



County of Monterey

Item No.

Board Report

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

Legistar File Number: 24-246

April 02, 2024

Introduced: 3/22/2024

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Receive an update on budget development as part of the Board of Supervisors' Fiscal Year 2024-25 Budget Workshop; and
- b. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive an update on budget development as part of the Board of Supervisors' Fiscal Year 2024-25 Budget Workshop; and
- b. Provide direction to staff.

SUMMARY/DISCUSSION:

On March 12, 2024, the County Administrative Office (CAO) presented the countywide financial forecast to the Board of Supervisors (Board). The forecast indicates continued growth in discretionary revenues. However, revenue growth is not sufficient to keep up with increased costs of doing business. Rising pension contributions, increased salaries, increased employee health insurance costs, higher workers' compensation and general liability program expenditures, and formulaic increases in general fund subsidies lead to an estimated funding gap of \$26.3 million next fiscal year, \$37.3 million in FY 2025-26, and \$40.3 million by FY 2026-27.

Since the forecast, departments have submitted their requested budgets for next fiscal year, including initial "baseline" plans of operations if increased County contributions are not available. Staff in the County Administrative Office are analyzing the baseline budgets to better understand each department's operational needs and implications to services. These preliminary baseline budgets identify staffing-related funding gaps for continuing 39 positions, including 9 filled positions and 30 vacancies. Departments submitted augmentation requests totaling \$21.9 million to address funding gaps and, in some cases, to add new staff or enhance programs.

As indicated during the March 12, 2024, Board's meeting, all ongoing discretionary revenue has been allocated to departments so there is no ongoing revenue to fund these requests. During the April 2, 2024, Board budget workshop, the Board will receive information and perspectives on the developing budget for next fiscal year, including presentations from Department Heads. Direction provided in the workshop will be incorporated into the Recommended Budget scheduled to be presented for consideration during the annual budget hearings commencing on May 29, 2024.

OTHER AGENCY INVOLVEMENT:

Development of the Recommended Budget is a collaborative effort between the County

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Administrative Office and all County departments, with overall direction provided by the Board of Supervisors. This workshop was preceded by a budget workshop with Department Heads on March 22, 2024.

FINANCING:

Receipt of this report do not specifically impact the budget. However, feedback received in the workshop will help shape the overall approach in developing the budget for next fiscal year.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The budget workshop supports the Board's strategic initiative to promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency. An important objective of this strategic initiative is achieving a balanced budget that sustains core services and efficiently allocates resources. The annual budget workshop helps fulfill this objective.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Attachments: Budget Workshop Presentation