



# County of Monterey

## Item No.8

### Board Report

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

Legistar File Number: RES 25-097

June 17, 2025

Introduced: 6/6/2025

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Adopt a resolution approving the Fiscal Year (FY) 2025-26 Budget for the County of Monterey, incorporating the FY 2025-26 Recommended Budget, which includes the County's General Financial Policies, and additional modifications directed by the Board of Supervisors at the May 28, 2025, Budget Hearings; amend Personnel Policies and Practices Resolution (PPPR) No. 98-394 Appendix A and B to adjust the salary ranges of multiple classifications/series effective July 1, 2025, and July 12, 2025, as indicated in Attachment D; and, direct the Human Resources Department and Auditor-Controller to implement the changes in the Advantage Human Resources Management (HRM) System.

#### RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution to:

- a. Approve the Fiscal Year (FY) 2025-26 Budget for the County of Monterey, incorporating the FY 2025-26 Recommended Budget, which includes the County's General Financial Policies, and additional modifications directed by the Board of Supervisors at the May 28, 2025, Budget Hearings;
- b. Amend Personnel Policies and Practices Resolution (PPPR) No. 98-394 Appendix A and B to adjust the salary ranges of multiple classifications/series effective July 1, 2025, and July 12, 2025, as indicated in Attachment D; and
- c. Direct the Human Resources Department and Auditor-Controller to implement the base wage changes in the Advantage Human Resources Management (HRM) System.

#### SUMMARY:

The County Administrative Office (CAO) presented the FY 2025-26 Recommended Budget to the Board of Supervisors at the Budget Hearings on May 28, 2025. The Board approved several modifications and directed the CAO to incorporate related changes in the budget for adoption on June 17, 2025. Budget Hearing modifications are detailed in Attachment A and Exhibit 1. The budget also contains corrections as detailed in Attachment C.

The Human Resources Department (HRD) completed base wage compensation studies in the Recommended Budget. Attachment D outlines the classifications found to be below the market of the County's comparable agencies; therefore, it is recommended that the salary ranges be amended.

#### DISCUSSION:

The FY 2025-26 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 \$2,225,886,518. Total financing includes \$2,138,922,899 in revenues and \$86,963,619 in fund balance. The County's FY 2025-26 Adopted Budget provides 5,810.90 full-time equivalent (FTE)

positions (Exhibit 1). Adopted Budget details are included in the FY 2025-26 Recommended Budget presented at Budget Hearings on May 28, 2025, 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 17, 2025, as appropriate.

General Fund appropriations total \$971,045,889 offset by revenues of \$947,589,121 and fund balance use of \$23,456,767. The General Fund budget provides for 3,507.15 FTEs.

The adopted budget includes a contribution to the Road Fund for \$9,641,113 restoring the 25% allocation from the Transient Occupancy Tax (TOT) revenue. The Recommended Budget included a contribution to the Road Fund for \$6,466,393 representing the Maintenance of Effort (MOE); the adopted budget restores the additional \$3,174,720 which is backfilled by utilizing \$1,236,288 in Contingency Reserve funds, \$1,673,966 in Measure AA revenues, and \$264,466 in Cannabis Assignment funds.

The adopted budget utilizes an additional \$2,949,296 in Contingency Reserves, \$2,450,117 in Measure AA revenues, and \$1,264,331 in Cannabis Assignment. It reduces the appropriation for Contingencies by \$1,440,000 to support board modifications directed at the Budget Hearings on May 28, 2025. The modifications include authorization of 32.0 positions including restoring 15 unfunded vacant positions; restoring 12 funded vacant positions; and adding five new positions. The vacant and new positions were funded at 80% of the requested amount to account for the timing delay of recruitment and hiring and to mitigate costs due to funding constraints. Additionally, the Board authorized the use of \$13,490,853 of Building and Improvement Replacement funds to support unscheduled maintenance to county-owned facilities and various capital projects throughout the County.

The CAO recognizes that adoption of the State's FY 2025-26 Budget and budgetary changes at the federal level could impact county operations. The CAO closely monitors the County's revenue and expenditure conditions to identify emerging issues and potential impacts that may require additional Board action. In addition, pending negotiations with labor groups could also impact the FY 2025-26. To manage workforce costs during the FY 2025-26, the CAO will continue operating the Hiring Freeze Policy initiated in October 2024, which requires county offices and departments to receive exemptions to the policy to initiate recruitments. County staff will return to the Board to address federal, state, and local issues and make recommendations as necessary to maintain a balanced budget throughout the fiscal year to address potential impacts identified and quantified.

HRD contracted with independent firms, Management Strategies Group, a consulting division of Sloan Sakai Yeung & Wong LLP, and Regional Government Services (RGS) to conduct multiple base wage studies, while others were conducted internally. As a result, several classifications/series were found to be below the market of the County's comparable agencies. Effective FY 2024-25, HRD, in partnership with the CAO, implemented a new process for aligning the implementation of completed base wage compensation studies with the County's budget adoption process. Therefore, HRD recommends adopting a resolution to amend Personnel Policies and Practices Resolution (PPPR) No. 98-394, Appendix A, to adjust the base wage salary ranges and effective dates for classifications

below market as indicated in Attachment D.

OTHER AGENCY INVOLVEMENT:

All county offices and departments participate in the development of the annual budget. At the close of Budget Hearings on May 28, 2025, the CAO - Budget and Analysis Division, Auditor-Controller's Office, and HRD initiated collaborative efforts to ensure that all components of the FY 2025-26 Adopted Budget are programmed in the countywide enterprise budget, payroll, accounting, and human resources position tracking systems for accurate and timely implementation on July 1, 2025.

FINANCING:

The FY 2025-26 Adopted Budget reflects the FY 2025-26 Recommended Budget and changes directed by the Board of Supervisors during Budget Hearings held on May 28, 2025. The FY 2025-26 Budget is balanced and meets all requirements for adoption and implementation effective July 1, 2025.

Prepared by: Patricia Hasan, Principal Administrative Analyst, ext. 5091

Reviewed by: Raquel Escorcia, Interim Budget Director, ext. 5030

Approved by: Sonia M. De La Rosa, County Administrative Officer

Attachments:

FY 2025-26 Adopted Budget Resolution

Attachment A - Board of Supervisors Modifications to the FY 2025-26 Recommended Budget

Attachment B - Board-directed Follow-up and Pending Budget Issues

Attachment C - Technical Corrections to the FY 2025-26 Recommended Budget

Attachment D - Base Wage Adjustments Hourly Salary Table

Exhibit 1 - FY 2025-26 Adopted Positions