Exhibit B to FY 2023-24 Mid-Year Budget Report

Summary Discussion of Department Mid-Year Projections

General Government

Assessor – Net County Cost savings of $55,000.

The Assessor's Office anticipates that the Supplemental Roll Administrative Cost Fund revenue will be higher than budgeted by approximately $100,000. The Supplemental Roll Administrative Cost Fund holds revenue resulting from the recovery of administrative costs associated with staff time spent on supplemental assessments resulting from change in ownership transfers, Proposition 19 transfers, new construction events, and calamity assessments. Staff time on these tasks is higher than projected resulting in excess revenues.

The Assessor's Office is working with the Chief Administrative Office, Facilities Division on a plan to upgrade the Placerville office lobby to increase the security of property information so it cannot be unintentionally disclosed to those in the lobby. It is anticipated that these improvements will cost approximately $45,000. The Assessor's Office and Facilities Division will be bringing an agenda item for the Board to consider this project and approve a budget transfer recognizing these unanticipated revenues to fund this project in the Accumulative Capital Outlay Fund.

Auditor-Controller – Net County Cost savings of $158,430

Revenues are projected to exceed budget by $77,038, due mainly to increases in revenues for audit and accounting services and cost recovery for activities related to the dissolution of the redevelopment agency. Expenditure savings of approximately $81,392 are attributable to Salaries and Benefits savings related to vacancies and changes to employee benefit elections.

Board of Supervisors – Net County Cost savings of $50,000

The Board of Supervisors anticipates Salary and Benefit savings of $50,000 due to health benefit savings and an employee on unpaid leave.

Chief Administrative Office – Net County Cost savings of $937,900

The Chief Administrative Office Administration and Budget and Wildfire Resilience Division is projecting a net savings of $280,400 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 Office of Wildfire Resilience Division will be bringing an item to the Board to add additional positions during this current fiscal year, which will utilize some of the anticipated savings. In future years the positions will be funded through grants and the elimination of professional services contracts for defensible space inspections.

The Parks, River and Trails Division anticipates exceeding its budget by $29,000 due to a leave payout upon the retirement of the Parks Manager. Diamond Springs Community Park will not be completed this fiscal year, however, the full General Fund amount of $23,479 will be used. Chili Bar Park will use approximately $273,000 of the Discretionary Transient Occupancy Tax (DTOT) allocation.

The Central Services Division anticipates a net savings of $338,000. The changes are primarily due to a decrease in staff time for the American Rescue Plan Act function, and savings in Salaries and Benefits and Services and Supplies.

The Community Development Finance and Administration (CDFA) Division anticipates a net savings of $198,000. The changes are primarily due to savings in Salaries and Benefits and a reduction in Service Charges due to a change in methodology for spreading the Department's cost to the Special Districts and the Housing, Community and Economic Development Department (HCED). These departments will be charged through the A87 cost plan.

The Emergency Medical Services and Preparedness Division is projecting a net General Fund savings of $300,000. The Division completed a request for proposal (RFP) for a Disaster Case Management Program but cancelled the RFP as it was determined that if needed, alternative solutions should be considered. The Division budgeted $250,000 for this program that will not be needed this fiscal year. The remaining $50,000 in General Fund savings is due to reduced staff time coded to Continuity of Operations Planning and Emergency Response (COOP). Due to increases in ambulance fee revenue as a result of the County's participation in the PP-GEMT program, process improvements, and increases to ambulance rates in County Service Area 3, both County Service Areas are projecting increased revenue above budgeted amounts. The Division will bring a budget amendment to the Board later this year. The amendment will increase estimated revenues and appropriations for services, supplies, and operating transfers out.

County Counsel – Net County Cost savings of $300,000.

The department is projecting savings of $300,000. Due to vacancies, the Department is projecting $150,000 in salary savings. The remaining Net County Cost savings is due to savings in outside litigation costs and increases in revenue from other departments for legal services.

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

Information Technologies – Net County Cost savings of $983,000

The Department is projecting savings of $544,000 in appropriations that will need to be carried over to FY 2024-25 for projects that are not anticipated to be completed during FY 2023-24 and $439,000 of projected savings for reallocation. This includes Salaries & Benefits savings of $229,000 from vacancies. A projected $210,000 of Services and Supplies savings is primarily from reductions in asset management software costs, programming and administrative support, Avaya license costs, professional support for network projects, and M365 license costs.

Recorder Clerk – No anticipated change to Net County Cost.

The Recorder-Clerk's Office is experiencing a decrease in recordings from last year of 24.5% and 39% below their 10-year average. Recorders across the state are experiencing these same decreases and are preparing for them to continue based on housing prices and interest rates. The Office will offset the decrease in revenue from recordings with salary savings and the use of special revenue funds to keep the office at a net return of $305 to the General Fund, as budgeted.

Registrar of Voters – Net County Cost savings of $20,885

A Net County Cost savings of $20,885 is primarily due to employees opting out of health insurance.

Treasurer-Tax Collector – Net County Cost savings of $167,000.

Revenue is anticipated to be approximately $31,000 higher than budgeted primarily due to increases in the fee schedule that were approved by the Board in June 2023. Total expenditure savings are projected to be $136,000. Salaries and Benefits savings of $96,000 is due to vacancies created by the departure of long-term employees, followed by internal promotions and the filling of vacancies with employees with less seniority. The remaining savings is the result of reduced banking fees and software licensing costs.

Law & Justice

Alternate Public Defender (including Indigent Defense) – Net County Cost Savings of $270,000

The Office of the Alternate Public Defender anticipates Salary and Benefit savings of $120,000 due to vacancies and an employee on unpaid leave.

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 $150,000 in Professional and Specialized Services.

District Attorney – Net County Cost savings of $99,601

The District Attorney is anticipating reductions in revenues of approximately $581,742 primarily due to grant awards that were budgeted higher than anticipated actual expenditures will be. Savings of $623,422 are expected in Salaries and Benefits due to vacancies. Services and Supplies are estimated to have savings of $90,784 due primarily to savings in professional services partially offset by increased estimated Fleet mileage costs. The District Attorney is also expecting savings of $5,030 in Fixed Assets due to actual costs of vehicles coming in lower than budgeted. Finally, Intra/Inter Fund Transfers are expected to increase Net County Cost by $37,893 primarily due to abatements not realized for HHSA administered grant programs that had lower activity than previously anticipated.

Grand Jury – No anticipated change to Net County Cost.

Probation –Net County Cost savings of $241,702

Overall, revenues are anticipated to arrive under budget by approximately $474,478 due to the following adjustments: a projected decrease in Public Safety Sales Tax; a decrease in federal grant revenue, offset by decreases to related expenditures; an increase in both state revenues from the Courts and housing income from contract counties for youth beds; and a decrease in Special Revenue Funds, also offset with decreases to related expenditures. Services and Supplies have projected savings of approximately $611,780 due to lower-than-average daily population within the Juvenile Treatment Center, which results in reduced Professional Services, including psychiatric medical, reduced food and other variable per diem costs. Probation further projects reductions to bulk fuel consumption, based on actual utilization rates provided by Fleet Services. Finally, savings of approximately $104,400 are anticipated in Support and Care due to a reduction in emergency housing expenditures.

Public Defender –Net County Cost savings of $306,000

The Public Defender is anticipating a reduction in revenues of $394,000 due to Public Safety Sales Tax decreases, reduced use of grant and special revenue funds offset by a reduction in expenditures, and reduced revenues from conservatorship cases, pending court hearings. Salaries and Benefits are anticipated to have savings of $585,000 due to vacancies. Savings in Services and Supplies are expected to be $115,000 for the Public Defender due to savings in Professional Services, Legal Services, Computer Systems/Software/Licenses, and miscellaneous services and supplies. The remaining savings in Services and Supplies is due to budgeted grant expenditures that are not expected to be realized in FY 2023-24, offset by a reduction in revenue.

Sheriff – Net County Cost savings of $1,500,000

The Sheriff's Office is anticipating revenues to fall short by $1,600,000 primarily due to decreased Public Safety Sales Tax and a reduction in Court Security funding. Compared to prior fiscal years, this fiscal year's anticipated savings in Salaries and Benefits is expected to be 63% lower than FY 2022-23 mid-year due to vacancy savings already incorporated into the Sheriff's Office budget during the Adopted Budget process, along with negotiated and County Charter Article 504 salary increases being absorbed with salary savings. The amount of savings is currently anticipated at $1,100,000, however, that number could be reduced significantly if any additional negotiated salary increases are to be absorbed this fiscal year. Services and Supplies are anticipated to have savings of $500,000 due primarily reductions in Professional Services from car build-ups not occurring prior to the end of the fiscal year. Fixed Assets will be underspent by approximately $1,500,000 due to delays in delivery of assets, including Phase 2 of the Simulcast project and various IT projects. Of the $1,500,000, $750,000 will need to be re-budgeted in FY 2024-25, so the true Net County Cost Savings that is expected to be available to fund operations in FY 2024-25 is $750,000.

Land Use and Development Services

Agriculture – Net County Cost decrease of $75,000

The Department anticipates a decrease in Salary and Benefits due to the vacancy of the Deputy Ag Commissioner. Unclaimed gas tax is the largest non-general fund revenue, the State has informed the County that due to the increased use of electric vehicles, the unclaimed gas tax calculations will likely decrease in future years.

Environmental Management – No Change to Net County Cost

Planning and Building - Net County Cost savings of $110,000

It is projected that the General Fund programs under Planning and Building will end the year at budget with the exception of Airports and Cemeteries which are projecting General Fund savings of $110,000.

The Code Enforcement and Economic Development Divisions, both of which rely on Discretionary Transient Occupancy Tax (DTOT) funding, are projected to have a net increase in DTOT of $29,000. Code Enforcement is projected to have savings in salaries and benefits, services and supplies, and fixed assets related to new positions approved at Adopted Budget, resulting in a projected decrease in DTOT contribution of approximately $438,000 for the current year. However, these expenses will be re-budgeted for FY 2024-25. The Economic Development Division is expected to be over Adopted Budget by approximately $647,000, due in part to budgeting American Rescue Plan Act expenses at $1 million but offsetting revenues at $1.5 million. The remaining increase ($147,000) is related to the Growth Factory contract and budget amendment for accelerator services approved by the Board.

The Cemeteries Division in the General Fund is projecting $22,000 in General Fund savings due to a change in methodology for calculating the administrative allocation portion of the

Planning and Building administration and management costs which reduces the intrafund transfers.

The Airports Division is projected to be under budget by approximately $110,000, due to decreased expenses for work and supplies, as well as salary savings. This will result in a reduction of their General Fund contribution of $110,000.

Housing, Community Economic Development Special Revenue Fund is projecting no change to Net County Cost.

Surveyor – Net County Cost savings of $84,000

The Department's fee revenue is expected to fall short of projections by approximately $110,000. The shortfall is offset by Salary and Benefits savings of $150,000 due to vacancies and savings in Services and Supplies of $44,000 due to the partial cost of the ESRI renewal being charged to other departments.

Transportation – No change to Net County Cost

It is projected that the Road Fund will be under budget by $3 million. This is mostly a result of the balance between actual staff costs and billable staff costs in the Capital Improvement Program. Additionally, the Department placed $1.5 million into designations for unbilled costs for services provided by Community Development Finance and Administration (CDFA). The amount for CDFA will not be needed as a result of the method used to calculate the A87 cost plan. The funds will be added to next year's beginning fund balance and will be designated to resurface Snows Road. There are projected savings in Salaries and Benefits of $1.6 million due to vacancies and $903,000 in Services and Supplies, the savings are offset by the reduction in revenues of $2.55 million. Federal revenue is projected to be reduced by $1.7 million. This is due to a projected reduction in FEMA reimbursements of $1.21 million, for a Caldor project and 2017 storms that were denied. The EDA Broadband project will see a reduction in Federal Revenues of $494,000, and reduced transfers of DTOT by $270,000. Interest is projected to be reduced by approximately $114,000, and service charges are projected to be reduced by approximately $295,000.

Health and Human Services

Child Support Services – Net County Cost savings of $4,000

The Department is projecting $4,000 in savings due to not utilizing any General Fund for tuition reimbursement costs that cannot be covered by Child Support funding from the state and federal government.

Health and Human Services Agency (HHSA)

HHSA is projecting an overall estimated decrease of $1.25 million from budget in General Fund use. This reflects General Fund savings in all HHSA Divisions. HHSA is not projecting a significant change in Realignment revenue when compared to budgeted amounts. However, California's collection of Sales Tax and Vehicle License Fees, which fund Realignment revenue sources, are down 2% from the prior year. Due to conservative budgeting, the slowing Realignment revenue is not creating a budgetary problem. HHSA is projecting to increase Realignment fund balance this year due to other funding sources in Public Health offsetting Realignment expenses and high levels of vacancies in Public Health and Behavioral Health.

HHSA Projections by Division

Administration and Financial Services – Net County Cost decrease of $196,000

The Administration and Financial Services Department is projecting a Net County Cost savings of $196,000 due to vacancies. HHSA Administration and Financial Services Division costs are allocated to the programs based on direct program salaries through the Indirect Cost Rate Proposal (ICRP), and any over or under collections over time are addressed with a two-year carry-forward reconciliation process. Any over collections are returned to the programs in a future ICRP calculation through an increase in budget Net County Cost in two years.

Animal Services – Net County Cost savings of $4,000

The Animal Services Division is projected to have a Net County Cost savings of $4,000 from budget due to Salaries and Benefits savings from vacancies.

Behavioral Health Division – General Fund savings of $32,350

Behavioral Health is projecting $32,379 in General Fund savings from Salaries and Benefits savings from the Limited Term allocation for fire recovery support. For the fourth year in a row, the agency is budgeted to transfer Realignment dollars to the Behavioral Health Division by utilizing its legislated 10% transfer authority of Public Health 1991 Realignment ($683,000) and Social Services 2011 realignment ($359,000). These transfers, when combined with County American Rescue Plan Act funding, will allow Behavioral Health to fund all of its programs and is projected to increase its Realignment fund balance by $638,000. The department is experiencing a 10% increase in Institute for Mental Disease placements, compared to FY 2022-23, and continues to experience a higher-than-desirable percentage of "administrative" bed days, which will put pressures on Realignment funding in future years.

As part of CalAIM payment reform, on July 1, 2023, Behavioral Health Medi-Cal switched from a cost-based reimbursement model to a fee-for-service model using rates established by the State. This model should eliminate the cumbersome cost reporting requirements and uncertainty of future cost report settlements and audits. Current projections of the financial impact of this change appear to be positive for the Behavioral Health Division; however, there is uncertainty with this new model as it relies more heavily on program staff billing productivity and filled beds days at the PHF, than the previous cost-based model of reimbursement. In addition, it is not known how quickly the State will adjust payment rates in the future to handle inflationary cost increases incurred by the Behavioral Health Division. Staff continue to closely monitor revenue and work with the State in the implementation of CalAIM payment reform.

Community Services Division - General Fund savings of $675,000

Community Services Division (CSD) Fund 11 programs are projected to have a General Fund savings of $569,000. 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 $484,000 primarily due to Salary and Benefits savings. The Community Services Administration subfund is projecting General Fund savings of $71,000 primarily due the Salary and Benefits savings. The Adult Day Services Program is projecting $14,000 in General Fund savings. Prior to coronavirus pandemic, the Adult Day Services fee for service collections allowed the program to operate with a General Fund cost ranging between $400,000 and $500,000 a year. Current fee for service revenue, with both Placerville and El Dorado Hills facilities open the entire year, is projected to require a General Fund contribution of almost $740,000. The daily average attendance for both facilities is 24, per the billing records. Prior to the coronavirus pandemic, average daily attendance was about 50. The current staffing vacancies are creating the savings needed to remain within budgeted Net County Cost, but only just. Unanticipated increases in expenses, or reductions in revenues, would result in the program requiring additional General Fund contributions for the current year. Staff will continue to closely monitor this program and return to the Board for direction if necessary.

Fund 13 - Public Housing Authority (PHA) and In-Home Supportive Services Public Authority (IHSS PA) are projecting $106,000 in Net County Cost savings. PHA is projecting a General Fund savings of $63,000 that is primarily related to Salaries and Benefits savings. IHSS PA is projecting a General Fund savings of $43,000 which is primarily due to Salaries and Benefits savings.

Public Guardian Program – Net County Cost savings of $82,000

Public Guardian is projecting $82,000 in Net County Cost savings primarily as a result of Salaries and Benefits savings from vacancies.

Public Health Division – General Fund savings of $114,000

The Public Health Division is currently projecting $114,000 in decreased General Fund contributions primarily from savings in the California Children Services program. HHSA will be taking a request to the Board to exercise the 1991 Realignment 10% transfer authority from Public Health to Social Services for the current fiscal year to help address the budget constraints outlined in the Social Services section above.

<u>Social Services Division</u> – Net County Cost savings of $70,000

Social Services is projecting $70,000 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 that is not continuing for the remainder of the fiscal year.

HHSA continues to monitor the slowing of State Realignment revenue collections, which funds the majority of Social Services program administration and cash assistance. The demand for services is often inversely proportionate to the availability of funding, and HHSA is seeing higher assistance case counts for CalWORKs, CalFresh, Homeless Prevention, and Medi-Cal, in addition to increased referrals to Child Welfare and Adult Protective Services. Social Services 1991 and 2011 Realignment collections have already shown signs of slowing with regular 1991 receipts being about $300,000 less than last year at this time and 2011 Realignment being $450,000 less.

For Social Services, funding for Medi-Cal, including the impacts of CalAIM, has been relatively robust, but funding for CalWORKs, CalFresh, and Homeless Prevention administration continue to be short of the actual cost. Both the CalWORKs Single Allocation/Family Stabilization and the CalWORKs Housing Support Program have experienced significant funding decreases in this current year at a time when the demand for services is climbing. Due to the greater demand for CalWORKs, CalFresh, and housing assistance at this time, workloads have shifted to both accommodate the demand and to meet mandates regarding application processing times. As a result, Social Services is projected to underspend the Medi-Cal program allocation and overspend the CalWORKs, CalFresh, and housing assistance allocations. This puts more pressure on the County's 1991 Realignment revenue.

<u>Veteran Affairs</u> – Net County Cost savings of $78,000

Veteran Affairs is projecting Net County Cost savings of $78,000 primarily due to Salaries and Benefits savings from vacancies.

<u>Library</u> – Net County Cost savings of $300,000

The savings is due to the unused General Fund County match for three California State Library Infrastructure Grant building projects. The unused funds will be re-budgeted in FY 2024-25 as the projects will continue over the next two years.