

2022-23 Budget Workshop

Board of Supervisors

March 15-16, 2022

Woodland, CA



Tom Haynes, Interim Chief Financial Officer

Melissa Patterson, Chief Budget Official

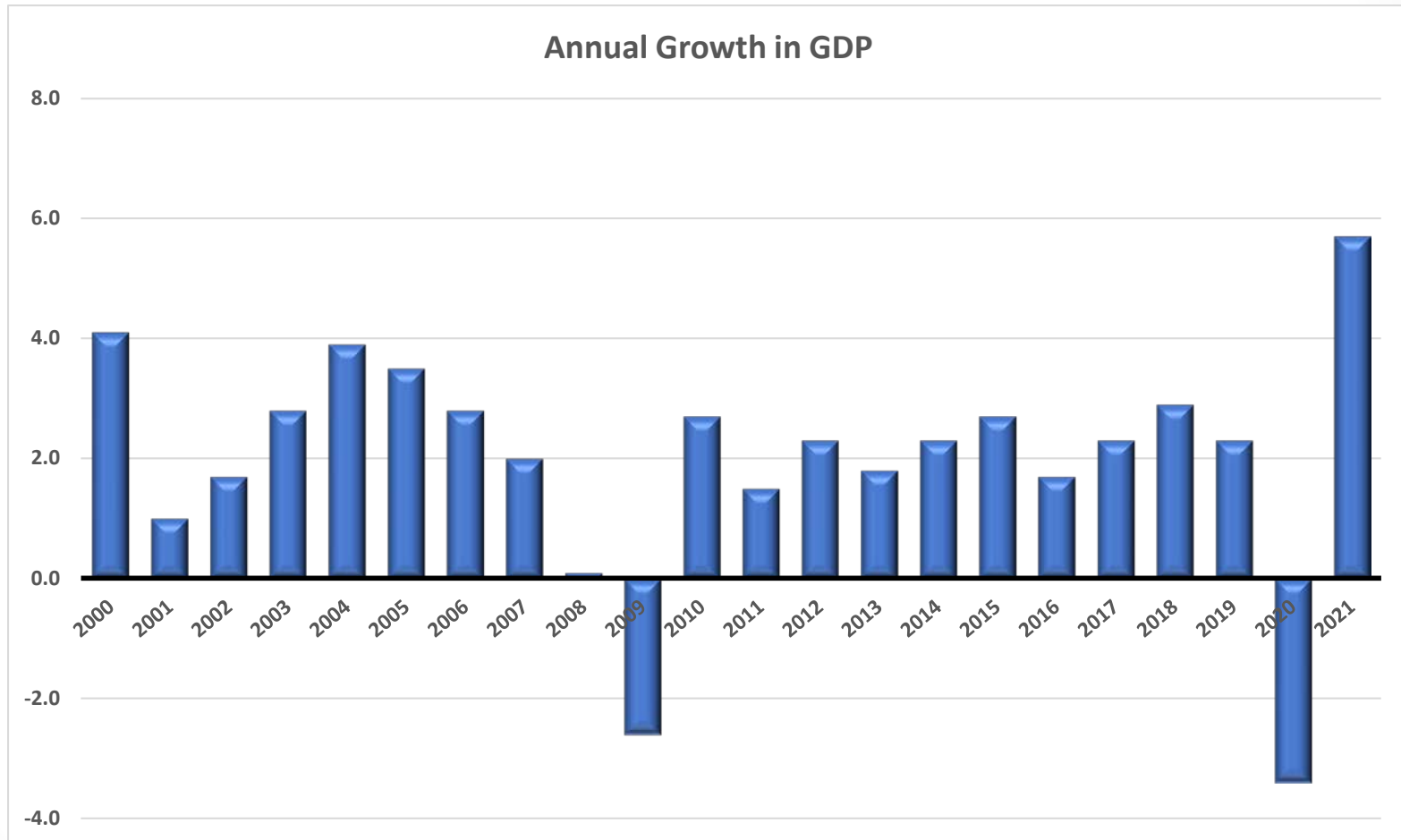
Budget Workshop Overview

- Sets the stage for the 2022-23 budget process
- Review of economic conditions and outlook
- Overview of key revenue & expenditure drivers
- Annual update from each department
- Goal is to allow Board to surface interests that will guide the budget development process

Economic Outlook

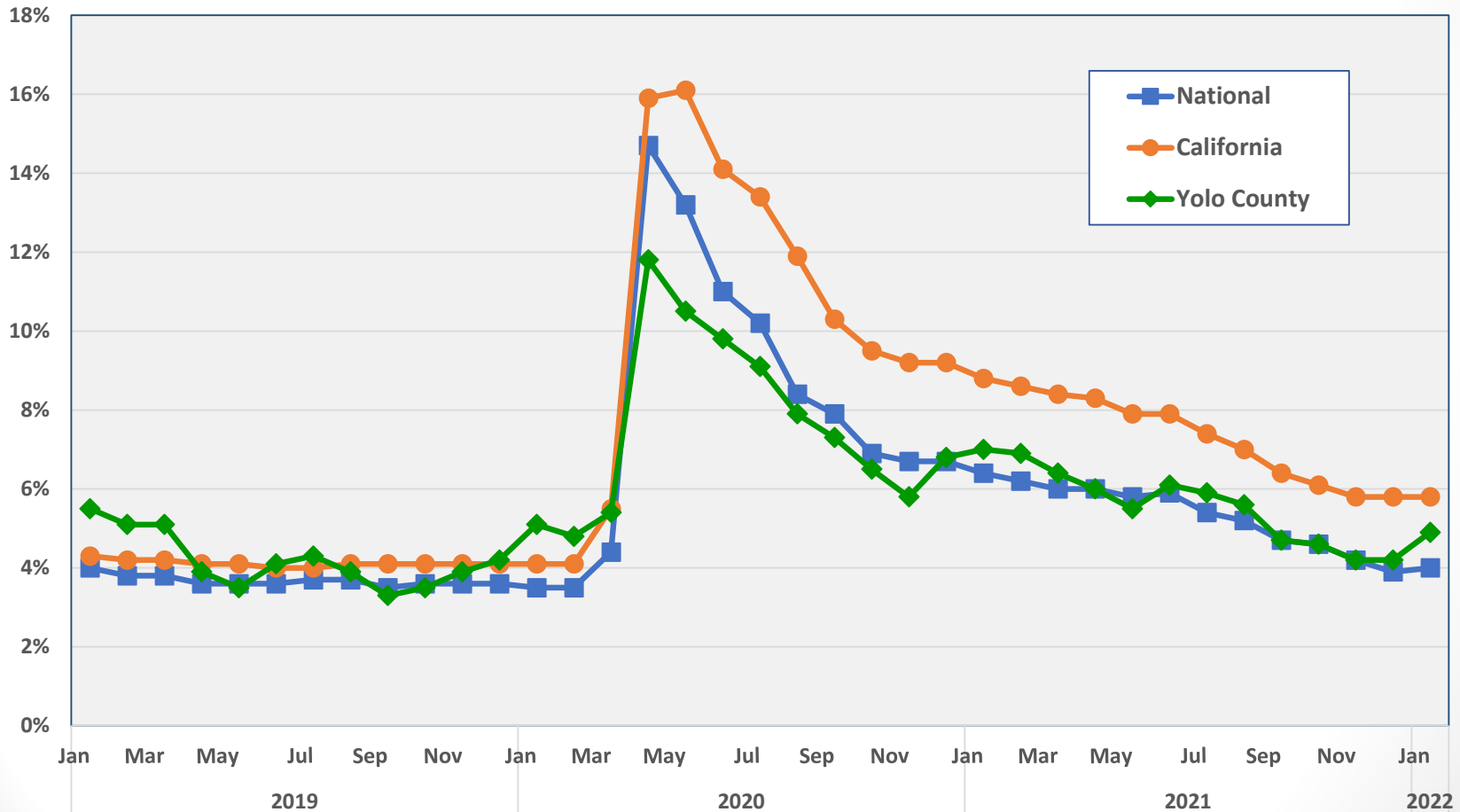


GDP Has Rebounded Strongly from COVID Recession



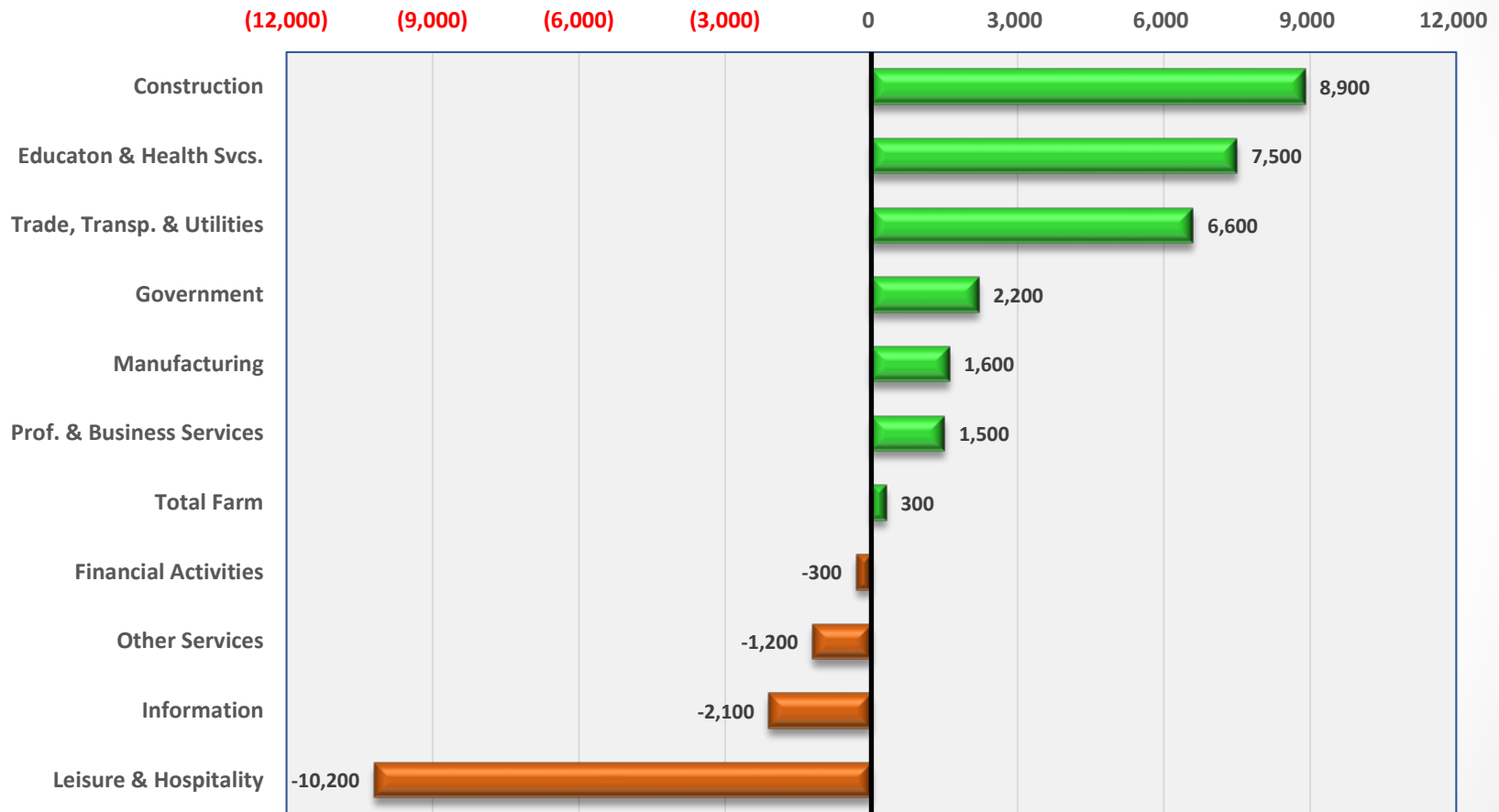
Unemployment Rate Approaching Pre-Pandemic Levels

Unemployment Rate

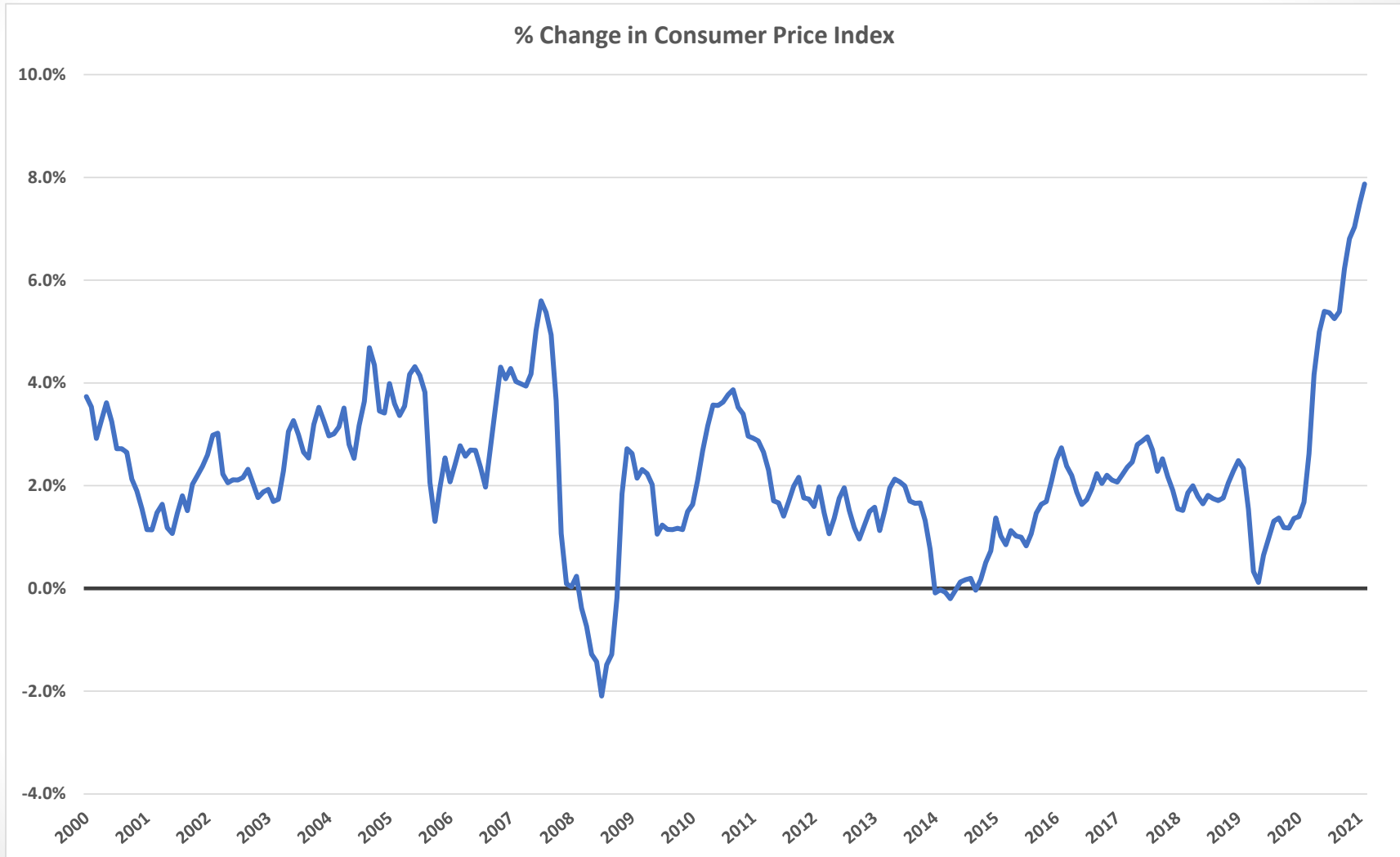


Job Gains Remain Uneven

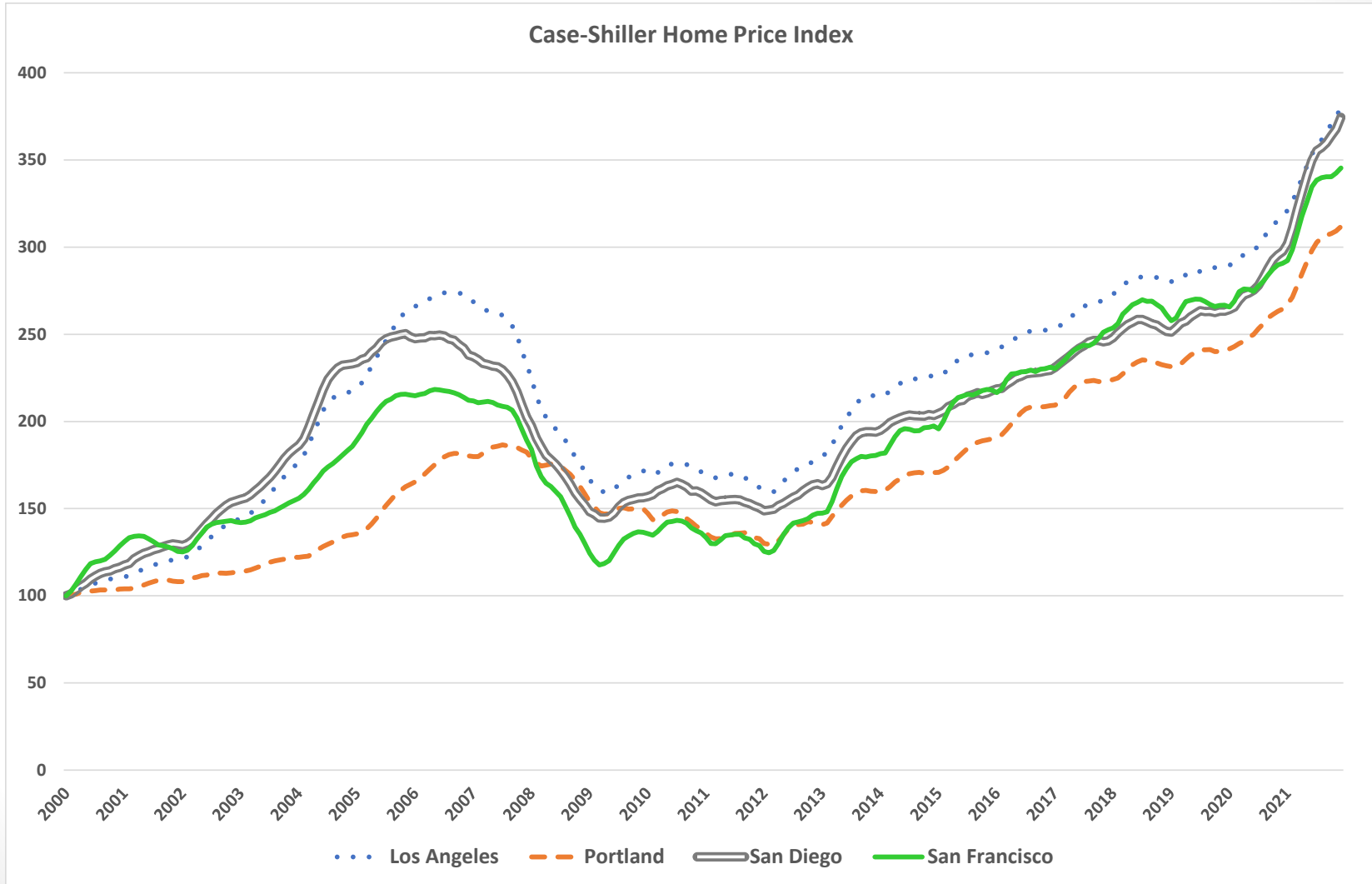
Sacramento MSA Net Change in Jobs, Jan. 2019 to Jan. 2022



Inflation Hitting 40-Year Highs

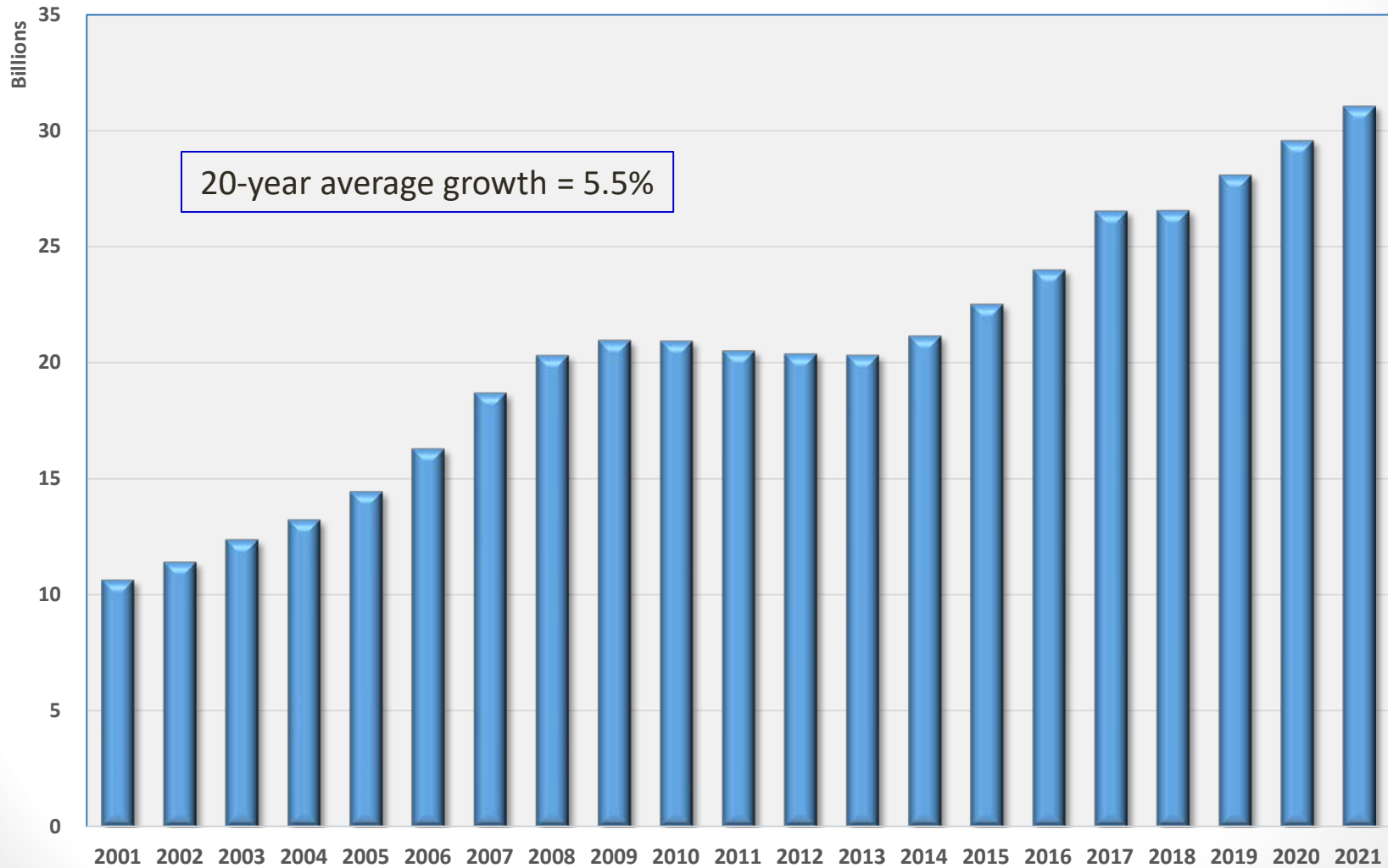


Home Prices Continue to Surge



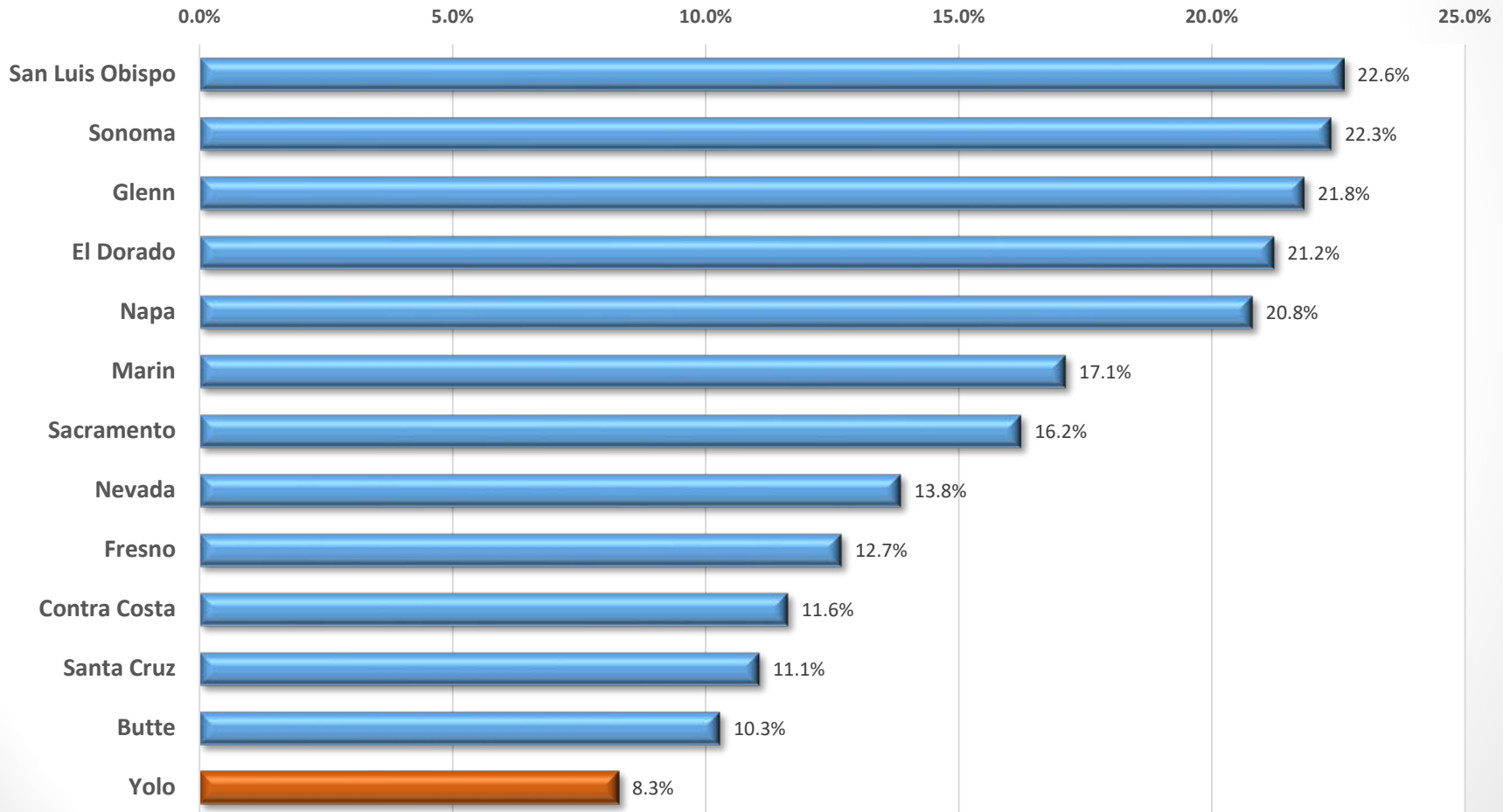
Growth in Assessed Value Remains Strong

Yolo County Assessed Value



Yolo County's Property Tax Share Remains one of the Lowest in the State

Share of Total Property Taxes, 2021



Economic Outlook

- US economy remains surprisingly resilient, though growth expected to moderate
- Federal Reserve expected to increase interest rates multiple times in coming year
- Inflation to remain persistent for near future due to increasing labor costs and commodity prices
- Concerns emerging that economy is overheated and will face an eventual correction

Fiscal Year 2022-23 Budget



2022-23 Budget Principles

- Take advantage of opportunities in State and Federal funding
- Budget shall align with the Board's strategic priorities
- Continue to strengthen financial sustainability through additional contributions to reserves and contingencies
- Structurally balanced with ongoing expenditures funded with ongoing revenue

2022-23 Revenue Picture

Revenue Source	2021-22 Adopted	2021-22 Estimated	2022-23 Projected Recommended	Change from 21-22 Adopted
Property Tax	65,026,218	65,390,271	68,624,393	3,598,175
Teeter	2,000,000	2,000,000	2,000,000	-
Sales Tax	4,617,677	4,780,822	4,841,464	223,787
Tribal Proceeds	5,256,000	5,256,000	5,256,000	-
Overhead Costs Reimb.	4,400,000	4,406,722	4,400,000	-
Document Transfer Tax	1,545,389	2,005,694	2,206,263	660,874
Williamson Act	942,445	929,490	929,490	(12,955)
Other Government Wldd	601,585	646,021	678,322	76,737
Penalty on Delq Taxes	440,500	309,423	309,423	(131,077)
County Stabilization	574,000	574,000	574,000	-
Franchise Fee/Royalties	670,185	704,958	700,000	29,815
Hotel/Motel Tax (TOT)	325,814	519,238	571,162	245,348
Justice Collections	529,384	777,053	707,000	177,616
Other	1,181,732	1,494,511	1,107,271	(74,461)
TOTAL REVENUES	\$ 88,110,929	\$ 89,794,203	\$ 92,904,788	\$ 4,793,859

2022-23 Revenue Picture

- Public Safety Prop. 172 sales tax projected growth of \$2.9 million, or approx. 11.7%
- Public Safety Realignment growth increase by approx. \$2.0 million
- Health & Human Services Realignment growth increase by approx. \$3.5 million

2022-23 Expenditure Picture

Salary and benefits make up \$256.4 million or 38.9% of total County budget.

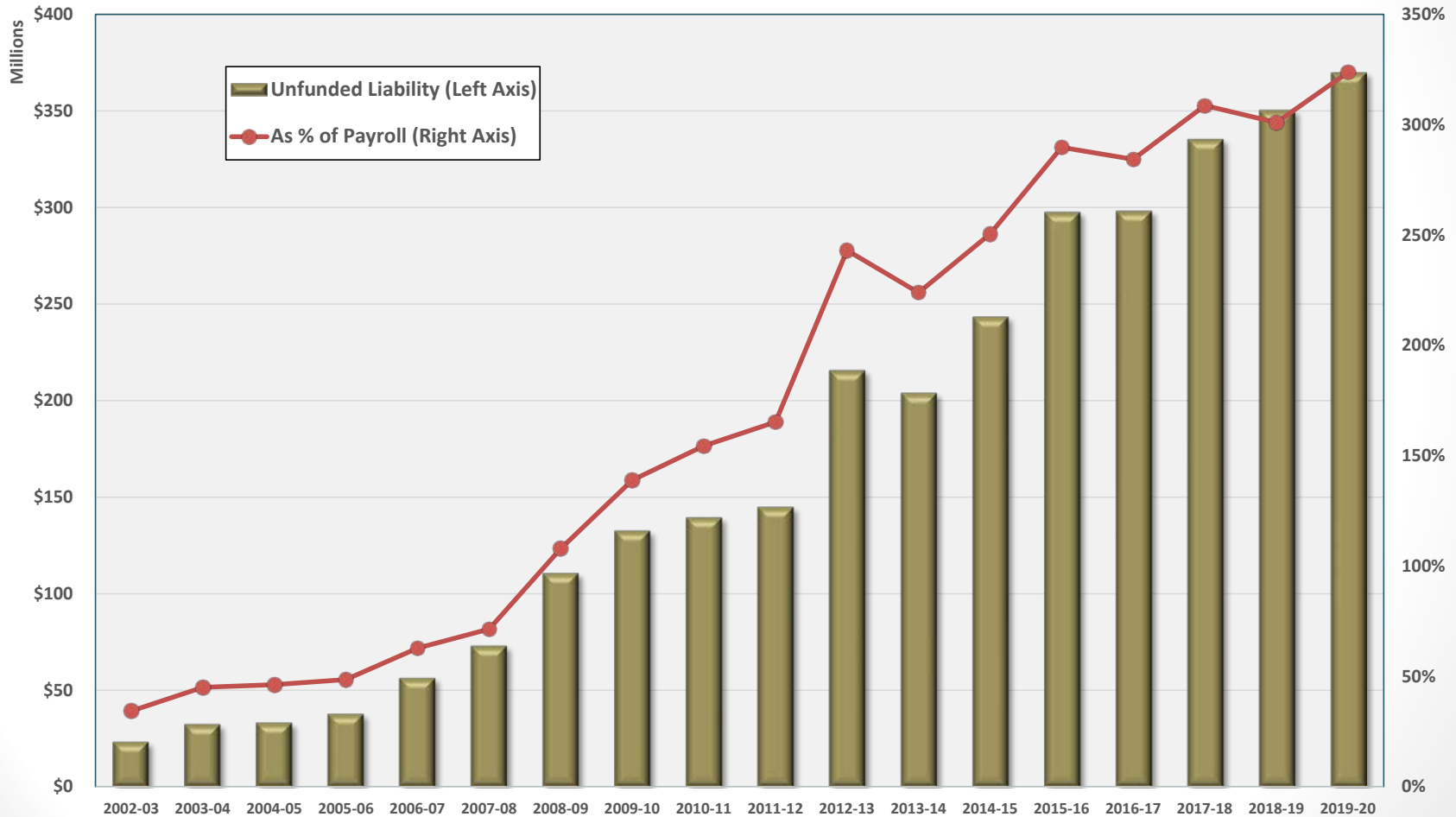
- Pension costs increasing
 - Required PERS rates increasing 3.1% for Miscellaneous and 4.2% for Safety
 - Charge for pension trust increasing from 1.25% to 1.5%
- 2% Cost of Living increase
- Increase in overtime due to high vacancy rates

2022-23 Expenditure Picture

	2021-22 Adopted Budget	2022-23 Base Request	Change from 2021-22	% change from 2021-22
Salary & Wages	141,859,787	149,942,702	8,082,915	5.70%
Extra Help	5,606,617	6,377,917	771,300	13.76%
Overtime	3,328,013	5,251,598	1,923,585	57.80%
Retirement	48,901,240	54,382,484	5,481,244	11.21%
OPEB	11,017,810	11,692,662	674,852	6.13%
Other Salary & Benefit Categories	44,843,903	47,000,161	2,156,258	4.81%
Total Salary and Benefits	255,557,370	274,647,524	19,090,154	7.47%

Pension Liability

Unfunded Actuarially Accrued Pension Liability



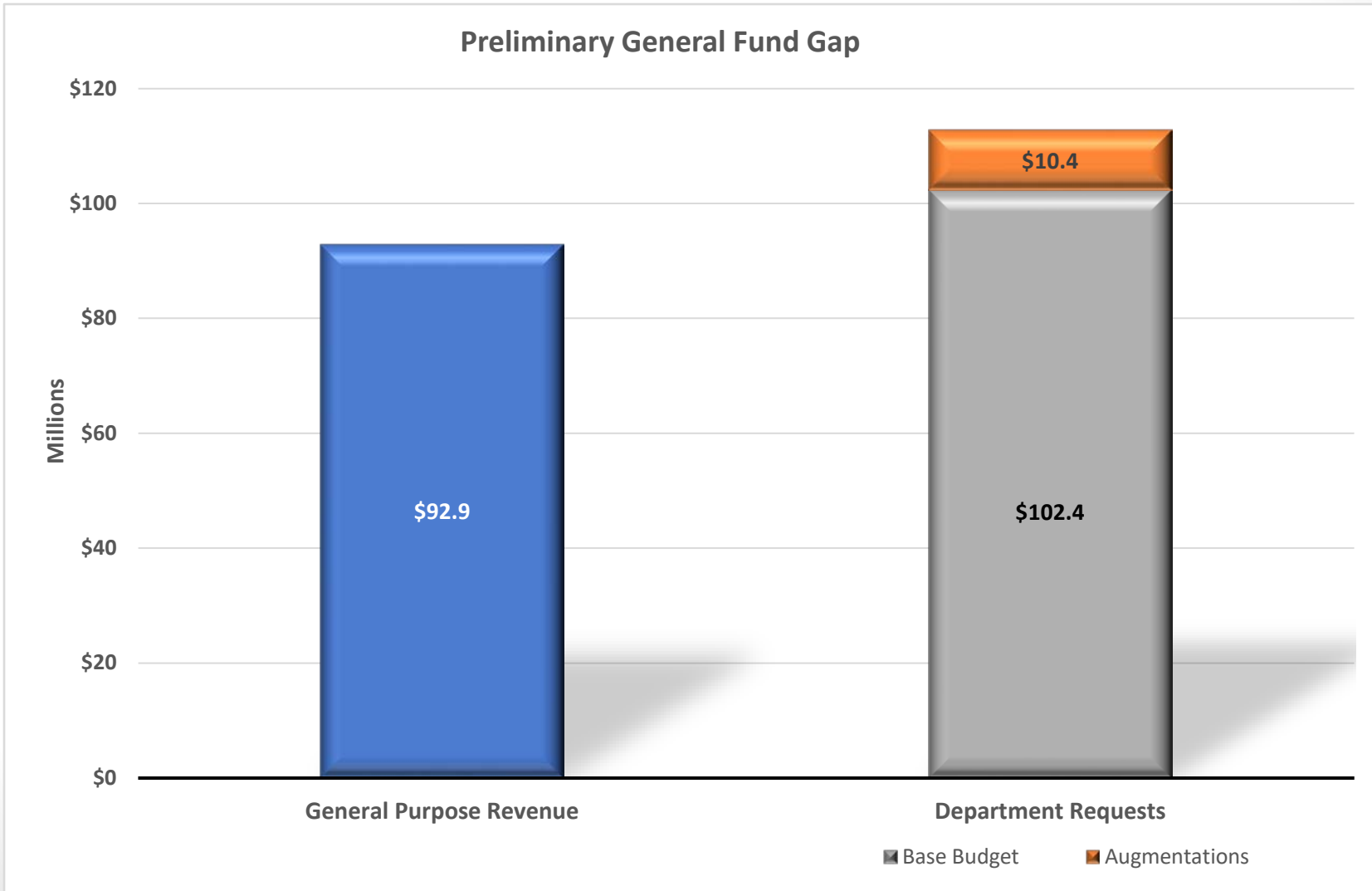
Employer Pension Contribution Rates

Fiscal Year	Misc	Safety	Trust
2018-19	25.3%	36.0%	1.00%
2019-20	28.4%	40.1%	1.25%
2020-21	30.4%	43.7%	1.25%
2021-22	31.4%	44.4%	1.50%
2022-23	32.7%	46.9%	1.75%
2023-24	33.4%	47.9%	2.00%
2024-25	34.1%	48.8%	2.25%
2025-26	32.4%	48.9%	2.50%
2026-27	32.6%	47.7%	2.50%
2027-28	32.5%	47.4%	2.50%

Pension Solutions Implemented

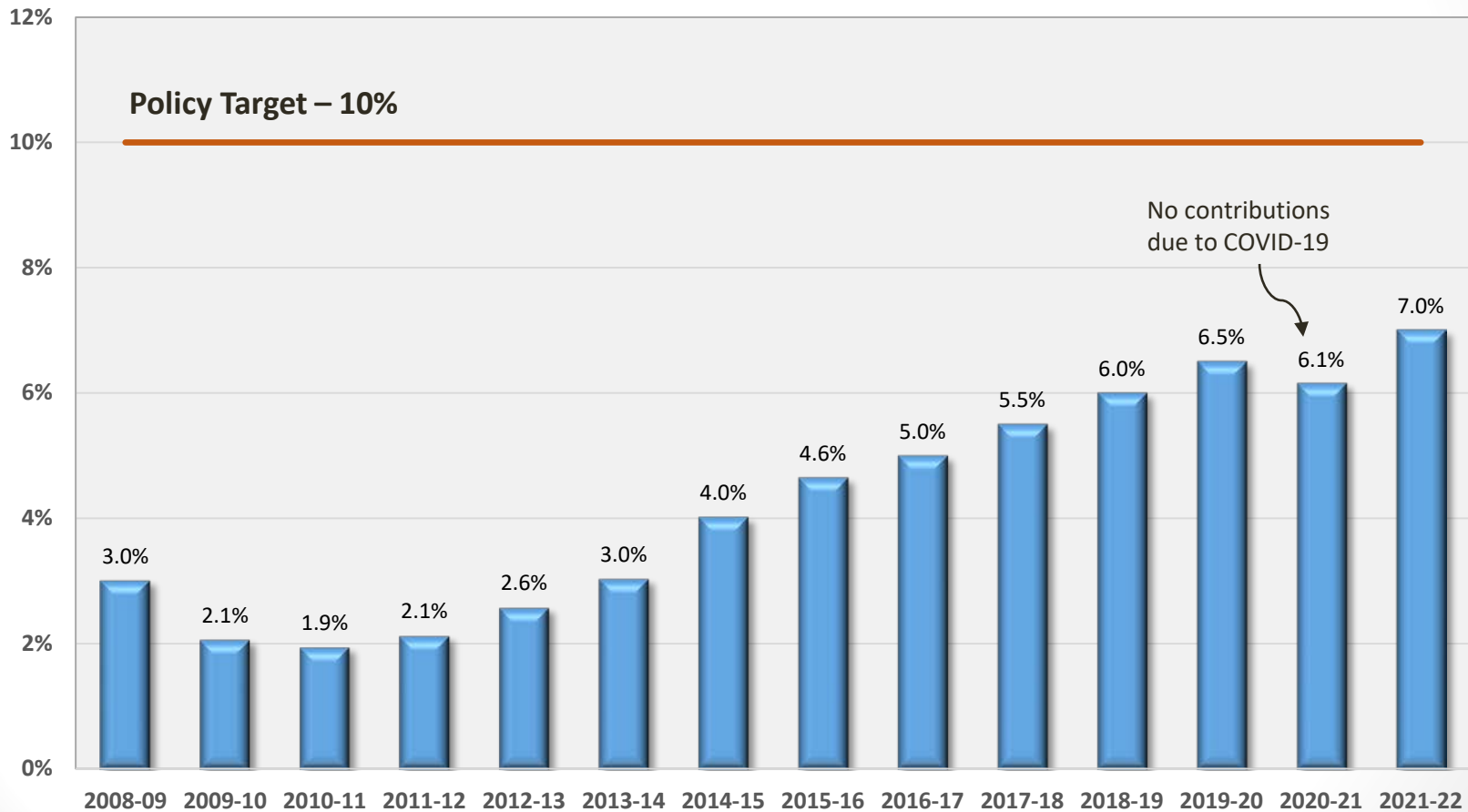
- 2016 Approved strategy to address pension liability by establishing a dedicated reserve or trust
- 2017 Approved pre-payment of 2017-18 pension contribution to generate savings
- 2017 Contributed \$800k to pension reserve as part of the 2017-18 budget
- 2018 Approved Pension Funding Policy, including supplemental payroll charge to fund trust
- 2020 Partnered with Court to make discretionary contribution to CalPERS

General Purpose Revenues vs Department Requests



General Reserve Continues to Increase

General Reserve Percentage



Future Challenges

- Use of vacancy savings to balance the budget
- Increasing salary and benefit costs outpacing revenue growth
 - Inflationary pressures
 - Continued pension increases
 - Need for additional staff to meet service level expectations
- Impact of inflation on service costs
- Reliance on fund balance

Questions?

