

Exhibit B to FY 2022-23 Mid-Year Budget Report

Summary Discussion of Department Mid-Year Projections

General Government

Board of Supervisors – No anticipated change to Net County Cost

Chief Administrative Office – Net County Cost increase of \$1.3 million

The Chief Administrative Office Administration and Budget and Wildfire Resilience Division is projecting a net savings of \$241,000 in Salaries and Benefits due to vacancies and Services and Supplies for projects that will likely not be completed prior to the end of the fiscal year.

The Parks, River and Trails Division is projecting a net savings of \$25,600 due primarily to appropriations for the Diamond Springs Community Park that were budgeted for in FY 2022-23 but were expended at the end of FY 2021-22, resulting in almost \$65,000 in savings in the current year. The savings is partially offset by increased General Fund Salaries and Benefits costs due to time study variances from budget and compensation increases.

The Central Services Division anticipates a decrease in revenues and abatements of approximately \$347,400 and a decrease in expenses of approximately \$269,900. The changes are primarily due to a decrease in staff time for the American Rescue Plan Act function, and a change in budgeting methodology wherein the direct charges for Mail & Stores will be reflected in the Countywide Cost Allocation Plan (A-87). The change results in an increase to Net County Cost of \$77,500, however this should not result in a negative impact countywide as other departments should have a savings due to not receiving Mail & Store charges.

The Community Development Finance and Administration (CDFA) division anticipates exceeding its budget by \$283,000 due to the change in budgeting methodology wherein the Administrative Allocation charges for the departments served will be reflected in the Countywide Cost Allocation Plan (A87). HCED, Airports, and Zones of Benefit are not charged through the Countywide Cost Allocation Plan and will be directly charged for Administration Allocation costs. Additionally, the Department of Transportation is being directly charged Administrative Allocation costs due to the methodology of calculating the department's Indirect Cost Rate Proposal (ICRP).

The Emergency Medical Services and Preparedness Division expects to exceed its Net County Cost by \$142,000, due to unbudgeted costs related to the Mosquito Fire response. Costs have been submitted for reimbursement from the Federal Emergency Management

Agency (FEMA), however, it is not certain they will be allowed. A budget transfer will likely be brought to the Board for approval later in the fiscal year.

County Service Area #3, through which ambulance service is delivered in the Tahoe Basin, will likely require a General Fund contribution of up to \$1.1 million. The cost of contracted ambulance services is projected to exceed budget by \$130,000 due to a contractually required adjustment for inflation.

In addition, ambulance fee revenue is projected to fall short of budget by \$984,000. The budgeted revenue included a projection based on the Board-enacted increase to ambulance service fees for CSA #3 in June 2022. This fee increase was effective upon execution; however, due to billing timeframes, the impact is delayed by 3-6 months. As of November 2022, a significant revenue increase had not been noted. The year-end projected revenue is conservatively based on the continuation of this trend. Fee revenue may increase in the second half of the year, partially mitigating the anticipated shortfall. In addition, changes to federal reimbursement programs may result in additional revenue; however, both programs were effective in January 2023, making it difficult to estimate their impacts.

The Division and the County's billing contractor will continue to analyze the CSA #3 ambulance fee revenues and specifically the impact of the fee increase and any other offsetting factors. However, it is anticipated that additional measures will be needed to ensure sufficient funding for CSA #3 in the current year and in future years.

Auditor-Controller – Net County Cost savings of \$242,101

Revenues are projected to exceed budget by \$70,044, due mainly to increases in assessment and tax collection fees, arising from the cost recovery for accounting services to place direct taxes on the tax bill and audit and accounting fees. Expenditure savings of approximately \$172,057 are attributable to Salaries and Benefits savings related to vacancies and retirements.

Treasurer-Tax Collector – Net County Cost savings of \$86,000.

Revenue is anticipated to be approximately \$100,000 lower than budgeted primarily due to reduced banking fees. The decreased revenue is offset by \$186,000 in projected expenditure savings. The Office is projecting \$116,000 in Salaries and Benefits savings due to the retirement of two long-term employees and process efficiencies that will reduce extra help employee and overtime expenses. The remaining savings is the result of reduced banking fees and postage and printing savings resulting from the implementation of HDL and increased digital communications.

Assessor – No anticipated change to Net County Cost.

County Counsel – No anticipated change to Net County Cost

Information Technologies – Net County Cost savings of \$628,000

The Department is projecting savings of \$321,000 in appropriations that will need to be carried over to FY 2023-24 for projects that could not be completed during FY 2022-23 and \$307,000 of projected savings for reallocation. This includes Salaries & Benefits savings of \$169,000 from vacancies. A projected \$138,000 of Services and Supplies savings is primarily from reductions in Google Suite license costs and reduced M365 Migration support.

Recorder Clerk – Net County Cost increase of \$9,296

The Office is projecting a reduction in recordings that will impact recording fees. The Office will use Salaries and Benefits savings and Special Revenue Funds to offset the lower revenue. The Office is budgeted to have a negative Net County Cost, adding \$9,296 to the General Fund, but with these reduced revenues are projecting no Net County Cost.

Elections – Net County Cost savings of \$116,000

A Net County Cost savings of \$116,000 is primarily due to savings in Temporary Employees and higher-than-projected revenue due to special districts on the November 2022 Election Ballot.

Human Resources-Risk Management – No anticipated change to Net County Cost.

Law & Justice

Grand Jury – No anticipated change to Net County Cost.

Alternate Public Defender (including Indigent Defense) – Net County Cost Savings of \$773,372

The Office of the Alternate Public Defender anticipates Net County Cost savings of \$23,372. A small overage in Salaries and Benefits (\$1,006) and unrealized grant revenues of \$14,300 are offset by Services and Supplies Savings of \$38,678. The Salaries and Benefits overage is due to Board-approved compensation changes that departments were asked to absorb as much as possible in FY 2022-23.

The indigent defense program, which handles cases in which both the Public Defender and Alternate Public Defender have conflicts of interest, anticipates savings of approximately \$750,000 which had been included in the budget for a complex murder trial.

District Attorney – No anticipated change to Net County Cost.

Public Defender – No anticipated change to Net County Cost.

Sheriff – Net County Cost savings of \$8,000,000

Savings in Salaries and Benefits are projected at \$3,000,000, due to vacancies. Services and Supplies savings due to supply shortages and the delay in implementation of the Aviation Unit due to the search for a suitable helicopter are projected to be \$2,000,000. Fixed Assets will be underspent by approximately \$3,000,000 due to delays in delivery of assets, including vehicles and the helicopter for the Aviation Unit. This will need to be rebudgeted in FY 2023-24, so the true Net County Cost Savings that is expected to be available to fund operations in FY 2023-24 is \$5,000,000.

Probation – No Change to Net County Cost

Land Use and Development Services

Surveyor – Net County Cost increase of \$85,000

The Department's fee revenue is expected to fall short of projections by approximately \$205,000. The department's fees were budgeted at a higher cost recovery rate than was ultimately approved by the Board. The shortfall is partially offset by Salary and Benefits savings due to vacancies and savings in Intrafund Transfers due to the removal of County Stores charges.

Agriculture – Net County Cost increase of \$20,000

The Department anticipates an increase in Salary and Benefits due to the retirement of the Ag Commissioner on November 30, 2022, and unanticipated expenses associated with the County Hemp ordinance requirements.

Transportation – No change to Net County Cost

It is projected that the Road Fund will be under budget by \$1.5 million. Road Fund revenue is estimated to be over budget by \$448,000, primarily due to increased Highway user tax revenue, as estimated by the California State Association of Counties. Salaries and Benefits savings are estimated at \$1,900,000 due to vacancies. This budgeted savings is offset in part by an increase of \$250,000 in Road Fund expenses for Capital Improvement Program (CIP) projects. Transportation is experiencing delays in FEMA reimbursement for the Caldor Fire that may impact fund balance if FEMA does not obligate the Caldor projects by the end of the fiscal year. These projections do not factor in the financial impacts of the January 2023 storms, as costs and possible reimbursements are still being evaluated.

Planning and Building - Net County Cost savings of \$944,000.

It is projected that the Administration, Building, Planning, Code Enforcement, Tahoe Panning and Stormwater, and Commercial Cannabis Divisions will be under budget by \$953,000 in

the General Fund. Revenues are anticipated to be under budget by approximately \$3.89 million, primarily due to revenue from developer-funded projects that have not progressed as much as projected. Expenditures are anticipated to be under budget by approximately \$4.84 million, due to savings in contract billings and in Salaries and Benefits costs due to vacancies.

The Economic Development Division that is funded by Transient Occupancy Tax (TOT) is projecting savings of \$117,000, primarily from Salaries and Benefits savings, that can be reallocated in the FY 2023-24 TOT budget.

The Cemeteries Division in the General Fund is projecting \$6,000 in General Fund savings from savings in Services and Supplies.

The Airports Division is projecting exceeding budgeted Net County Cost by \$15,000 due to a change in FAA eligible grant reimbursements amounts and increased utility costs that are partially offset by Salaries and Benefits savings.

Housing, Community Economic Development Special Revenue Fund is projecting no change to Net County Cost and the Special Revenue Fund is projecting savings of \$130,000 due to Salary and Benefits savings and higher-than-expected revenues from loan repayments.

Environmental Management – No Change to Net County Cost

Health and Human Services

Health and Human Services Agency (HHSA)

HHSA is projecting an overall estimated decrease of \$692,000 from budget in General Fund use. This reflects General Fund savings in all departments except for HHSA Administration and Financial Services, Animal Services Department, and Veteran Services. Due to increased realignment receipts and savings within realignment programs, HHSA is projecting realignment fund balance to grow by \$8 million over budget. This increased realignment fund balance will be key in the upcoming years to address upcoming state and federal policy changes that will impact realignment.

HHSA FY 2021-2022 Budget and Projections by Department

HHSA Administration and Financial Services (Dept. 50) – Net County Cost increase of \$342,000

The Administration and Financial Services Department is projecting a Net County Cost of \$342,000 over budgeted Net County Cost due to Board-approved compensation increases and lower-than-budgeted indirect cost rate proposal (ICRP) collections from HHSA departments due to vacancies in departments that determine the collection amounts. Administration and Financial Services Department costs are allocated to the programs based

on direct program salaries through the ICRP, and any over or under collections over time are addressed with a two-year carry-forward reconciliation process. HHSa will continue to monitor the collection rates and if necessary, request a budget transfer reallocating General Fund savings from another HHSa program to cover the under collection.

Social Services Department (Dept. 51) – Net County Cost savings of \$52,000

Social Services is projecting \$52,000 in Net County Cost savings primarily due to Salaries and Benefits savings from the Limited Term Social Worker allocated to the department for fire recovery support.

HHSa is projecting that Social Services realignment will end the year with an additional \$5 million in realignment fund balance due to Salaries and Benefits savings from vacancies and higher-than-budgeted realignment receipts. Realignment revenue collections remained high at the beginning of the current fiscal year but have slowed over the last couple of months in line with national projections of economic slowing. This additional Social Services realignment fund balance is needed to mitigate anticipated budgetary pressures from continued reductions in federal funding for Child Welfare Programs, statutory annual increases for In-Home Supportive Services costs, and increased realignment support of extended foster care costs.

Community Services Department (Dept. 52) - General Fund savings of \$912,000

Community Services Department (CSD) Fund 11 programs are projected to have a General Fund savings of \$800,000. The programs include CSD Administration, Low Income Heating and Energy Assistance Programs (LIHEAP), Housing & Homelessness Programs, Adult Day Services (The Club), and Area Agency on Aging (AAA) programs, such as the Senior Center, Senior Nutrition, and Senior Legal. AAA programs are projecting a General Fund savings of \$534,000. The Community Services Administration subfund is projecting General Fund savings of \$57,000. The Adult Day Services Program is projecting \$200,000 in General Fund savings primarily due to the El Dorado Hills location being closed for most of the fiscal year. The savings in Community Services are primarily due to Salaries and Benefits savings and increased limited term state and federal funding.

Fund 13 - Public Housing Authority (PHA) and In-Home Supportive Services Public Authority (IHSS PA) are projecting \$112,000 in Net County Cost savings. PHA is projecting a General Fund savings of \$70,000 that is primarily related to Salaries and Benefits savings. IHSS PA is projecting a General Fund savings of \$42,000 that is primarily due to Salaries and Benefits savings.

Behavioral Health Department (Dept. 53) – General Fund savings of \$43,500

Behavioral Health is projecting \$43,500 in General Fund savings from Salaries and Benefits savings from the Limited Term allocation for fire recovery support. HHSa is currently

projecting an additional \$1.9 million in Behavioral Health realignment fund balance at the end of the fiscal year. The additional realignment fund balance is due to the Board-approved use of American Rescue Plan Act funding for eligible costs of Psychiatric Health Facility (PHF) and Institute for Mental Disease placements, \$1.5 million in increased 1991 Realignment receipts, and continued savings from vacancies. Despite these savings and increases in funding, the department has seen an 20% increase in Institute for Mental Disease placements, compared to FY 2021-22, and continues to experience a higher-than-desirable percentage of “administrative” bed days. The number of administrative bed days is down nearly 65%, a \$820,000 cost decrease, from FY 2021-22.

Public Health Department (Dept. 54) – General Fund savings of \$97,000

The Public Health Department is currently projecting \$97,000 in decreased General Fund contributions primarily from savings in the California Children Services program. HHSA is also projecting \$1.3 million in additional Public Health realignment fund balance due to increased 1991 Realignment receipts, increased grants and other coronavirus pandemic specific funding, and Salaries and Benefits savings from vacancies.

Animal Services (Dept. 55) – Net County Cost increase of \$143,000

The Animal Services Department is projected to have a Net County Cost increase of \$143,000 from budget. The projected increase is due to Caldor Fire response that is being projected with a worst-case scenario where FEMA does not reimburse the County for Caldor Fire response activities. HHSA will continue to closely monitor FEMA reimbursement.

Public Guardian Program (Dept. 56) – Net County Cost savings of \$120,000

Public Guardian is projecting \$120,000 in Net County Cost savings as a result of Salaries and Benefits savings from vacancies.

Veteran Affairs (Dept. 42) – Net County Cost increase of \$47,500

Veteran Affairs is projecting Net County Cost to be \$728,000 which is an increase of \$47,500 compared to budget. The increase is primarily due to the payout of leave banks for departing staff with savings from vacancies being offset by Board-approved compensation increases. HHSA will continue to monitor the collection rates and if necessary, request a budget transfer reallocating General Fund savings from another HHSA program to cover the increased costs.

Library – No anticipated change in Net County Cost

Child Support Services – Net County Cost savings of \$43,000

The Department is projecting almost \$100,000 in Salaries and Benefits savings from vacancies. When there are expenditure savings, the Department receives less State and Federal funding for the program, resulting in a projected Net County Cost savings of \$43,000.