



Legislation Text

File #: 24-0822, **Version:** 1

Community Development Finance and Administration, a division of the Chief Administrative Office, recommending the Board approve and authorize the Chair to sign a budget transfer increasing the Fiscal Year 2023-24 budget for operating transfers in to the General Fund by \$1,885,000, with corresponding changes to the budgets for Department of Transportation, Environmental Management and Planning and Building Department, Airports Division due to a change in methodology in cost recovery. (4/5 vote required)

FUNDING: Road Fund, CSA 10 Funds, CSA 3 Funds, Internal Service Charges, and General Fund.

DISCUSSION / BACKGROUND

Community Development Finance and Administration (CDFA), a division of the Chief Administrative Office, serves three departments: Department of Transportation, Planning and Building, and Environmental Management. In previous fiscal years, CDFC costs were recovered by direct charging the departments served based on hours worked for each department.

Per direction from the Auditor's Office, CDFC will not be direct charging departments going forward, but will instead be charged as part of the Countywide Cost Recovery Plan (Cost Plan). Due to the methodology for calculating the Cost Plan, there are two years in which there will be no charges from CDFC to the departments, so the Fiscal Year 2023-24 budget for the above departments did not include any way to account for these costs.

It has since been determined that it would be prudent to transfer a projected amount for each department to the General Fund in the current year to mitigate the impact on future years' budgets when CDFC costs begin to be charged in the Cost Plan. Additionally, this will ensure that the indirect cost rate that is used to bill for Department of Transportation projects with outside funding is largely consistent year-over-year.

The projected amounts for each department are as follows:

Department of Transportation: \$1,500,000

Fleet: \$150,000

Environmental Management: \$160,000

Planning and Building, Airports Division: \$75,000

This will result in a total of a \$1,885,000 increase in operating transfers in to the General Fund to cover the costs of finance and administrative services for these divisions. These are not new charges and all departments have covered these charges in prior fiscal years and have funds available to cover the expenses.

ALTERNATIVES

The Board could choose to not approve this budget transfer. The Departments would have large budgetary impacts in future fiscal years and Department of Transportation billing rates would have large fluctuations.

PRIOR BOARD ACTION

N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Department of Transportation, Environmental Management, and Planning and Building Department

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

This item will increase the Fiscal Year 2023-24 budget for operating transfers out for Department of Transportation by \$1,500,000, Fleet by \$150,000, Environmental Management by \$160,000, and Planning and Building, Airports Division by \$75,000. These increases will not impact service levels as they are offset by increased revenues, reductions in expenses and reductions to contingency balances. The overall increase to the General Fund is \$1,885,000.

CLERK OF THE BOARD FOLLOW UP ACTIONS

The Clerk of the Board will obtain the Chair's signature on the original budget transfer and will forward the budget transfer to the Auditor-Controller for processing.

STRATEGIC PLAN COMPONENT

Priority: N/A

Action Item: N/A

CONTACT

Laura Schwartz

Assistant Chief Administrative Officer