



Recommended Budget FY 2023-24

Board of Supervisors Budget Hearing

MAY 31 AND JUNE 1, 2023

COUNTY ADMINISTRATIVE OFFICE



FY 2023-24 Recommended Budget

Budget Process in Brief



- ☐ Preliminary plans for carrying out next year's operations.
- ☐ Must be balanced.
- ☐ Assumes no augmentations.

- ☐ Prioritized proposals if additional County Contributions are Available.

Countywide Analysis

- ☐ Countywide Needs Assessment
- ☐ DHs Workshop
- ☐ BOS Workshop
- ☐ Budget Hearings
- ☐ Budget Adoption

Fiscal Environment

- National Economy Growing Risks
 - Potential Impacts from the Debt Limit Impasse
 - Higher Interest Rates
 - Uncertainty in Financial institutions
 - No recession is forecasted, but it cannot be ruled out in the near term
- State Economy Risks
 - \$31.5 billion deficit in FY 2023-24
 - Delayed Tax Receipts due to 2023 storms – tax filing deadlines extended to October 2023 resulting in estimated reduction of \$42 billion in state revenues



Fiscal Environment

- Local Risks
 - General fund discretionary revenue growth is not sufficient to keep up with rising costs
 - All the available discretionary revenue growth is recommended to help departments keep up with these increased costs to maintain current staffing & service levels
 - One-time funds are used to balance the FY 2023-24 budget, but it is very likely reductions will be necessary in the upcoming fiscal years as revenue growth is not keeping up with expenditure growth
 - Strategic Reserve levels have been reduced to \$48.37 million (as of 05/12/2023) but recent requests suggest this level could be as low as \$23.47 million by the end of FY 2022-23



County-wide Recommended Budget Summary - 1

All Funds	2021-22 Actual	2022-23 Adopted	2023-24 Recommended
Expenditures			
Salaries & Benefits	\$ 759.3	\$ 889.5	\$ 934.5
Services & Supplies	497.1	455.9	484.9
Other Charges	155.3	112.7	115.0
Fixed Assets	40.5	118.4	96.6
Op. Transfers Out / Other Financing	197.8	270.1	247.5
Contingencies	0.1	7.9	8.2
Total Expenditures	\$ 1,650.2	\$ 1,854.6	\$ 1,886.6
Revenues			
Taxes	\$ 282.5	\$ 271.1	\$ 298.1
Licenses, Permits & Franchises	24.9	23.1	27.9
Fines, Forfeitures & Penalties	12.6	13.8	13.0
State & Federal Aid	793.2	736.0	736.6
Charges for Current Services	438.1	443.3	480.5
Other Revenues	261.2	304.6	292.7
Total Revenues	\$ 1,812.5	\$ 1,792.0	\$ 1,848.7
Use of Fund Balance	\$ (162.3)	\$ 62.6	\$ 37.9
FTE Positions	5,516.6	5,737.2	5,841.3
*Numbers may not add up due to rounding.			

\$1.89 billion in appropriations

Appropriations increase \$32.1 million

- \$45 million in salary and benefits
- 104.1 new positions added – NMC, Health, PWFP
- General Fund contingencies include \$7.9 million per County policy, plus \$236,400 for cannabis contingency for a total of \$8.2 million

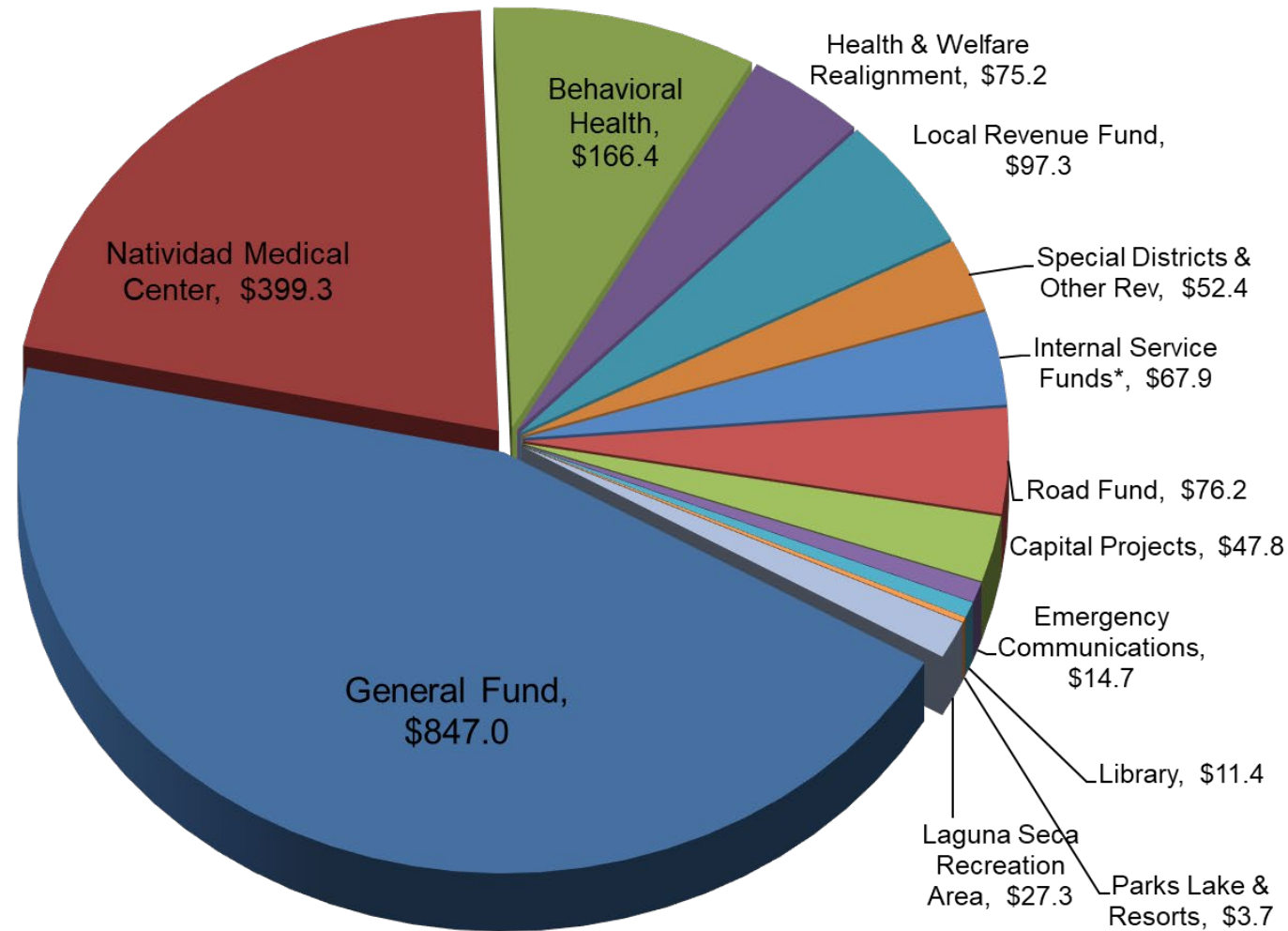
\$1.85 billion in revenues

Revenue grows \$56.7 million

- \$42.9 million increase in the general fund
- \$9 million in Laguna Seca fund
- \$28.2 million NMC fund
- \$9.9 million Realignment growth
- (\$22.6) million decrease in capital projects fund
- (\$18) million decrease in road fund



County-wide Recommended Budget FY 2023-24 – by Fund



* Includes programs for general liability, workers' compensation, ERP planning, and employee benefits.

General Fund Recommended Budget Summary - 1

General Fund	2021-22 Actual	2022-23 Adopted	2023-24 Recommended
Expenditures			
Salaries & Benefits	\$ 446.5	\$ 536.6	\$ 549.5
Services & Supplies	202.5	189.2	198.7
Other Charges	47.6	54.1	52.6
Fixed Assets	5.0	7.8	13.1
Op. Transfers Out	38.9	55.7	24.8
Contingencies	0.1	7.9	8.2
Total Expenditures	\$ 740.6	\$ 851.3	\$ 847.0
Revenues			
Taxes	\$ 262.4	\$ 250.5	\$ 275.1
Licenses, Permits & Franchises	24.7	22.9	25.8
Fines, Forfeitures & Penalties	11.6	11.2	10.6
State & Federal Aid	277.6	294.7	307.9
Charges for Current Services	67.8	77.2	76.0
Other Revenues	110.8	136.8	140.8
Total Revenues	\$ 755.0	\$ 793.4	\$ 836.2
Use of Fund Balance	\$ (14.4)	\$ 57.9	\$ 10.8
FTE Positions	3,367.7	3,509.2	3,573.7

*Numbers may not add up due to rounding.

- \$847.0 million in appropriations
 - Decrease of \$4.3 million from prior year
 - \$30.7 million decrease for a contribution to the pension trust fund
 - \$13 million in Salary and Benefit Cost increases
 - 64.5 (including 19 for ERP project) new positions
- \$836.2 million in revenues
 - \$18.6 million increase in discretionary revenue
- ARPA has changed the County's short-term Economic Outlook
- Many Augmentations were funded using ARPA funds to fund core programs and one-time expenditures.



General Fund Recommended Budget Summary - 2

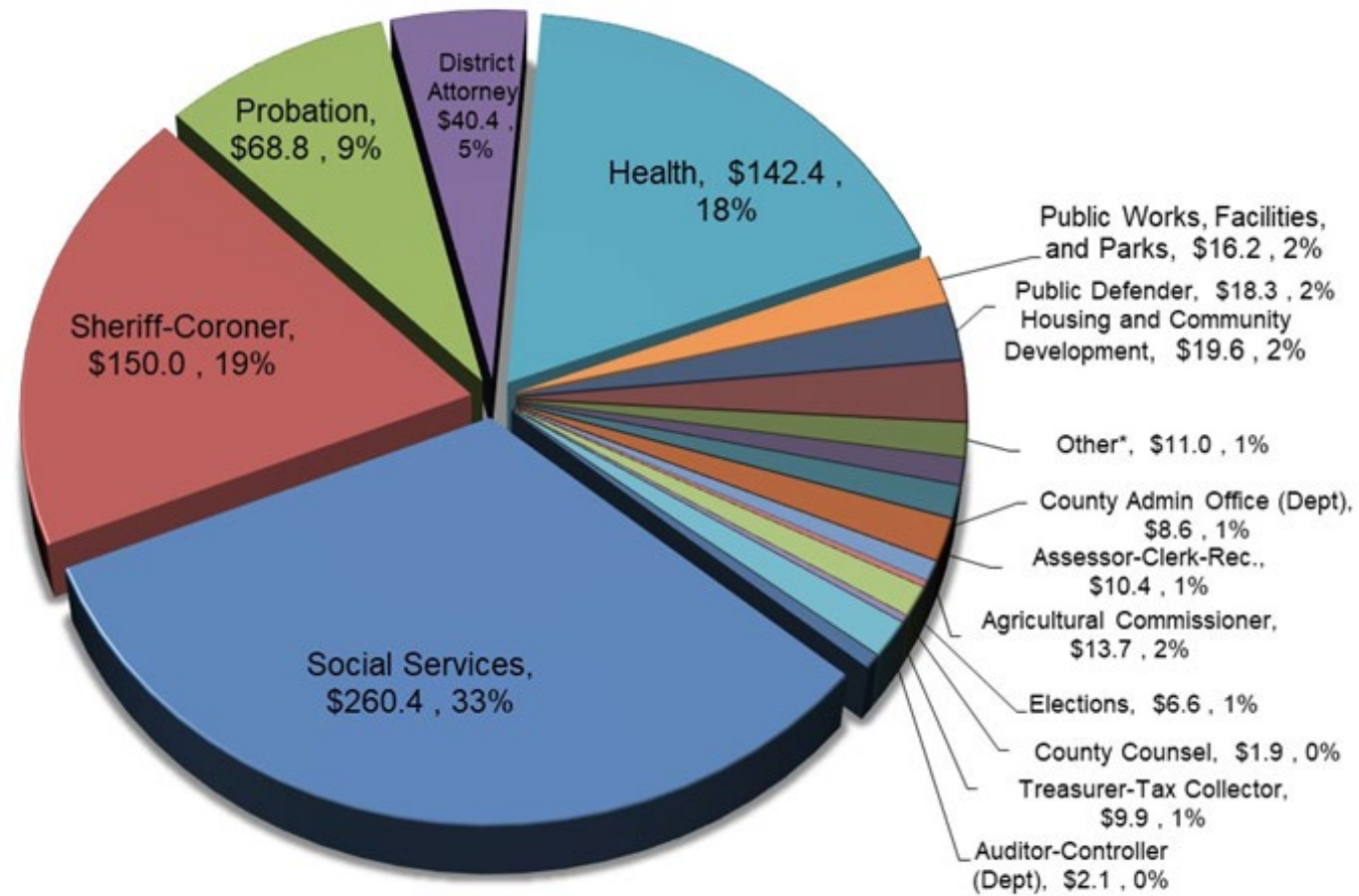
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- \$10.8 million use of fund balance.
- One-time uses of fund balance to cover one-time expenditures include:
 - \$5.5 million in the health department to pay liability to the State
 - \$2.8 million for departmental restricted activities
 - \$1.5 million for information technology projects
- \$17.1 million in one-time ARPA revenue is used to fund various needs:
 - \$13.2 million in the general fund for ongoing expenditures



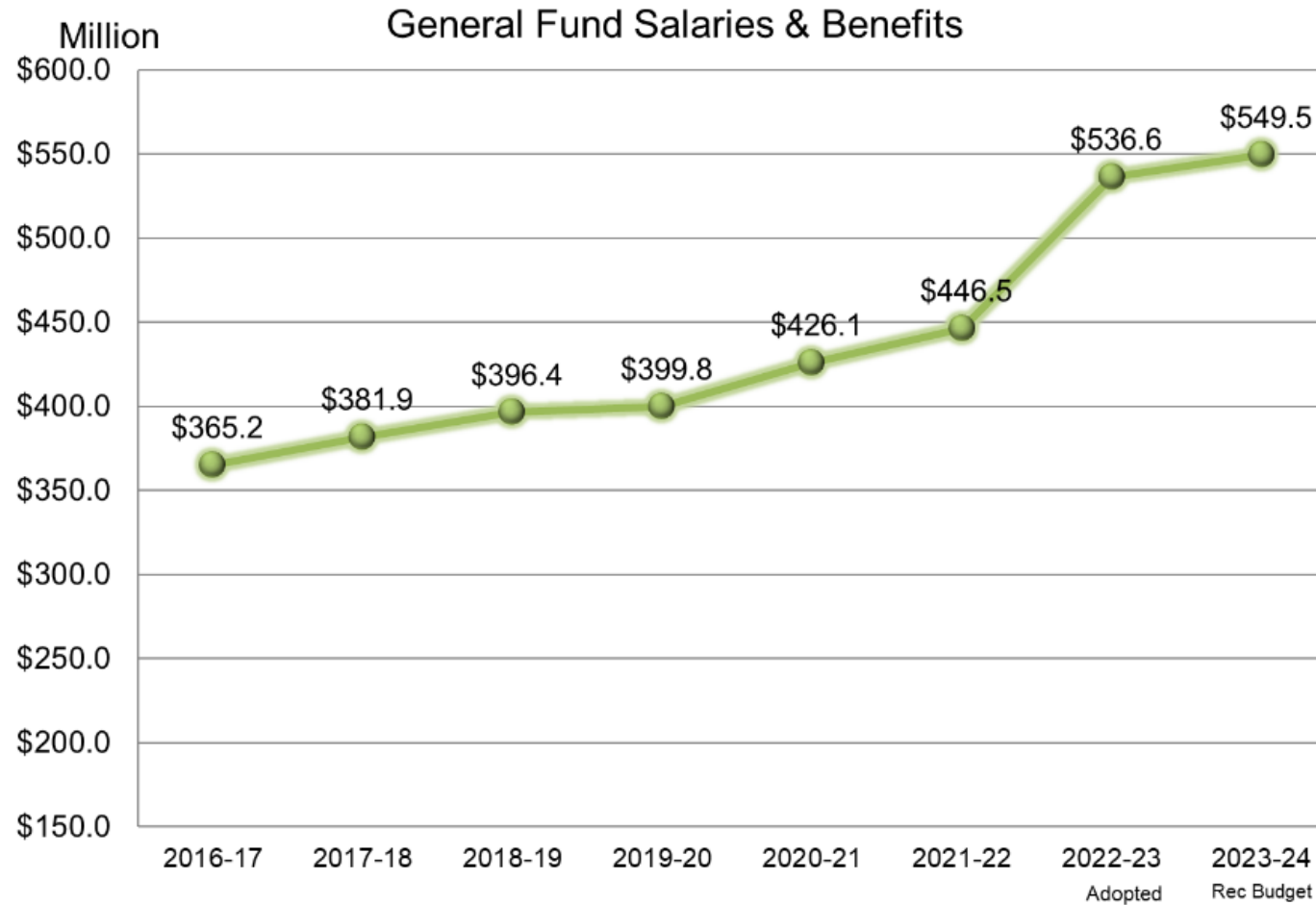
General Fund Recommended Budget FY 2023-24 – by Department



Excludes non-departmental costs.

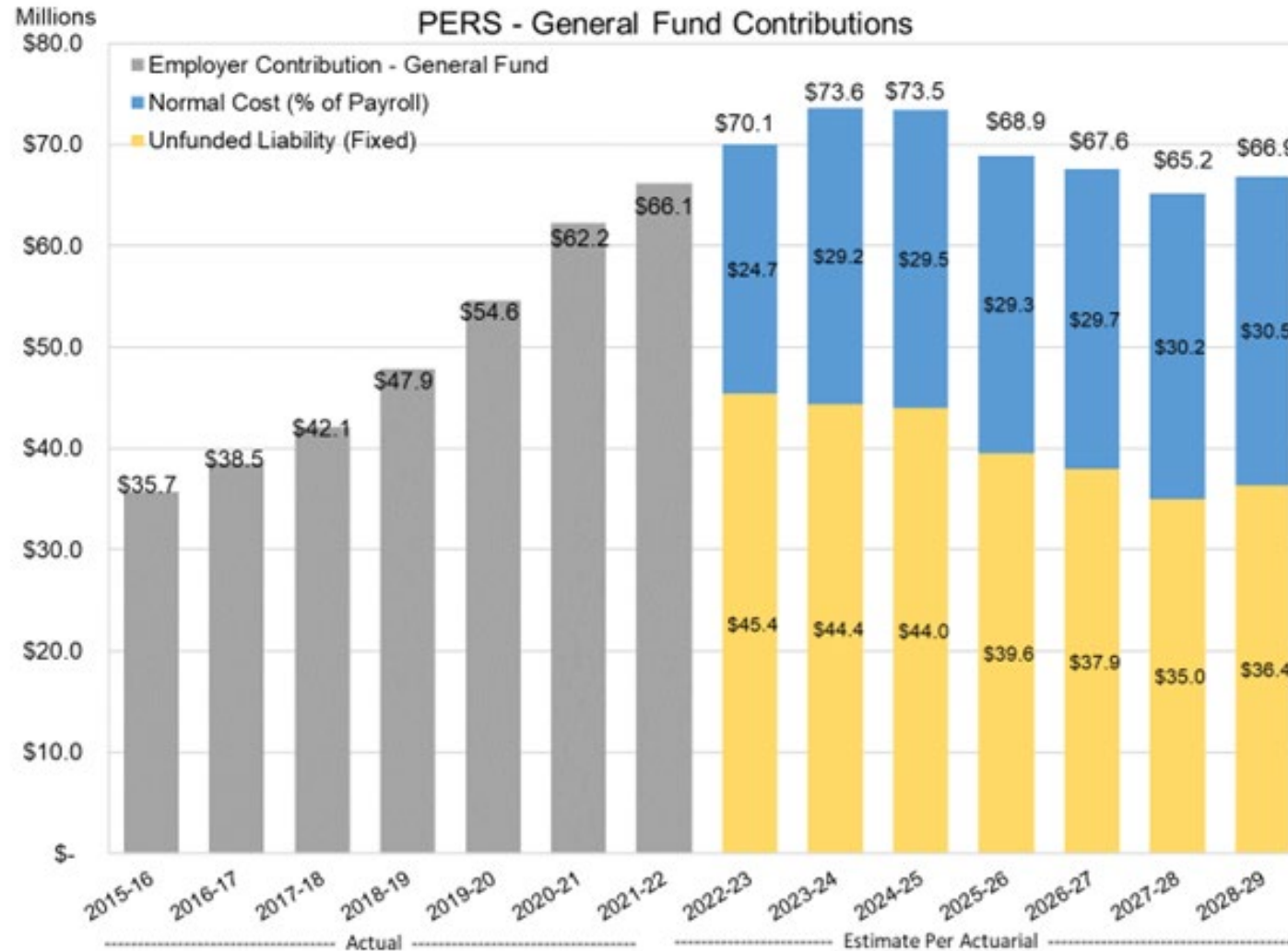
*Includes Human Resources, Board of Supervisors, Clerk of the Board, Civil Rights Office, Dept. of Emergency Management, and Cooperative Extension. Chart excludes non-departmental costs such as bond payments, trial courts, contributions to fire districts and

General Fund Cost Drivers – Salary and Benefits



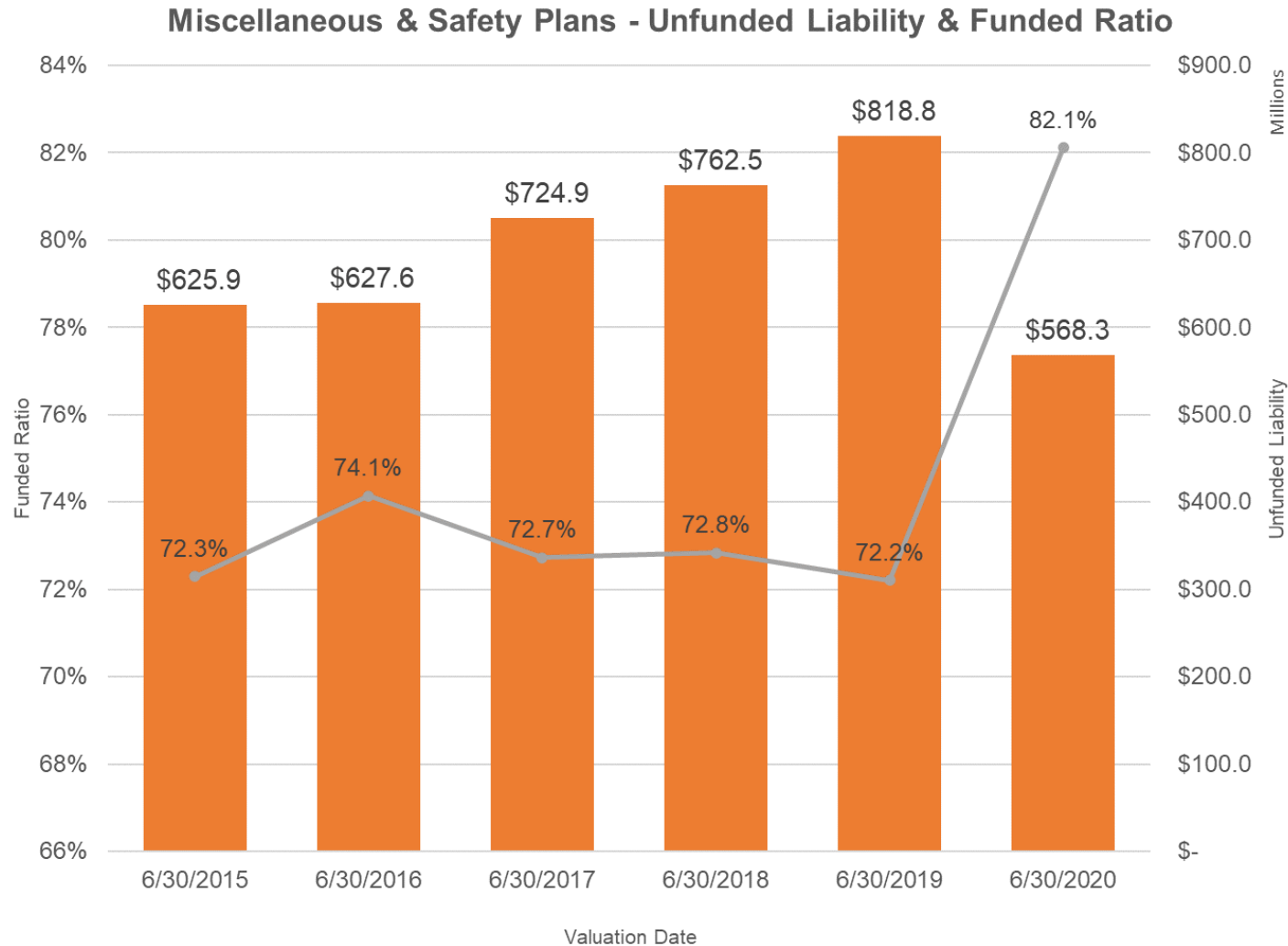
- Salaries and benefits represent 64.9% of the general fund budget
- The total of \$549.5 million in this category represents a \$13 million increase from FY 2022-23 budget
- The most significant year over year increase occurred in FY 2022-23 in salaries and benefits over the last ten years. This trend of increased cost continues in FY 2023-24
- For comparison, the largest year over year growth prior to FY 2022-23 occurred in FY 2020-21 (\$26.3 million)

General Fund Pension Contribution Trend



- Based on CalPERS actuarial reports, pension contribution costs are projected to grow by \$3.5 million in FY 2023-24.
- These estimated costs are more than double when compared to FY 2015-16.
- Costs are projected to grow until FY 2024-25 with small decreases projected after that year.

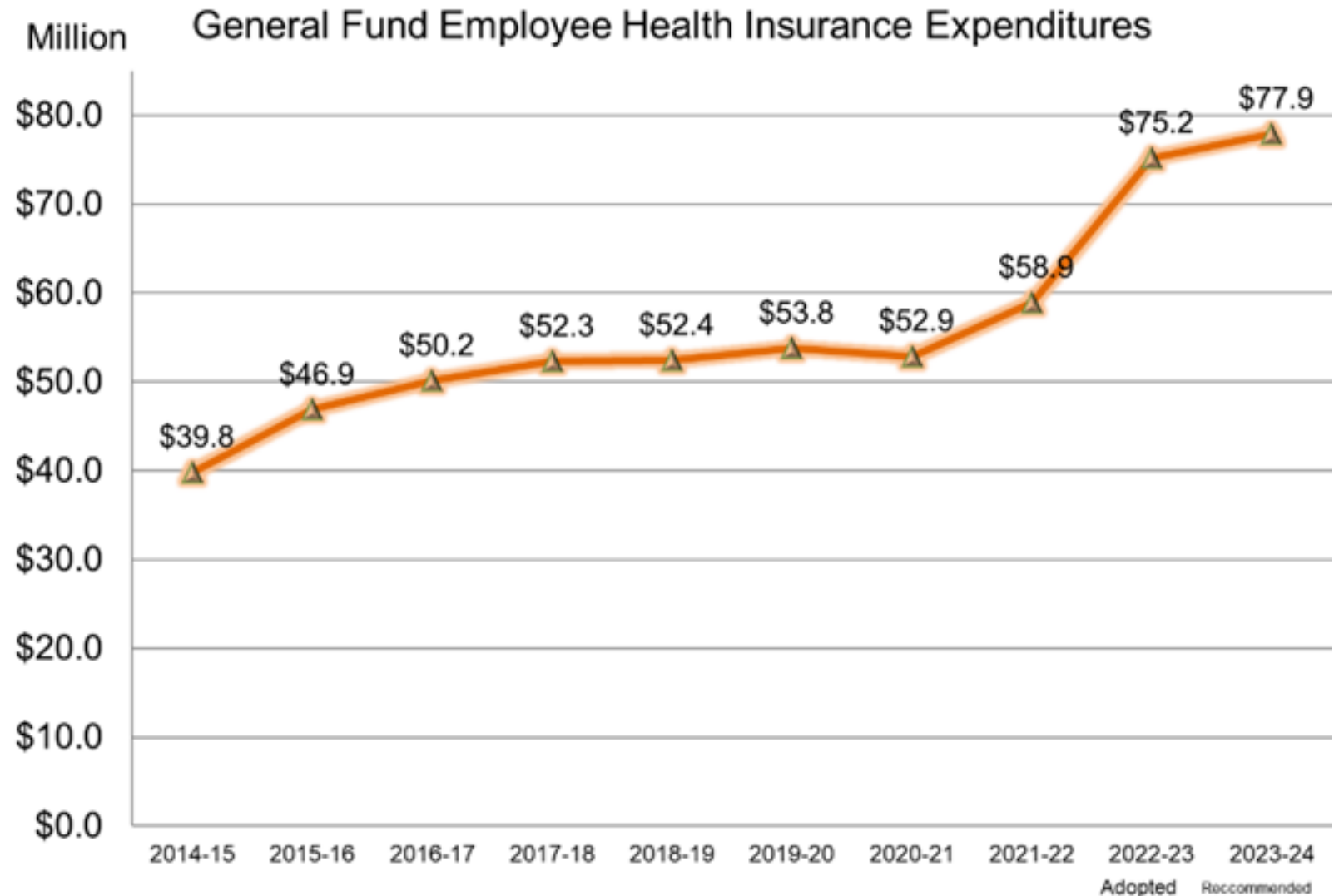
County-wide Retirement Unfunded Liability



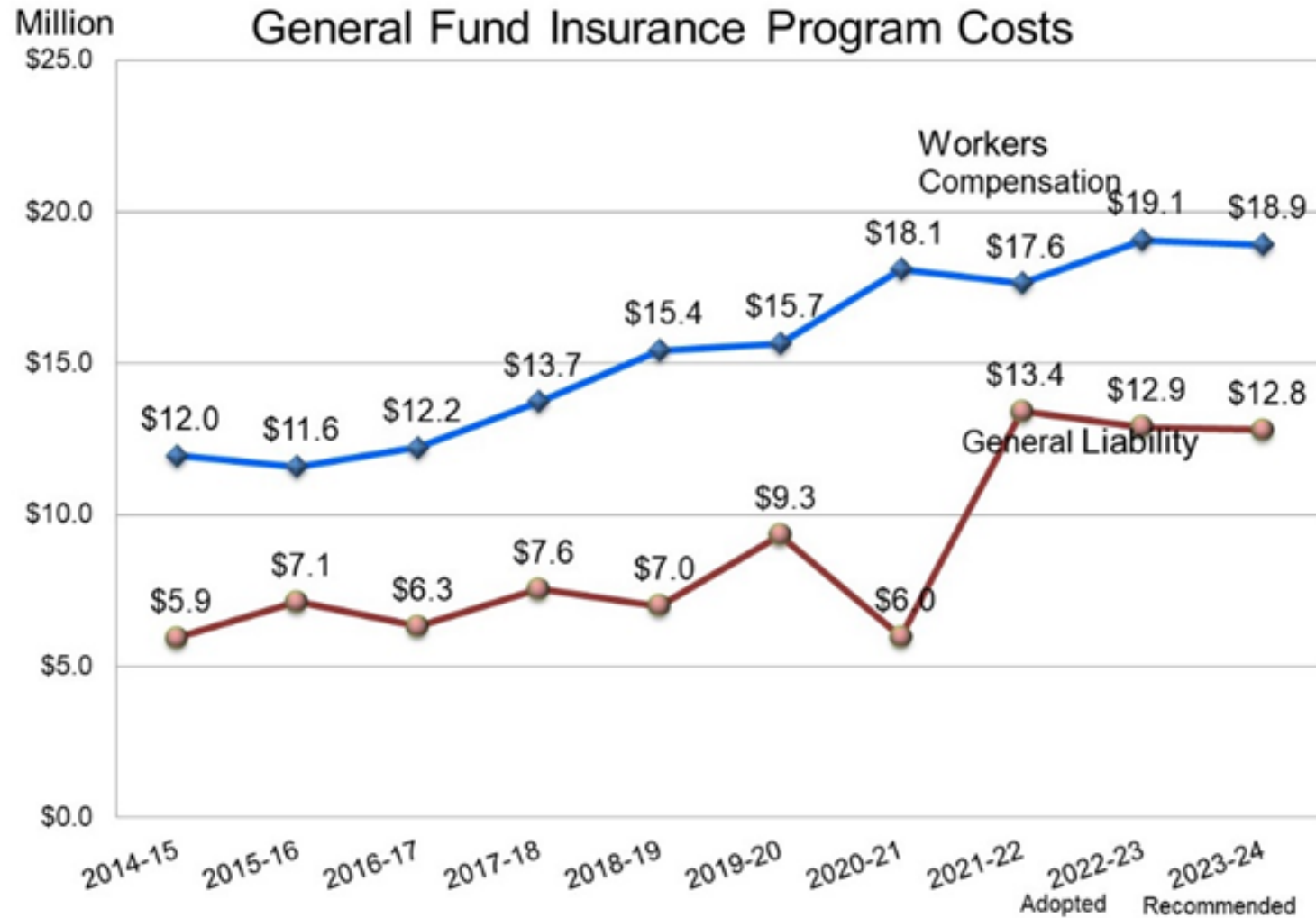
- Unfunded Liability for the County is estimated at \$568.3 million as of the latest valuation report (2021). This is significantly less than the prior year estimate.
- The Board began to establish a long-term strategy to address this growing liability by establishing the 115 pension trust.
- The recommended budget includes funding for the supplemental unfunded liability program (\$15.2 million all funds and \$11 million for the General Fund)

General Fund Health Insurance Premiums

- Historically, the County has covered annual increases in employee health insurance
- This cost has almost doubled since FY 2014-15
- The estimated cost increase in FY 2022-23 is unprecedented at \$16.3 million and is, in part, a direct result of the terms of the latest negotiated labor contracts which included higher County contributions for premiums and higher costs of flex cash credits
- Beginning with FY 2023-24, costs are still projected to grow but at a much lower rate (\$2.7 million).
- These cost increases are projected to stabilize if the current structure of labor agreements is maintained

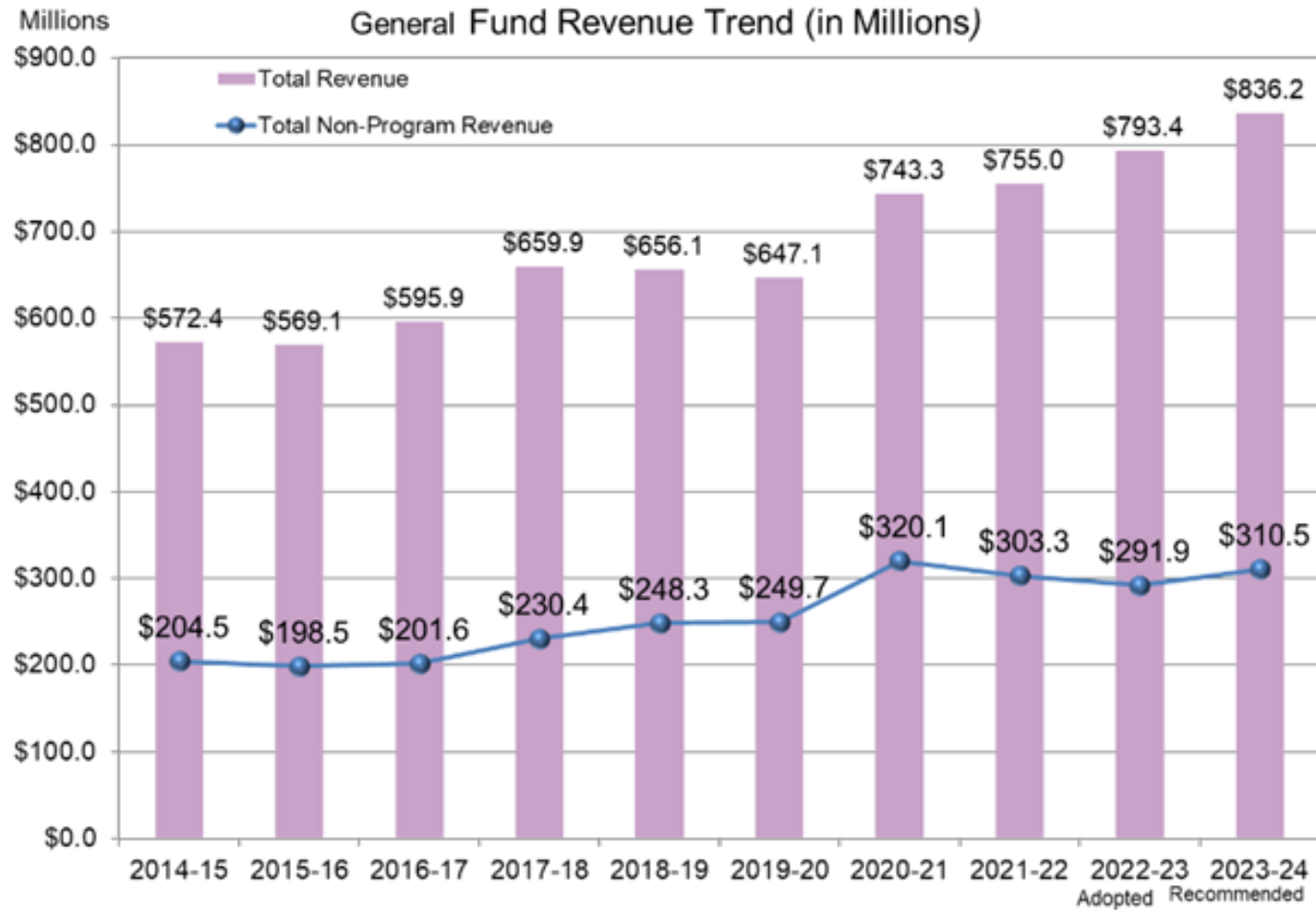


Workers Compensation & General Liability Program



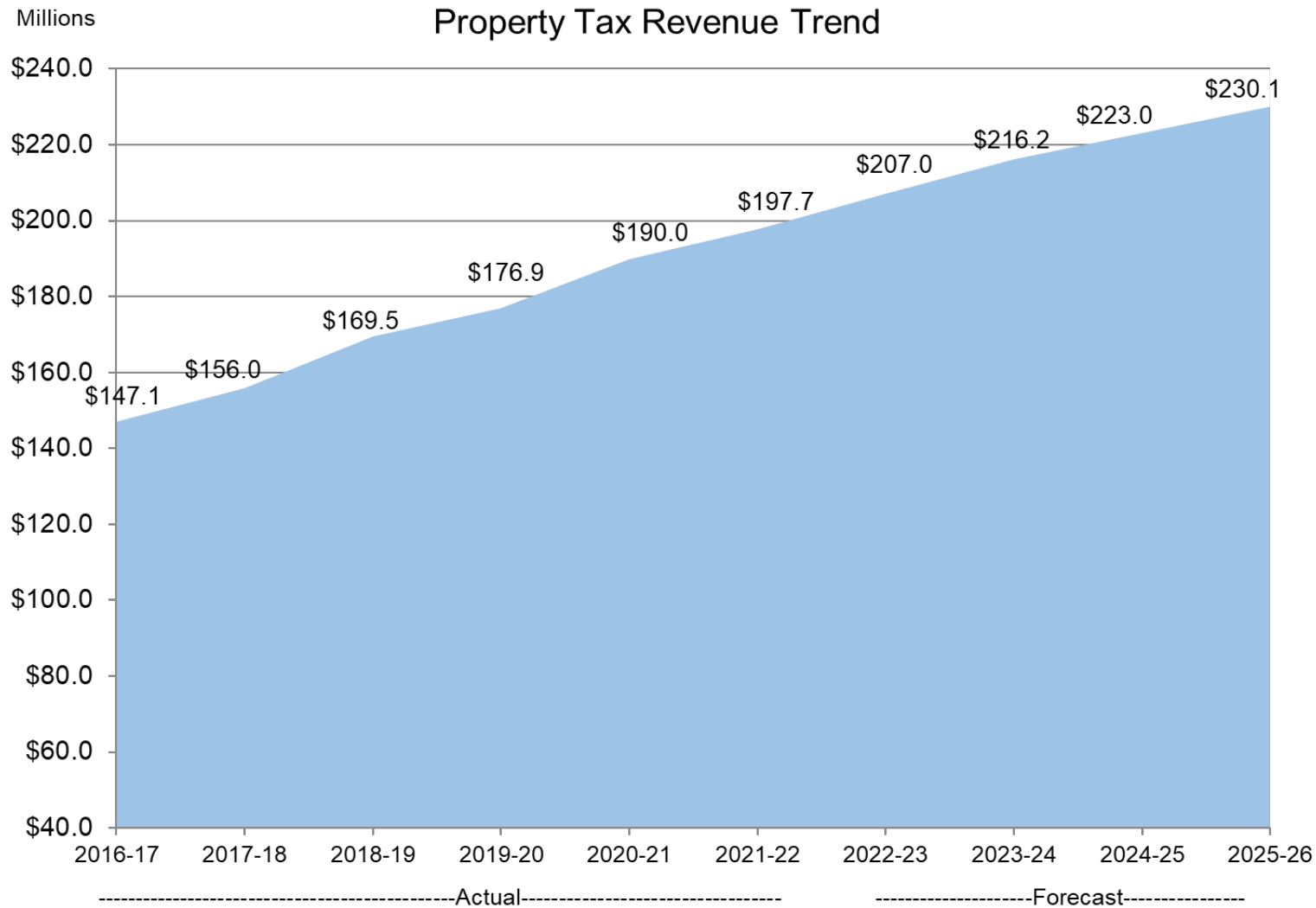
- Costs have grown \$13.8 million since FY 2014-15
- Both General Liability (GL) Insurance and Workers Comp costs are projected to grow between 10-15% in the following two fiscal years.
- The County must develop a program to evaluate and modify these programs to reduce costs as appropriate.

General Fund Revenue Trend



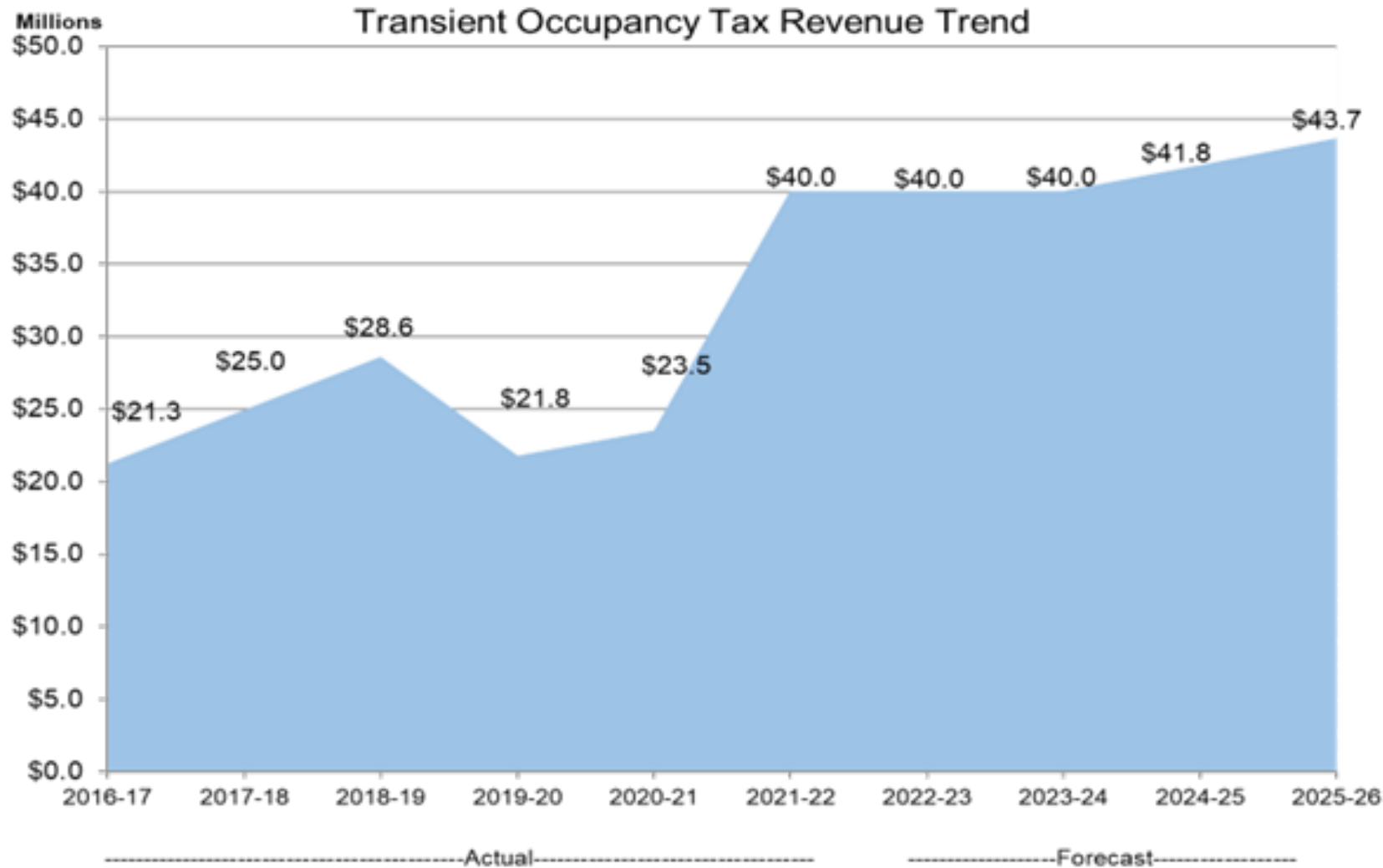
- Total General Fund Revenue is projected to grow \$42.9 million in FY 2023-24.
- It is projected that future years' growth will not be sufficient to keep pace with expenditure growth
- Discretionary revenue is projected to grow by \$18.6 million in FY 2023-24 compared to FY 2022-23. Although some revenue grew, the largest increase is projected in property taxes (\$12.3 million)

General Fund Discretionary Revenue Drivers – Property Tax



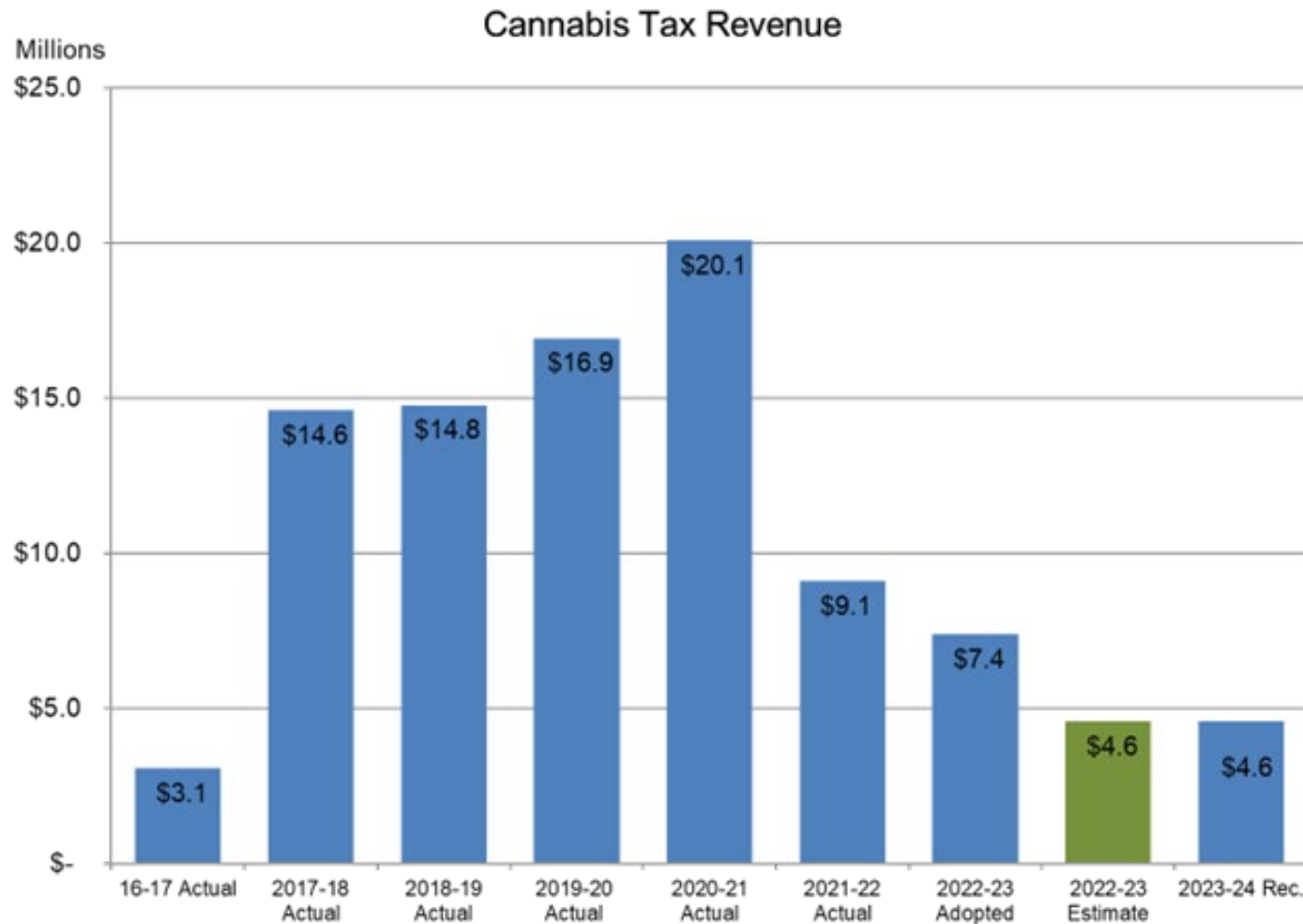
- Property Taxes have continued to grow, with the most significant growth occurring in FY 2020-21 and continued growth projected in the forecast years.
- Property taxes have been surprisingly strong amid the pandemic pressures; but need to monitor closely as reduction in this revenue could be impactful to service levels

General Fund Discretionary Revenue Drivers – TOT

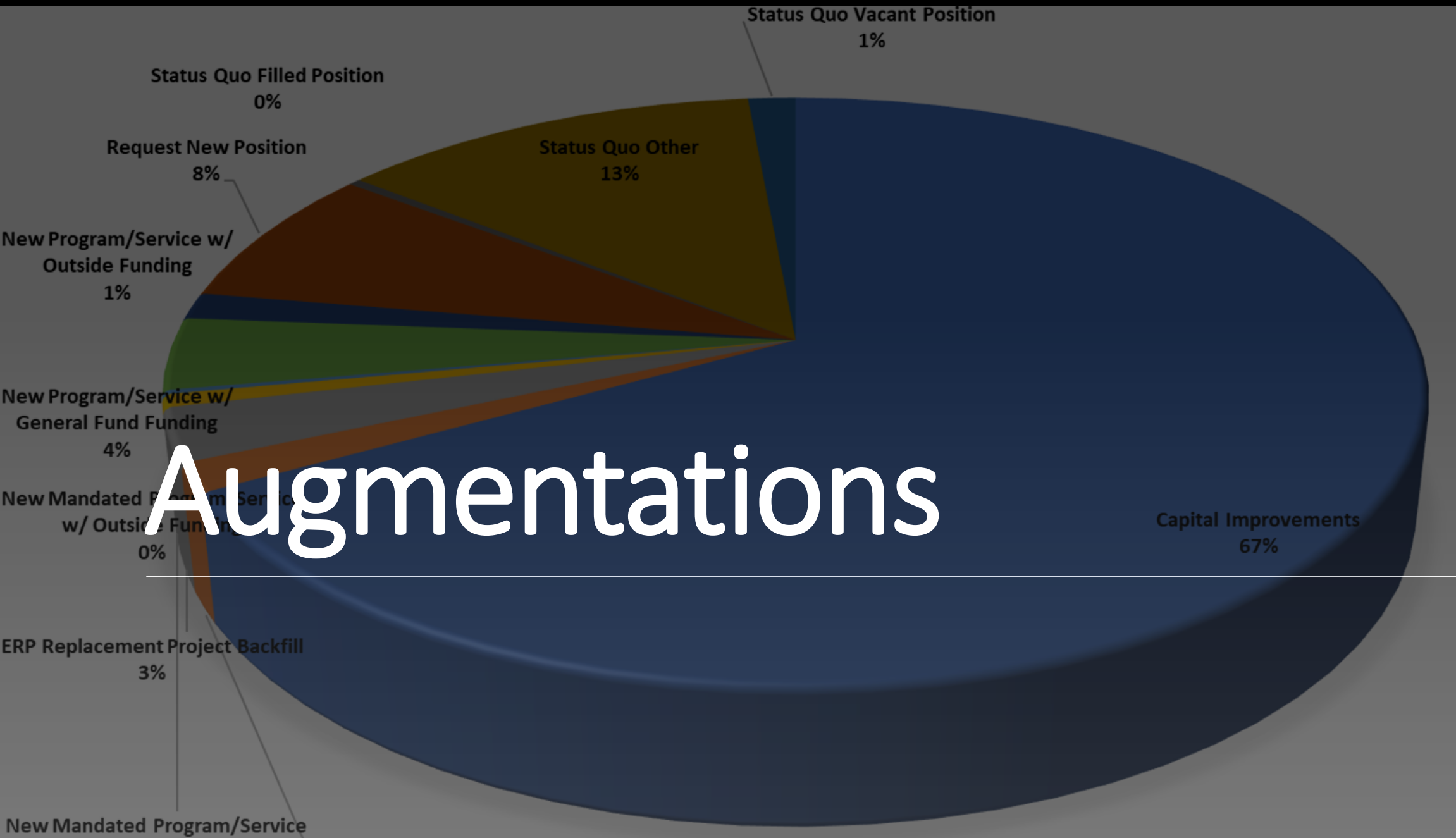


- Transient Occupancy Taxes is the County's second largest source of discretionary revenue
- It is also, one of the most volatile as it responds quickly to changes in the economy
- FY 2021-22 actuals of \$40 million represents and unprecedented amount for this revenue (about 10% from short term rentals)
- Revenue is projected to increase but must monitor closely due to its high volatility

Cannabis Revenue Trend



- FY 2022-23 estimated \$7.4 million in cannabis revenue to fund the cannabis program and other County core programs
- The recommended budget estimates \$4.6 million to fund only cannabis program costs
- However, depending on Board direction this revenue may be lower and adjustments to costs may occur to balance the budget.



Requested Augmentations Summary by Category

Category	FTE	Expenditures	Revenues	Net Request
Capital Improvements	-	82,566,096		82,566,096
Contribution to Other Funds	-	1,944,652		1,944,652
ERP Replacement Project Backfill	19.00	3,607,728	3,607,728	-
New Mandated Program/Service w/ General Fund Funding	-	858,306		858,306
New Mandated Program/Service w/ Outside Funding	2.00	276,385	276,385	-
New Program/Service w/ General Fund Funding	-	4,894,604	304,250	4,590,354
New Program/Service w/ Outside Funding	-	1,800,000	550,000	1,250,000
Request New Position	77.00	9,475,768	4,624,895	4,850,873
Status Quo Filled Position	2.25	448,823		448,823
Status Quo Other	-	15,838,100		15,838,100
Status Quo Vacant Position	13.00	1,782,182	437,733	1,344,449
Grand Total	113.25	123,492,644	9,800,991	113,691,653

- Departments submitted **\$123.5** million in augmentation requests in the categories shown in the table above. Status quo requests total \$18.1 million as summarized below.
 - \$448,823 to keep 2.25 filled positions
 - \$15.8 million to keep status quo costs not related to positions
 - \$1.8 million for status quo vacant positions (13 FTE)

Requested Augmentations Summary by Fund

Fund	Fund Name	FTE	Expenditures	Revenues	Net
001	General Fund	93.25	\$ 38,390,683	\$ 8,599,713	\$ 29,790,970
021	Workforce Development Fund	-	\$ 40,000		\$ 40,000
023	Behavioral Health	17.00	\$ 1,008,128	\$ 1,008,128	\$ -
025	Health Realignment	-	\$ 723,399		\$ 723,399
028	Emergency Communications	3.00	\$ 437,733	\$ 437,733	\$ -
151	Pajaro Sanitation District	-	\$ 1,160,163		\$ 1,160,163
404	Capital Fund	-	\$ 81,591,121		\$ 81,591,121
022	Social Services Realignment	-	\$ 141,417		\$ 141,417
Grand Total		113.25	\$ 123,492,644	\$ 10,045,574	\$ 113,447,070

- The largest funding request was made in the Capital Fund (\$81.6 million)
- The General Fund requests totals \$38.4 million with \$8.6 million in revenues, for a net request of \$29.8 million

Requested Augmentations Summary by Department

Dept Name	FTE	Expenditures	Revenues	Net
Assessor-County Clerk-Recorder	8.00	\$ 983,828		\$ 983,828
Auditor-Controller	16.00	\$ 2,793,142	\$ 2,244,917	\$ 548,225
Civil Rights Office	-	\$ 52,294		\$ 52,294
Cooperative Extension Service	0.25	\$ 40,118		\$ 40,118
County Administrative Office	6.00	\$ 2,468,195	\$ 548,760	\$ 1,919,435
Department of Emergency Management	-	\$ 410,000		\$ 410,000
District Attorney	1.00	\$ 1,414,390		\$ 1,414,390
Elections	-	\$ 1,812,858		\$ 1,812,858
Emergency Communications	3.00	\$ 437,733	\$ 437,733	\$ -
Health	41.00	\$ 8,640,665	\$ 4,755,016	\$ 3,885,649
Housing and Community Development	6.00	\$ 1,462,952		\$ 1,462,952
Human Resources	6.00	\$ 1,305,256	\$ 814,051	\$ 491,205
Information Technology	-	\$ 2,200,000		\$ 2,200,000
Probation	2.00	\$ 514,671	\$ 276,385	\$ 238,286
Public Defender	1.00	\$ 292,970		\$ 292,970
Public Works, Facilities & Parks	8.00	\$ 5,831,933		\$ 5,831,933
Sheriff-Coroner	7.00	\$ 7,224,403		\$ 7,224,403
Social Services	8.00	\$ 2,867,937	\$ 968,712	\$ 1,899,225
Treasurer-Tax Collector	-	\$ 173,203		\$ 173,203
Totals	113.25	\$ 40,926,548	\$ 10,045,574	\$ 30,880,974
Capital		\$ 82,566,096	\$ -	\$ 82,566,096
Grand Total		\$ 123,492,644	\$ 10,045,574	\$ 113,447,070

- Departments submitted **\$40.9** million in augmentation requests. Departments with larger requests include:
 - \$8.6 million in Health Department – affecting 41 FTE
 - \$7.2 million – Sheriff Department, affecting 7 FTEs
 - \$5.8 million from Public Works Facilities and Parks, 8 FTE
 - \$2.5 million from CAO department
- Public Works Facilities and Parks submitted \$82.6 million in capital projects on behalf of all County departments



Recommended Augmentations by Department

Dept Name	FTE	Expenditures	Revenues	Net	Recommended Amount
Assessor-County Clerk-Recorder	4.00	\$ 594,719		\$ 594,719	\$ 545,159
Auditor-Controller	12.00	\$ 2,244,917	\$ 2,244,917	\$ -	
Civil Rights Office	-	\$ 38,294		\$ 38,294	\$ 38,294
Cooperative Extension Service	0.25	\$ 40,118		\$ 40,118	\$ 40,118
County Administrative Office	4.00	\$ 1,680,158	\$ 548,760	\$ 1,131,398	\$ 1,067,864
Department of Emergency Management	-	\$ 95,000		\$ 95,000	\$ 95,000
District Attorney	1.00	\$ 120,390		\$ 120,390	\$ 100,325
Elections	-	\$ 1,812,858		\$ 1,812,858	\$ 1,710,659
Emergency Communications	3.00	\$ 437,733	\$ 437,733	\$ -	\$ -
Health	41.00	\$ 6,131,564	\$ 4,659,016	\$ 1,472,548	\$ 1,472,548
Housing and Community Development	-	\$ 320,906		\$ 320,906	\$ 320,906
Human Resources	4.00	\$ 864,051	\$ 814,051	\$ 50,000	\$ 50,000
Information Technology	-	\$ 2,200,000		\$ 2,200,000	\$ 2,200,000
Probation	2.00	\$ 412,567	\$ 276,385	\$ 136,182	\$ 136,182
Public Defender	1.00	\$ 292,970		\$ 292,970	\$ 292,970
Public Works, Facilities & Parks	2.00	\$ 5,401,229		\$ 5,401,229	\$ 5,121,265
Sheriff-Coroner	-	\$ 3,380,255		\$ 3,380,255	\$ 3,380,255
Social Services	8.00	\$ 2,765,817	\$ 968,712	\$ 1,797,105	\$ 1,774,787
Treasurer-Tax Collector	-	\$ 38,203		\$ 38,203	\$ 38,203
	82.25	\$ 28,871,749	\$ 9,949,574	\$ 18,922,175	\$ 18,384,535

- The recommended budget provides funding of \$18.4 million with major funding in the following departments (some amounts are prorated)
 - \$5.1 million in the PWFP department
 - \$3.4 million in the Sherriff's Department
 - \$2.2 million in the Information Technology department
 - 82.25 FTEs
 - 41 in the Health Department (self funded)
 - 8 in Social Services (mostly self funded)
 - 12 in Auditor-Controller for ERP project

Department	ERP Replacement Project Backfill	Mandated Program/Service w/ Outside Funding	Request New Position	Status Quo Filled Position	Status Quo Vacant Position	Grand Total
Y	19.00	2.00	51.00	2.25	8.00	82.25
Assessor-County Clerk-Recorder					4.00	4.00
Auditor-Controller	12.00					12.00
Cooperative Extension Service				0.25		0.25
County Administrative Office	3.00		1.00			4.00
District Attorney			1.00			1.00
Emergency Communications					3.00	3.00
Health			41.00			41.00
Human Resources	4.00					4.00
Probation		2.00				2.00
Public Defender				1.00		1.00
Public Works, Facilities & Parks			2.00			2.00
Social Services			6.00	1.00	1.00	8.00
Grand Total	19.00	2.00	51.00	2.25	8.00	82.25

Recommended Augmentations- Status Quo Filled and Vacant FTE, New FTE

- New positions were mostly funded by departmental revenue
- All status quo filled or vacant positions were restored

Recommended Augmentations by Category

Ranking Type Name	FTE	Expenditures	Revenues	Net	Recommended Amount
Capital Improvements	-	\$ 1,488,000		\$ 1,488,000	\$ 1,488,000
Contribution to Other Funds	-	\$ 1,275,652		\$ 1,275,652	\$ 1,275,652
ERP Replacement Project Backfill	19.00	\$ 3,607,728	\$ 3,607,728	\$ -	\$ -
New Mandated Program/Service w/ General Fund Funding	-	\$ 489,656		\$ 489,656	\$ 489,656
New Mandated Program/Service w/ Outside Funding	2.00	\$ 276,385	\$ 276,385	\$ -	\$ -
New Program/Service w/ General Fund Funding	-	\$ 1,101,903	\$ 296,954	\$ 804,949	\$ 804,949
New Program/Service w/ Outside Funding	-	\$ 1,100,000	\$ 550,000	\$ 550,000	\$ 550,000
Request New Position	51.00	\$ 5,617,146	\$ 4,780,774	\$ 836,372	\$ 787,773
Status Quo Filled Position	2.25	\$ 448,823		\$ 448,823	\$ 448,823
Status Quo Other	-	\$ 12,300,098		\$ 12,300,098	\$ 11,882,935
Status Quo Vacant Position	8.00	\$ 1,166,358	\$ 437,733	\$ 728,625	\$ 656,747
Grand Total	82.25	\$ 28,871,749	\$ 9,949,574	\$ 18,922,175	\$ 18,384,535

- The recommended budget provides funding of \$18.4 million with major funding in the categories shown in the table. The largest category receiving augmentation is the Status Quo Other with \$11.9 million.

Recommended Augmentations- Capital Projects

- These projects were recommended using the information technology capital assignment (\$1.48 million)
- \$81.1 million in capital project needs were not recommended

Budget Request Name	FTE	Expenditures	Revenues	Net	Recommended Amount
1930-IT-22-01-ITD Data Center System End of Life Replacement	-	\$ 488,000		\$ 488,000	\$ 488,000
1930-IT-23-03-County-Wide Network End of Life Replacement	-	\$ 1,000,000		\$ 1,000,000	\$ 1,000,000
Grand Total	-	\$ 1,488,000		\$ 1,488,000	\$ 1,488,000

Recommended Augmentations- ERP Project

Ranking	Type Name	Dept Name	Budget Request Name	FTE	Expenditures	Revenues	Net
	ERP Replacement Project Backfill	Auditor-Controller	AUG-Accountant Auditor II	1.00	\$ 137,255	\$ 137,255	\$ -
			AUG-Accountant Auditor III	2.00	\$ 331,618	\$ 331,618	\$ -
			AUG-Auditor Controller Analyst I	3.00	\$ 555,519	\$ 555,519	\$ -
			AUG-Auditor Controller Analyst II	2.00	\$ 398,006	\$ 398,006	\$ -
			AUG-Chief Deputy Auditor Controller	1.00	\$ 244,764	\$ 244,764	\$ -
			AUG-ERP Business Analyst	3.00	\$ 577,755	\$ 577,755	\$ -
		Auditor-Controller Total		12.00	\$ 2,244,917	\$ 2,244,917	\$ -
		County Administrative Office	AUG-B&A Principal Admin Analyst	1.00	\$ 238,971	\$ 238,971	\$ -
			AUG-C/P Buyer II	1.00	\$ 127,652	\$ 127,652	\$ -
			AUG-C/P Management Analyst III	1.00	\$ 182,137	\$ 182,137	\$ -
		County Administrative Office Total		3.00	\$ 548,760	\$ 548,760	\$ -
		Human Resources	ERP Backfill Associate Personnel Analyst	1.00	\$ 175,224	\$ 175,224	\$ -
			ERP Backfill HR Program Manager	2.00	\$ 453,430	\$ 453,430	\$ -
			ERP Backfill Senior Risk & Benefits Analyst	1.00	\$ 185,397	\$ 185,397	\$ -
		Human Resources Total		4.00	\$ 814,051	\$ 814,051	\$ -
	ERP Replacement Project Backfill Total			19.00	\$ 3,607,728	\$ 3,607,728	\$ -
	Grand Total			19.00	\$ 3,607,728	\$ 3,607,728	\$ -

- \$3.6 million were recommended for funding from funding specifically dedicated to this funding
 - The project is projected to start in August of 2023 and complete by August 2025
 - Phase 1 ERP Project (financials) 08/2023 to 08/2025
 - Phase 2 HCM (payroll and human resources) 01/2024 to 08/2025
 - Phase 3 EPM (budgeting)- 05/2024 to 06/2025



Recommended Augmentations - Status Quo

Recommended	Ranking Type Name	FTE	Expenditures	Revenues	Net	Recommended Amount
☐ N	Status Quo Other	-	\$ 3,538,002		\$ 3,538,002	\$ -
	Status Quo Vacant Position	5.00	\$ 615,824		\$ 615,824	
N Total		5.00	\$ 4,153,826		\$ 4,153,826	\$ -
☐ Y	Status Quo Filled Position	2.25	\$ 448,823		\$ 448,823	\$ 448,823
	Status Quo Other	-	\$ 12,300,098		\$ 12,300,098	\$ 11,882,935
	Status Quo Vacant Position	8.00	\$ 1,166,358	\$ 437,733	\$ 728,625	\$ 656,747
Y Total		10.25	\$ 13,915,279	\$ 437,733	\$ 13,477,546	\$ 12,988,505
Grand Total		15.25	\$ 18,069,105	\$ 437,733	\$ 17,631,372	\$ 12,988,505

- Departments submitted **\$18.06** million in augmentation requests in for status quo related requests.
 - All status quo filled positions were recommended for funding (\$448,823)
 - **\$1.16** million for status quo vacant positions are recommended for funding
 - **\$12.3** million for other status quo requests are recommended for funding

Recommended Augmentations- New Programs

Recommen	Ranking Type Name	FTE	Expenditures	Revenues	Net	Recommended Amount
☒ N	New Mandated Program/Service w/ General Fund Funding	-	\$ 368,650		\$ 368,650	
	New Program/Service w/ General Fund Funding	-	\$ 3,792,701	\$ 96,000	\$ 3,696,701	
	New Program/Service w/ Outside Funding	-	\$ 700,000		\$ 700,000	
	Request New Position	26.00	\$ 3,858,622		\$ 3,858,622	
N Total		26.00	\$ 8,719,973	\$ 96,000	\$ 8,623,973	
☒ Y	New Mandated Program/Service w/ General Fund Funding	-	\$ 489,656		\$ 489,656	\$ 489,656
	New Mandated Program/Service w/ Outside Funding	2.00	\$ 276,385	\$ 276,385	\$ -	\$ -
	New Program/Service w/ General Fund Funding	-	\$ 1,101,903	\$ 296,954	\$ 804,949	\$ 804,949
	New Program/Service w/ Outside Funding	-	\$ 1,100,000	\$ 550,000	\$ 550,000	\$ 550,000
	Request New Position	51.00	\$ 5,617,146	\$ 4,780,774	\$ 836,372	\$ 787,773
Y Total		53.00	\$ 8,585,090	\$ 5,904,113	\$ 2,680,977	\$ 2,632,378
Grand Total		79.00	\$ 17,305,063	\$ 6,000,113	\$ 11,304,950	\$ 2,632,378

- \$2.63 million were recommended for funding
 - \$787,773 for new positions
 - \$550,000 for a participatory budgeting in the Health Department, funded with outside funding
- \$8.62 million in requests were not recommended

Department/Augmentation Recommended 	FTE	Expenditures	Revenues	Net	Recommended Amount
Yes	51.00	\$ 5,617,146	\$4,780,774	\$ 836,372	\$ 787,773
County Administrative Office	1.00	\$ 171,202		\$ 171,202	\$ 142,668
AUG-IGLA Homeless Management Analyst II	1.00	\$ 171,202		\$ 171,202	\$ 142,668
District Attorney	1.00	\$ 120,390		\$ 120,390	\$ 100,325
Dept Info Systems Coordinator	1.00	\$ 120,390		\$ 120,390	\$ 100,325
Health	41.00	\$ 3,985,461	\$3,812,062	\$ 173,399	\$ 173,399
ADM - ACS New Position	1.00	\$ 116,298	\$ 116,298	\$ -	\$ -
ADM - BMS New Position	1.00	\$ 192,262	\$ 192,262	\$ -	\$ -
ADM - CSAIII New Position	2.00	\$ 192,024	\$ 192,024	\$ -	\$ -
ADM - MA II New Position	1.00	\$ 166,508	\$ 166,508	\$ -	\$ -
ADM - OA III New Position	1.00	\$ 101,999	\$ 101,999	\$ -	\$ -
ASB- RVT New Postion	0.50	\$ 37,546	\$ 37,546	\$ -	\$ -
ASB- VET New Position	0.50	\$ 118,333	\$ 118,333	\$ -	\$ -
AUG-Asst Bureau Chief	1.00	\$ 256,196	\$ 256,196	\$ -	\$ -
AUG-Chronic Disease Prevention Coordinator	1.00	\$ 75,733	\$ 75,733	\$ -	\$ -
AUG-Clinic Operations Supervisor	2.00	\$ 133,380	\$ 133,380	\$ -	\$ -
AUG-Clinic Ops Sup	1.00	\$ 140,380	\$ 140,380	\$ -	\$ -
AUG-Dept Info Sys Coord	1.00	\$ 111,271	\$ 111,271	\$ -	\$ -
AUG-Dept Info Sys Spclst	1.00	\$ 125,905	\$ 125,905	\$ -	\$ -
AUG-Health Ed Asst.	8.00	\$ 532,213	\$ 532,213	\$ -	\$ -
AUG-MA II	1.00	\$ 134,676	\$ 134,676	\$ -	\$ -
AUG-Medical Assistant	8.00	\$ 444,136	\$ 444,136	\$ -	\$ -
AUG-Medical Record Technician	1.00	\$ 49,027	\$ 49,027	\$ -	\$ -
AUG-Patient Services Representative II	3.00	\$ 158,898	\$ 158,898	\$ -	\$ -
AUG-Senior Psychiatric Social Worker	1.00	\$ 80,127	\$ 80,127	\$ -	\$ -
AUG-Social Worker III	1.00	\$ 66,827	\$ 66,827	\$ -	\$ -
Chronic Disease Prevention Specialist II - ATP Grant	1.00	\$ 144,038	\$ 144,038	\$ -	\$ -
Community Service Aide IV - DIS Grant	1.00	\$ 102,023	\$ 102,023	\$ -	\$ -
Public Health Nutritionist II TCM	-	\$ 76,778		\$ 76,778	\$ 76,778
Public Health Nutritionist II - TCM	1.00	\$ 139,308	\$ 139,308	\$ -	\$ -
Senior Therapist - Physically Handicapped Children - MTP	1.00	\$ 192,954	\$ 192,954	\$ -	\$ -
Senior Therapist - Physically Handicapped Children MTP	-	\$ 96,621		\$ 96,621	\$ 96,621
Public Works, Facilities & Parks	2.00	\$ 229,964		\$ 229,964	\$ 229,964
Parks Building & Grounds Worker Supervisor	2.00	\$ 229,964		\$ 229,964	\$ 229,964

Recommended Augmentations- New Programs Detail

- Programs showing zero net augmentations are funded with revenue



Recommended Augmentations- New Programs Detail - Continued

Department/Augmentation Recommended 	FTE	Expenditures	Revenues	Net	Recommended Amount
☒ Yes	51.00	\$ 5,617,146	\$4,780,774	\$ 836,372	\$ 787,773
☒ Social Services	6.00	\$ 1,110,129	\$ 968,712	\$ 141,417	\$ 141,417
Accounting Technician	1.00	\$ 107,906	\$ 107,906	\$ -	
Community Affiliations Manager	1.00	\$ 218,504	\$ 218,504	\$ -	
Dept Info Sys Coordinator	2.00	\$ 272,274	\$ 272,274	\$ -	
Management Analyst III	1.00	\$ 177,443	\$ 177,443	\$ -	
Program Manager II	1.00	\$ 192,585	\$ 192,585	\$ -	
Transfer out for Positions	-	\$ 141,417		\$ 141,417	\$ 141,417
Grand Total	51.00	\$ 5,617,146	\$4,780,774	\$ 836,372	\$ 787,773

- Programs showing zero net augmentations are funded with revenue
 - Cost of new positions in Social Services and Health Departments is covered with departmental revenue (realignment funds)

Financing for Augmentations

Record	Funding Source	FTE	Expenditures	Revenues	Net	Recommended Amount
☒ Y	ARPA Revenue Loss	11.25	\$ 14,886,210		\$ 14,886,210	\$ 14,348,570
	ARPA Rollover	-	\$ 483,149		\$ 483,149	\$ 483,149
	Building Improvement and Replacement	-	\$ 950,000		\$ 950,000	\$ 950,000
	Departmental Revenue	52.00	\$ 7,206,662	\$ 6,341,846	\$ 864,816	\$ 864,816
	ERP Funding	19.00	\$ 3,607,728	\$ 3,607,728	\$ -	\$ -
	General Capital Assignment	-	\$ 250,000		\$ 250,000	\$ 250,000
	ITD Assignment	-	\$ 1,488,000		\$ 1,488,000	\$ 1,488,000
Y Total		82.25	\$ 28,871,749	\$ 9,949,574	\$ 18,922,175	\$ 18,384,535
Grand Total		82.25	\$ 28,871,749	\$ 9,949,574	\$ 18,922,175	\$ 18,384,535

- Significant one-time funding is being used to fund ongoing expenditures
 - \$14.35 million in ARPA revenue funding 11.25 FTEs and other ongoing expenditures
 - \$483,149 in ARPA rollover funds for ongoing programs
 - \$1.48 million from information technology assignment
 - \$250,000 from the General Capital Assignment

Unfunded Augmentations Summary

Recommendation	Dept Name	FTE	Expenditures	Revenues	Net
N	Assessor-County Clerk-Recorder	4.00	\$ 389,109		\$ 389,109
	Auditor-Controller	4.00	\$ 548,225		\$ 548,225
	Civil Rights Office	-	\$ 14,000		\$ 14,000
	County Administrative Office	2.00	\$ 788,037		\$ 788,037
	Department of Emergency Management	-	\$ 315,000		\$ 315,000
	District Attorney	-	\$ 1,294,000		\$ 1,294,000
	Health	-	\$ 1,734,126	\$ 96,000	\$ 1,638,126
	Housing and Community Development	6.00	\$ 1,142,046		\$ 1,142,046
	Human Resources	2.00	\$ 441,205		\$ 441,205
	Probation	-	\$ 102,104		\$ 102,104
	Public Works, Facilities & Parks	6.00	\$ 2,893,679		\$ 2,893,679
	Sheriff-Coroner	7.00	\$ 3,644,148		\$ 3,644,148
	Social Services	-	\$ 102,120		\$ 102,120
	Treasurer-Tax Collector		\$ 135,000		\$ 135,000
N Total		31.00	\$ 13,542,799	\$ 96,000	\$ 13,446,799
Grand Total		31.00	\$ 13,542,799	\$ 96,000	\$ 13,446,799

- Totals in this table exclude capital projects

Unfunded Augmentations Detail (1 of 3)

Re	Dept Name	Budget Request Name	FTE	Expenditures	Revenues	Net
☒ N	☒ Assessor-County Clerk-Recorder	SQ Vacant Assessment Clerk or Appraiser II	1.00	\$ 91,673		\$ 91,673
		SQ Vacant Map Drafting Tech	1.00	\$ 105,425		\$ 105,425
		SQ Vacant Property Transfer Clerk	1.00	\$ 90,012		\$ 90,012
		Status Quo Vacant OAI	1.00	\$ 101,999		\$ 101,999
	Assessor-County Clerk-Recorder Total		4.00	\$ 389,109		\$ 389,109
	☒ Auditor-Controller	New Accounting Technician	1.00	\$ 107,906		\$ 107,906
		New Accountant Auditor II	1.00	\$ 137,255		\$ 137,255
		New Internal Auditor II	1.00	\$ 137,255		\$ 137,255
		New Internal Auditor III	1.00	\$ 165,809		\$ 165,809
	Auditor-Controller Total		4.00	\$ 548,225		\$ 548,225
	☒ Civil Rights Office	Status Quo ASL and Document Translation	-	\$ 14,000		\$ 14,000
	Civil Rights Office Total		-	\$ 14,000		\$ 14,000
	☒ County Administrative Office	AUG-C/P Management Analyst II	1.00	\$ 171,202		\$ 171,202
		AUG-Econ Dev Association Memberships	-	\$ 12,000		\$ 12,000
		AUG-Econ Dev Conferences/Lodging/Travel/Marketing	-	\$ 7,000		\$ 7,000
		AUG-Grant Writing (Regional Climate Proj Work Grp Membership	-	\$ 20,000		\$ 20,000
		AUG-IGLA Homeless Management Analyst I	1.00	\$ 152,835		\$ 152,835
		AUG-IGLA Homeless Encampment Mitigation Program	-	\$ 100,000		\$ 100,000
		AUG-Monterey County Violence Prevention Initiative Update	-	\$ 190,000		\$ 190,000
		AUG-Sustainability Operating Budget	-	\$ 95,000		\$ 95,000
		WDB SUPPORT SERVICES	-	\$ 40,000		\$ 40,000
	County Administrative Office Total		2.00	\$ 788,037		\$ 788,037
	☒ Department of Emergency Management	AUG-Duty Officer Vehicle	-	\$ 80,000		\$ 80,000
		AUG-EOC Site Review and Needs Assessment	-	\$ 80,000		\$ 80,000
		AUG-Grant Program Development	-	\$ 115,000		\$ 115,000
		AUG-Outreach/ Website Development	-	\$ 40,000		\$ 40,000
	Department of Emergency Management Total		-	\$ 315,000		\$ 315,000
	☒ District Attorney	Digital File Conversion-Phase 1	-	\$ 94,000		\$ 94,000
		Digital File Conversion-Phase 2	-	\$ 1,200,000		\$ 1,200,000
	District Attorney Total		-	\$ 1,294,000		\$ 1,294,000

- Totals in this table exclude capital projects



Unfunded Augmentations Detail (2 of 3)

- Totals in this table exclude capital projects

Re	Dept Name	Budget Request Name	FTE	Expenditures	Revenues	Net
	Health	ASB-Mobile Clinics	-	\$ 240,000	\$ 96,000	\$ 144,000
		EH-Cameras	-	\$ 8,000		\$ 8,000
		EH-Pilot IDLATF	-	\$ 120,000		\$ 120,000
		First 5 - ECE Career Pathways	-	\$ 350,000		\$ 350,000
		First 5 - ECE Community Outreach, Inclusion and Advocacy Str	-	\$ 225,000		\$ 225,000
		First 5 - Informal Caregiver Strategic Priorities	-	\$ 300,000		\$ 300,000
		Public Health Cannabis Education Program	-	\$ 225,000		\$ 225,000
		Public Health Employee Wellness Program	-	\$ 183,126		\$ 183,126
		Schilling Place Fitness Center - Employee Wellness Program	-	\$ 83,000		\$ 83,000
	Health Total		-	\$ 1,734,126	\$ 96,000	\$ 1,638,126
	Housing and Community Development	Associate Planner	2.00	\$ 310,936		\$ 310,936
		Business Technology Analyst I	1.00	\$ 149,152		\$ 149,152
		Code Compliance Inspector II	1.00	\$ 142,045		\$ 142,045
		GIS Analyst II	1.00	\$ 160,308		\$ 160,308
		Housing Housekeys	-	\$ 120,000		\$ 120,000
		Permit Technician III	1.00	\$ 135,955		\$ 135,955
		Vacation Short Term Rentals	-	\$ 123,650		\$ 123,650
	Housing and Community Development Total		6.00	\$ 1,142,046		\$ 1,142,046
	Human Resources	New Risk & Benefits Specialist-Conf.	1.00	\$ 126,035		\$ 126,035
		Qualtrics Agreement	-	\$ 88,455		\$ 88,455
		Status Quo Vacant HR Program Manager	1.00	\$ 226,715		\$ 226,715
	Human Resources Total		2.00	\$ 441,205		\$ 441,205
	Probation	AUG-Leave Buyback Unit M, N, L, F, J, X & Y	-	\$ 102,104		\$ 102,104
	Probation Total		-	\$ 102,104		\$ 102,104



Unfunded Augmentations Detail (3 of 3)

Re	Dept Name	Budget Request Name	FTE	Expenditures	Revenues	Net
	Public Works, Facilities & Parks	County Park Ranger II	1.00	\$ 133,488		\$ 133,488
		Custodial Services in Multi Use Facilities	-	\$ 950,000		\$ 950,000
		Facilities COVID19 Related	-	\$ 125,000		\$ 125,000
		Park Services Aide II	1.00	\$ 85,496		\$ 85,496
		Parking Citation Processing	-	\$ 20,000		\$ 20,000
		Parks Building & Grounds Worker II	1.00	\$ 98,411		\$ 98,411
		Parks Building & Grounds Worker Supervisor	2.00	\$ 229,964		\$ 229,964
		Real Property Specialist	1.00	\$ 188,551		\$ 188,551
		Salary & Benefit Savings Parks	-	\$ 487,769		\$ 487,769
		Security Services at Government Center & Schilling	-	\$ 575,000		\$ 575,000
	Public Works, Facilities & Parks Total		6.00	\$ 2,893,679		\$ 2,893,679
	Sheriff-Coroner	New Cannabis Vehicle	-	\$ 140,000		\$ 140,000
		New Position Accountant III	1.00	\$ 165,809		\$ 165,809
		New Position Accounting Technician	1.00	\$ 107,906		\$ 107,906
		New Position DISC	1.00	\$ 136,137		\$ 136,137
		New Position Sheriff's Commander	1.00	\$ 288,242		\$ 288,242
		New Position Sheriff's Records Director	1.00	\$ 187,615		\$ 187,615
		New Position Sheriff's Records Specialist II	1.00	\$ 103,402		\$ 103,402
		New Position Sheriff's Sergeant	1.00	\$ 236,908		\$ 236,908
		Restore Funding of 5 Deputy Sheriff-Corrections	-	\$ 949,129		\$ 949,129
		UpFit of 21 New Vehicles	-	\$ 700,000		\$ 700,000
		VRP Catch Up for 35 Patrol Vehicles	-	\$ 629,000		\$ 629,000
	Sheriff-Coroner Total		7.00	\$ 3,644,148		\$ 3,644,148
	Social Services	General Assistance	-	\$ 102,120		\$ 102,120
	Social Services Total		-	\$ 102,120		\$ 102,120
	Treasurer-Tax Collector	Remittance Processor (Replacement)		\$ 135,000		\$ 135,000
	Treasurer-Tax Collector Total			\$ 135,000		\$ 135,000
N Total			31.00	\$ 13,542,799	\$ 96,000	\$13,446,799
Grand Total			31.00	\$ 13,542,799	\$ 96,000	\$13,446,799

Totals in this table
exclude capital
projects



Known Administrative Corrections

1. Add one Assistant County Administrative Officer
2. Remove one Chief Deputy Public Defender
3. Fund \$175,000 for the Seaside Community Benefits Office Replacement from Fund 478



Pending Items which Could Impact the Budget

Development Set Aside Formula \$1.5 million

Road Fund Formula \$3.8 million

Community Requests

Ongoing Wage Analyses (\$8.8 million county wide and \$4.6 million in the General Fund)

Development Set Aside – TOT Allocation

Description	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 Budget	2023-24	Variance from
	Actual	Actual	Actual	Actual	Budget		Formula	Formula 2023-24
MCCVB	\$ 1,263,969	\$ 1,400,000	\$ 750,000	\$ 1,716,473	\$ 1,400,000	\$ 1,400,000	\$ 2,401,545	\$ (1,001,545)
Arts Council	\$ 421,331	\$ 420,000	\$ 247,500	\$ 566,436	\$ 440,000	\$ 420,000	\$ 792,510	\$ (372,510)
Film Commission	\$ 202,154	\$ 202,000	\$ 118,750	\$ 271,775	\$ 212,000	\$ 202,000	\$ 380,245	\$ (178,245)
MCBC	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Totals Outside Agencies	\$ 1,987,454	\$ 2,122,000	\$ 1,216,250	\$ 2,654,684	\$ 2,152,000	\$ 2,122,000	\$ 3,674,300	\$ (1,552,300)

- **Formula Allocation as % of TOT for the prior audited fiscal year**

- FY 2017-18 , 2018-19, FY 2019-20
 - MCCVB 6%
 - Arts Council 1.98%
 - Film Commission 0.95%

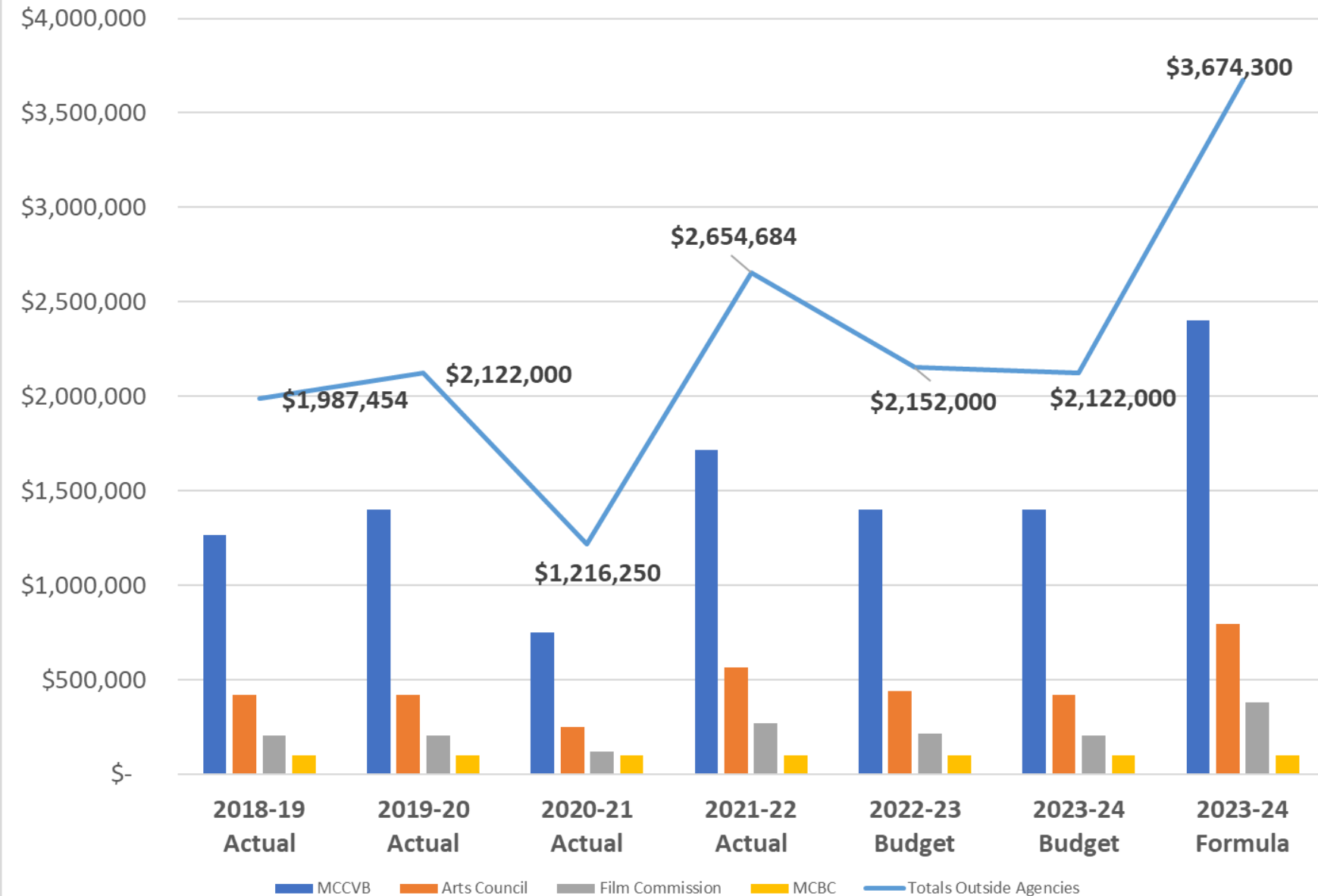
- **Modified Allocation**

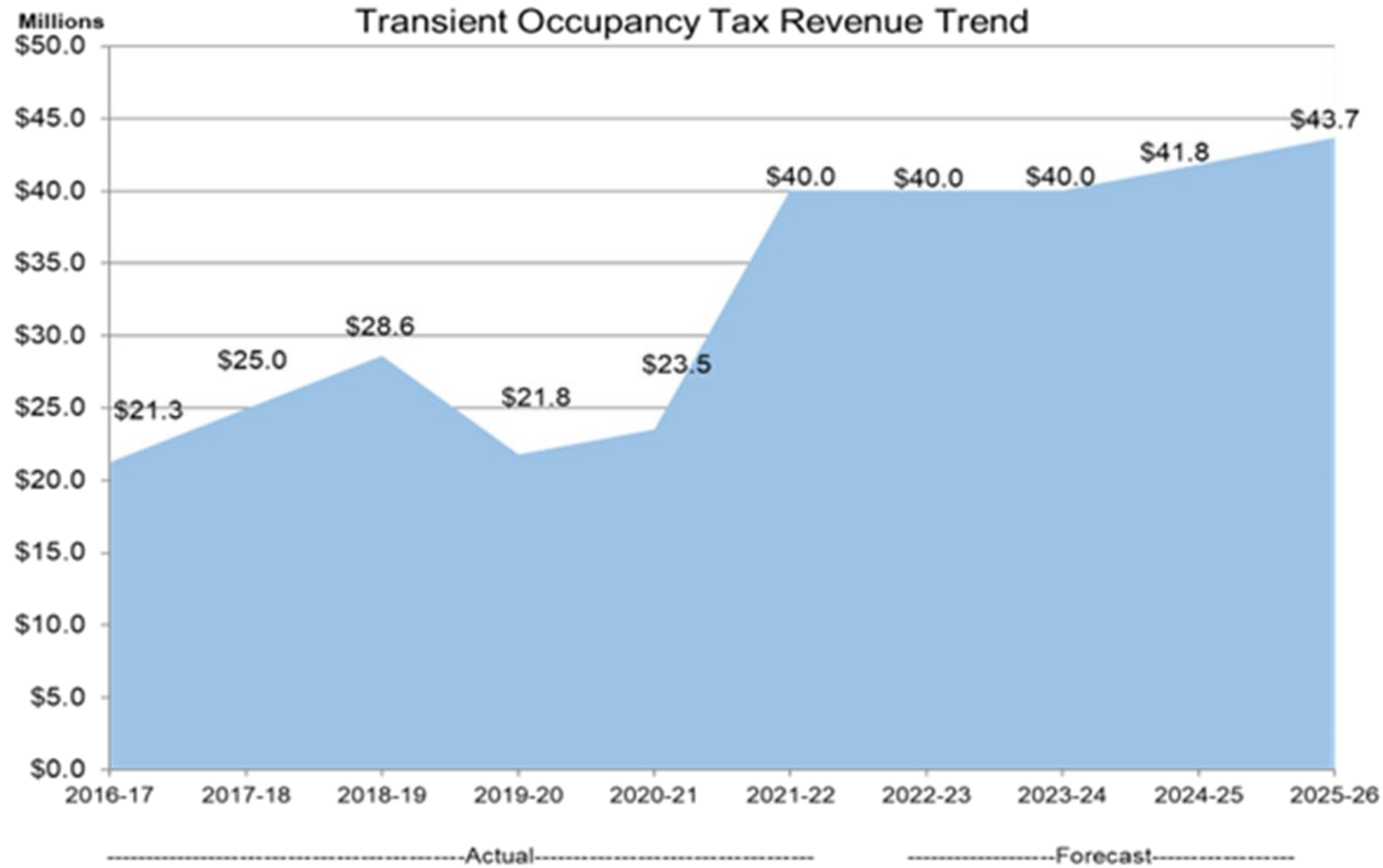
- FY 2020-21 Reduction due to COVID impacts
- FY 2021-22 increased allocation using a modified formula and used ARPA funding to help with prior year reduction
- FY 2022-23 Set the contribution to a set figure, using FY 2019-20 as the basis
- FY 2023-24 continues with the same methodology as the prior fiscal year



Development Set Aside – TOT Allocation

Development Set Aside Trend





Development
Set Aside –
TOT Trend



Known Community Requests

Monterey County Historical Society	\$100,000
Community Association of Big Sur	\$ 75,000
Casa Noche Buena Shelter	\$100,000
Shuman Heart House	\$100,000
Salinas Valley Promise	\$250,000
Salinas Soccer Complex	\$250,000



American Rescue Plan Act (ARPA) Funding Eligible Uses

Funds must be used **by December 31, 2024** for qualified costs to:

“to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;”

“to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;”

“for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or”

“to make necessary investments in water, sewer, or broadband infrastructure”



ARPA Funding Allocation Recommendation

FY	Spent	Allocated	Grand Total
2020-21	\$ 9,713,586		\$ 9,713,586
2021-22	\$ 20,147,619		\$ 20,147,619
2022-23		\$ 29,345,435	\$ 29,345,435
2023-24		\$ 24,651,123	\$ 24,651,123
2024-25		\$ 453,497	\$ 453,497
Totals	\$ 29,861,206	\$ 54,450,055	\$ 84,311,261

- All ARPA funds have been allocated pending reconciliation of spent funds by the end of FY 2022-23
 - If any unspent funds are identified at the end of FY 2022-23, the budget office will bring a recommendation for the use of those funds for one-time eligible projects when the Budget End of Year Report (BEYR) is presented in late fall

Recommendations

It is recommended that the Board of Supervisors:

1. Hold a Public Hearing on May 31, 2023 at 9:00 a.m. to consider adopting the Fiscal Year (FY) 2023-24 Appropriation Limits pursuant to Article XIII B of the California State Constitution.
2. Commence Budget Hearings with the County Administrative Office summary presentation of the FY 2023-24 Recommended Budget on May 31, 2023 at 9:00 a.m. and continue Budget Hearings on June 1, 2023 beginning at 9:00 a.m. if necessary.
3. Authorize and direct the County Administrative Office to prepare the FY 2023-24 Adopted Budget Resolution reflecting changes made by the Board during budget hearings, to make any changes in budget units to reflect any position and/or account adjustments approved by the Board during or prior to budget hearings.
4. Authorize and direct the County Administrative Office and Auditor-Controller to adjust, if needed, position counts, appropriations, revenues, fund balances, etc. to correct clerical and inadvertent errors due to erroneous entries in the County's budget system.



Recommendations (continued)

5. Authorize the County Administrative Office to amend the General Financial Policies by adjusting the contribution of TOT revenue to the Road Fund from the current rate of 25.0% of County TOT revenue based on prior year audited actuals to \$6,222,054, the FY 2023-24 maintenance of effort (MOE) requirement, effective July 1, 2023.
Authorize and direct the County Administrative Office to incorporate in the FY 2023-24 Adopted Budget the updated TOT contribution to the Road Fund.



Recommendations (continued)

6. Authorize the County Administrative Office, in the event that any unbudgeted/unassigned fund balance is available at year-end FY 2022-23, to allocate in the following order of priority:
 - a. For support of the Strategic Reserve (3111), not to exceed established Board policy of 10% of estimated FY 2021-22 General Fund revenues (excluding NMC Strategic Reserve) as prescribed in the County of Monterey General Financial Policy.
 - b. For the General Fund Contingency Assignment (3113) to help cover unanticipated events or emergencies as prescribed in the County General Financial Policy.
 - c. 115 Pension Trust - funds to be placed in General Fund (3135) and then transferred to Fund 030.
 - d. Cannabis Tax Assignment



Recommendations (continued)

7. Authorize the County Administrative Office to transfer or release to/from assignments associated with the following self-funded programs in the event they require additional funds or have excess funds at the end of FY 2022-23:
 - a. Information Technology Charges Mitigation Assignment (3124).
8. Authorize the County Administrative Office to adjust the FY 2023-24 Adopted Budgets for the other funds under the authority of the Board of Supervisors to reflect the FY 2022-23 year-end final available fund balance.

Recommendations (continued)

9. Consider approval and adoption of the Public Works Facilities and Parks Department-Public Works Annual Work Program for the Road Fund for Fiscal Year 2023-24. California Code of Regulations Section 994 - Road Construction & Maintenance Activity, and Streets & Highways Code Division 3, Chapter 1, Section 2007 require that a Road Fund budget be submitted to the Board of Supervisors at the same time as other County departments submit their recommended budgets. The Public Works Annual Work Program outlines planned expenditures within the recommended Work Program (Road Fund) budget by project and activity. It details anticipated administrative, engineering, and reimbursable expenditures along with planned capital project expenses and maintenance activities.



Next Steps

- The Board will receive presentations from Department Heads and members/organizations from the public.
- During the hearing, the Board may make additions, reductions or modifications to the Recommended Budget.
- Understanding the budget is balanced as presented, financing options for potential increases include:
 - **Redirections:** The Board can direct staff to delete or modify County programs or contributions to other agencies and redirect those resources to other needs.
 - **Contingencies appropriation** - In accordance with Board policy, the budget includes 1% of estimated general fund revenues (\$7.9 million for FY 2023-24) set aside for operational contingencies



Departmental Presentations

