078

Approved by: Dewayne Woods, Assistant County Administrative Officer, ext. 5309

Attachments: Executive Summary - FY 2019-20 Recommended Budget