

2022-23 Recommended Budget

Chad Rinde, Interim County Administrator

County of Yolo, California

June 14, 2022



Overview and Speakers

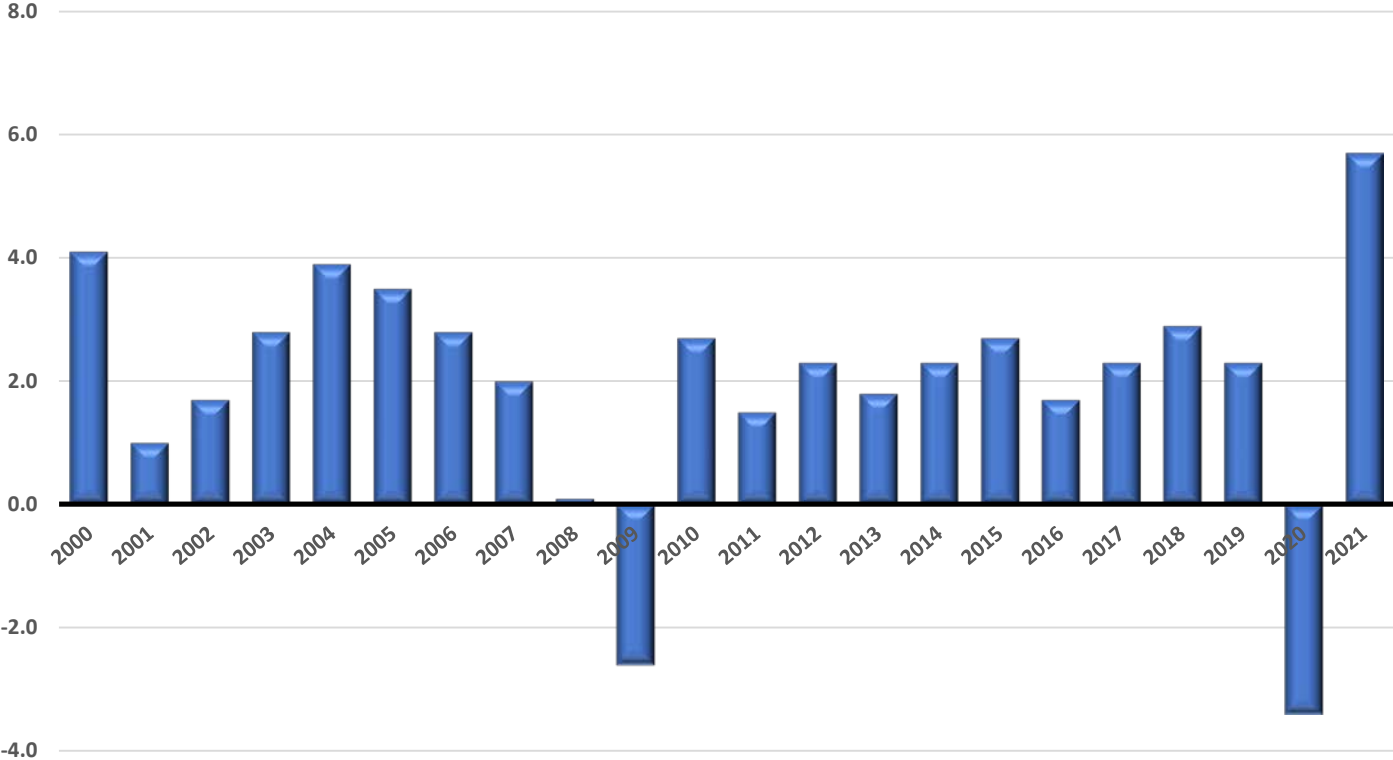
- ▶ **Opening**
- ▶ **Financial Trends** - Tom Haynes, Interim Chief Financial Officer
- ▶ **Budget Development Process** - Melissa Patterson, Chief Budget Official
- ▶ **Recommended Budget** - Chad Rinde, Interim County Administrator
 - ▶ Capital Improvements and Major Maintenance Projects - Kevin Yarris, Director of General Services
 - ▶ Integrated Waste Capital Projects - Ramin Yazdani, Director of Integrated Waste
 - ▶ Road and Bridge Projects - Nick Burton, Director of Public Works
 - ▶ Cannabis Taxes - Tom Haynes, Interim Chief Financial Officer
 - ▶ MHPA - Chad Rinde, Interim County Administrator
 - ▶ Disaster Response - Chad Rinde, Interim County Administrator
- ▶ **Looking Ahead** - Chad Rinde, Interim County Administrator
- ▶ **Recommended Actions**

Financial Trends



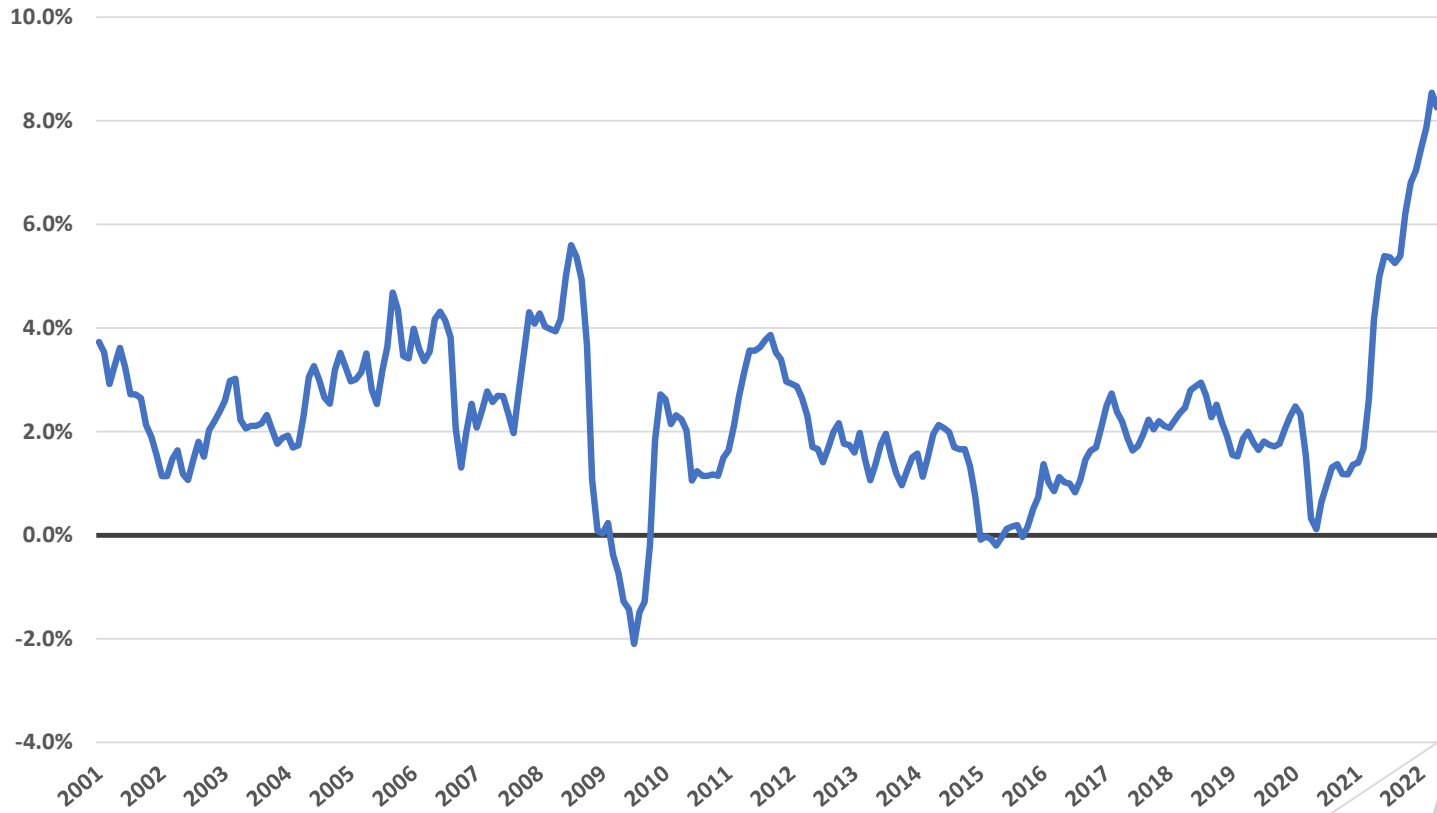
US Gross Domestic Product

Annual Growth in GDP

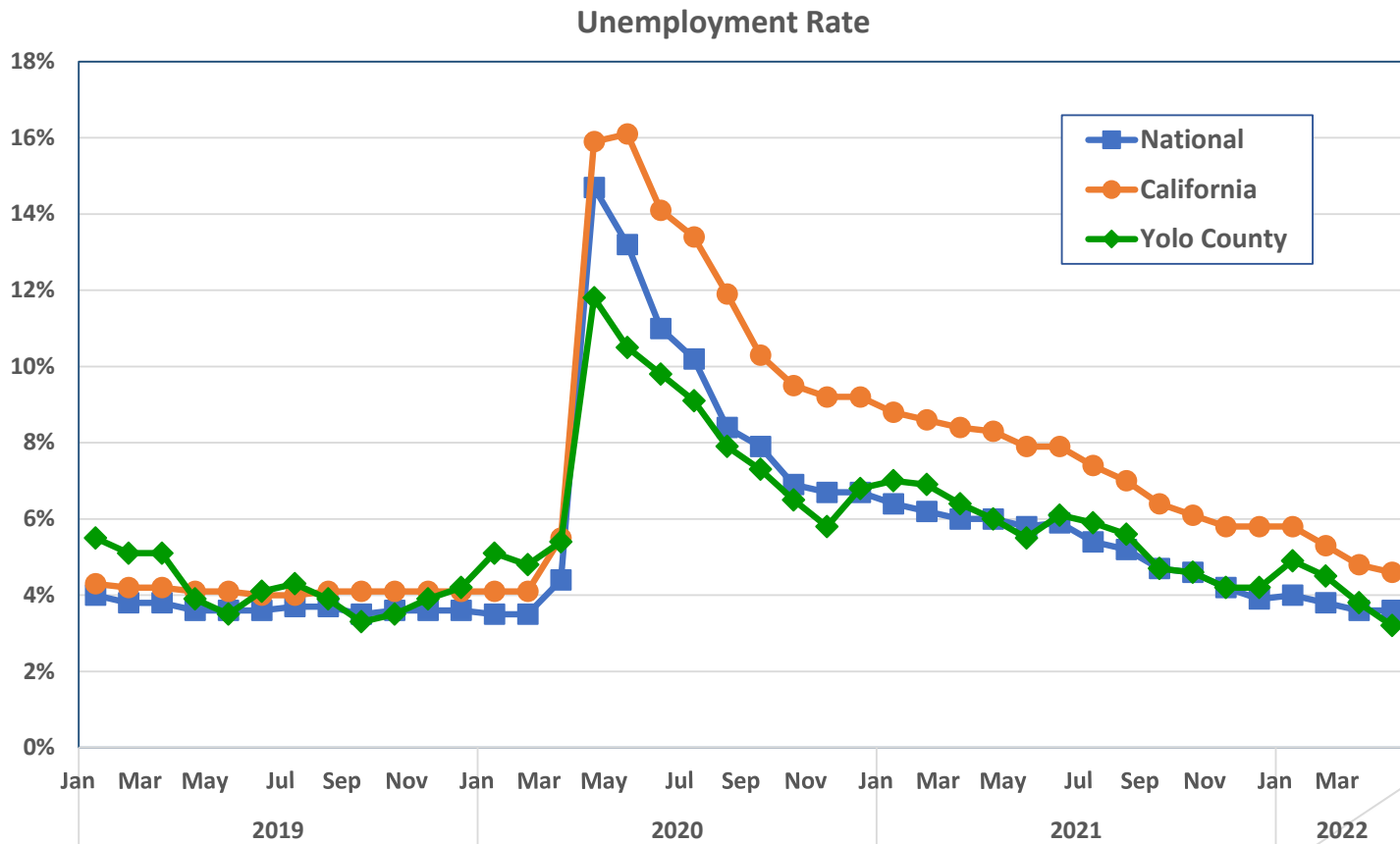


Inflation

Consumer Price Index Year-Over-Year % Change

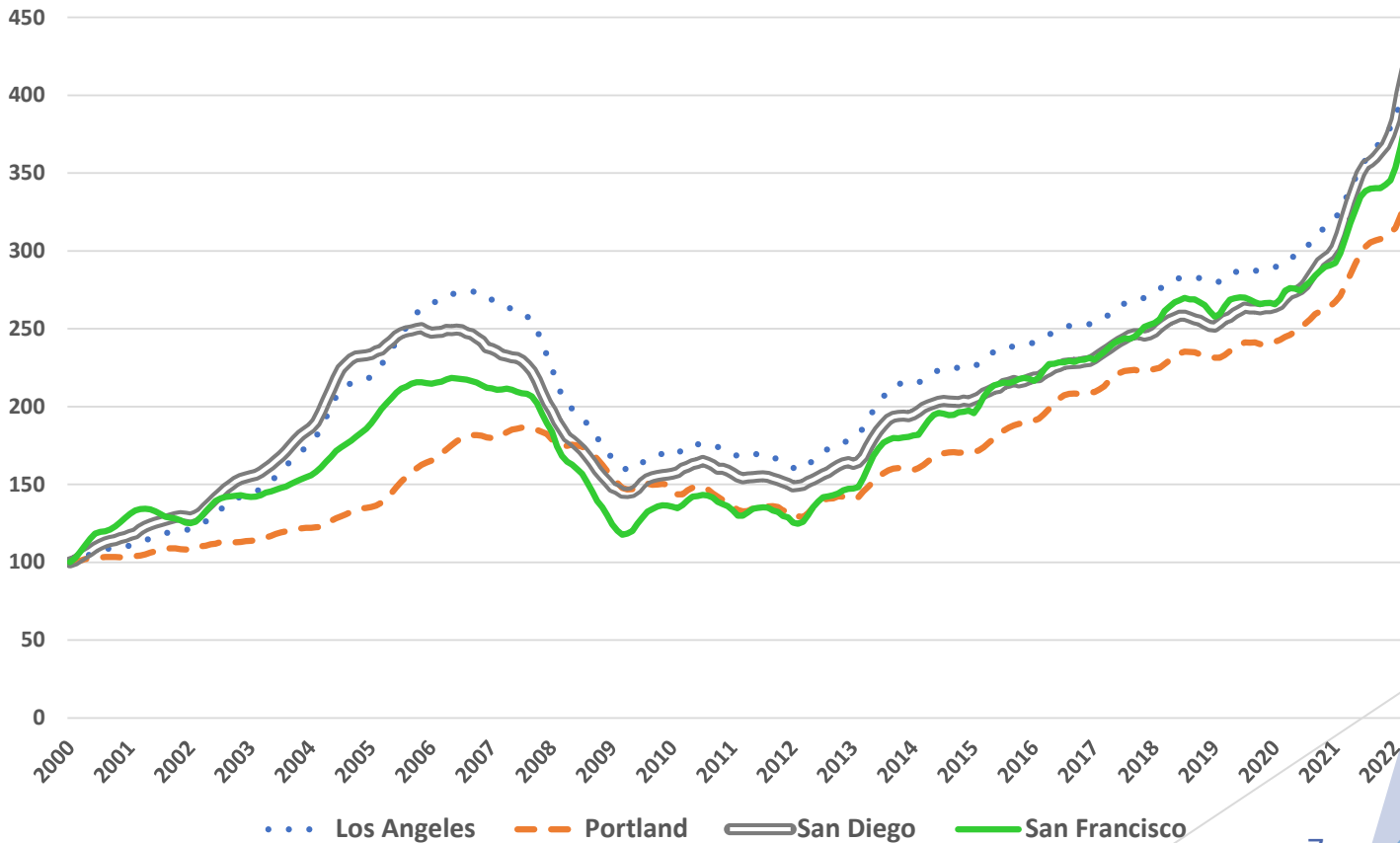


Unemployment Rate



Housing Prices

Case-Shiller Home Price Index



Looking ahead

- ▶ Economic growth remains strong, driven by consumer spending from low unemployment and pandemic-related stimulus funding
- ▶ Inflation is at a 40-year high, but may be beginning to peak
- ▶ Federal Reserve to continue raising interest rates with an uncertain impact to economy
- ▶ Risk of recession is increasing as imbalances in consumer spending and financial markets begin to correct

Budget Development Process



Budget Process

- ▶ January 25 - Board adopts Budget Principles
- ▶ January 31 - Financial services develops base budget
- ▶ February 25 - Departments submitted requests
- ▶ March 15 and 16 - Board Budget Workshops
- ▶ March 16 to April 15 - CAO/DFS meeting with Departments
- ▶ June 6 - Publish Budget Book
- ▶ June 14 - Budget Hearing

DFS and CAO staff meet with the Budget Ad-hoc Committee (Chair and Vice Chair) monthly on budget development.

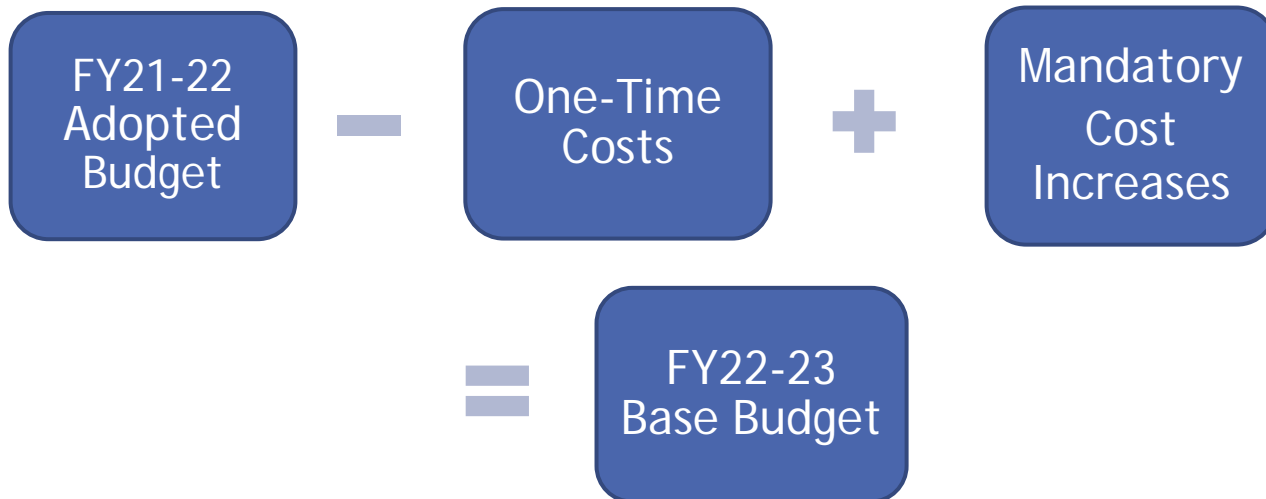
Budget Principles

(Key principles, not all-inclusive)

- ▶ Structurally balanced with ongoing expenditures funded with ongoing revenue
- ▶ Continue to strengthen financial sustainability through additional contributions to reserves and contingencies
- ▶ Fees and charges should be calculated to recover costs of services
- ▶ Budget should align with the Board's strategic priorities
- ▶ Take advantage of state and federal opportunities
- ▶ General fund is fund of last resort

Base Budget Formula

(Used to calculate base budget)



Recommended Budget



2020-2025 Strategic Plan

2022-23 Initiatives

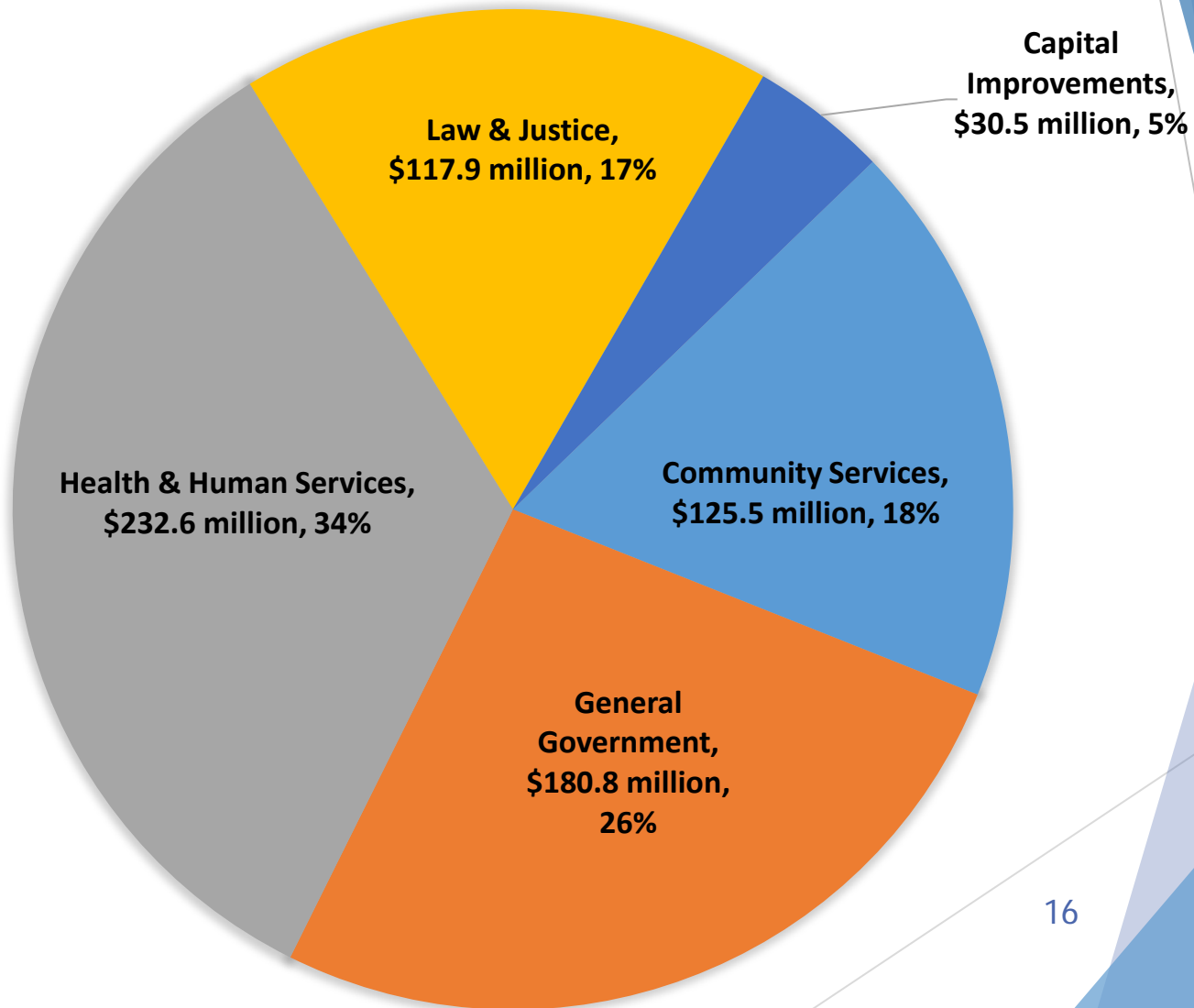
Strategic Plan Goal	Initiatives
Thriving Residents	<ul style="list-style-type: none"> • Establish commitment to "Health in all policies" and target investment for upstream investments in vulnerable communities • Solidify the County's commitment to inclusion and diversity • Increase availability of evidence-based screenings and home visiting programs for children, youth and families • Collaborate to develop a countywide strategy with schools to increase investments in Children and Youth • Reduce the prevalence and transmission of infectious diseases
Safe Communities	<ul style="list-style-type: none"> • Develop plan for long-term sustainability of rural fire protection services • Explore ongoing financing mechanism for road and bridge maintenance. • Develop and begin implementation of a Yolo Broadband strategic plan. • Increase disaster preparedness, training, and resiliency of the Yolo County community and organization • Develop action plan to implement changes to reduce racial disparities in the criminal justice system • Reduce criminal activity and recidivism through evidence-based approaches

2020-2025 Strategic Plan

2022-23 Initiatives

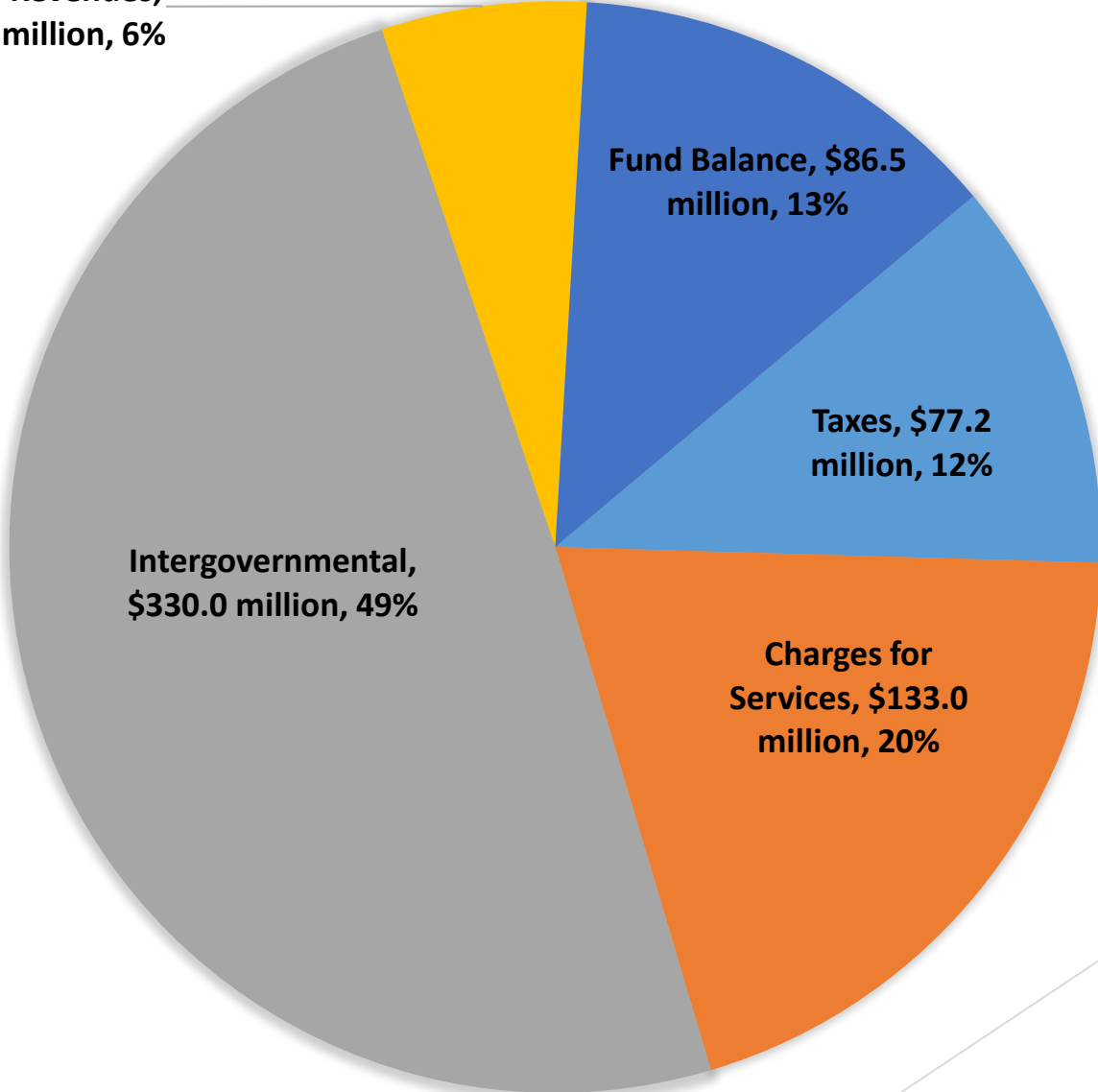
Strategic Plan Goal	Initiatives
Sustainable Environment	<ul style="list-style-type: none"> • Ensure a balanced water portfolio • Reduce Greenhouse Gas emissions through initiation of climate action plan update
Flourishing Agriculture	<ul style="list-style-type: none"> • Evaluate strategies and increase the preservation of agricultural land • Complete agricultural needs assessment and increase stability and supports for agricultural workers and agricultural employers
Robust Economy	<ul style="list-style-type: none"> • Reduce barriers related to the development of affordable housing units • Increase commercial development potential in the unincorporated areas • Establish data collection to track outcomes for employment services participants • Increase the public benefit and operational potential of County assets • Expand rural community support

Total Spend by Program Area



Sources of Total County Funds

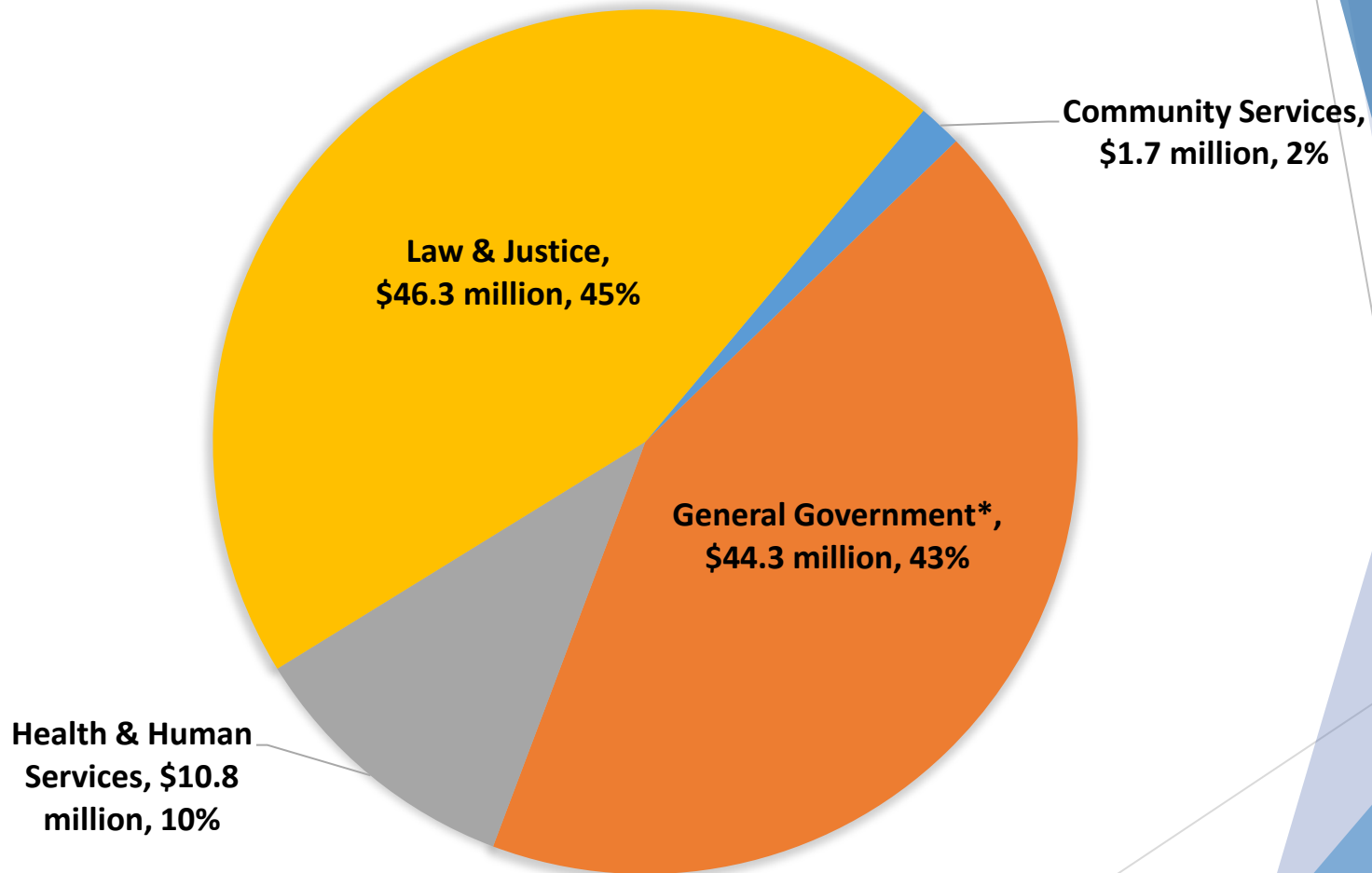
Other Revenues,
\$40.5 million, 6%



Budget Summary

	2020-21 Actual	2021-22 Adopted	2022-23 Recommended
Net Operating Budget	\$421,833,311	\$521,215,456	\$552,498,217
Capital Improvement Budget	\$10,763,856	\$47,971,489	\$28,169,010
Total County Budget	\$432,597,167	\$569,186,945	\$580,667,227
<u>Fund Highlights</u>			
General Fund Departments	\$58,665,756	\$73,827,293	\$76,681,627
Public Safety Departments	\$71,828,580	\$87,335,187	\$84,550,238
Social Services Programs	\$119,323,482	\$136,053,618	\$132,991,266
Public Health Services	\$13,390,332	\$18,359,154	\$18,722,762
Behavioral Health Services	\$42,295,126	\$59,768,739	\$69,323,053
Road/Transportation Fund	\$14,222,789	\$31,904,683	\$38,667,188

General Fund Support by Program Area

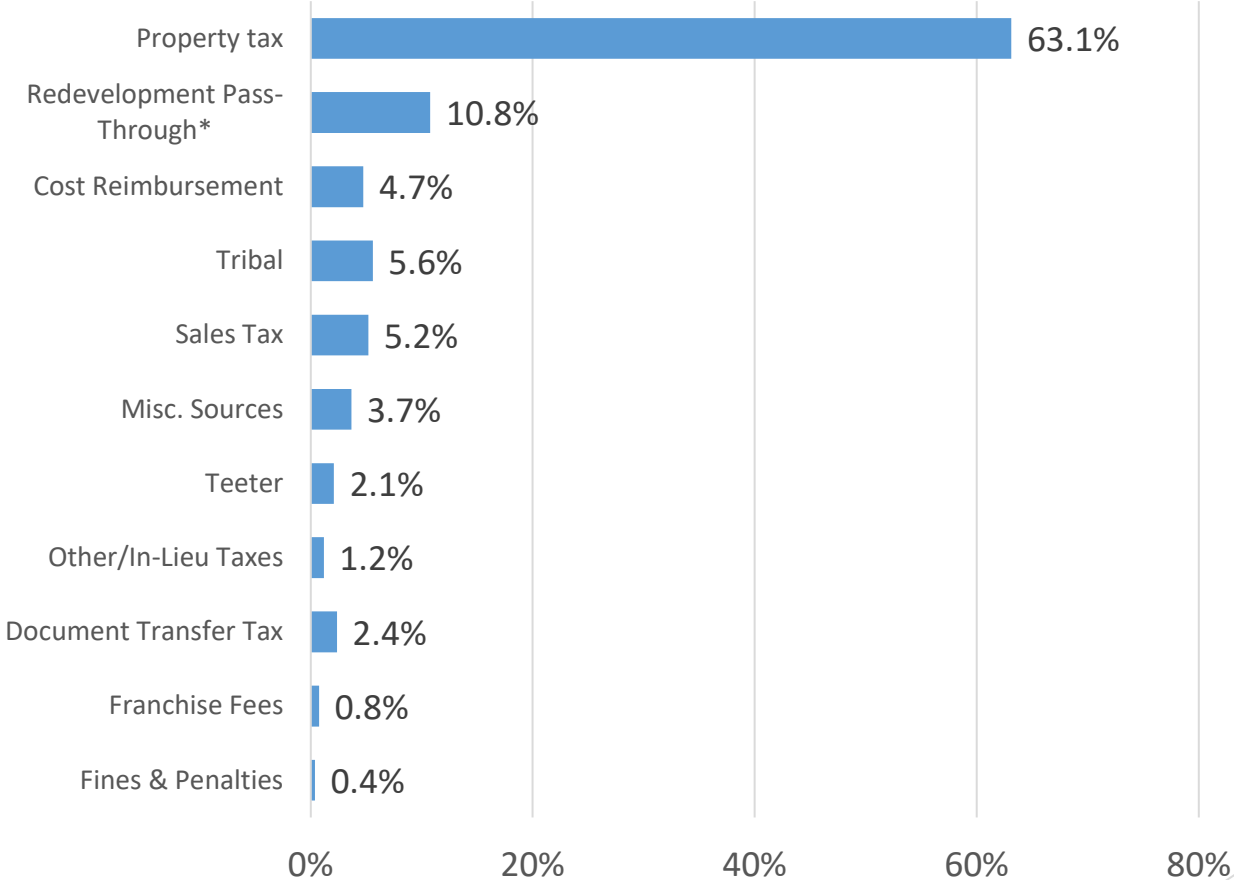


*Certain General Government function costs are recovered in future years through A-87 Cost Allocation process.

2022-23 Revenue Picture

Revenue Source	2021-22 Adopted	2022-23 Recommend.	Change (%) from Prior Year
Property Taxes	\$65.0M	\$68.6M	5.5%
General Sales Taxes	\$4.6M	\$4.8M	4.3%
Other General Purpose Revenues	\$18.5M	\$19.5M	5.4%
Total General Purpose Revenues	\$88.1M	\$92.9M	5.4%
Proposition 172 - Public Safety Sales Tax	\$24.7M	\$27.6M	11.7%
Public Safety Realignment	\$19.7M	\$20.0M	1.5%
Health & Human Services Realignment	\$51.4M	\$59.4M	15.6%
Total Semi-Discretionary	\$95.8M	\$107.0M	11.7%

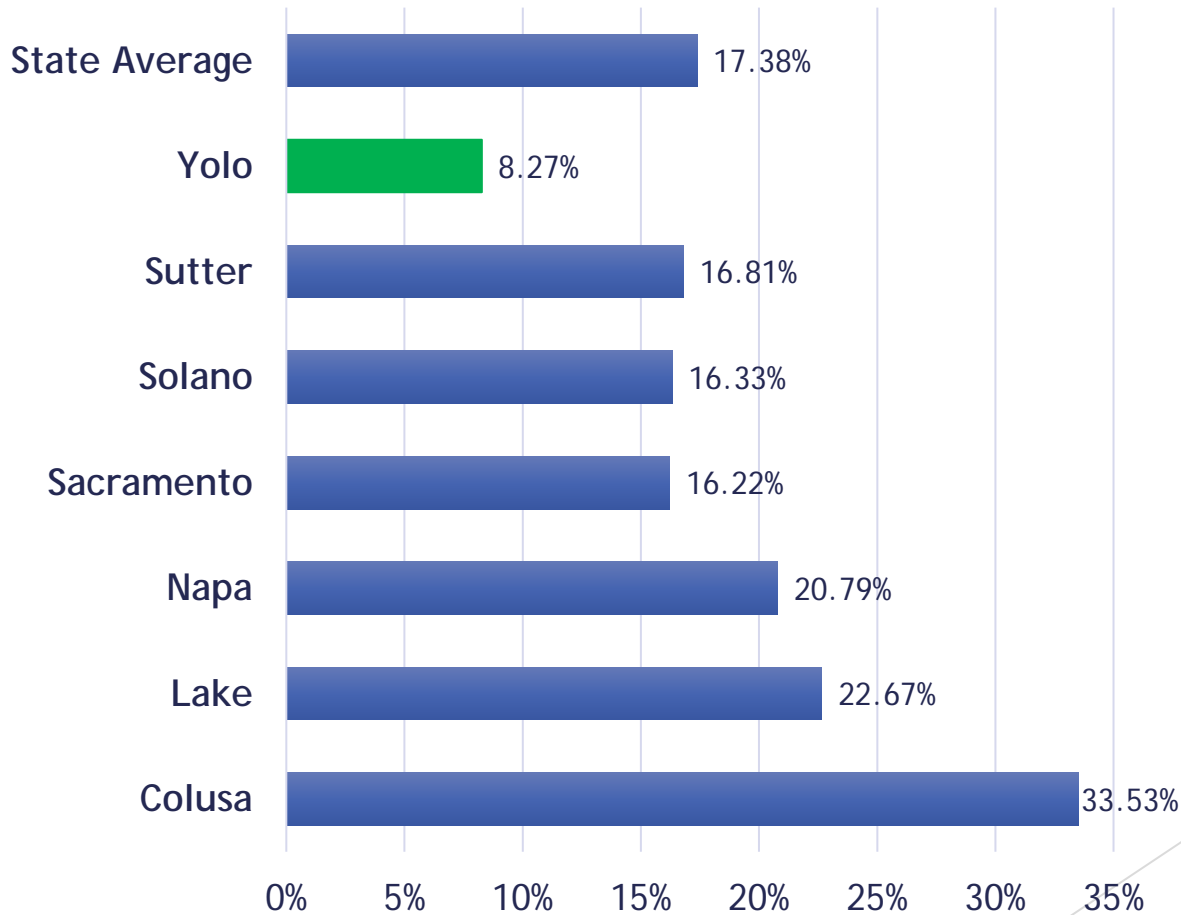
Sources of General Purpose Revenues



*Redevelopment pass-through revenue will no longer be received after dissolution of redevelopment (expected 2037 and 2046).

Property Tax Share

(Fiscal Year 2021)



* Includes only General Fund share in each County.

Recommended Budget Balancing Strategies

- ▶ Limit general fund position growth
- ▶ Increase use of salary savings by 67.1% to \$13.7 million
- ▶ Defer majority of general fund augmentation requests
- ▶ Use special funds and reduce services and supplies
- ▶ Use of General Fund Balance - \$10.1 million

General Fund Augmentations

Department	Request Description	Amount
Community Services	Climate Sustainability Extra Help	\$ 30,000
Elections	Overtime	\$ 95,000
Human Resources	Investigations	\$ 40,000
Human Resources	Compensation Studies	\$ 50,000
Probation	Radios	\$ 35,000
Sheriff	Animal Services Officer	\$ 19,984 *
Sheriff	(2) Animal Services Attendants	\$ 27,903 *
Contingency	Safety and Security Contingency	\$ 100,000
Contingency	Climate Sustainability Contingency	\$ 250,000
Contingency	Roads Contingency	\$ 275,000
Contingency	Fire Sustainability Contingency	\$ 550,000
		<u>\$ 1,472,887</u>

* County cost share of Animal Services (approximately 20.6%)

Staffing

Additional funding for 13.6 new positions

Eliminate 7 positions

Unfunding of 12 existing positions

Overall net reduction of 5.4 FTE

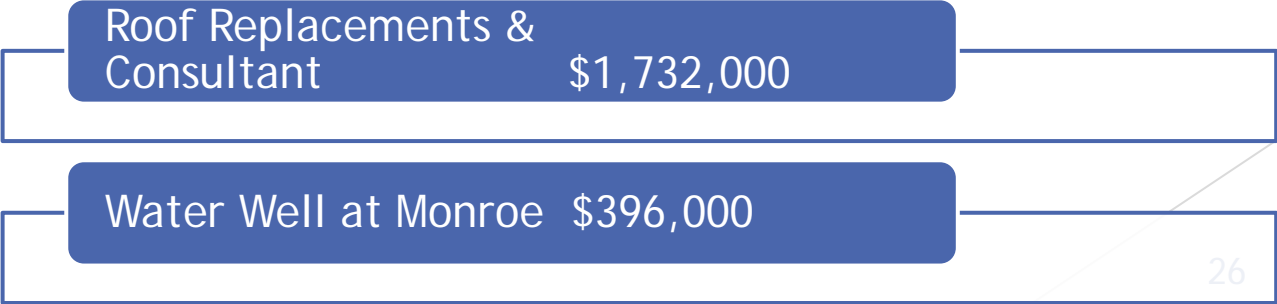
Total 1814.4 FTEs in 2022-23 Recommended Budget

Capital Improvement and Maintenance Projects

Capital Improvement Projects



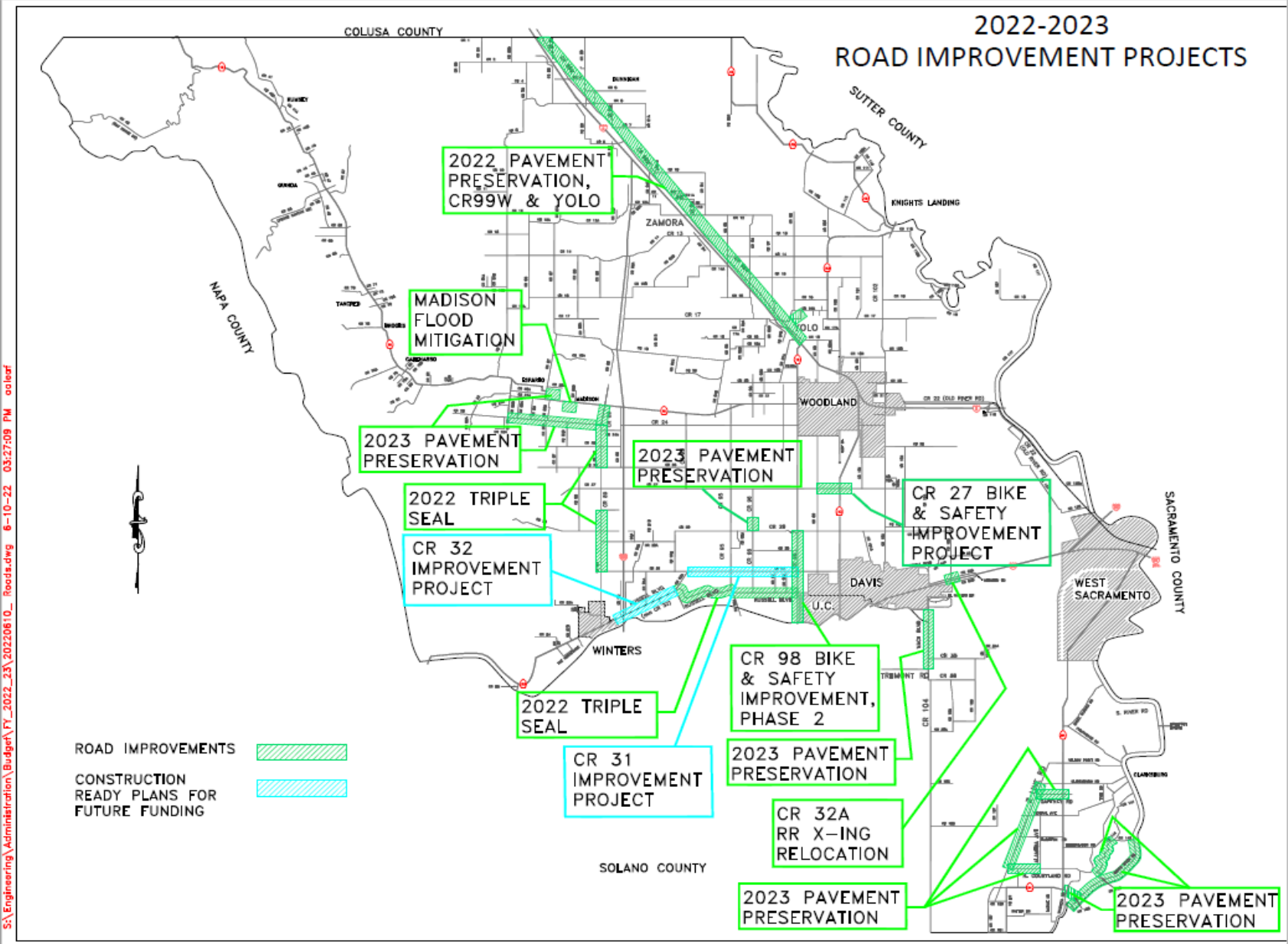
Major Maintenance Projects



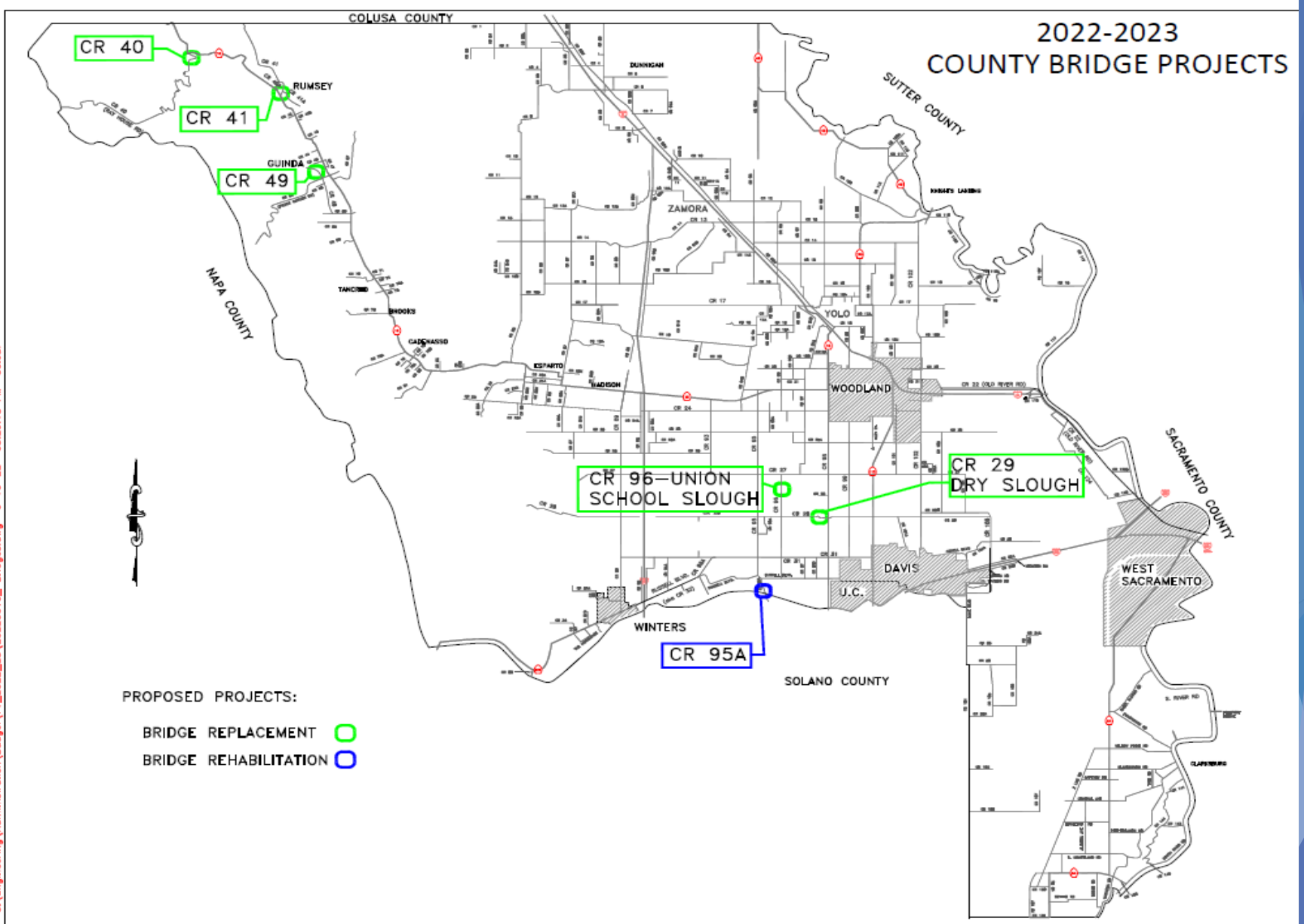
Integrated Waste Management Capital Projects

WFM G Pond Reconstruction	\$5,000,000
Landfill Module 6H Construction (Phase2)	\$3,500,000
Appliance Collection and Processing Area	\$1,000,000
Leachate Pond Aeration for H Ponds	\$450,000
Esparto Convenience Center Drainage Improvements	\$75,000

2022-23 Road Maintenance Projects



2022-23 Bridge Repair Projects



Cannabis Taxes

Proposed Expenditure	Amount
California Cannabis Authority Fees	\$45,000
Illegal Cultivation Enforcement	\$75,000
Rural Community Investment Program	\$576,000
Early Childhood Intervention & Prevention	\$125,000
Reserve	\$170,000
Unallocated/Contingency	\$9,000
Total	\$1,000,000
Prior Year Carryforward	\$1,575,000


Cannabis Taxes per policy are not appropriated until collected. The taxes above were collected in the first ½ of fiscal year and the taxes collected in the second ½ of fiscal year will be appropriated at Adopted.

Mental Health Services Act (MHSA)

- ▶ MHSA Budget Overview for 22/23 went to Board on 5/24
- ▶ Budget incorporates revenue assumptions, augmentations and fund balance spend down:

MHSA Budget Overview FY22-23			
MHSA Component	Year End Fund Balance	FY22-23 Projected Revenue	FY22-23 Budgeted Expenditures*
Community Services and Supports (CSS)	\$10,899,732	\$14,064,190	\$20,564,463
Prevention and Early Intervention (PEI)	\$0	\$2,277,251	\$7,949,555
Innovation (INN)	\$150,580	\$588,323	\$6,477,363
Workforce Education and Training (WET)	\$52,903	N/A	\$207,342
Capital Facilities and Technology (CFTN)	(\$8,591)	N/A	\$1,670,291

* Includes MHSA base funding, program reimbursements, and other revenue



- ▶ Annual update is out for public comment period and will come back to Board approval (expected August 2022)
- ▶ Edits as needed will be incorporated in adopted budget

Emergency Response

- ▶ County continues to face or response to emergencies:
 - ▶ COVID-19
 - ▶ ELC Cares funding (\$6.937 million)
 - ▶ Immunization Assistance Program (\$893,000)
 - ▶ Drought (roll unused funds)
 - ▶ Maintain set aside County funds for dry wells (\$50,000)
 - ▶ State DWR Grant (\$559,000)
 - ▶ Wild wings Well (\$2.0 million)
 - ▶ Fire preparedness
 - ▶ State earmark funds obtained in Emergency Services Budget(\$1.5 million)
 - ▶ Fire Sustainability Contingency (\$550,000)

Risk Factors

Deferred maintenance

CalPERS pension liability and cost increases

New State mandates

Inflationary cost pressures

Potential Economic Slowdown

Contingencies

Type		Amount
General Fund Contingency (1.1%)	\$	2,346,220
Public Safety Contingency (1.2%)	\$	1,000,000
HHSA Contingency	\$	1,500,000
Fire Sustainability	\$	550,000
Roads Contingency	\$	275,000
Climate Sustainability	\$	250,000
IT Innovation	\$	100,000
Safety and Security	\$	100,000
Child Support Services Contingency	\$	30,000

Reserves

Type	Current Balance
General Reserve (6.6%)	\$17,494,052
Liability Reserve	\$600,000
Capital Improvement Reserve	\$2,457,238
Audit Disallowance Reserve	\$2,000,000

	Cost of Additional Reserve Contribution
General Reserve (7.0%)	\$1,054,004
General Reserve (7.25%)	\$1,716,435
General Reserve (7.50%)	\$2,378,865

Looking Ahead



Issues for Consideration at Adopted Budget Hearing

Juvenile
Detention
Contracting

HHSA
Agricultural
Worker program

Climate
Sustainability
Investment

Diversity, Equity
and Inclusion
(DEI)

Additional
Reserve
Contributions

Department
Funding
Requests

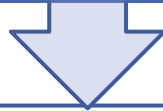
Outstanding Augmentation Requests

Potential Items for Consideration	Estimated Amounts
General Reserve Contribution to increase to 7.5%	\$2,378,865
General Fund Contingency	\$500,000
Safety & Security Contingency	\$100,000
Roads Contingency	\$275,000
Agriculture Trailer System	\$77,775
Community Services Climate Sustainability	\$395,144
Community Services Staff	\$166,235
District Attorney Staffing	\$560,283
Financial Services Staffing	\$490,784
Financial Services System Upgrades	\$45,000
General Services Equipment, Vehicle and Extra Help	\$326,000
HHSA Software	\$15,389
Human Resources Services and Studies	\$186,000
Public Defender Vehicle	\$32,000
Sheriff Equipment & Supplies	\$267,000
Sheriff Staffing	\$2,274,122
Sheriff Vehicles	\$140,000
Estimated Total for Consideration	\$8,229,597

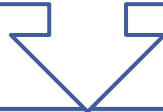
Budget Adoption Process

Recommended Budget in place from July 1 to
September 26

Interim adjustments require 3/5 vote



Adopted budget development



Adopted Budget Hearings (Sept. 27)

Most adjustments following adoption require 4/5 vote

Recommended Actions

1. Receive Public Comment

2. Accept 3rd Quarter monitoring report and adopt a budget resolution amending 2021-22 revenues & appropriations

3. Approve the 2022-23 Recommended Budget and adopt the 2022-23 Recommended Budget resolution, Position and Salary Resolution, and adopt 2022-23 Equipment List