

# Fiscal Year 2022-23 Recommended Budget

June 7, 2022



## Outline of Today's Meeting

- Budget Requirements
- Summary of FY 2022-23 Recommended Budget
- Revenues and Financing Sources
- Board Adopted Budget Policies
- What is Included in the Budget
- Budget Challenges
- Are we prepared for a recession?
- Next Steps in Budget Process
- Action on Recommended Budget

## Budget Requirements

- County Budget Act – Gov’t Code §29000 – 29144, §30200
- Applies to County, dependent special districts, other agencies “whose affairs and finances are under the supervision and control of the board”

# Budget Requirements

- Requires Single Year Balanced Budget
- §29009: In the recommended, adopted, and final budgets the funding sources (revenues) shall equal the financing uses (expenditures).

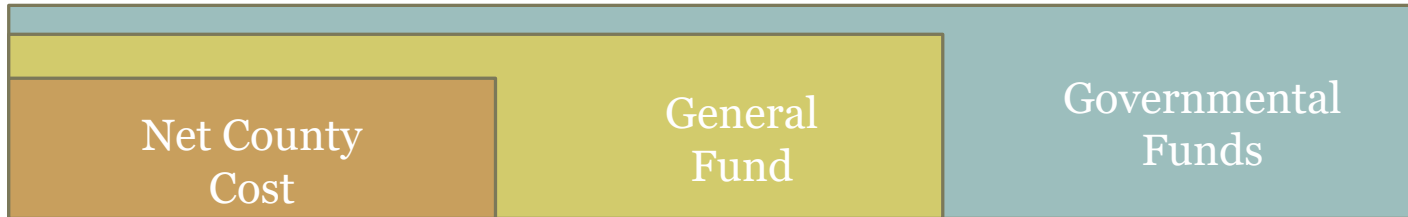


## Budget Requirements

- Public hearing required
- 3/5 Vote to approve prior to close of hearing, unless changes are filed with Clerk in writing before the close of the hearing.
- Following close of hearing, increases or additions require 4/5 vote

## Summary of the Recommended Budget

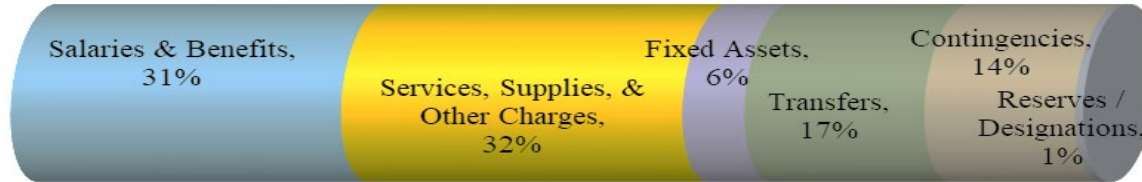
	<b>FY 2021-22 Adopted Budget</b>	<b>FY 2022-23 CAO Recm'd Budget</b>	<b>\$ Increase / (Decrease)</b>	<b>Percent Change</b>
Governmental Funds*	\$771.8 M	\$864.9 M	\$93.1 M	12%
General Fund	\$370.5 M	\$397.6 M	\$27.1 M	7%
Net County Cost**	\$158.7 M	\$175.7 M	\$17.1 M	11%



\* All Governmental Funds including Special Revenue Funds; excluding Special Districts & Proprietary Funds

\*\* Departmental operating net cost, not adjusting for Transient Occupancy Tax Contributions, excluding Non-Departmental/ACO Fund/CW Special Revenue Funds/ Special Districts/Proprietary Funds

## Summary of the Recommended Budget Appropriations by Expenditure Class\*

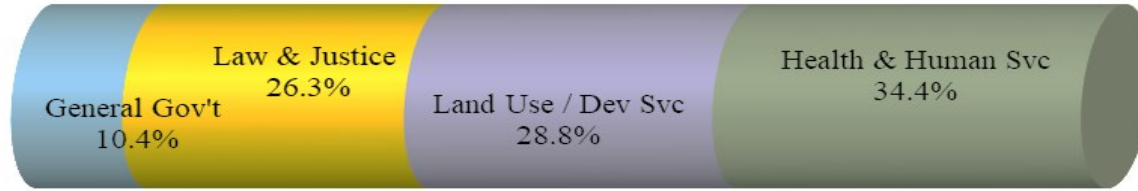


Expenditure Class	FY 2021-22 Adopted Budget	FY 2022-23 CAO Recm'd Budget	\$ Increase / (Decrease)	Percent Change
Salaries & Benefits	\$242.6 M	\$266.6 M	\$24.0 M	10%
Services, Supplies, & Other Charges	\$229.5 M	\$275.2 M	\$45.7 M	20%
Fixed Assets	\$45.9 M	\$50.1 M	\$4.2 M	9%
Transfers	\$131.7 M	\$144.9 M	\$13.2 M	10%
Contingencies	\$107.2 M	\$121.4 M	\$14.2 M	13%
Additions to Reserves / Designations	\$14.8 M	\$6.7 M	(\$8.1 M)	-55%
<b>Total Appropriations*</b>	<b>\$771.8 M</b>	<b>\$864.9 M</b>	<b>\$93.1 M</b>	<b>11%</b>

\* Data is governmental funds including Special Revenue Funds; excluding Special Districts & Proprietary Funds

## Summary of the Recommended Budget

### Total Appropriations by Functional Group\*



Functional Group	FY 2021-22 Adopted Budget	FY 2022-23 CAO Recm'd Budget	\$ Increase / (Decrease)	Percent Change
General Gov't	\$55.8 M	\$61.4 M	\$5.5 M	10%
Law & Justice	\$143.4 M	\$155.5 M	\$12.1 M	8%
Land Use / Dev Svc	\$118.0 M	\$170.0 M	\$52.0 M	44%
Health & Human Svc	\$189.7 M	\$203.3 M	\$13.6 M	7%
<b>Appropriations</b>	<b>\$506.9 M</b>	<b>\$590.1 M</b>	<b>\$83.2 M</b>	<b>16%</b>

\* Data is departmental operating appropriations, excluding Non-Departmental/ACO Fund/CW Special Revenue Funds/Special Districts/Proprietary Funds



## Summary of the Recommended Budget Net County Cost by Functional Group\*

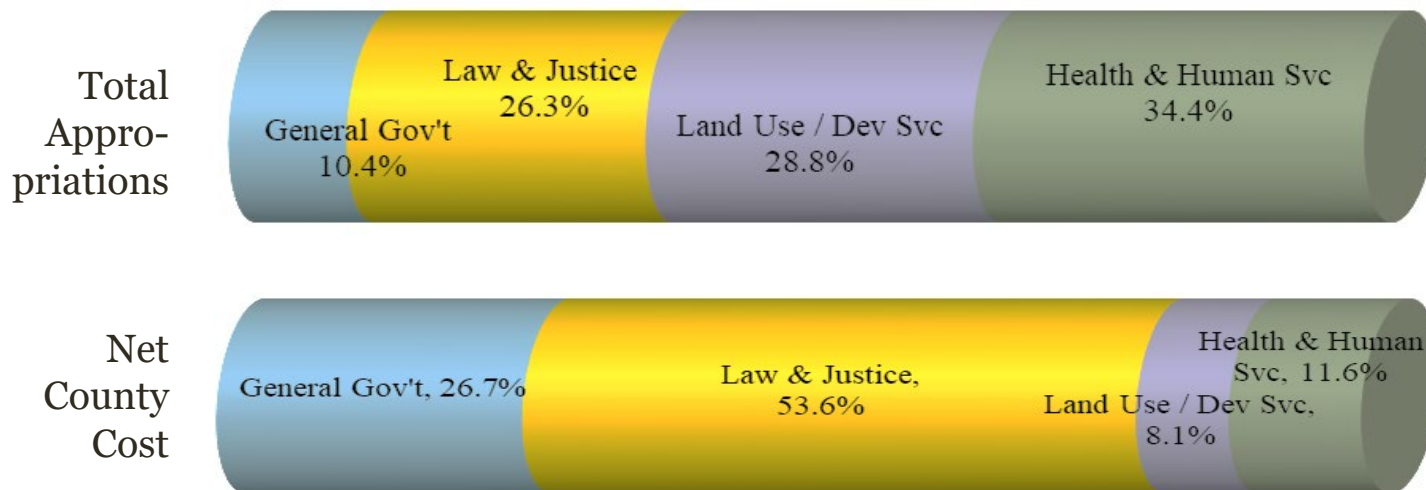


Functional Group	FY 2021-22 Adopted Budget	FY 2022-23 CAO Recm'd Budget	\$ Increase / (Decrease)	Percent Change
General Gov't	\$41.8 M	\$47.0 M	\$5.2 M	12%
Law & Justice	\$89.5 M	\$94.2 M	\$4.7 M	5%
Land Use / Dev Svc	\$8.9 M	\$14.2 M	\$5.3 M	60%
Health & Human Svc	\$18.5 M	\$20.3 M	\$1.8 M	10%
<b>Net County Cost</b>	<b>\$158.7 M</b>	<b>\$175.7 M</b>	<b>\$17.1 M</b>	<b>11%</b>

\* Data is departmental operating net cost, not adjusting for Transient Occupancy Tax Contributions, excluding Non-Departmental/ACO Fund/CW Special Revenue Funds/ Special Districts/Proprietary Funds

## Summary of the Recommended Budget

### Net County Cost compared to total operating appropriations by Functional Group



# Revenues and Financing Sources

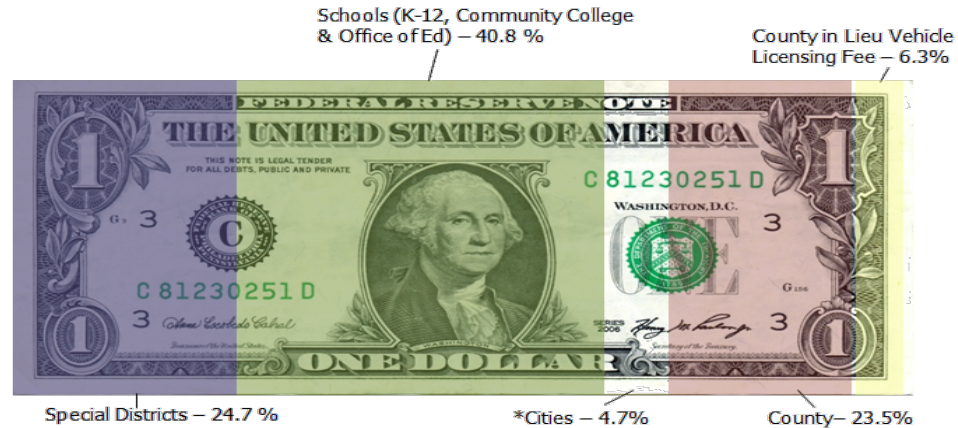
## Revenues

- **General Fund Revenues**
  - Property Tax, Sales Tax, Franchise Fees, Transient Occupancy Tax, Cannabis Activities Tax
  - Discretionary funds
- **State & Federal Funding – Mandated Programs**
  - Counties operate as arm of the State
  - Level of Service considerations
- **Special Revenue Funds**
  - Funds restricted for specific purposes

# Revenues and Financing Sources

## General Fund Revenues - Property Tax

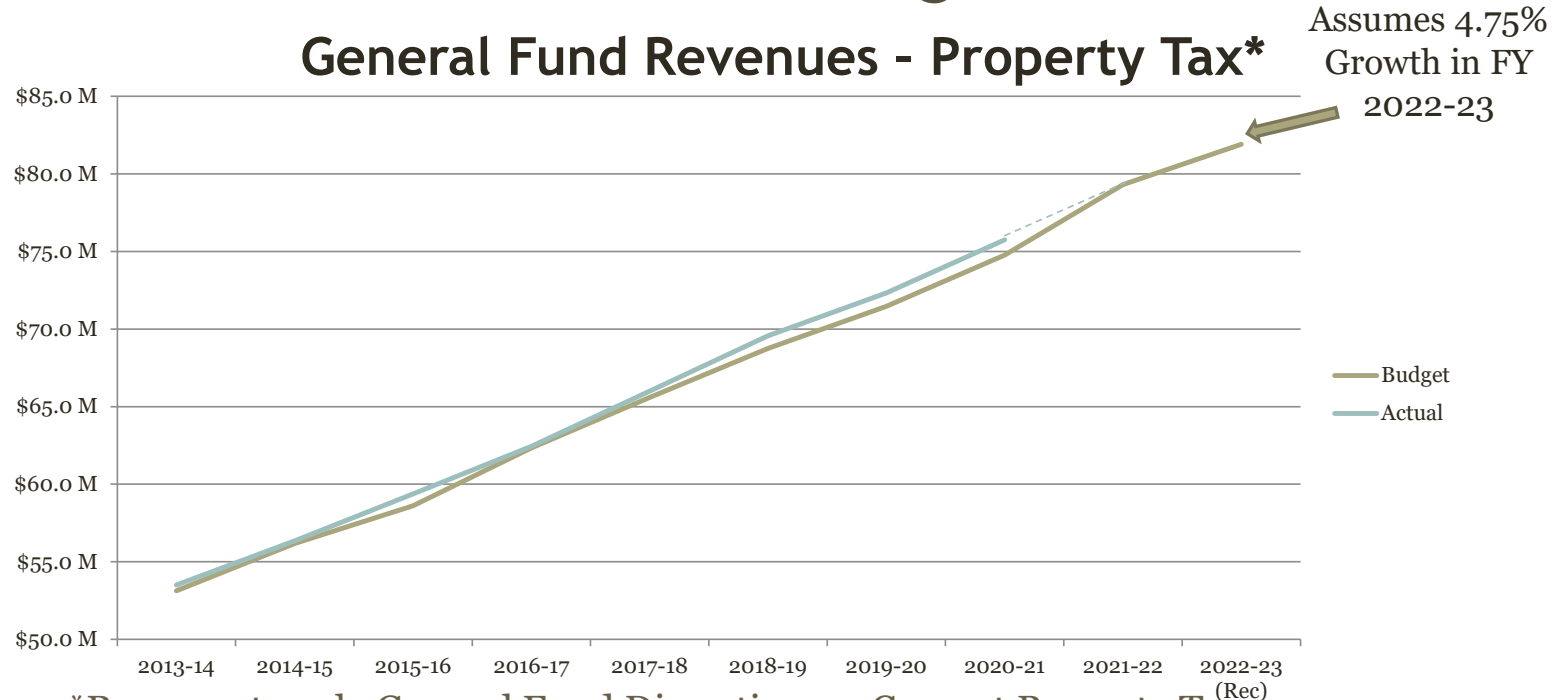
Property tax is a major source of unrestricted revenue for the County general fund, schools, cities, and special districts



Graphic developed by the Treasurer-Tax Collector Department. (Source El Dorado County Auditor-Controller's Office)  
 \*includes the Cities of Placerville and South Lake Tahoe (2.5%), Cities in Lieu Vehicle Licensing fees (9%) and City of So. Lake Tahoe Redevelopment Successor Agency (1.3%)

# Revenues and Financing Sources

## General Fund Revenues - Property Tax\*

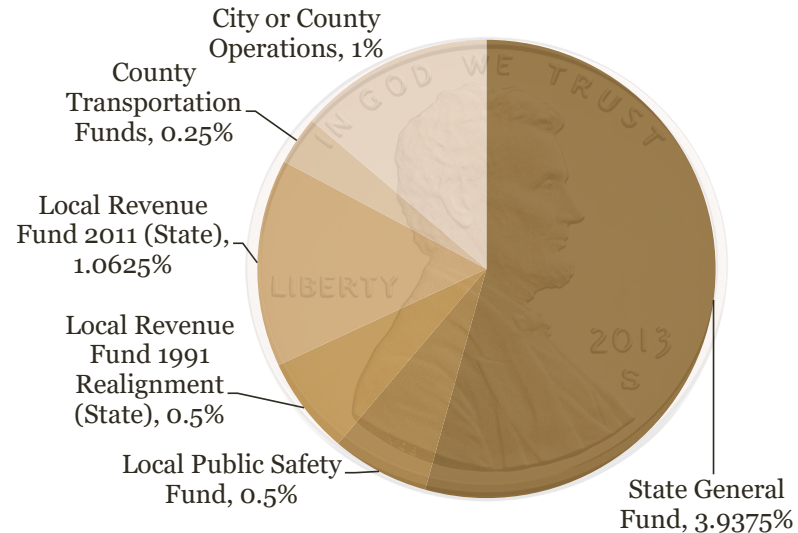


\*Represents only General Fund Discretionary Current Property Taxes

# Revenues and Financing Sources

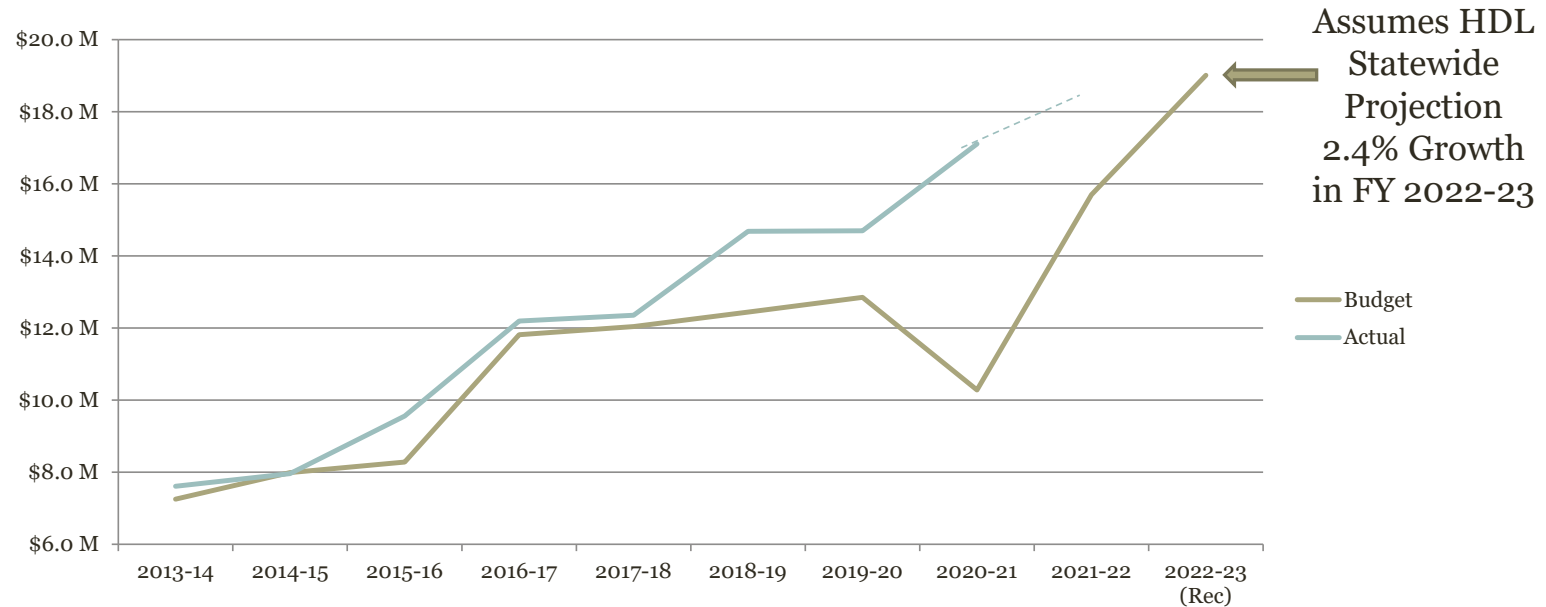
## General Fund Revenues - Sales and Use Tax\*

- The Bradley-Burns Uniform Sales and Use Tax Law provides for a city/county rate of 1.25%.
- One-quarter cent of the levy is sent to the countywide regional transportation fund.
- The remaining 1% is discretionary.



# Revenues and Financing Sources

## General Fund Revenues - Sales and Use Tax\*



\*Represents only General Fund Discretionary Sales Tax

# Board Adopted Budget Policies

Provide a framework for budgetary decision making regarding the use of County funds, to ensure prudent County fiscal management and to direct the CAO in the development and management of the County Budget (Policy B-16)

1. Pursue operational efficiencies
2. Maximize the Board's discretion
3. Pursuit of new revenues
4. Grant funding
5. New or enhanced discretionary programs
6. County share
7. Vacant and new positions



# Board Adopted Budget Policies

8. General Fund Contingency 3%
9. Budget controlled at Expenditure Class / Object level
10. General Reserves 5%
11. Designation for Capital Projects - \$6 million
12. Pension Funding - two years of General Fund increases
13. Transient Occupancy Tax
14. Fixed (Capital) Assets
15. Designation for Road Maintenance \$5 million

# What is included in the Budget

## Board Policies and Priorities

General Reserve at  
\$10.75 million

General Fund  
Contingency at \$6.5  
million to meet 3% of  
adjusted General Fund  
appropriations

\$9.8 million in  
additional General  
Fund Contingency due  
to economic uncertainty  
and compensation  
increases

\$7 million in  
discretionary revenues  
to road maintenance

Adds \$6 million to the  
Capital Projects Reserve

\$2.9 million set aside  
for future CalPERS cost  
increases

\$2.145 million set aside  
for the FY 2023-24  
Public Safety Facility  
loan payment

\$900,000 for snow  
removal equipment

# What is included in the Budget

## Board Policies and Priorities

\$2.5 million to Fire Districts to offset costs due to tourism impacts

Allocates \$1 million for the Diamond Springs Community Park and \$250,000 for the Chili Bar park project

\$300,000 to establish the Office of Wildfire Preparedness & Resilience

\$20 million in federal revenue and expenditures to begin construction of the Mosquito Bridge

\$9.8 million for ongoing maintenance of County-owned buildings

\$350,000 for Community Planning efforts

\$18.4 million in state and federal revenue to prevent and address homelessness

\$3.9 million for the Sheriff's helicopter program, including \$800,000 in ongoing operational costs.

# What is included in the Budget

## Board Policies and Priorities

EDH Fire payment  
of Education Revenue  
Augmentation Fund  
(ERAF) payment  
\$99,700

\$95,600 for Arts &  
Culture El Dorado

\$76,500 for Placerville  
City Pool Maintenance  
Costs

\$2.2 million in General  
Fund support for Caldor  
Fire recovery activities

# What is included in the Budget

## Personnel Allocation Changes

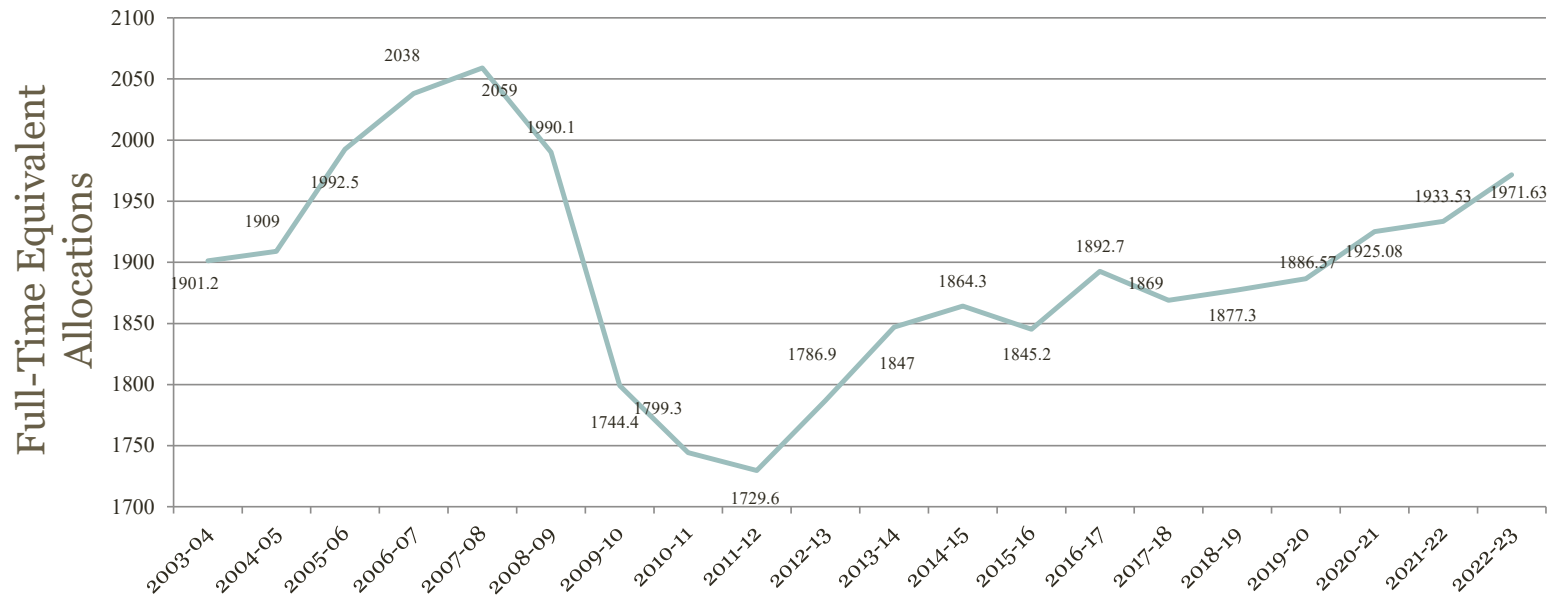
Department	Net Change
Agriculture	1.00
Auditor-Controller	2.00
Board of Supervisors	0.50*
CAO - Administration & Budget	0.50
CAO - Central Services	2.50
CAO - EMS & Emergency Preparedness and Response	(3.00)
CAO - Parks	1.00
Child Support Services	(1.00)
District Attorney	(1.80)
Health and Human Services Agency	6.60
Human Resources / Risk Management	1.00
Information Technologies	2.50
Probation	4.50
Public Defender	1.50
Surveyor	1.00
Transportation	(2.00)
Treasurer-Tax Collector	0.50
<b>Total</b>	<b>17.3</b>

\* Budget includes additional funding for 1.0 Records Manager pending classification creation.

# What is included in the Budget

## Position Changes

Total County Allocations by Fiscal Year



## What is included in the Budget

<b>GENERAL FUND RESERVES &amp; DESIGNATIONS</b>	<b>FY 2021-22 ENDING BALANCE</b>	<b>FY 2022-223 ADDITIONS</b>	<b>FY 2022-23 USES</b>	<b>FY 2022-23 ENDING BALANCE</b>
GENERAL RESERVE	\$10,300,000	\$450,000		\$10,750,000
CAPITAL PROJECTS	\$20,992,188	\$6,000,000		\$26,992,188
PUBLIC SAFETY FACILITY LAST LOAN PAYMENT	\$2,300,000			\$2,300,000
PUBLIC SAFETY FACILITY LOAN PAYMENTS	\$2,145,100			\$2,145,100
PARKS ACQUISITION & DEVELOPMENT	\$125,000			\$125,000
EL DORADO CENTER	\$2,310,019			\$2,310,019
AUDIT RESERVE	\$861,464			\$861,464
TOT SPECIAL PROJECTS	\$2,276,417			\$2,276,417
CALPERS COST INCREASES	\$4,931,589	\$299,181	(\$2,305,705)	\$2,925,065
CALPERS OPEB	\$1,368,765		(\$1,368,765)	\$0
CALDOR FIRE RELIEF	\$2,952,539		(\$1,680,072)	\$1,272,467
RAY LAWYER DR	\$3,000,000		(\$3,000,000)	\$0
ROAD INFRASTRUCTURE*	\$380,000			\$380,000
JUVENILE HALL	\$1,722,556		(\$250,000)	\$1,472,556
GENERAL LIABILITY & WORKERS' COMPENSATION	\$3,000,000		(\$3,000,000)	\$0
OTHER - INDUSTRIAL DRIVE	\$349,299		(\$349,299)	\$0

\* Board Direction on 3/23/21 to hold \$380,000 for grant match in FY 2023-24 if granted FEMA's Hazard Mitigation Grant Program

# Budget Challenges

Road Maintenance

Economic Impacts  
- Inflation

Economic Impacts  
– Possible  
Recession

CalPERS  
Liabilities

Facility Needs



# Budget Challenges

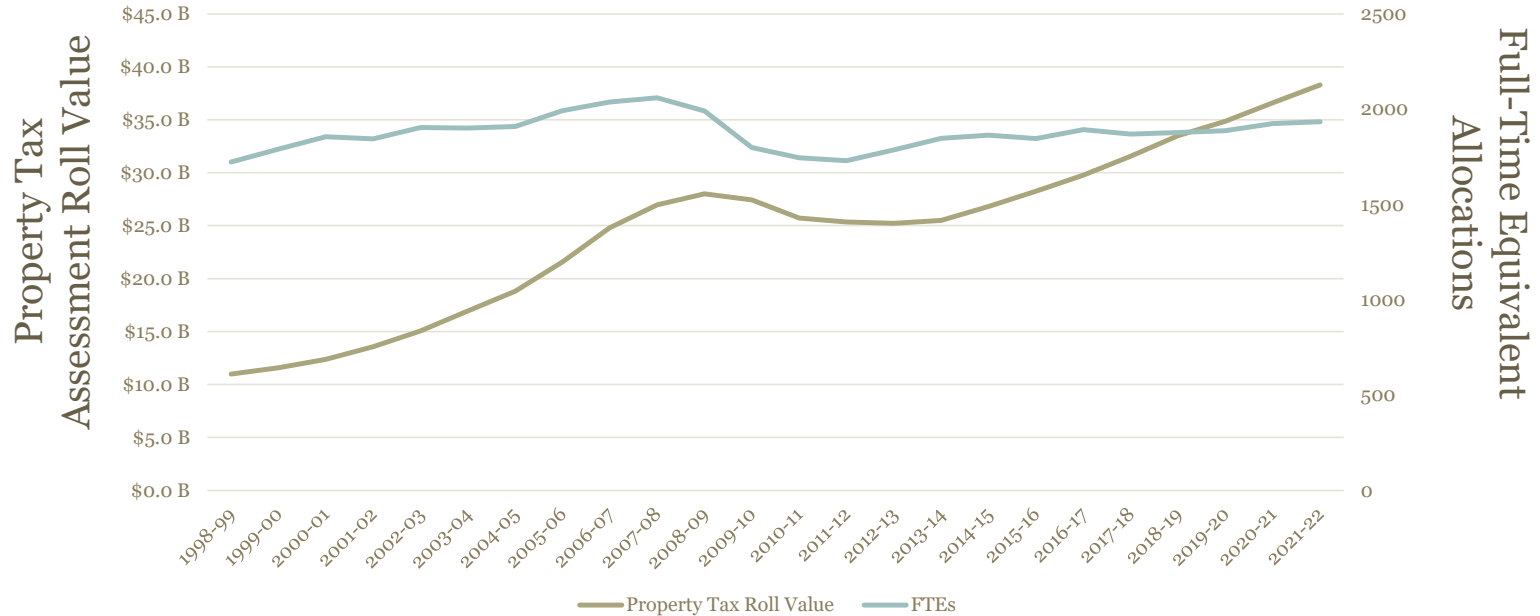
## Facility Needs

Project	Cost Estimate	Grant Funding	HHSA Funding	Capital/ General Fund Set Aside	Funding Gap	Notes
New Placerville Juvenile Hall	\$ 18,000,000	\$ 9,600,000		\$ 2,800,000	\$ 5,600,000	
Placerville Jail Expansion	\$ 25,000,000	\$ 25,000,000			unknown	State estimates CCI increase of \$6 million
SLT El Dorado Center	\$ 14,000,000		\$ 4,000,000	\$ 969,000	\$ 7,000,000	
Spring Street	\$ 25,000,000				\$ 25,000,000	This number is a few years old. CCI increase likely
Courts/Elections/ PHF	\$ 10,000,000			\$ 500,000	\$ 9,500,000	Potential grant funding for Crisis Residential Treatment Facility (\$1-\$2M)
SLT Jail	unknown				unknown	
Shakori Garage	\$ 3,500,000			\$ 3,500,000	\$ -	
56 Acre demo and hazmat cleanup	unknown				unknown	
<b>Totals</b>	<b>\$ 95,500,000</b>	<b>\$ 34,600,000</b>	<b>\$ 4,000,000</b>	<b>\$ 7,769,000</b>	<b>\$ 47,100,000</b>	

Estimates Presented to the Board on November 2, 2021, with Legistar item 21-1328

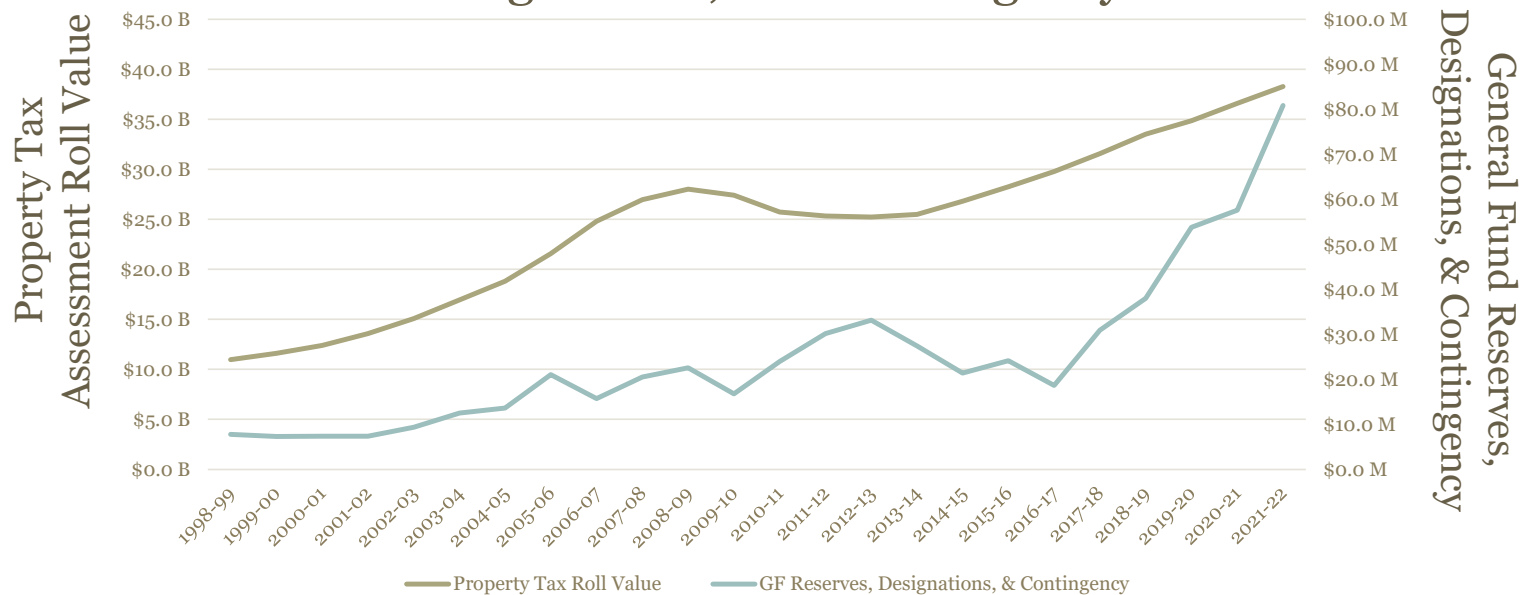
# Are we prepared for a recession?

## Historical Property Tax Roll Value and Personnel Allocations



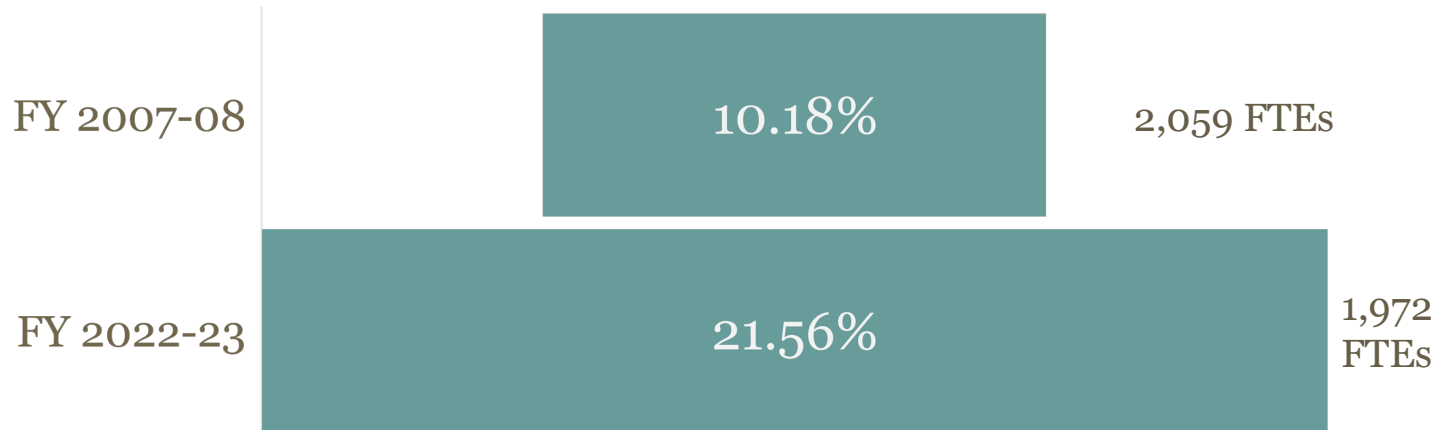
# Are we prepared for a recession?

## Historical Property Tax Roll Value and General Fund Reserves, Designations, and Contingency



## Are we prepared for a recession?

Total General Fund designations, reserves, and contingency as a percentage of total appropriations, less Social Services and Child Support appropriations.



# Budget Challenges

## 5-Year General Fund Projection

### Summary of Major Differences

	Cautious	Conservative	Moderate
<b>Property Tax after FY 2022-23</b>	2% growth from prior year	4% growth from prior year	5% growth from prior year

### Summary of Revenue Surplus / (Shortfall)

	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>In millions</b>	<b>Recm'd Budget</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
Cautious	\$ 0	(\$5.92)	(\$8.52)	(\$9.84)	(\$11.20)
Conservative	\$ 0	(\$3.73)	(\$4.01)	(\$2.87)	(\$1.63)
Moderate	\$ 0	(\$2.64)	(\$1.72)	\$0.72	\$3.37

## Next Steps in the Budget Process

- Discuss any Additions or Revisions to Recommended Budget
- Approval of the Recommended Budget with any changes
- Final Personnel Allocation Resolution no later than June 30, 2022
- Financial Records close in September; will know actual Fund Balance Carry-Over
- Revision to budget in September
- Final Budget Adoption in late September