



FY 2024-25

Recommended Budget

Presented to

The Honorable Board of Supervisors

County of Yolo, California

Tuesday, June 11th, 2024

Gerardo Pinedo
County Administrative Officer

Mark Bryan
Deputy County Administrator / HR

Leslie Lindbo
Director of Community Services

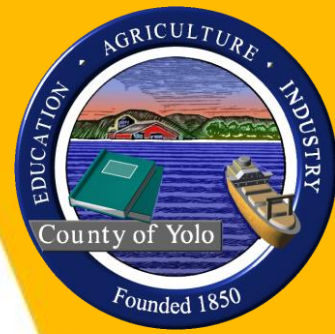
Nolan Sullivan
Director of Health & Human Services

Tom Haynes
Chief Financial Officer

Laura Liddicoet
Chief Budget Official

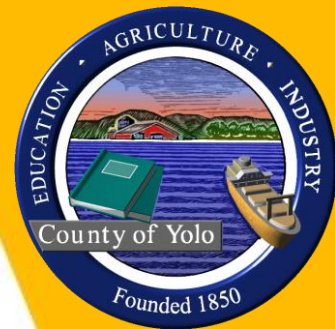
Evis Morales
Deputy Chief Financial Officer

Ryan Pistochni
Director of General Services



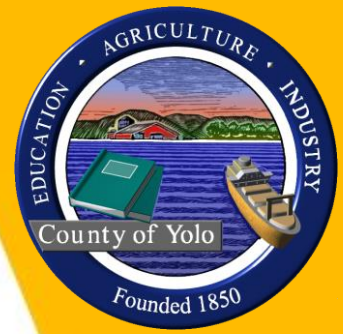
OVERVIEW OF BUDGET PRESENTATION

- ▶ **Opening Remarks – Gerardo Pinedo, Chief Administrative Officer**
- ▶ **Economic Background – Tom Haynes, Chief Financial Officer**
- ▶ **Budget Development Process – Laura Liddicoet, Chief Budget Official**
- ▶ **Recommended Budget Specifics – Gerardo Pinedo, CAO**
 - ▶ **Capital Improvements & Major Maintenance Projects – Ryan Pistochini, Director of GSD**
 - ▶ **Roads and Bridge Projects – Leslie Lindbo, Director of Community Services**
 - ▶ **Animal Services Staffing – Leslie Lindbo, Director of Community Services**
 - ▶ **HHSA Fiscal Coordination Update – Evis Morales, Deputy Chief Financial Officer**
 - ▶ **HHSA Public Guardian – Nolan Sullivan, Director of HHSA**
- ▶ **Recommended Actions – Gerardo Pinedo, CAO**

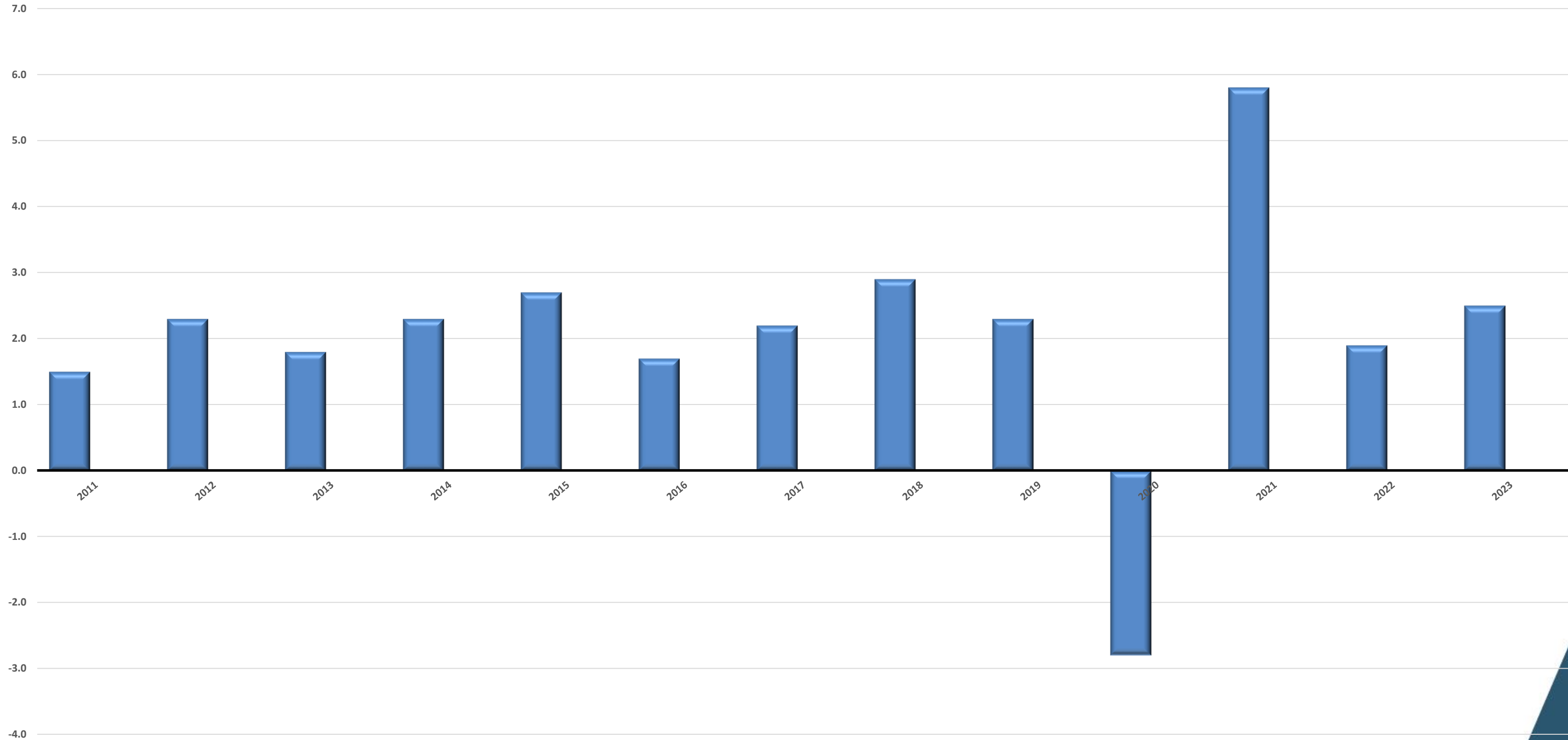


ECONOMIC BACKGROUND

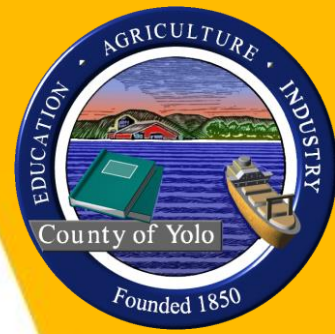
US GROSS DOMESTIC PRODUCT



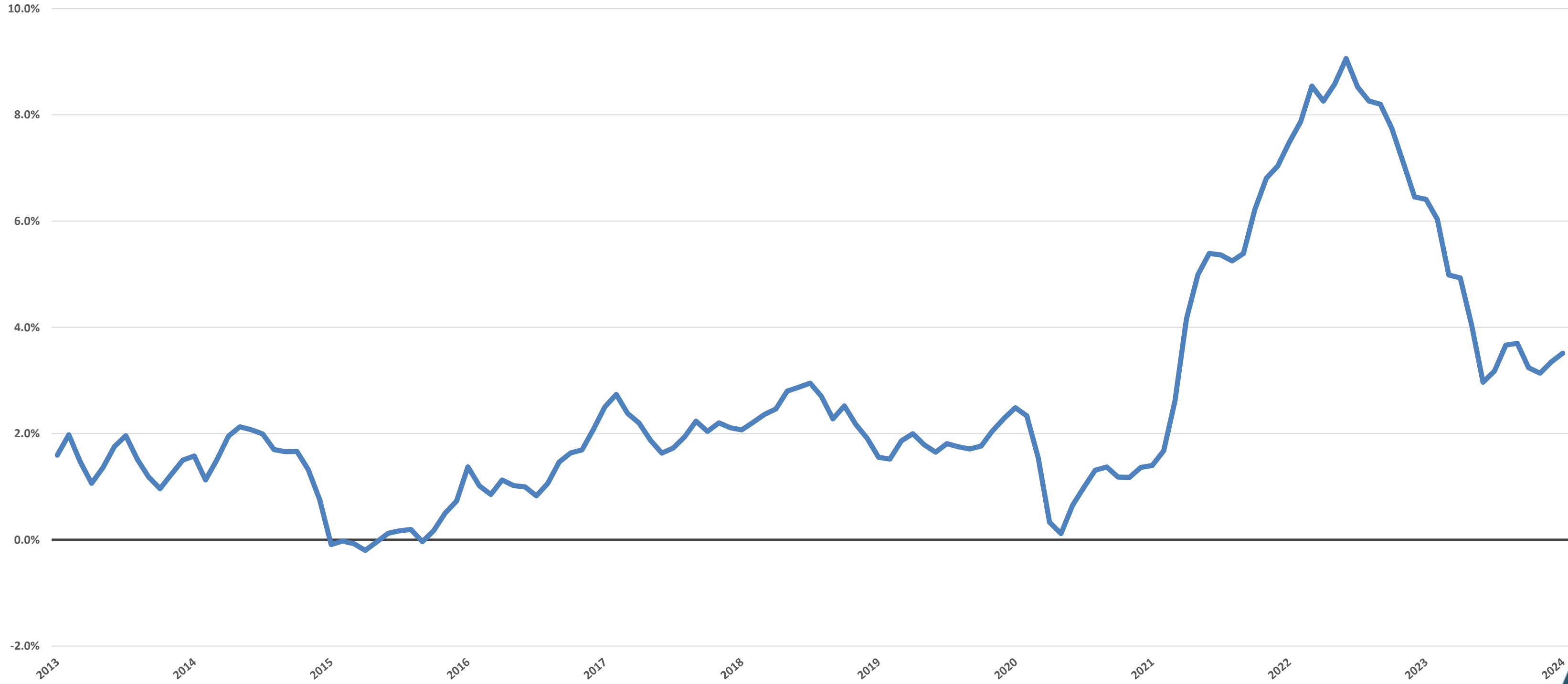
Annual Growth in GDP



INFLATION



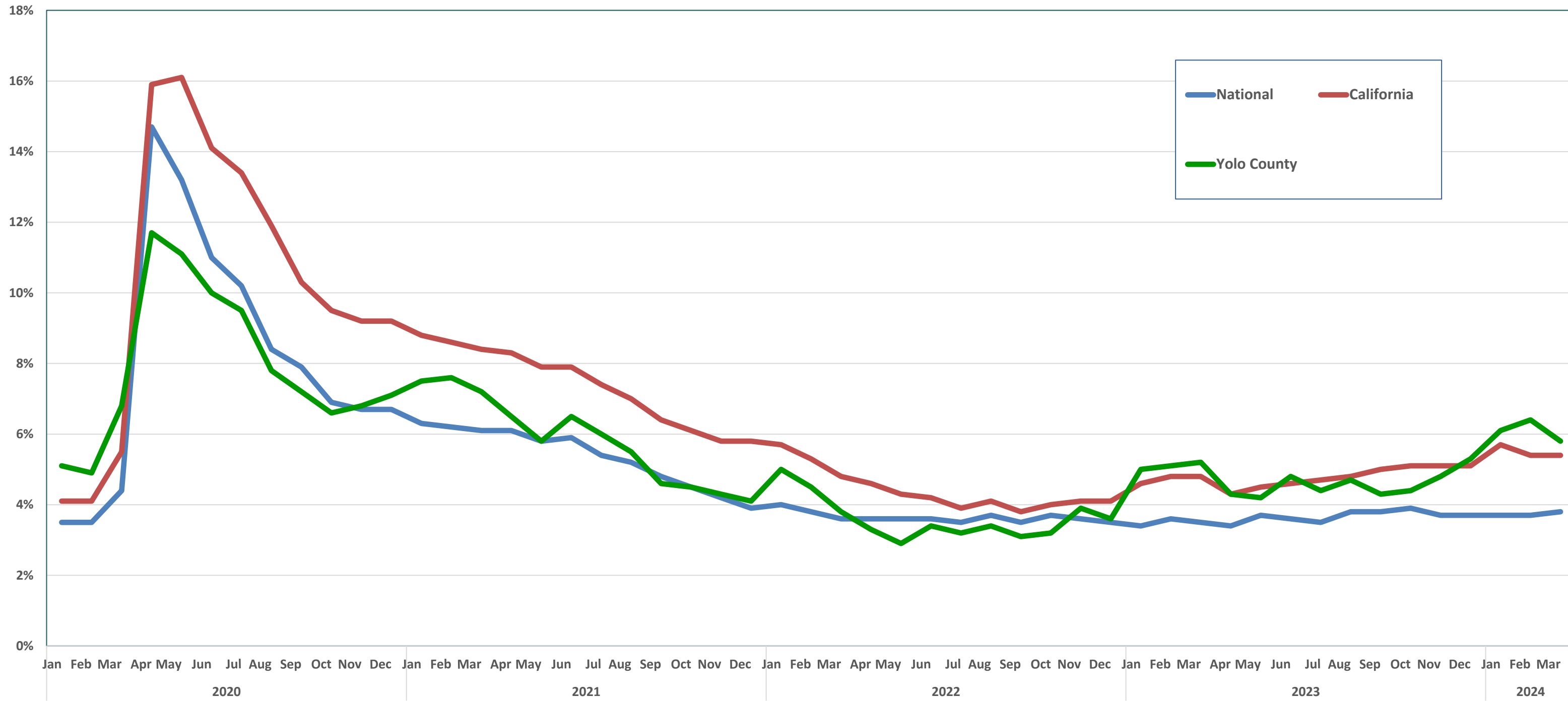
Consumer Price Index Year-Over-Year % Change



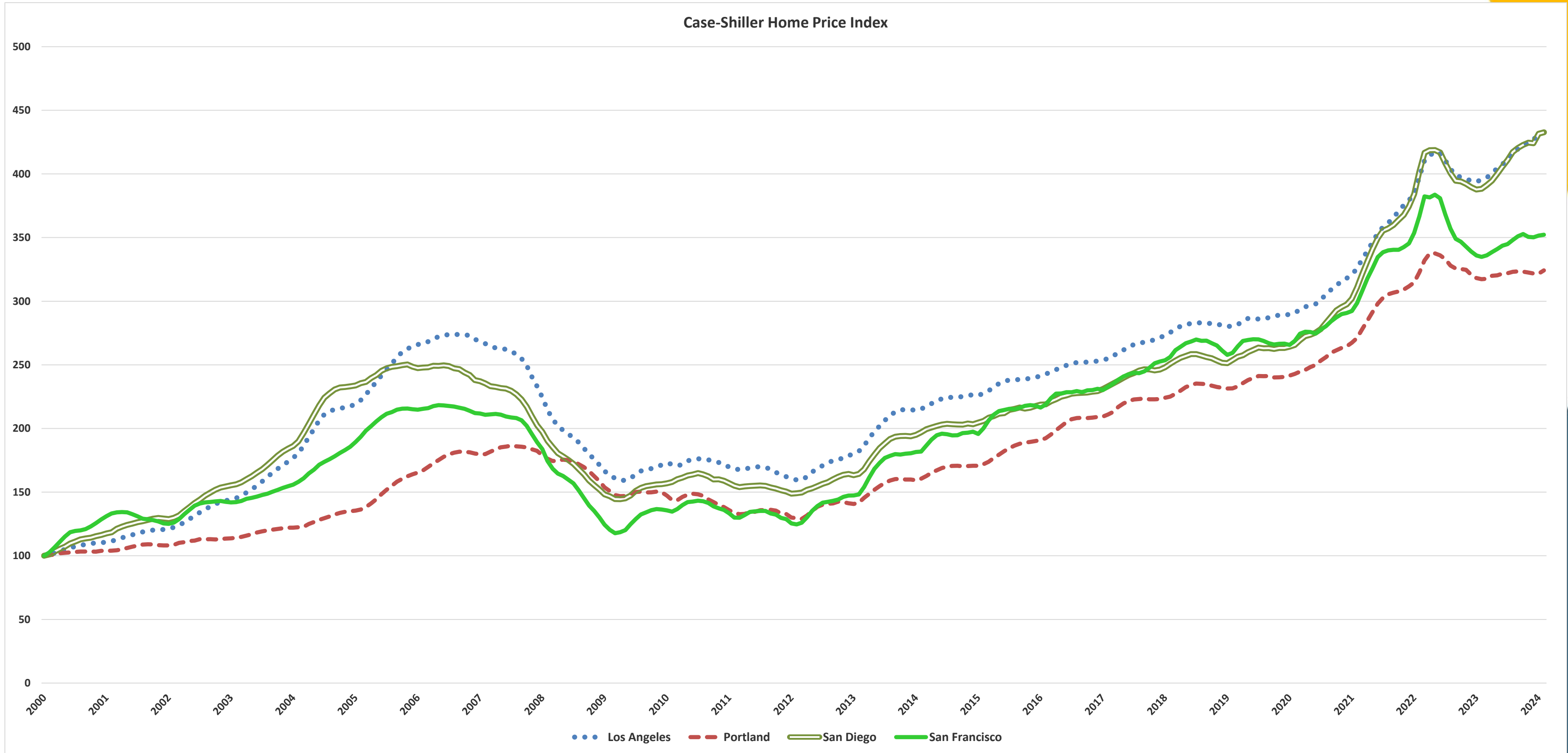
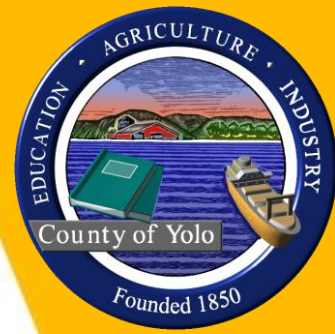
UNEMPLOYMENT RATE

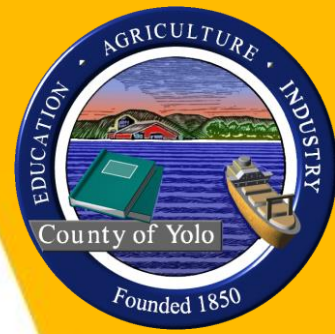


Unemployment Rate



HOUSING PRICES



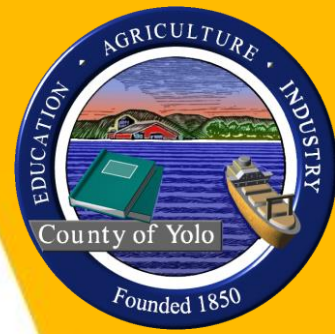


LOOKING AHEAD

- ▶ **US economic growth to slow slightly as consumers begin to truly experience impacts of inflation and interest rate.**
- ▶ **Concerns of a recession have subsided**
- ▶ **Inflation headed downward and expected to continue but take time to return to normal levels.**
- ▶ **Interest rates are leveling, Federal Reserve has signaled coming reductions.**



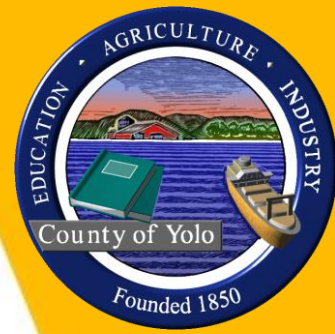
BUDGET DEVELOPMENT PROCESS



BUDGET PROCESS

- ▶ **January 23 – Board adopted Budget Principles**
- ▶ **January 25 – Financial Services developed base budget**
- ▶ **February 23 – Departments submitted requests**
- ▶ **March 11 and 12 – Board Budget Workshop**
- ▶ **March 18 to April 5 – CAO/DFS meeting with Departments**
- ▶ **May 7 – Budget Development update to Board**
- ▶ **June 6 – Published Budget Book**
- ▶ **June 11 – Budget Hearing**

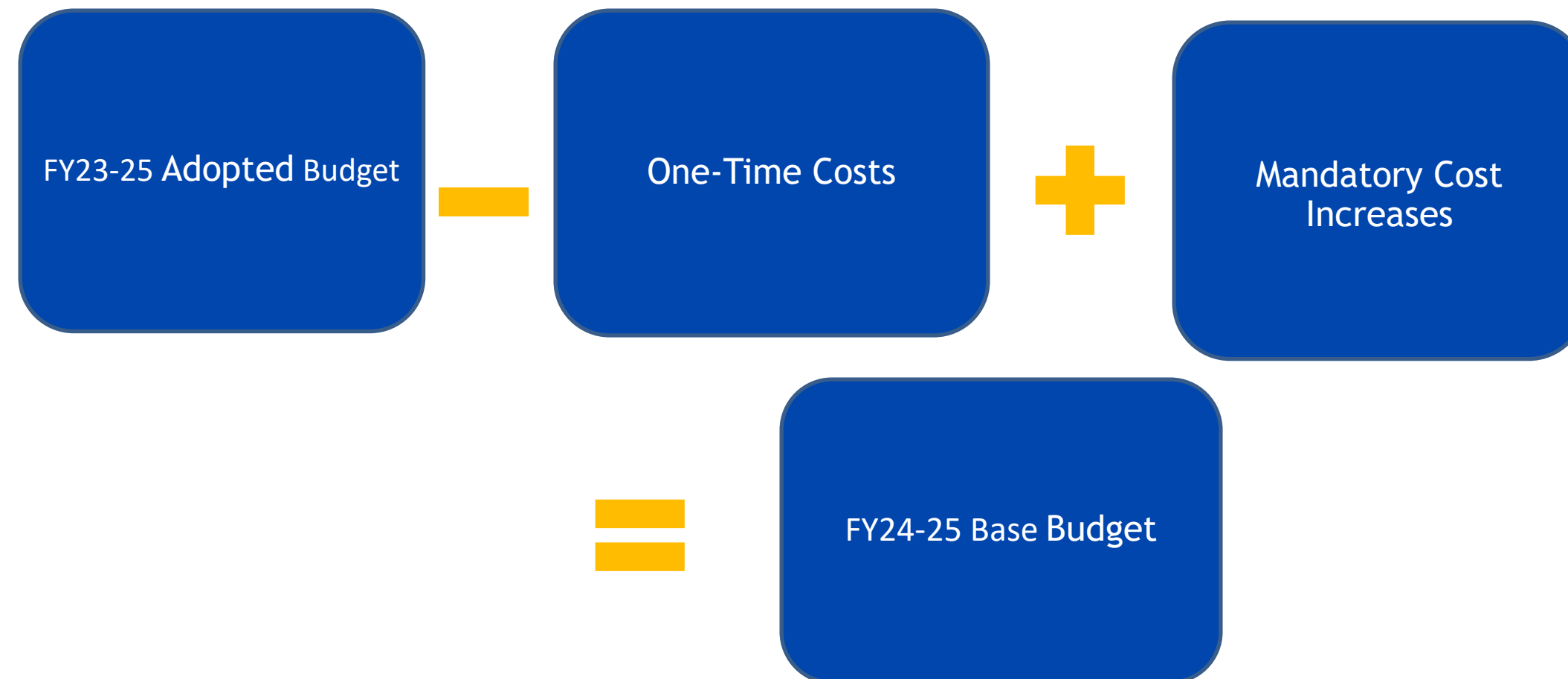
- ▶ **DFS and CAO staff met with the Budget Ad-Hoc Committee (Chair and Vice Chair) regularly on budget development.**



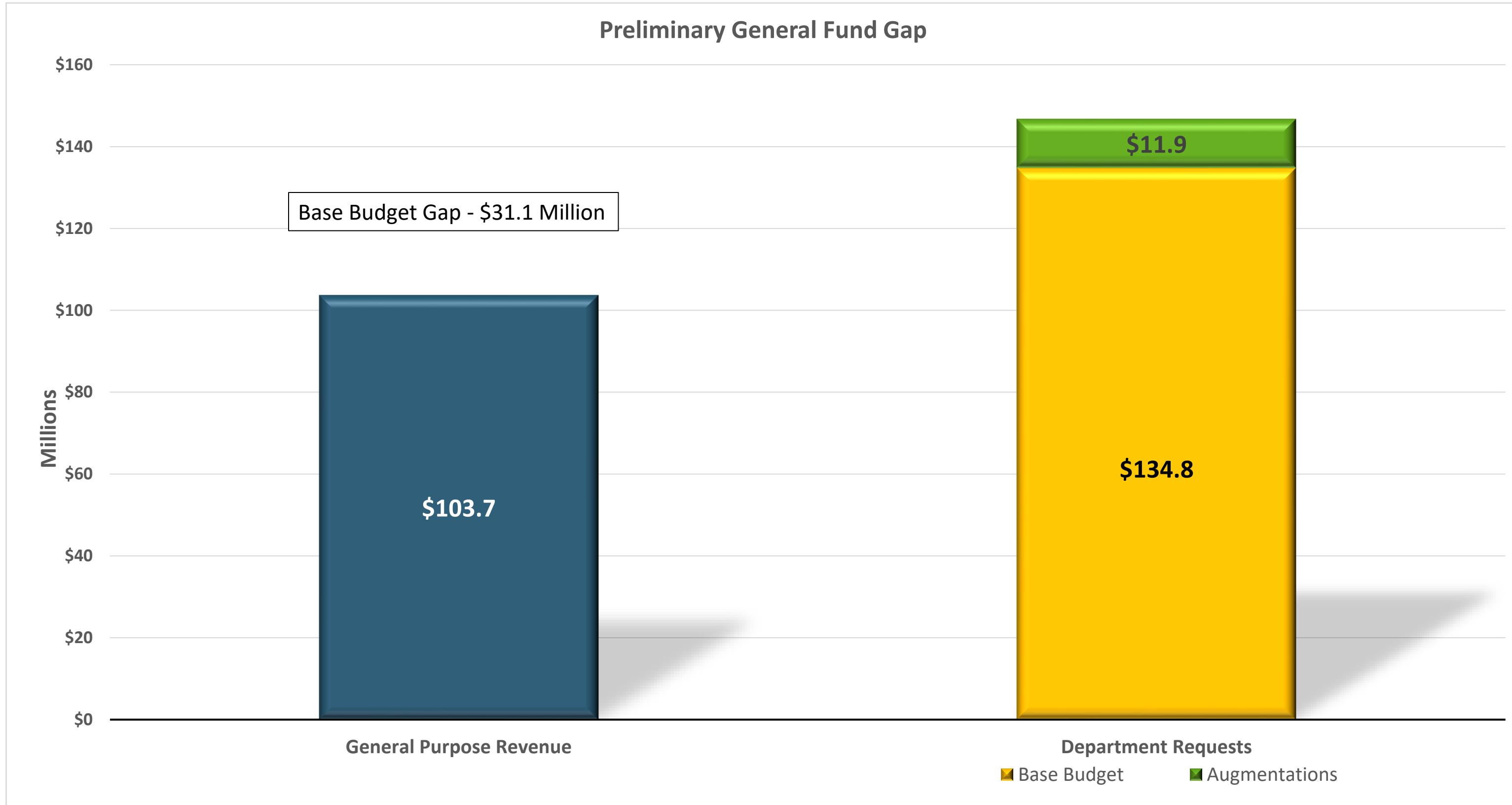
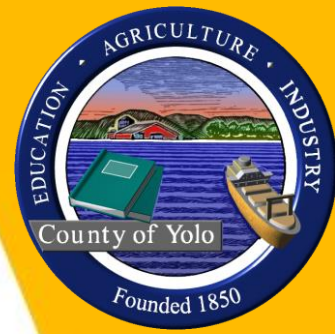
BUDGET PRINCIPLES

- ▶ **Recognize the continuing pressure of labor cost increases and the potential impact of upcoming labor negotiations, continue to prioritize adjusting to change in compensation philosophy.**
- ▶ **Prioritize funding for programs and projects that support the County's Climate Action and Adaptation Plan (CAAP) and further the goal of achieving net-negative emissions by 2030.**
- ▶ **Funding recommendations shall prioritize and reflect the Board's strategic priorities as established in the 2024-28 Strategic Plan.**
- ▶ **Continue to strengthen financial sustainability through additional contributions to reserves and contingencies.**
- ▶ **Structurally balanced with ongoing expenditures funded with ongoing revenue.**

BASE BUDGET FORMULA



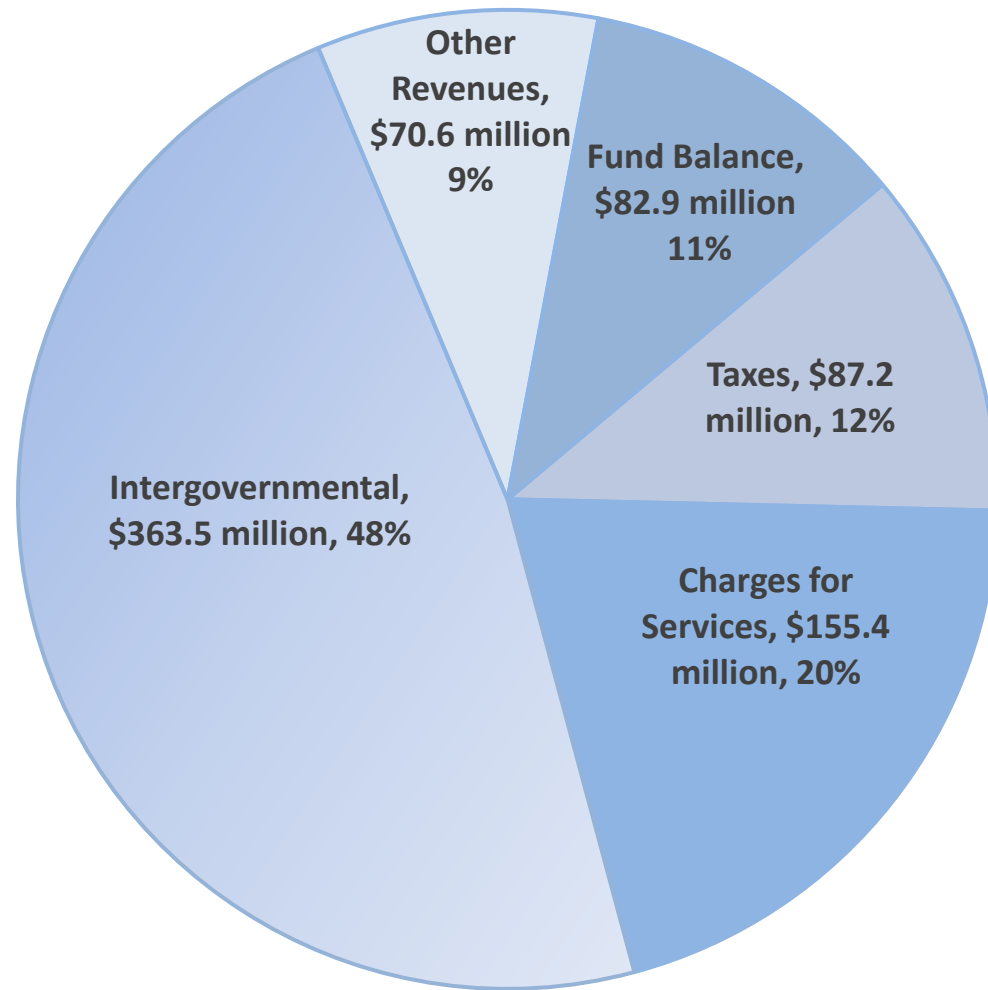
BASE BUDGET GAP



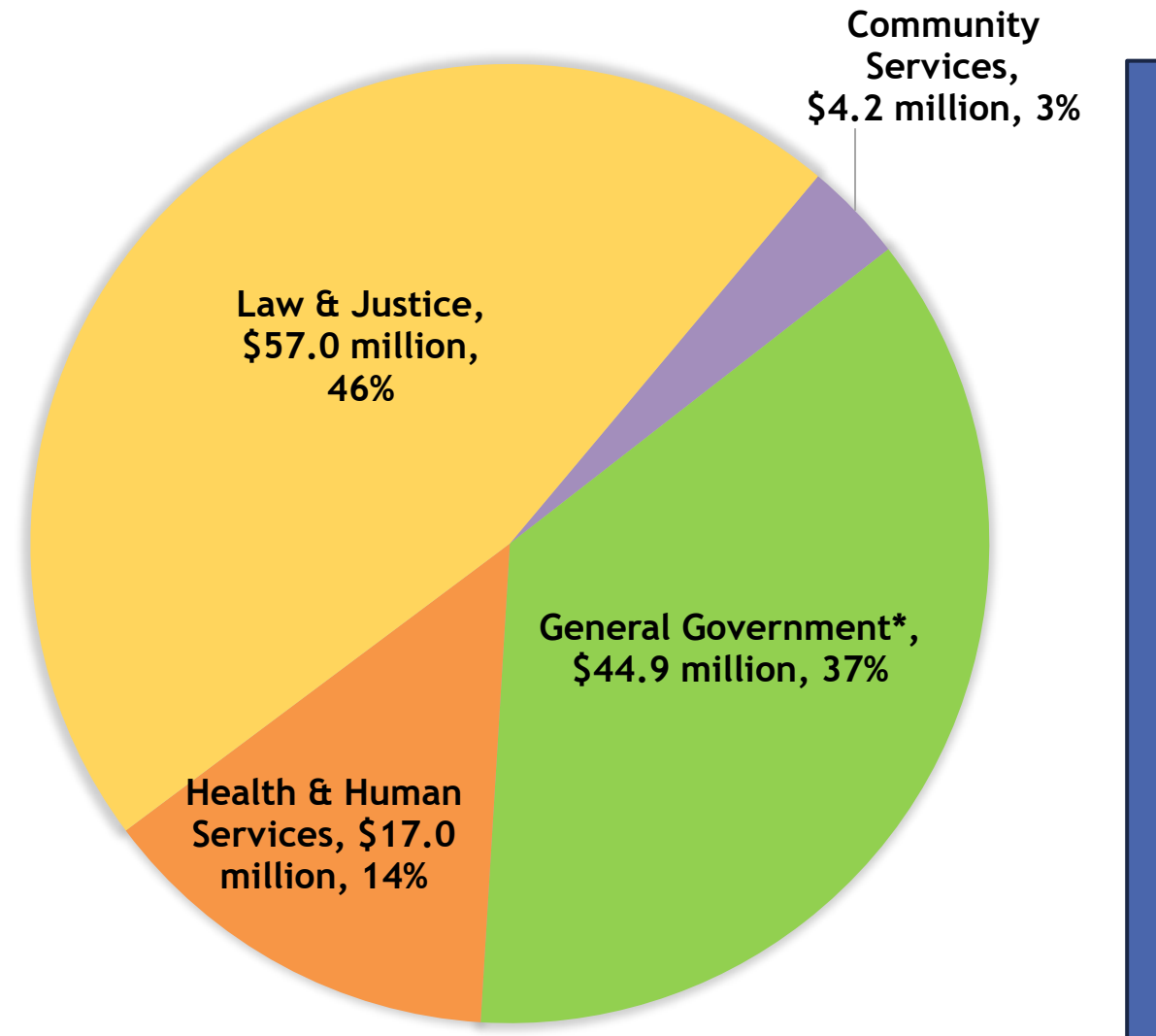


RECOMMENDED BUDGET

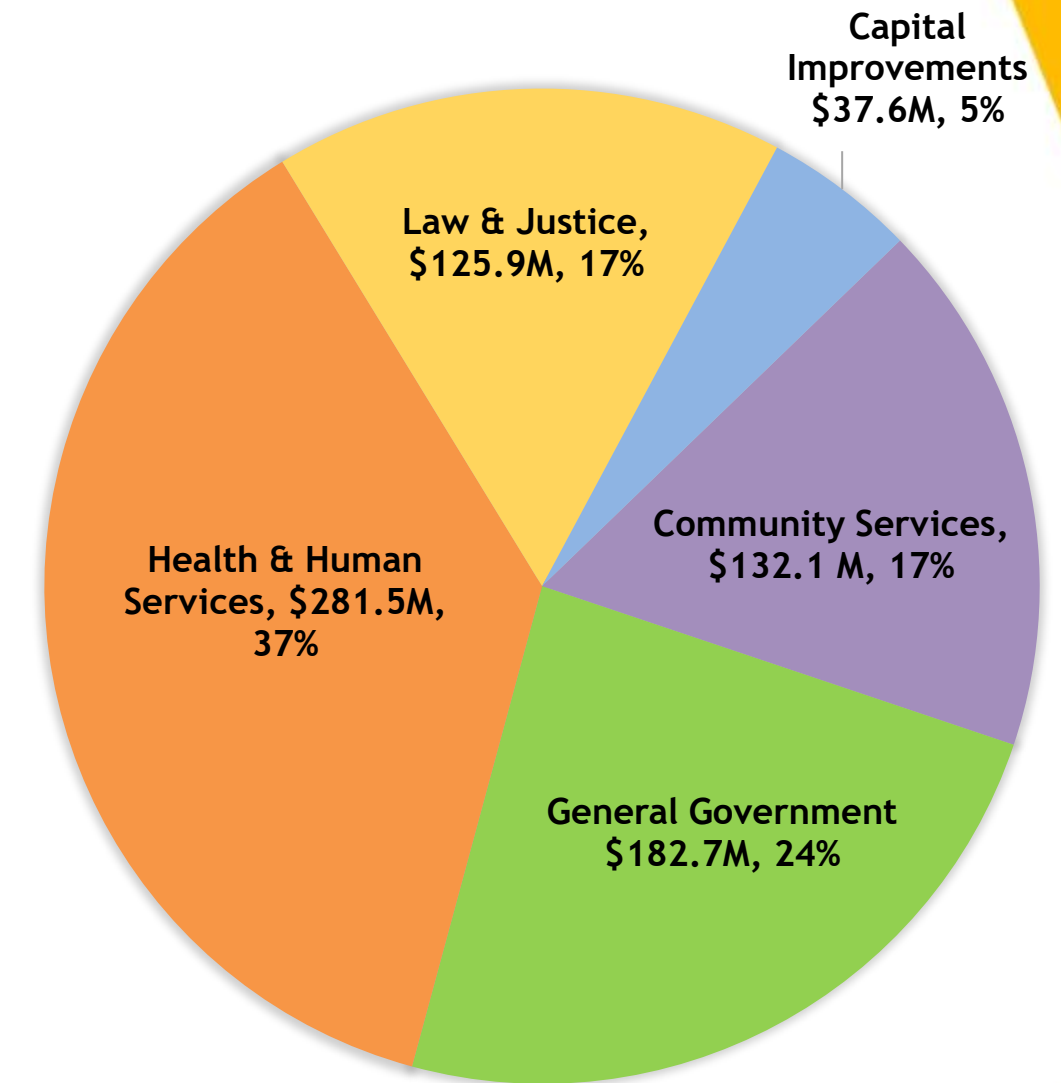
SOURCES OF TOTAL COUNTY FUNDS



GENERAL FUND SUPPORT BY PROGRAM AREA

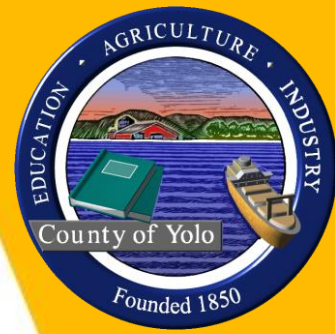


TOTAL SPEND BY PROGRAM AREA



Key Takeaways:

- Health and Human Services continues to be a high priority
- Law and Justice receives considerable support from the General Fund
- General Purpose Revenue is largely dependent on property taxes
- State and Federal funding support nearly half the County budget
- General Fund supports increasing MOE requirements in HHS & Law/Justice
- Capital Improvements Budget requires strategic use to account for hyper-inflation
- Board of Supervisors oversees large budget with shrinking discretionary authority
- General Government units continue to run lean
- County staff are very dedicated and successful in pursuit of grant funding
- County budget is fragile as it depends on many outside revenue sources



DEVELOPMENT OF THE COUNTY BUDGET

Key Objectives:

- Alignment with Board-approved Strategic Plan
- Ensure compliance with state and federal laws
- Responsible, efficient & effective use of funds
- Maximize state, federal, grant funding
- Mitigate impacts from state budget shortfall
- Protect General Fund, Reserves, and Contingencies
- Responsive and Sensitive to Stakeholders

Noteworthy Observations:

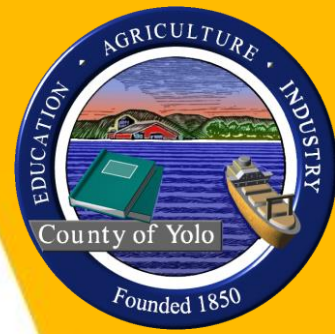
- Structural deficit
- Slower growth in key revenue areas
- Inflationary pressures in S&EB costs
- Surging capital improvement costs
- Expenditures growth outpacing revenue growth
- One-time tools inherently challenging
- Major labor negotiations pending

Balancing Strategies:

- Defer GF augmentation requests to the Adopted Budget
- Budget salary savings - \$19.5 million
- Pause Supplemental Pension Trust Contribution
- 50% reduction Travel/Training GF Depts
- Use Special Revenue FB & ARPA Interest earnings
- Use of Chula Vista earnings
- Use GF balance - \$16 million (FY23/24 + \$2M)
- Minimal contingencies
- No reserve contribution at this time

Revenue Challenges:

- Property Tax Revenues Sharing AB 8 Freeze (1979)
- Redevelopment Pass-thrus Expire 2035, 2036, 2037, 2049
- Sales tax is extremely limited in unincorporated areas
- Current IGA (Tribal MOU) Revenue expires in 2039
- Cost reimbursements and fees inherently challenging
- Workforce costs escalating rapidly
- Capital Improvement Costs Surging
- General Purpose Revenue Growth Insufficient
- Road Rehab & Repair Contractor Limited Availability



BUDGET SUMMARY

	2022-23	2023-24	2024-25
	Actual	Adopted	Recommended
Net Operating Budget	\$ 549,676,160	\$ 725,647,035	\$ 722,281,914
Capital Improvement Budget	\$ 22,808,528	\$ 32,286,116	\$ 37,655,360
Total County Budget	\$ 572,484,688	\$ 757,933,151	\$ 759,937,274
Fund Highlights			
General Fund Departments	\$ 58,234,755	\$ 77,267,471	\$ 75,381,714
Road/Transportation Funds	\$ 23,153,703	\$ 43,126,203	\$ 47,734,842
Public Safety Departments	\$ 84,536,874	\$ 91,670,127	\$ 88,169,507
Health & Human Services	\$ 222,158,744	\$ 266,860,463	\$ 281,495,957

Recommendation to Eliminate 56.5 positions

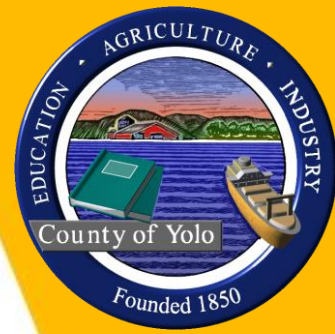
- 2 FTE from County Administrator’s Office
- 47.5 FTE from HHSA (35 FTE LT COVID-19)

Recommendation to Add 14.8 new positions

- 11 FTE added to HHSA
- 2 FTE Animal Services DCS
- 1 FTE DFS
- 0.8 FTE Library

**Overall net reduction of 41.8 FTE
(2 General Fund from County Administrator)**

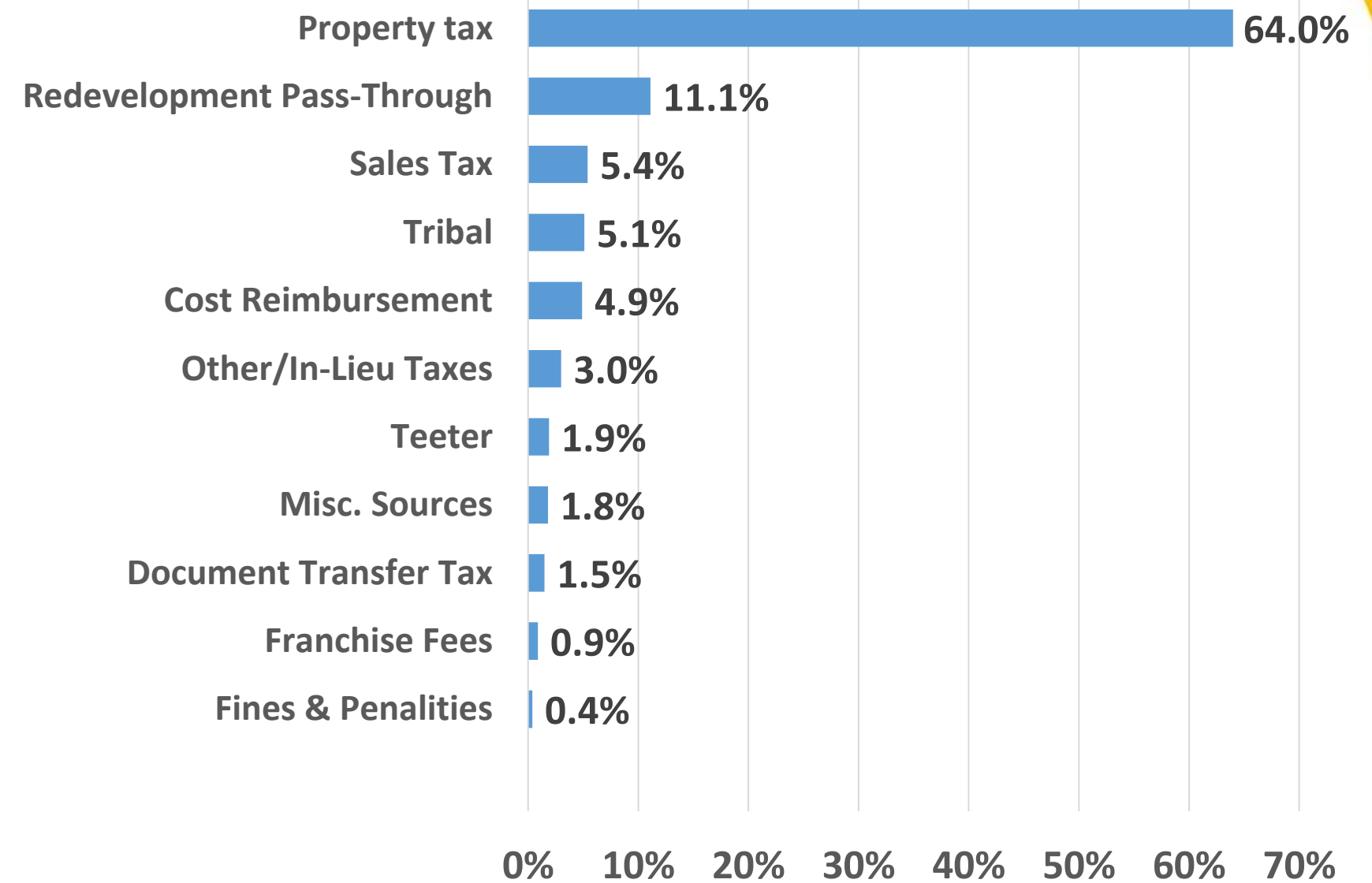
Total 1830.3 FTEs in Recommended Budget



2024-25 DISCRETIONARY & SEMI-DISCRETIONARY (Primary Revenue Sources)

Revenue Source	2023-24 Adopted	2024-25 Recommend	Change (%) from Prior Year
Property Taxes*	\$74.3M	\$78.1M	5.0%
General Sales Taxes**	\$5.4M	\$5.6M	3.7%
Other General Purpose Revenues	\$20.8M	\$20.9M	0.6%
Total General Purpose Revenues	\$100.5M	\$104.6M	4.1%
Proposition 172 - Public Safety Sales Tax	\$28.7M	\$27.7M	-3.0%
Public Safety Realignment	\$21.1M	\$21.9M	3.7%
Health & Human Services Realignment***	\$62.8M	\$62.8M	0%
Total Semi-Discretionary	\$112.6M	\$112.4M	0%
Total Revenues	\$213.1M	\$217.0M	1.8%

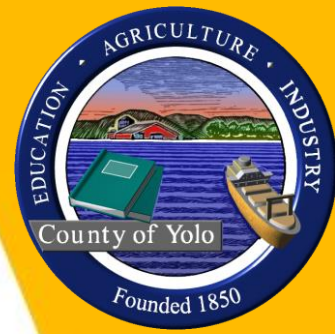
GENERAL PURPOSE REVENUES



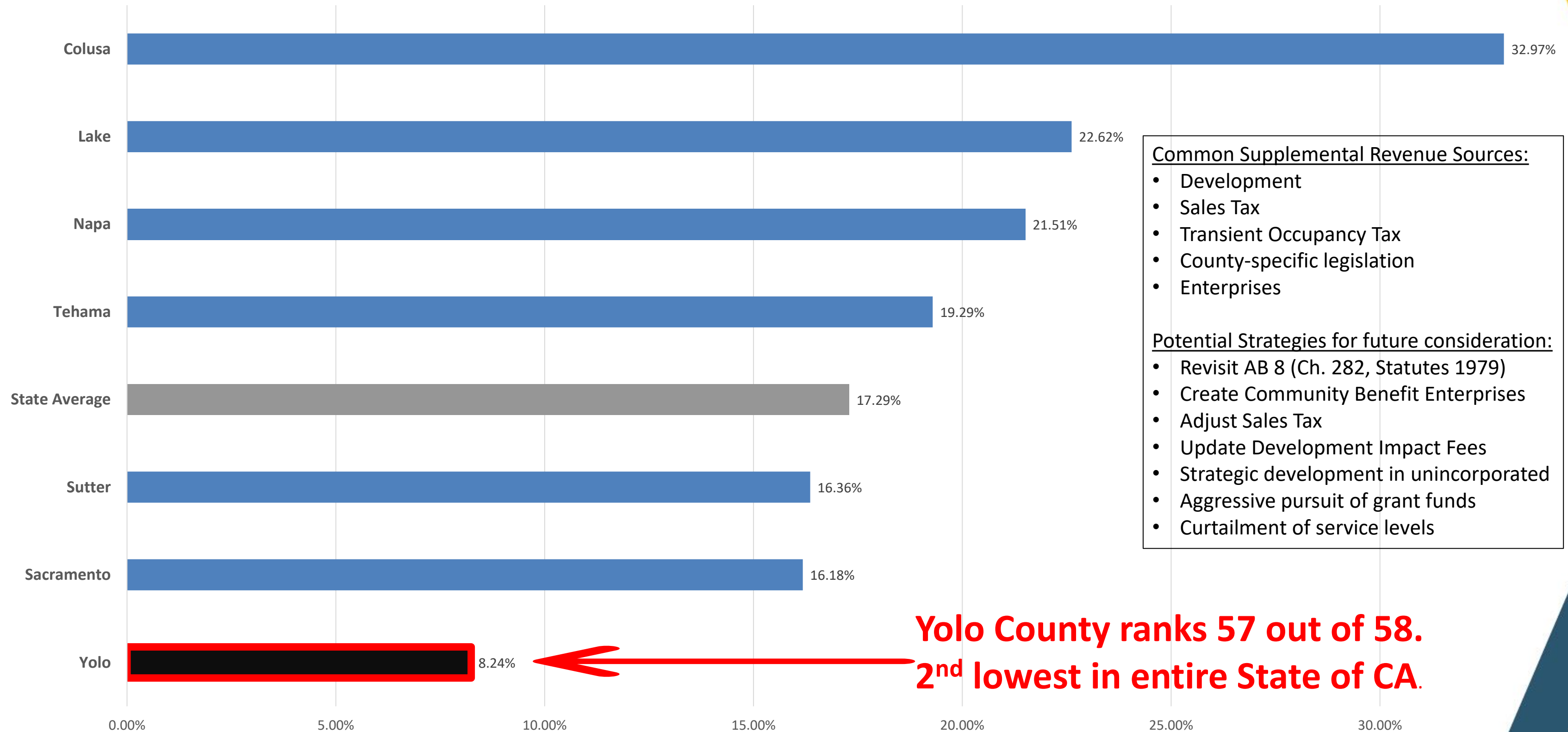
* Assessor Data anticipated in late June and will be updated in the Adopted Budget (September)

** Extremely limited due to lack of economic development in the unincorporated areas. Can fluctuate with broader economy, BOE/FTB rules and regs

*** CAO/DFS/HHSA collaborating with current "deep dive" analysis led by Deputy CFO Evis Morales

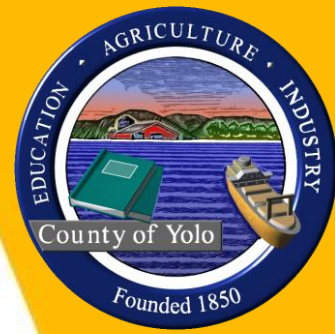


AB 8 (1979) TAX SHARE UNTENABLE

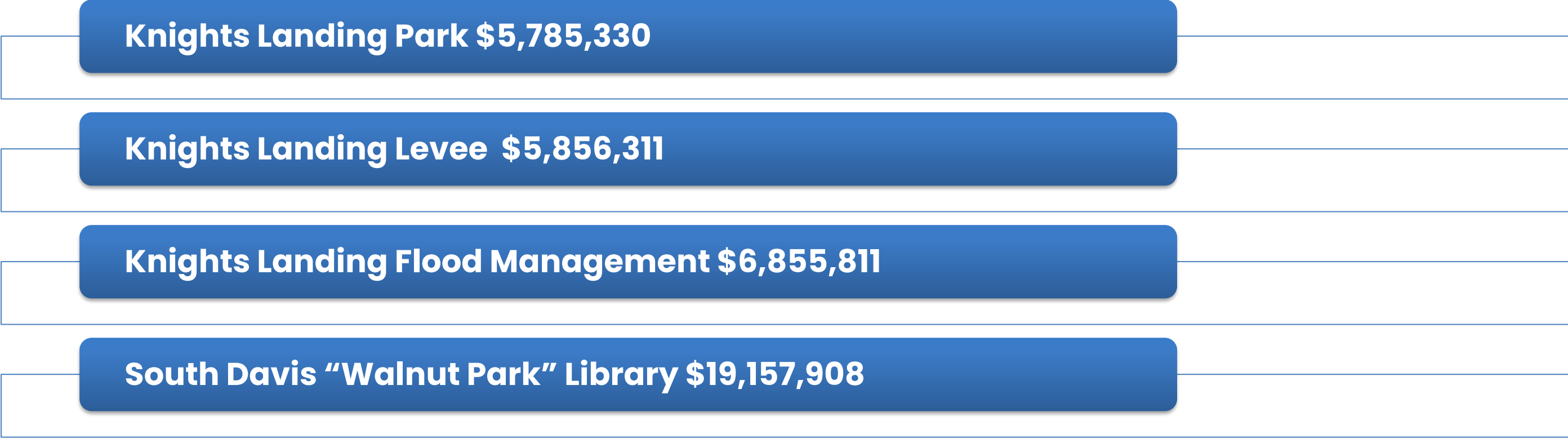


- Common Supplemental Revenue Sources:
- Development
 - Sales Tax
 - Transient Occupancy Tax
 - County-specific legislation
 - Enterprises
- Potential Strategies for future consideration:
- Revisit AB 8 (Ch. 282, Statutes 1979)
 - Create Community Benefit Enterprises
 - Adjust Sales Tax
 - Update Development Impact Fees
 - Strategic development in unincorporated
 - Aggressive pursuit of grant funds
 - Curtailment of service levels

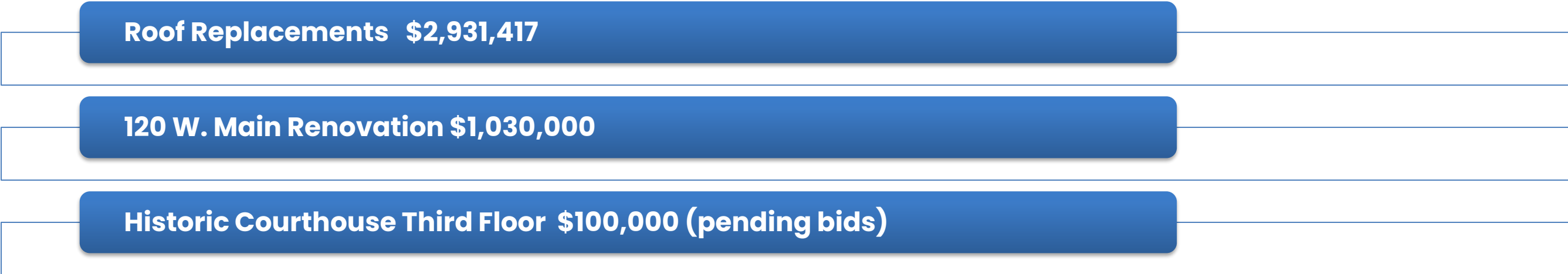
**Yolo County ranks 57 out of 58.
2nd lowest in entire State of CA.**

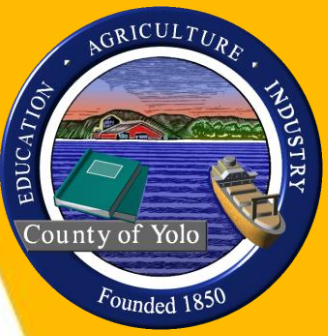


CAPITAL IMPROVEMENT PROJECTS

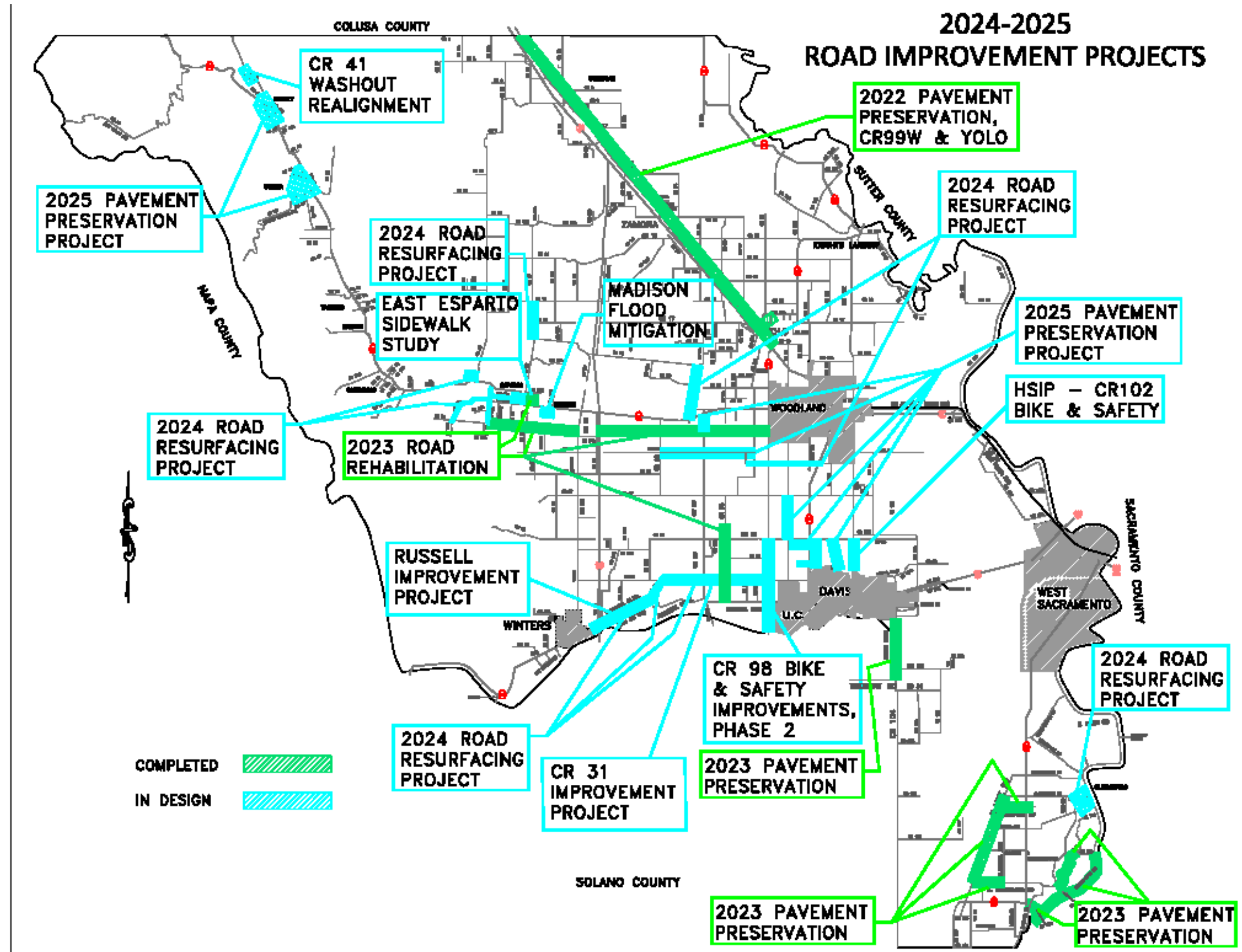


MAJOR MAINTENANCE PROJECTS

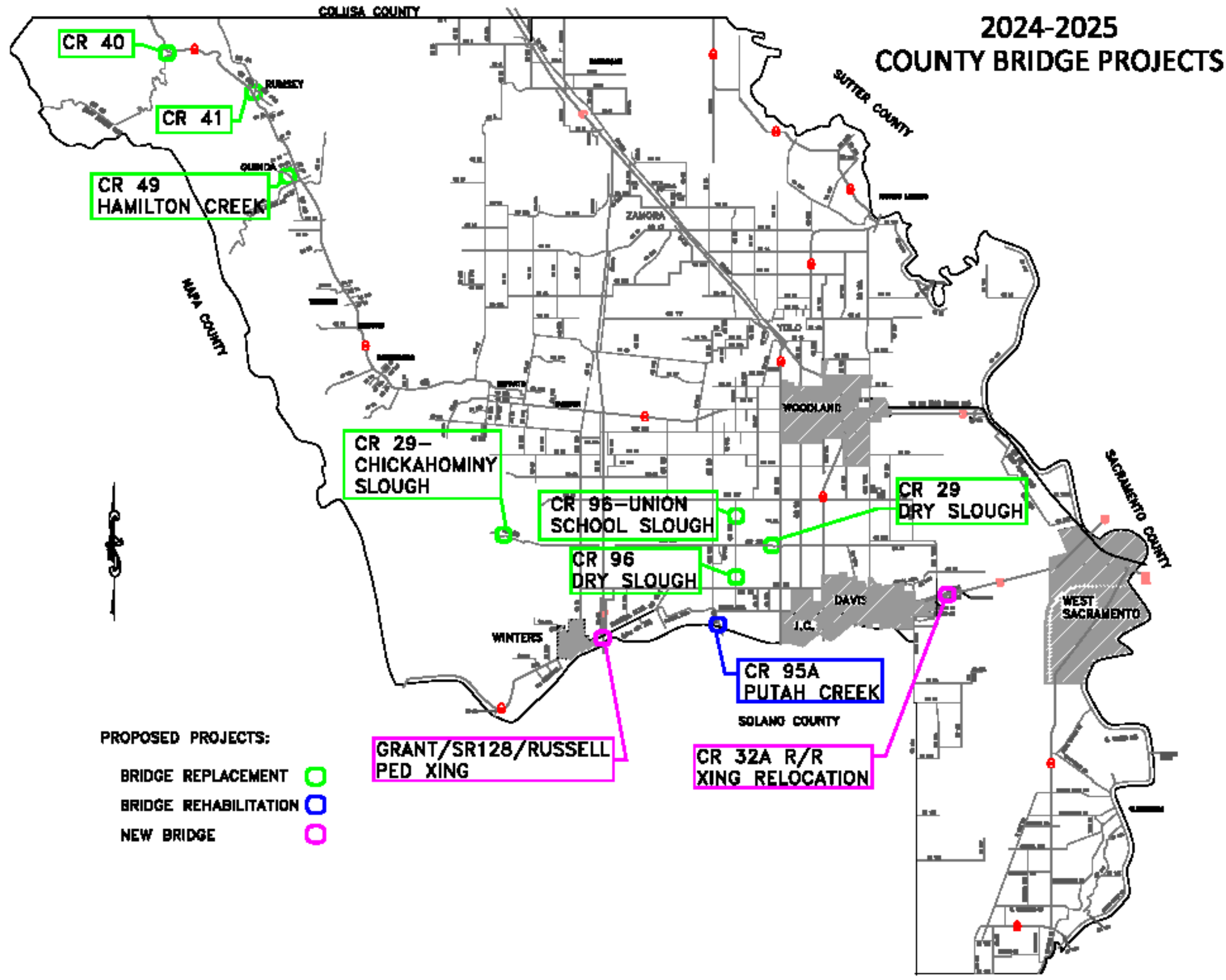
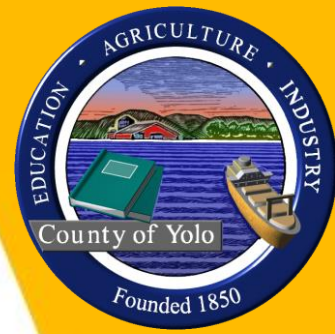


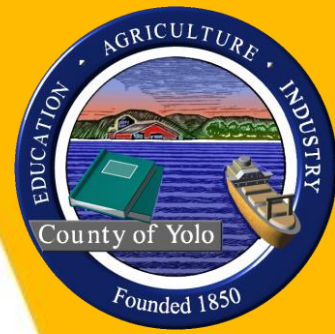


2024-25 ROAD MAINTENANCE PROJECTS



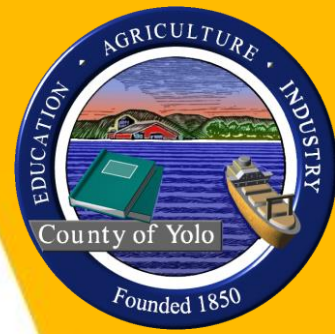
2024-25 BRIDGE REPAIR PROJECTS





YOLO COUNTY ANIMAL SERVICES STAFFING

- ▶ **YCAS Requests 1 additional Veterinarian, and 1 RVT**
- ▶ **Staffing Limitations: YCAS is unable to complete all spay/neuter and other vet care with existing staffing (currently 1 vet, and 3 RVT)**
- ▶ **Cost of Outsourcing: 15%-20% of surgeries must be outsourced due to inadequate staffing, costing approximately \$524,000 annually.**
- ▶ **Cost of Requested Positions: The S&B costs for the requested positions are approximately \$350,000**
- ▶ **Requested positions will allow us to meet Community Needs:**
 - ▶ **Combat animal overpopulation**
 - ▶ **Reduce/eliminate costly outsourcing**
 - ▶ **Responsive to stray cat colony complaints by providing TNR services**
 - ▶ **Providing low-cost community spay neuter (estimate potential gross revenue at \$200K)**
 - ▶ **Operational efficiencies, and coverage for vacation and sick leave time**



HHSA FISCAL COORDINATION

Increased Collaboration

- ▶ **Cross-Training of DFS and HHSA staff**
- ▶ **Continuous dialogue on budget approach and best practices**

Progress Made to Date

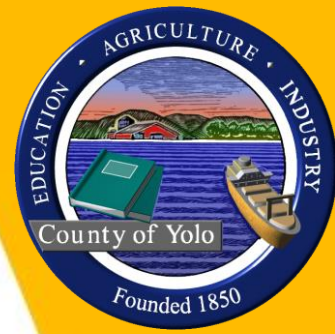
- ▶ **Provided an FY2024-25 Recommended Budget for Board of Supervisors review with a new budget structure**
- ▶ **Completed an FY2023-24 third (3rd) Quarter Budget Report with a new budget structure**

Governor's May Revise

- ▶ **Funding reductions to CalWORKS Single Allocation, Mental Health Services Act (MHSA), Public Health, and Homeless Housing**
- ▶ **Staff has begun to assess the local impact of these funding reductions and will be discussing mitigation of service impacts with DFS/CAO's office**

Adopted Budget

- ▶ **Responsible and sensible FY2024-25 budget**
- ▶ **Will address Governor's May revise funding allocations**

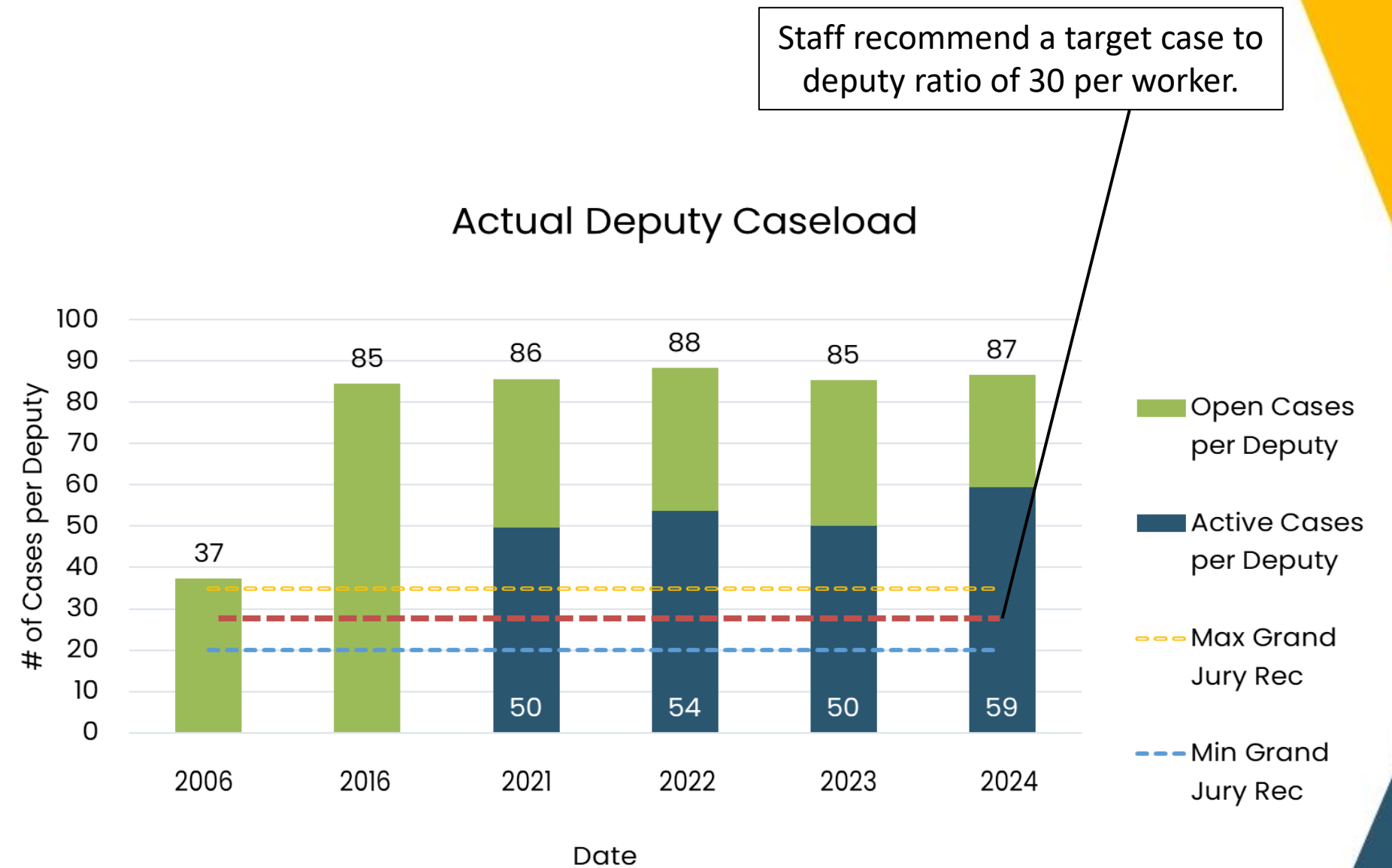


ADULT AND AGING AD HOC – PUBLIC GUARDIAN RECOMMENDATION

The Adult and Aging Ad Hoc has been tasked with studying staffing, caseload standards, and recommendations for the County's Public Guardian Program. CAO and HHS staff analyzed and presented recommendations to the Ad Hoc for inclusion in the 24/25 adopted budget process.

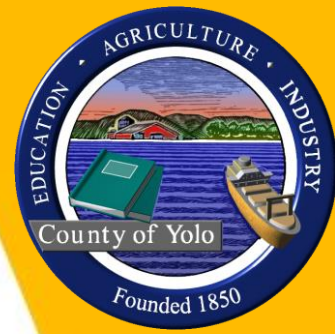
These recommendations will include resources to address the following:

1. Staff to **Active Case** Standard Ratio of 30 per worker.
2. Closing **Open Case** backlog.
3. Succession and staff planning for the PG Team.
4. Program planning and preparation for **SB43** (2026) and **CARE Court** (2025).

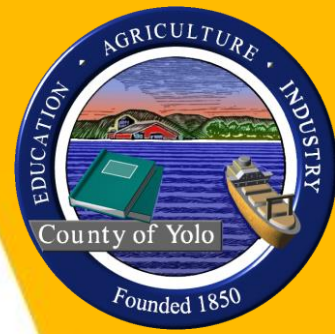


Possible General Fund Impact

CANNABIS TAXES



Proposed Expenditure	Amount
California Cannabis Authority Fees	\$22,500
Tax Plan Administration	\$12,000
Crisis Nursery	\$100,000
Differential Response	(\$150,000)
First 5 Yolo	\$150,000
Rural Community Investments	\$310,000
Reserve	\$35,500
Total	\$480,000



CONTINGENCIES AND RESERVES

Contingency Type	Amount
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General Fund Contingency	\$2,562,565
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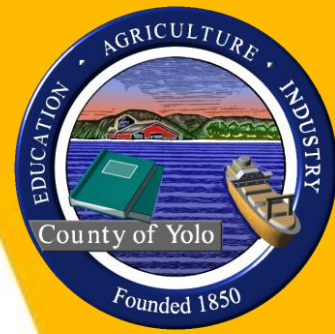
Reserve Type	Amount
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General Reserve (8.5%)	\$23,950,850
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Capital Improvement Reserve	\$1,442,115
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Audit Disallowance Reserve	\$2,600,000
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Liability Reserve	\$600,000
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BUDGET RISK FACTORS

High Reliance on Fund Balance/Salary Savings

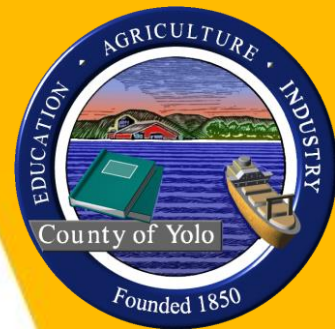
Slowing Revenue Growth

Outcome of Labor Negotiations

State Budget Impacts

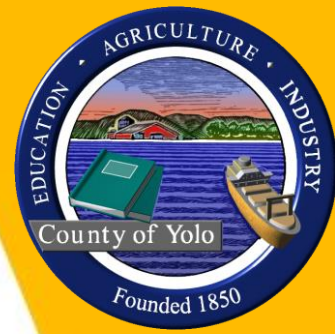
Upcoming Equity Adjustments

Uncertain Economic Outlook



OUTSTANDING AUGMENTATION REQUESTS

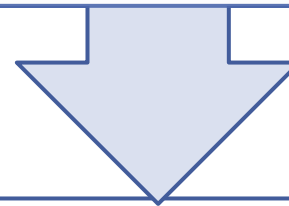
Potential Items for Consideration	Estimated Amounts
General Reserve Contribution to maintain 8.5%*	\$ 1,483,261
General Fund Contingency contribution to increase to 3%	\$ 2,414,423
Public Safety Contingency increase to 3%	\$ 2,645,084
Health & Human Services Contingency increase to 3%	\$ 6,843,818
ACE Extra Help and Overtime	\$ 96,500
ACE Renovation	\$ 700,000
Agriculture Promotions	\$ 73,179
DCS Staff and Services	\$ 1,679,062
DA Staff and Services	\$ 1,055,088
DFS Services and Supplies	\$ 61,400
GSD Staffing and Equipment	\$ 1,268,898
HHSA Staffing	\$ 950,782
HR Services and Supplies	\$ 118,000
Library Consulting Services	\$ 50,000
Public Defender Staffing and Equipment	\$ 784,873
Sheriff Staffing and Equipment	\$ 2,489,620
	\$ 22,713,988



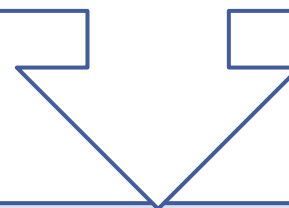
BUDGET ADOPTION PROCESS

Recommended Budget in place from July 1 to September 24

Interim adjustments require 3/5 vote

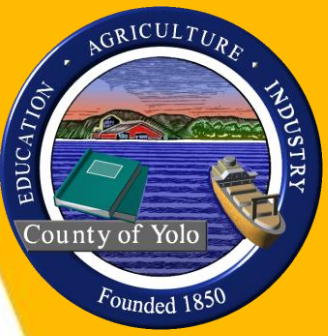


Adopted budget development



Adopted Budget Hearings (Sept. 24)

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 2023-24 revenues & appropriations
3. Approve the 2024-25 Recommended Budget and adopt the 2024-25 Recommended Budget resolution, Position and Salary Resolution, and 2024-25 Equipment List