



County of Monterey

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

Board Report

File #: RES 20-100, **Version:** 1

Consider adopting a resolution approving the Fiscal Year (FY) 2020-21 Budget for the County of Monterey, incorporating the FY 2020-21 Recommended Budget, which includes the County's General Financial Policies, and additional modifications directed by the Board at the June 1-2, 2020 Budget Hearings.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Consider adopting a resolution approving the Fiscal Year (FY) 2020-21 Budget for the County of Monterey, incorporating the FY 2020-21 Recommended Budget, which includes the County's General Financial Policies, and additional modifications directed by the Board at the June 1-2, 2020 Budget Hearings.

SUMMARY:

The County Administrative Office (CAO) presented the FY 2020-21 Recommended Budget to the Board of Supervisors at the Budget Hearings on June 1, 2020. The Board approved several modifications on June 2, 2020, including amendments to the General Financial Policies (for FY 2020-21 only), and directed staff to incorporate related changes in the budget for adoption on June 23, 2020. Budget Hearing modifications are detailed in Attachment A and Exhibit 1. During Budget Hearings, the Board directed additional follow-up for several pending issues. Specific referrals and anticipated dates of response back to the Board are detailed in Attachment B. In addition, the Board authorized the CAO to adjust the Recommended Budget to reflect the final FY 2020-21 Countywide Cost Allocation Plan (COWCAP) charges as reported in Attachment C.

DISCUSSION:

The FY 2020-21 Budget for all funds governed by the Board of Supervisors and the Board of Supervisors acting as the Board of Directors of individual special districts and Successor Agencies totals \$1,644,045,165. Total financing includes use of fund balance of \$53,131,598 and \$1,590,913,567 in revenues. Monterey County's FY 2020-21 Adopted Budget provides for 5,407.6 full-time equivalent (FTE) positions (Exhibit 1). Adopted Budget details are included in the FY 2020-21 Recommended Budget presented at Budget Hearings on June 1-2, 2020 and in the attachments to this report. The Board of Supervisors acting as the Boards of Directors of individual special districts and Successor Agencies will consider related budgets, included in the above totals, for adoption during individually convened hearings on June 23, 2020 as appropriate.

General Fund appropriations total \$715,959,217, offset by use of fund balance of \$46,169,061 and \$669,790,156 in revenues. The General Fund budget provides for 3,357 FTEs. General Fund appropriation modifications total \$5,714,967 and add 5 positions, financed by \$713,368 in revenues, \$1,916,242 from the appropriation for contingencies, with \$4,859,221 remaining, and \$3,085,357 from a release in the General Fund Cannabis Assignment fund balance, with \$19,736,673 remaining.

The adopted budget includes an increase in appropriations to the Road Fund in the amount of \$351,798 to reflect an adjustment for the Transient Occupancy Tax (TOT) revenue contribution to the Road Fund. The adjusted amount maintains the TOT contribution at a level that meets maintenance of effort (MOE) estimates for FY 2020-21.

The County Auditor-Controller prepares an annual County Wide Cost Allocation Plan (COWCAP). After the

COWCAP is prepared, the Auditor-Controller submits the plan for approval by the State. Simultaneously, departments use the COWCAP to incorporate overhead costs into their budgets. In some instances, the plan submitted to the State is revised and the final figures reflected in the COWCAP are different from the amounts in the departmental budgets. Accordingly, based on Board's direction during budget hearings and the final plan approved by the State, the Auditor-Controller and County Administrative Office will adjust the Recommended Budget to reflect final COWCAP charges as detailed in Attachment C.

The County Administrative Office recognizes that adoption of the State's FY 2020-21 Budget could impact County operations. Staff closely monitors the County's revenue and expenditure conditions to identify emerging issues and potential impacts that may require additional Board action. County staff will return to the Board to address State budget and local issues and make recommendations as necessary to maintain a balanced budget throughout the fiscal year.

As discussed during the budget hearings, the COVID-19 pandemic has affected many local governments revenues and will also affect Monterey County's revenues. One of those revenue sources which will be most affected is Transient Occupancy Tax (TOT). Accordingly, the Recommended Budget had a \$7 million revenue reduction in TOT which increased to \$8,569,907 during budget hearings. The additional reduction of \$1,569,907 is incorporated into the FY 2020-21 Adopted Budget. As uncertain fiscal conditions continue to develop, adjustments to projections of TOT and other revenues are likely and will be brought before the Board at the end of the first quarter, including a more comprehensive assessment of impacts on expenditures and property and sales tax revenues.

OTHER AGENCY INVOLVEMENT:

All County departments and agencies participate in development of the annual budget. At the close of Budget Hearings on June 2, 2020, staff in the CAO - Budget and Analysis Division, Auditor-Controller's Office, and Human Resources Department initiated collaborative efforts to ensure that all components of the County's FY 2020-21 Adopted Budget are programmed in Countywide Enterprise budget, payroll, accounting, and Human Resources position tracking systems for accurate and timely implementation on July 1 of the new fiscal year.

FINANCING:

The FY 2020-21 Adopted Budget reflects the FY 2020-21 Recommended Budget and changes directed by the Board during Budget Hearings on June 1-2, 2020. The FY 2020-21 Budget is balanced and meets all requirements for adoption and implementation effective July 1, 2020.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommendation to approve the FY 2020-21 Budget for the County of Monterey is consistent with the Board of Supervisors' Strategic Initiative for Administration. The FY 2020-21 Budget for the County of Monterey represents a balanced budget that sustains core services and efficiently allocates resources.

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

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

Attachments: FY 2020-21 Adopted Budget Resolution; Attachment A - Modifications to the FY 2020-21 Recommended Budget; Attachment B - Adopted Budget Follow-up Items; Attachment C - COWCAP Adjustments; Exhibit 1 - FY 2020-21 Adopted Budget Countywide Position Summary