

2023-24 Recommended Budget

Gerardo Pinedo, County Administrator

Chad Rinde, Chief Financial Officer

Laura Liddicoet, Chief Budget Official

County of Yolo, California

June 13, 2023



Overview and Speakers

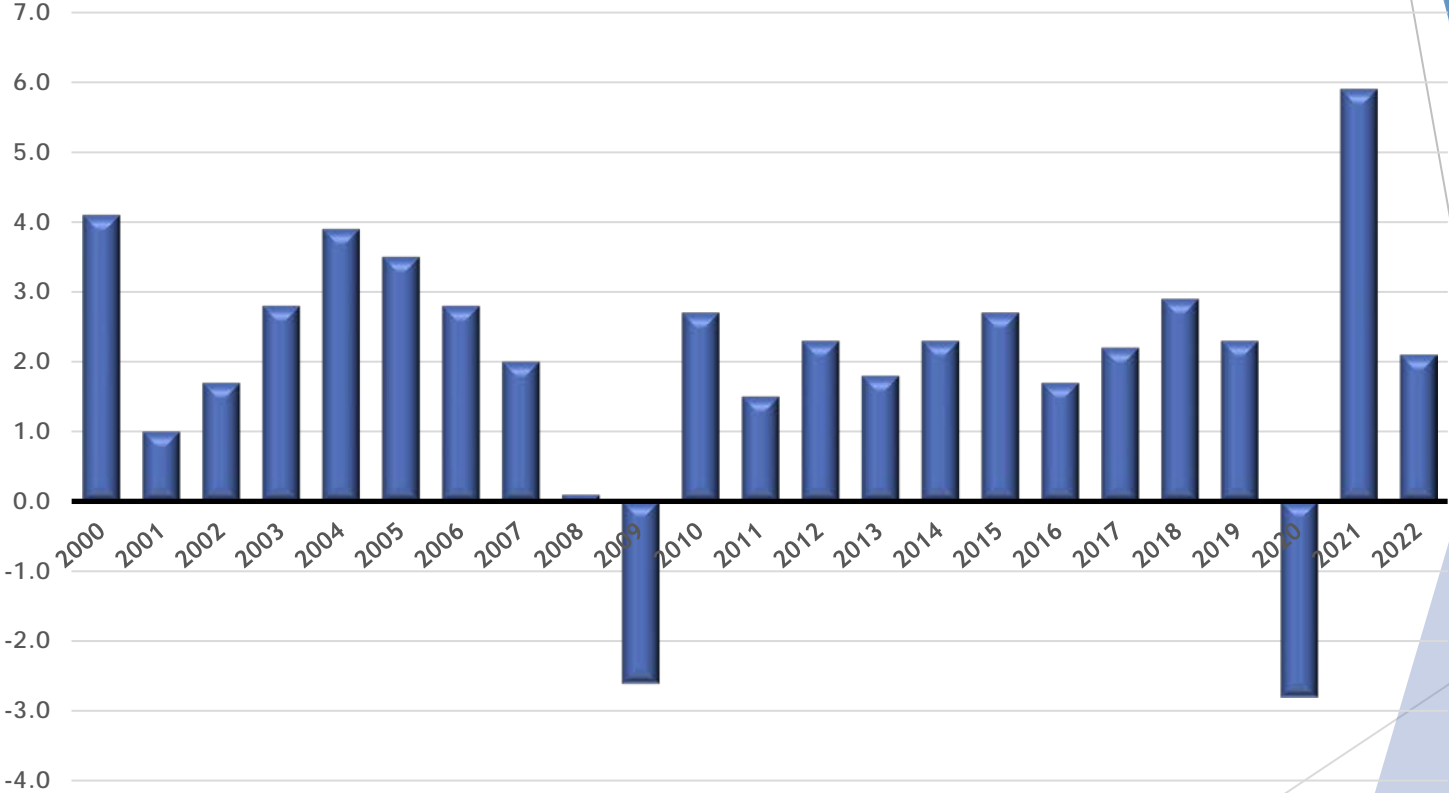
- ▶ Opening Remarks
- ▶ Economic Background - Chad Rinde, Chief Financial Officer
- ▶ Budget Development Process - Laura Liddicoet, Chief Budget Official
- ▶ Recommended Budget - Gerardo Pinedo, County Administrator
 - ▶ Capital Improvements and Major Maintenance Projects - Ryan Pistoichini, Director of General Services
 - ▶ Road and Bridge Projects - Leslie Lindbo, Director of Community Services
 - ▶ HHSA - Nolan Sullivan, Director of Health and Human Services
- ▶ Looking Ahead - Gerardo Pinedo, County Administrator
- ▶ Recommended Actions

Economic Background



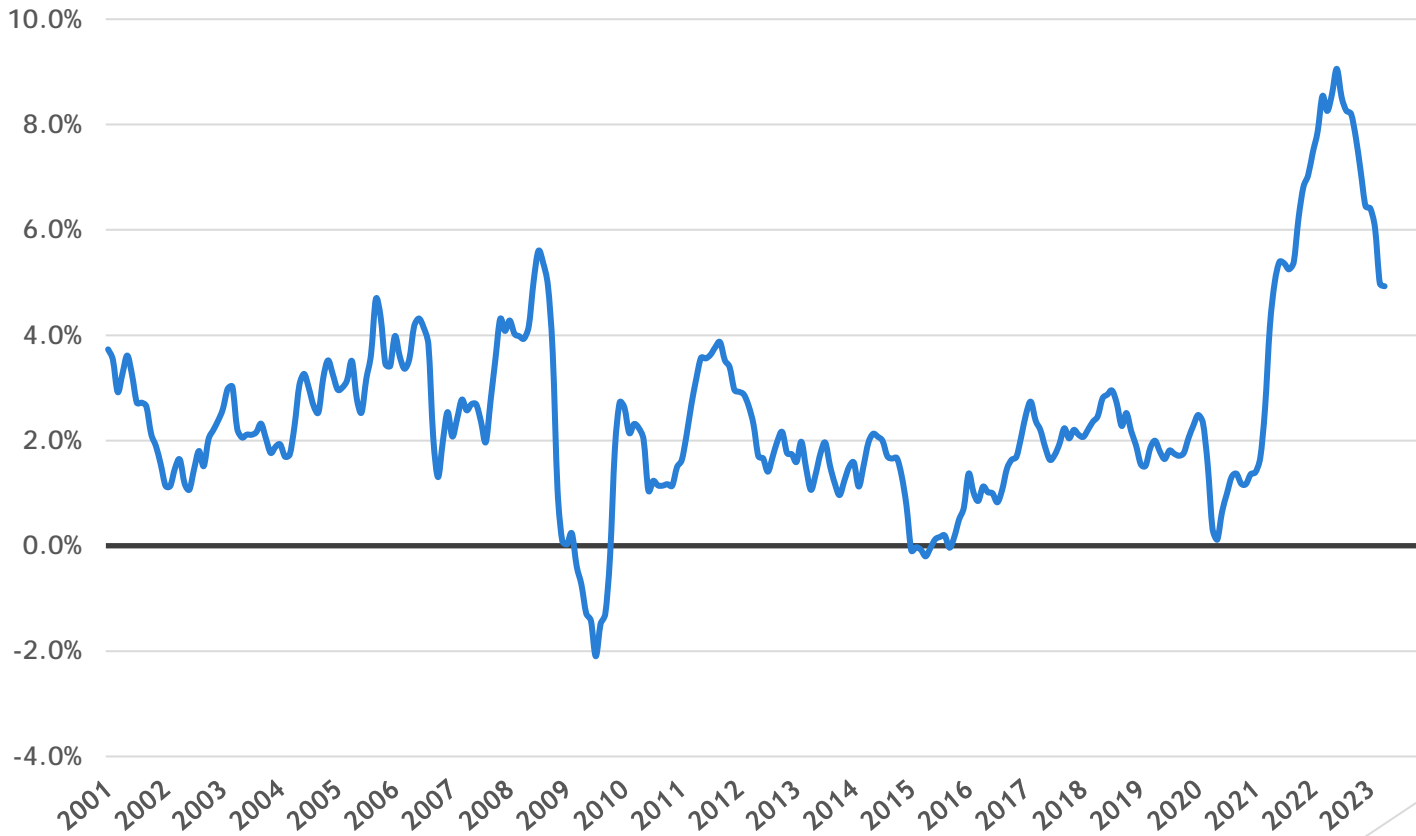
US Gross Domestic Product

Annual Growth in GDP



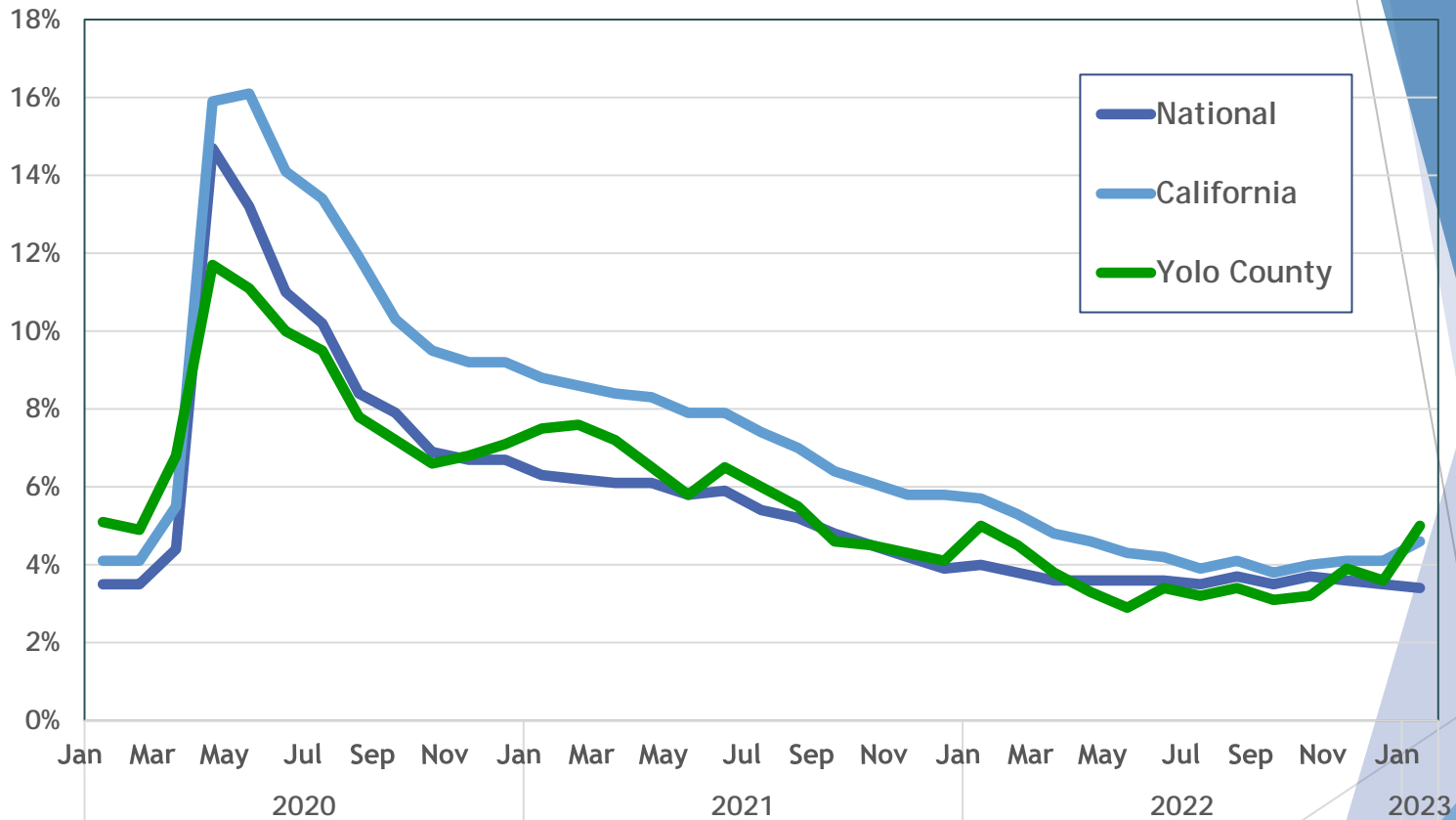
Inflation

Consumer Price Index Year-Over-Year % Change



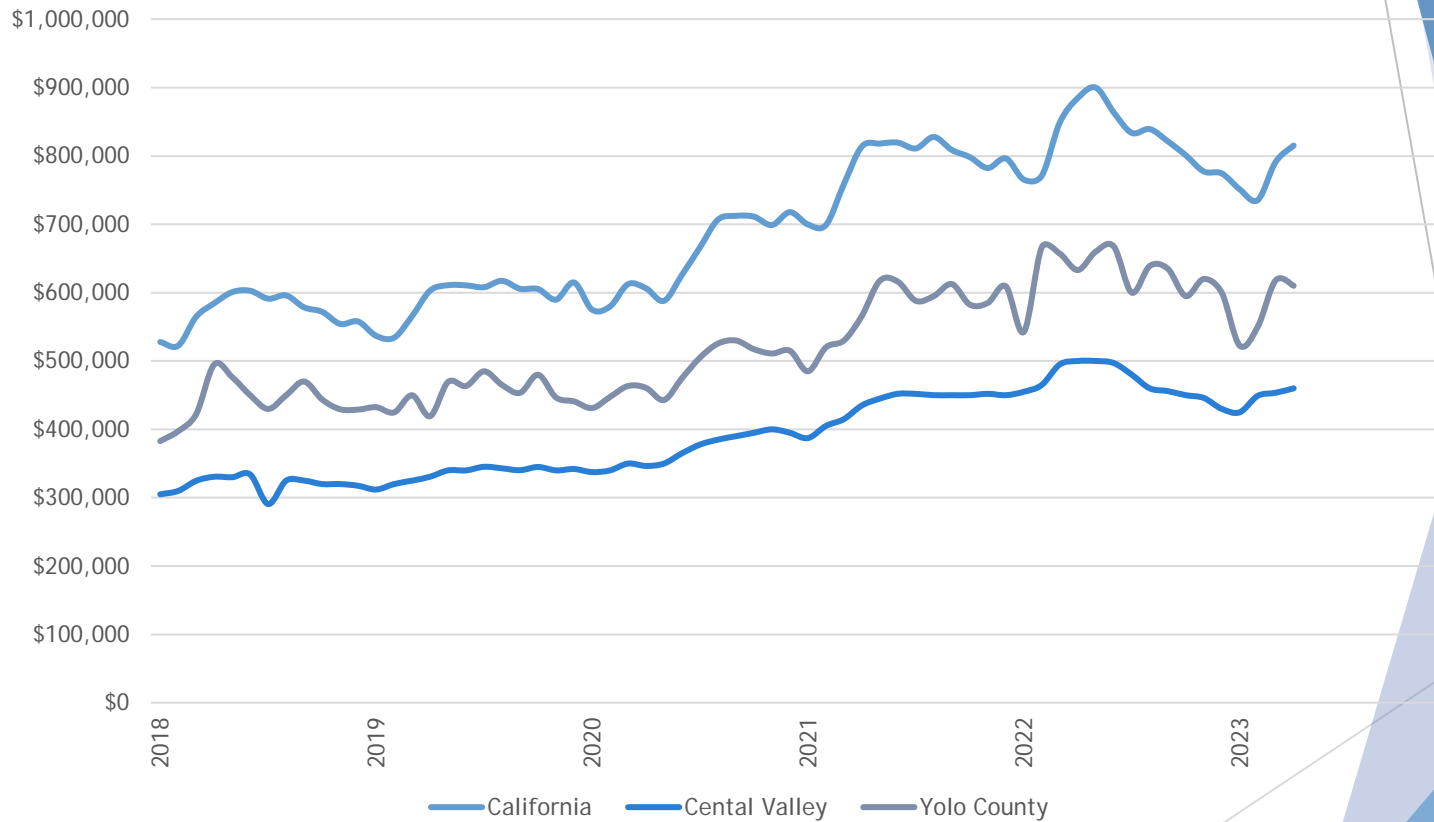
Unemployment Rate

Unemployment Rate



Housing Prices

Median Home Price - Existing Single Family Residence



Looking ahead

- ▶ US economic growth is slowing, certain sectors already experiencing economic challenges (ex. banking and housing)
- ▶ Inflation headed downward but gradually returning to normal levels
- ▶ Interest rates have increased rapidly. Future increases are uncertain and depending on near term economic data
- ▶ Concerns continue to exist that recession may materialize, however economic signals are mixed

Budget Development Process



Budget Process

- ▶ January 24 - Board adopted Budget Principles
- ▶ January 26 - Financial Services developed base budget
- ▶ February 24 - Departments submitted requests
- ▶ March 13 and 14 - Board Budget Workshop
- ▶ March 22 to April 6 - CAO/DFS meeting with Departments
- ▶ April 18 - Budget development update to Board
- ▶ June 9 - Published Budget Book
- ▶ June 13 - Budget Hearing

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

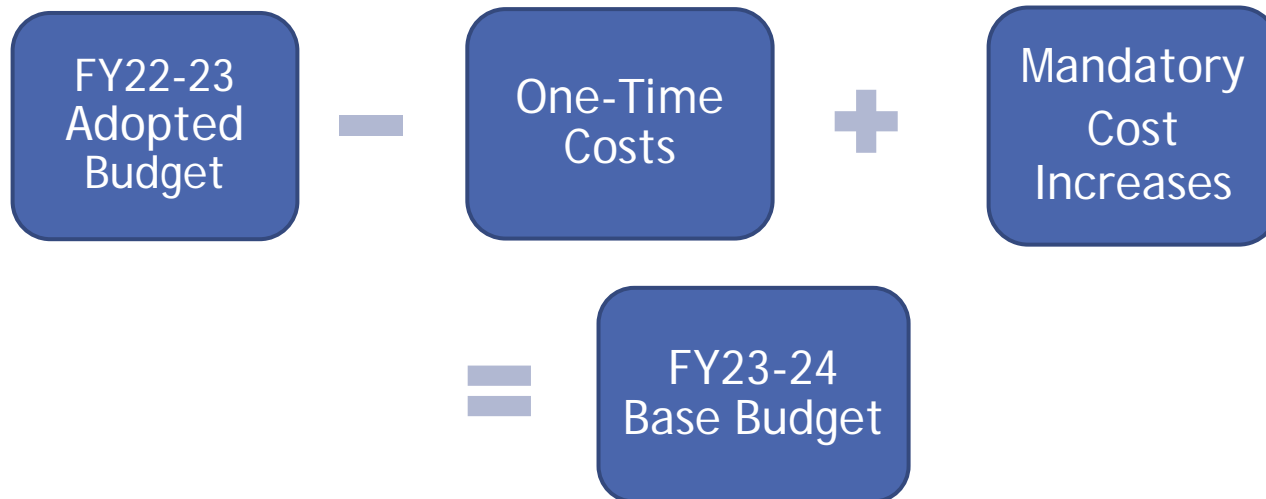
Budget Principles

(Key principles, not all-inclusive)

- ▶ Recognize increased cost of service delivery including labor, supplies and equipment.
- ▶ Prioritize adjusting to higher costs and minimizing operational and service impacts before considering program additions or augmentations.
- ▶ 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

Base Budget Formula

(Used to calculate base budget)



Recommended Budget



2020-2025 Strategic Plan

2023-24 Initiatives

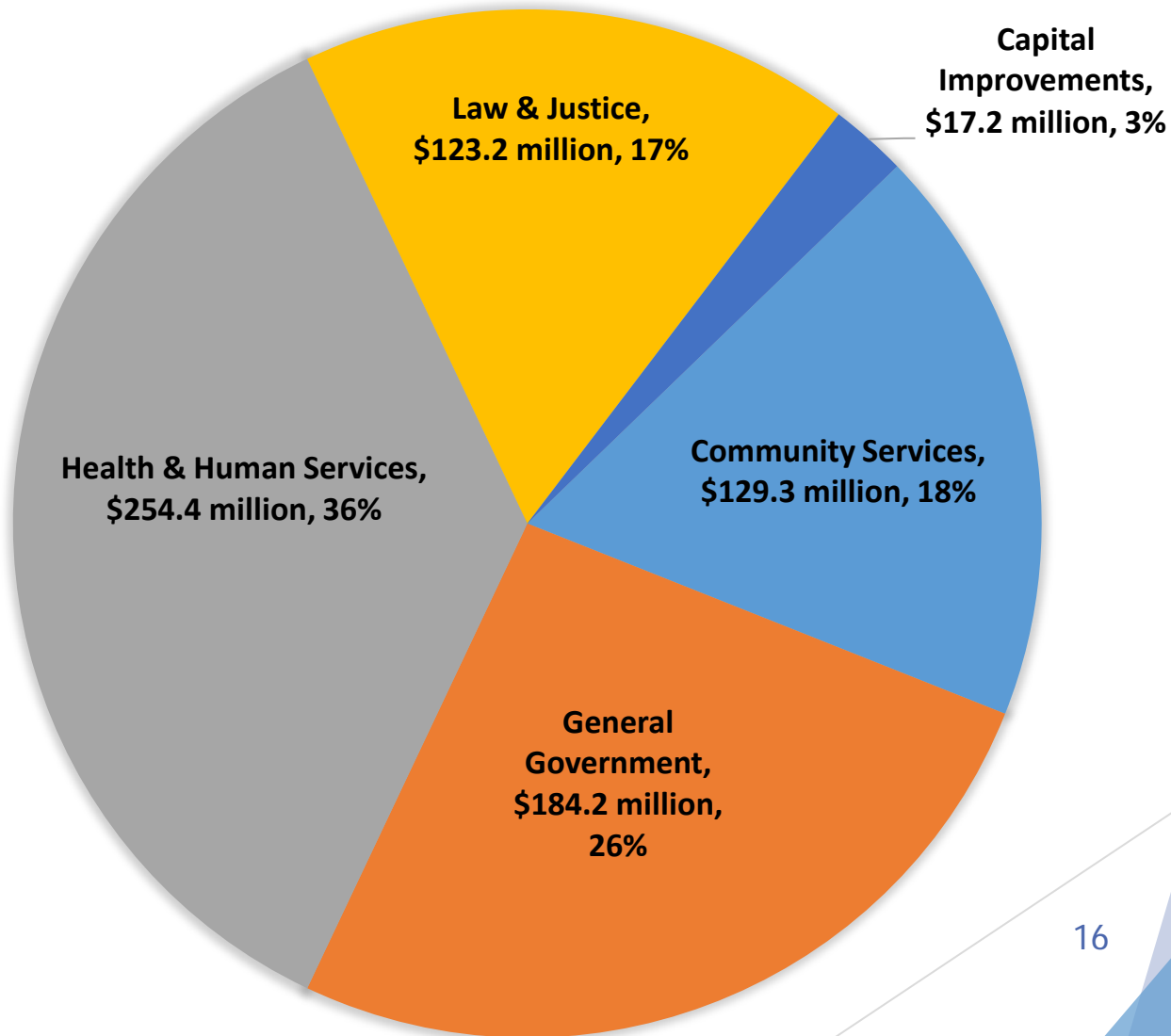
Strategic Plan Goal	Initiatives
Thriving Residents	<ul style="list-style-type: none"> • Establish commitment to "Health in all policies" and target investment for upstream investments in vulnerable communities • Solidify the County's commitment to inclusion and diversity • Increase availability of evidence-based 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

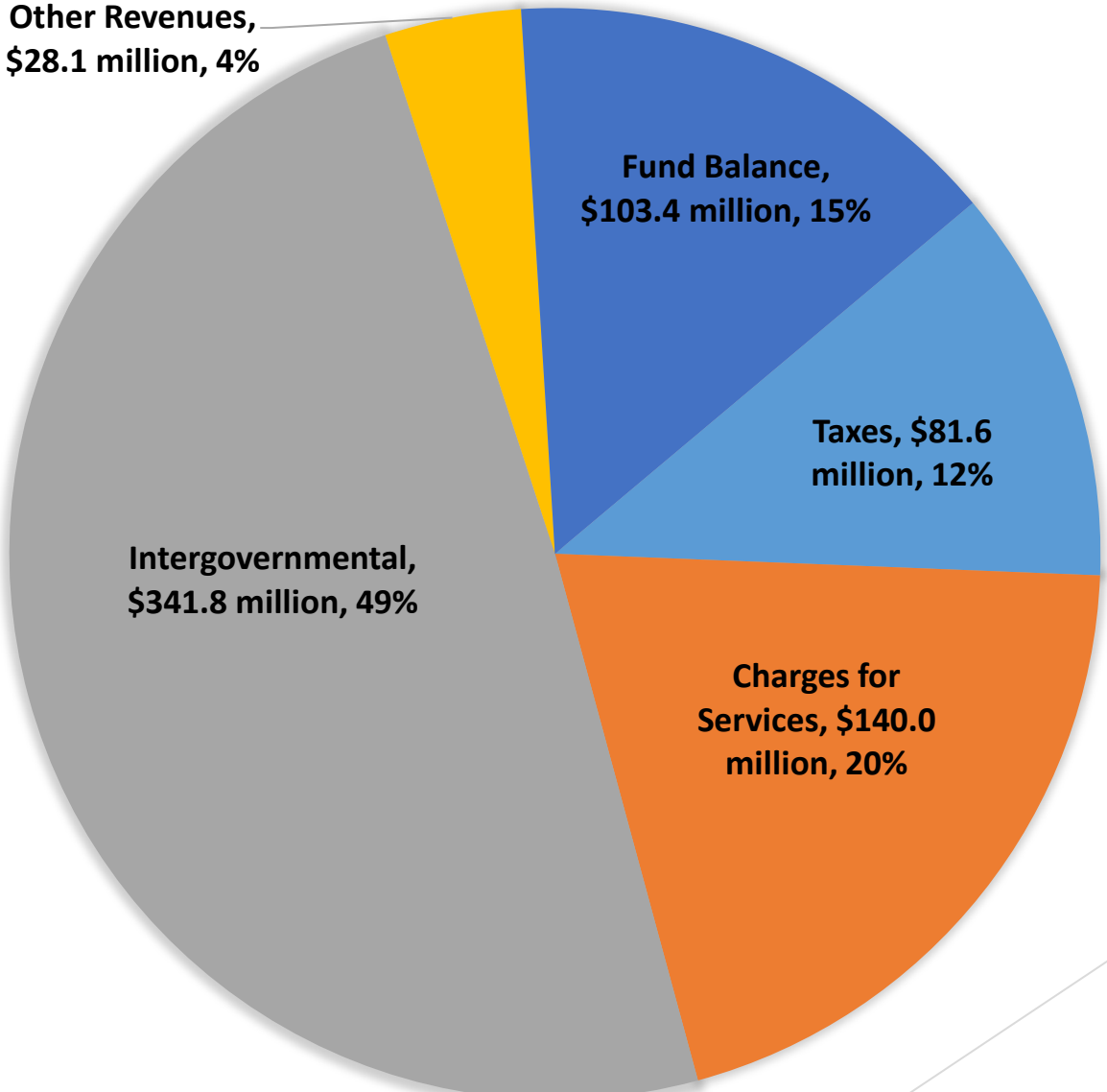
2023-24 Initiatives

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

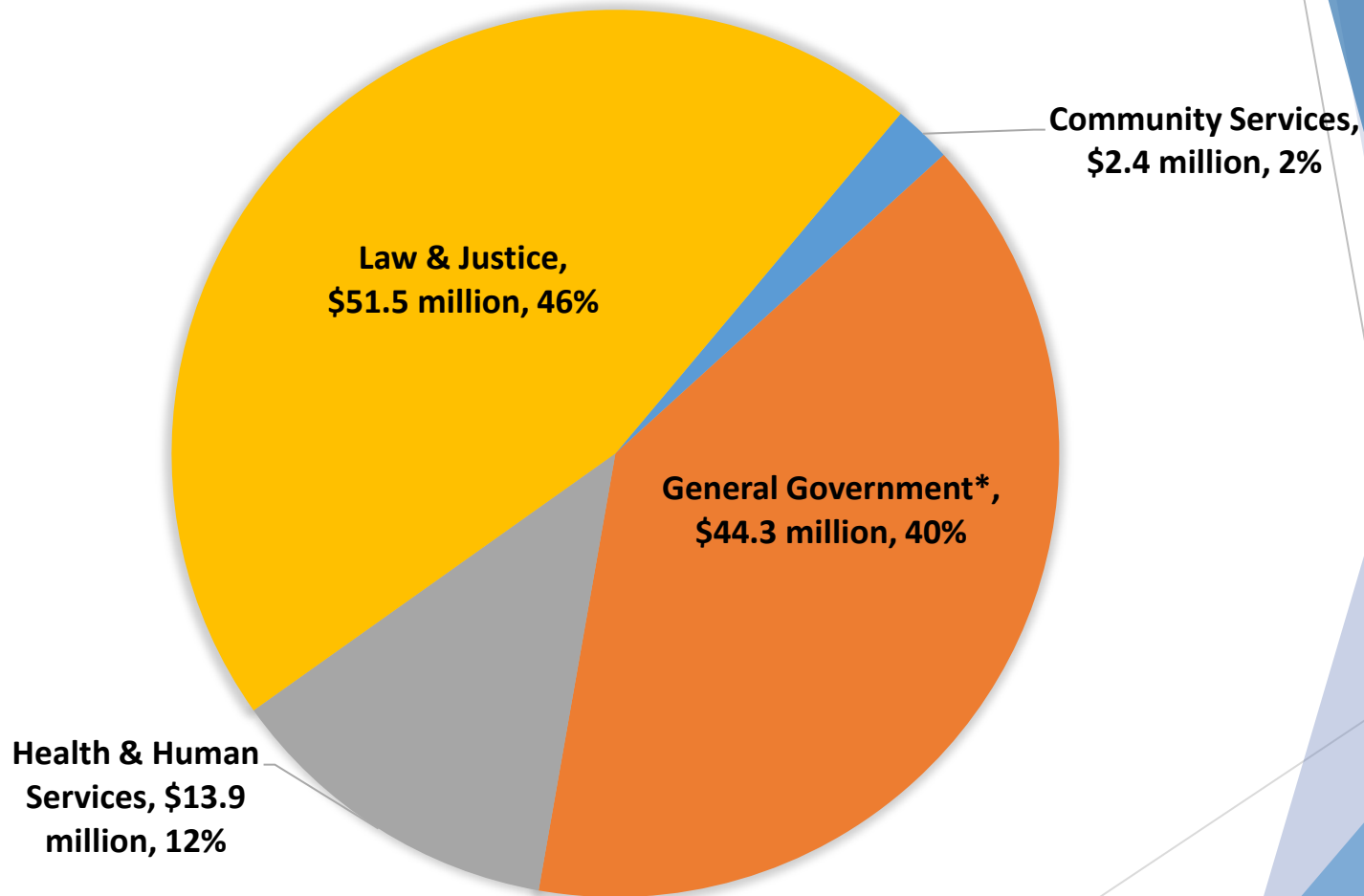
Total Spend by Program Area



Sources of Total County Funds



General Fund Support by Program Area



*Certain General Government function costs are recovered in future years through the Cost Allocation Plan.

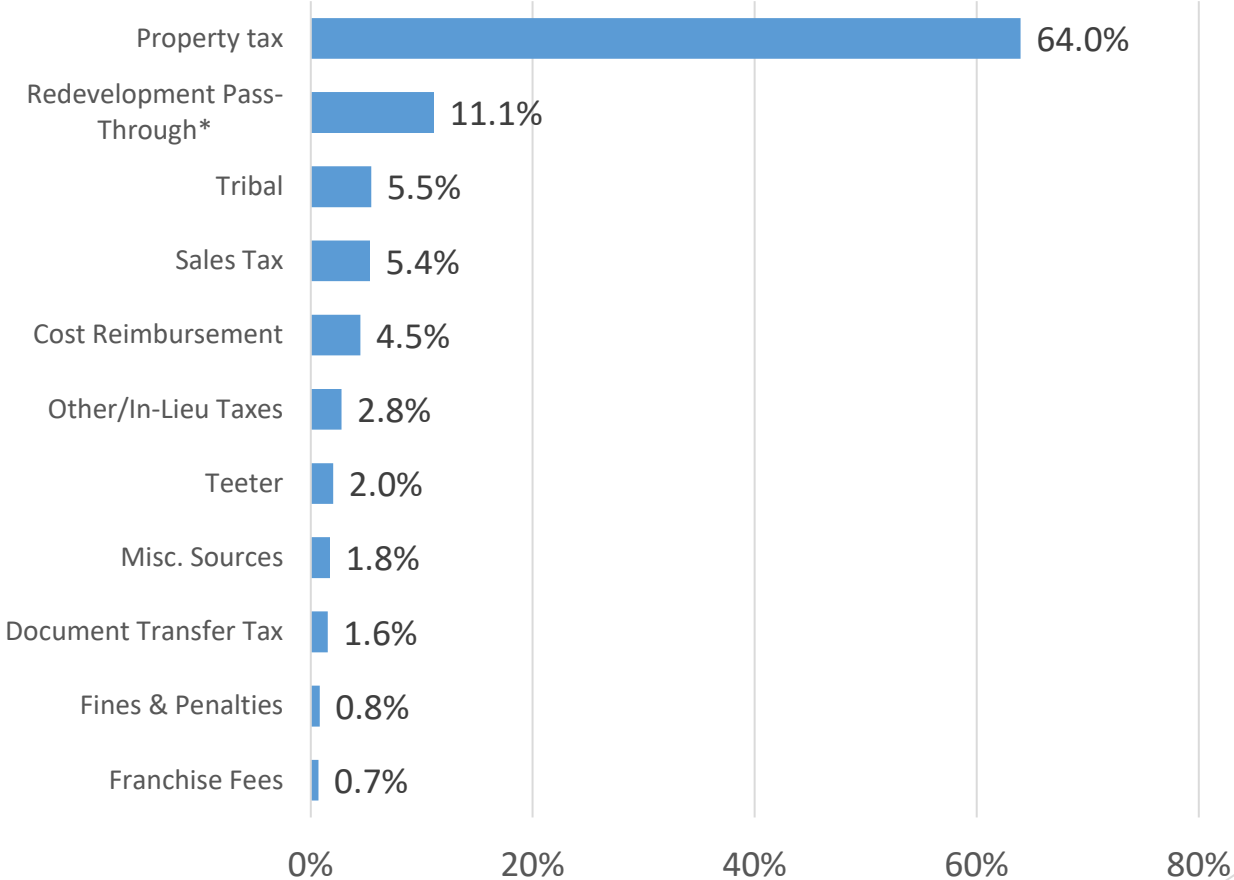
Budget Summary

	2022-23 Recommended	2022-23 Adopted	2023-24 Recommended
Net Operating Budget	\$667,609,455	\$694,539,662	\$694,944,153
Capital Improvement Budget	\$30,453,592	\$47,929,601	\$17,200,570
Total County Budget	\$698,063,437	\$742,469,223	\$712,145,083
<u>Fund Highlights</u>			
General Fund Departments	\$76,681,627	\$84,081,042	\$82,384,752
Public Safety Departments	\$84,550,238	\$86,989,358	\$87,894,983
Social Services Programs	\$132,991,266	\$138,264,930	\$150,134,265
Public Health Services	\$18,772,762	\$22,195,424	\$25,098,120
Behavioral Health Services	\$69,323,053	\$70,050,768	\$71,345,967
Road/Transportation Fund	\$38,667,188	\$42,229,944	\$40,555,283

2023-24 Revenue Picture

Revenue Source	2022-23 Adopted	2023-24 Recommend.	Change (%) from Prior Year
Property Taxes	\$70.1M	\$73.6M	5.0%
General Sales Taxes	\$4.9M	\$5.2M	6.8%
Other General Purpose Revenues	\$18.8M	\$19.2M	2.2%
Total General Purpose Revenues	\$93.9M	\$98.1M	4.5%
Proposition 172 - Public Safety Sales Tax	\$27.6M	\$28.7M	4.0%
Public Safety Realignment	\$19.8M	\$20.2M	2.1%
Health & Human Services Realignment	\$59.3M	\$60.1M	1.4%
Total Semi-Discretionary	\$106.7M	\$109.0M	2.2%
Total Revenues	\$200.6M	\$207.1M	3.2%

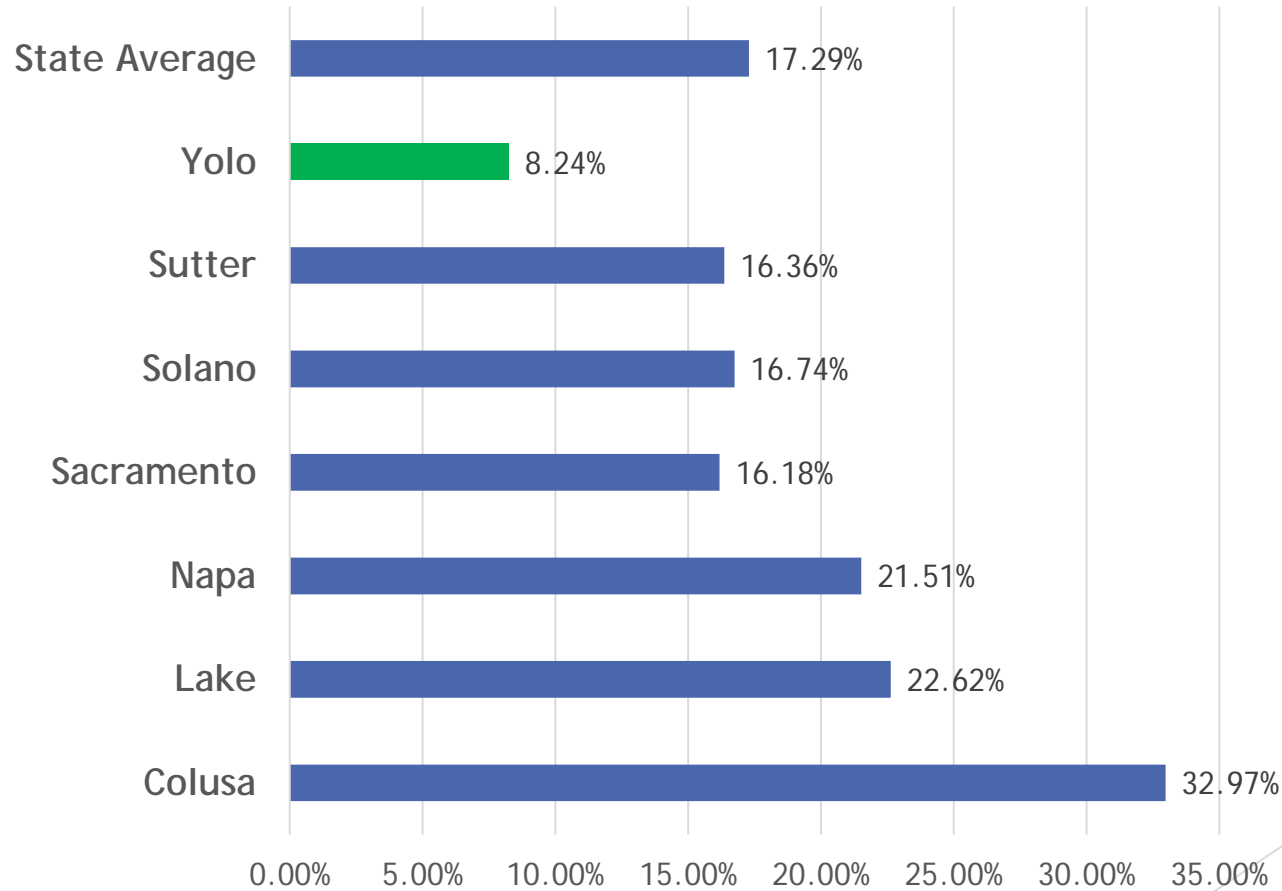
Sources of General Purpose Revenues



*Redevelopment pass-through revenue will no longer be received after dissolution of redevelopment (expected 2037 and 2046). BOS received information regarding dissolution of redevelopment on 6/29/21 and 7/27/21.

Property Tax Share

(Fiscal Year 2022)



* Includes only General Fund share in each County.

Recommended Budget Balancing Strategies

- ▶ Budget for salary savings - \$21.8 million (FY22/23 - \$13.7 million)
- ▶ Defer of all general fund augmentation requests to the Adopted Budget
- ▶ Use special funds and reduce services and supplies
- ▶ Use of General Fund Balance - \$14 million (FY22/23 - \$10.1 million)

Staffing

Additional funding for 11 new positions

Eliminate 18 positions

Overall net reduction of 7 FTE (6 General Fund)

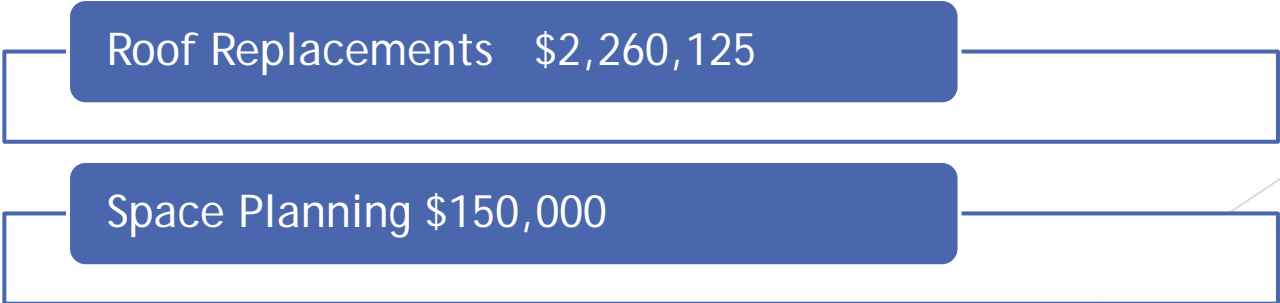
Total 1844.0 FTEs in 2023-24 Recommended Budget

Capital Improvement and Maintenance Projects

Capital Improvement Projects



Major Maintenance Projects



HHSA Budget Items of Note

Significant Items Deferred or Declined

Conservatorship Officer (1 FTE)
\$102,000 GF

CalFresh Staffing (6 FTE) \$461,000 GF

Jail Medical Oversight Staffing - To be determined

Projected Cost Overruns

Jail Medical Contract +\$2,500,000 GF

IST Penalty +\$450,000 Unknown Fund

Cannabis Taxes

Proposed Expenditure	Amount
California Cannabis Authority Fees	\$22,500
Illegal Cultivation Enforcement	\$100,000
Rural Community Investment Program	\$206,825
Early Childhood Intervention & Prevention	\$148,675
Youth Development	\$15,000
Reserve	\$110,000
Unallocated/Contingency	\$17,000
Total	\$620,000
Prior Year Carryforward	\$1,869,800

Cannabis Citizen Oversight Committee recommended the Board consider appropriating some or all the unallocated funding for additional support for Woodland Soccer proposal. Further the Oversight Committee recommended the board consider updating the 2019 Framework to address preferred priorities in declining revenue environment.

Budget Risk Factors

Deferred maintenance

CalPERS pension liability and cost increases

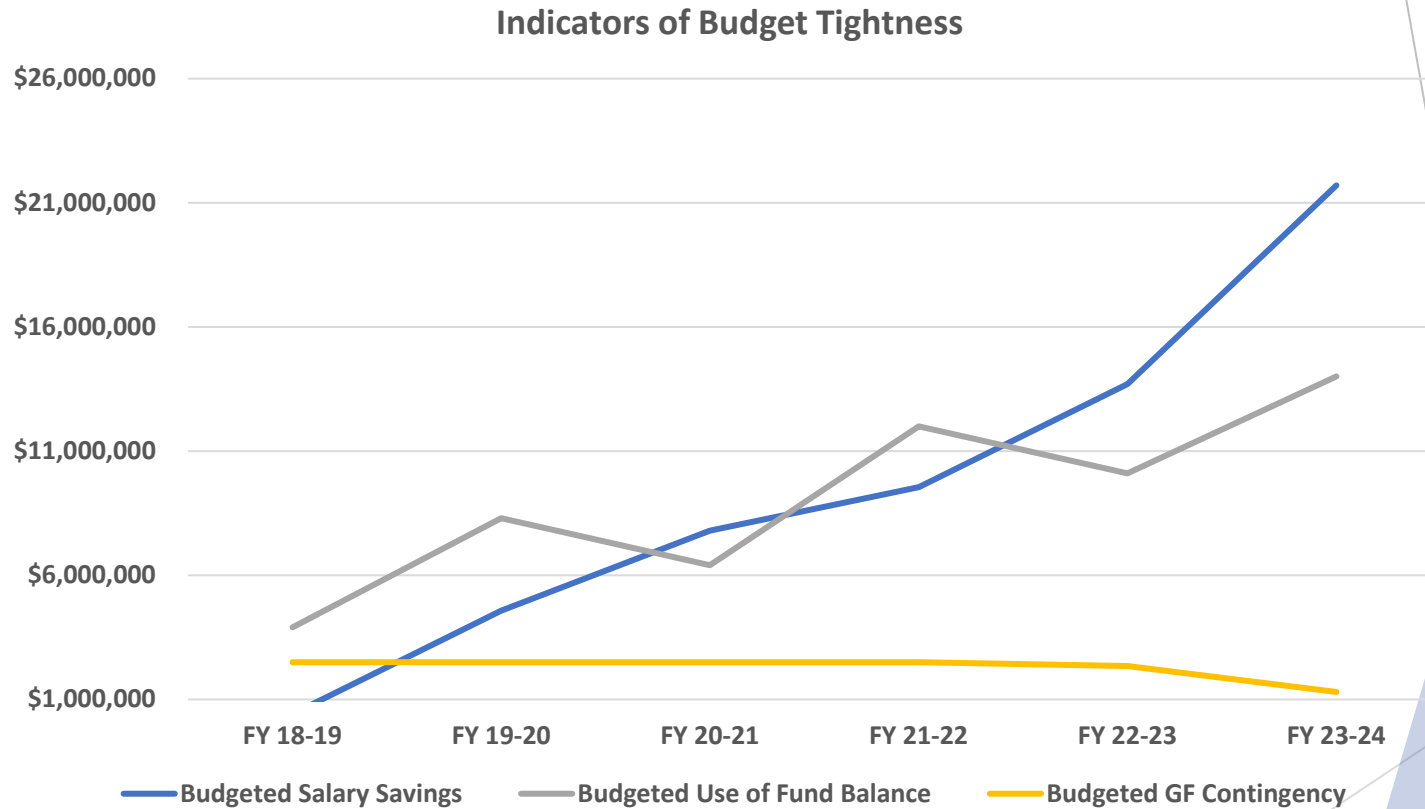
New State mandates

Inflationary cost pressures

High reliance on Fund Balance/Salary Savings

Potential Economic Slowdown

Indicators of Budget Tightness



Contingencies and Reserves

Contingency Type	Amount
General Fund Contingency	\$ 1,307,242
Health and Human Services Contingency	\$ 1,027,381
Public Safety Contingency	\$ 750,000
Safety and Security	\$ 100,000
Child Support Services Contingency	\$ 30,000
Health & Human Services Emerging Needs	\$ 225,000

Reserve Type	Amount
General Reserve (8%)	\$ 22,541,980
Capital Improvement Reserve	\$ 3,563,021
Audit Disallowance Reserve	\$ 2,000,000
Liability Reserve	\$ 600,000

Looking Ahead



Issues for Consideration at Adopted Budget Hearing

Jail Medical

**Fire District
Sustainability***

State Mandates

**Additional
Reserve/
Contingency
Contributions**

**South Davis
Library**

**Department
Funding
Requests**

*Presently funded with general fund balance, on-going funding strategy to be considered at Adopted Budget. Board could consider sooner, as needed.

Outstanding Augmentation Requests

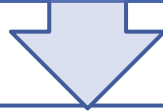
Potential Items for Consideration	Estimated Amounts
General Reserve Contribution to increase to 9.00% *	\$ 2,817,748
General Fund Contingency to increase to 3%	\$ 1,874,693
Public Safety Contingency to increase to 3%	\$ 1,129,686
Safety & Security Contingency	\$ 100,000
Roads Contingency	\$ 500,000
ACE Renovations	\$ 235,000
Agriculture Services and Supplies	\$ 11,500
Community Services Staff and Services	\$ 82,608
Countywide Equipment	\$ 39,000
District Attorney staffing	\$ 172,000
District Attorney Vehicles	\$ 80,000
Financial Services Staffing	\$ 119,013
General Services Equipment, Vehicle and Extra Help	\$ 5,361,403
General Services Staffing	\$ 590,751
Health and Human Services Staffing	\$ 1,027,831
Human Resources Services and Studies	\$ 130,000
IT Work Order System	\$ 80,000
Probation Vehicles	\$ 85,000
Public Defender Staffing	\$ 1,014,182
Public Defender Vehicle	\$ 50,000
Sheriff Equipment & Supplies	\$ 276,696
Sheriff Staffing	\$ 1,569,536
Sheriff Vehicles	\$ 1,081,000
Estimated Total for Consideration	\$ 18,427,647

**Increases to the General Reserve require \$705,000 per 0.25%*

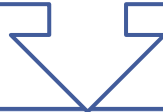
Budget Adoption Process

Recommended Budget in place from July 1 to
September 26

Interim adjustments require 3/5 vote



Adopted budget development



Adopted Budget Hearings (Sept. 26)

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 2022-23 revenues & appropriations

3. Approve the 2023-24 Recommended Budget and adopt the 2023-24 Recommended Budget resolution, Position and Salary Resolution, and 2023-24 Equipment List