



Legislation Text

File #: 22-0715, **Version:** 1

Chief Administrative Office recommending the Board:

- 1) Receive a presentation on the Fiscal Year 2022-23 Recommended Budget preparation and provide direction;
- 2) Approve and revise Board of Supervisors Policy B-16 Budget Policies;
- 3) Approve the use of the Transient Occupancy Tax Subrecipient Agreement template; and
- 4) Authorize the Chief Administrative Officer, or designee, to execute Subrecipient Agreements with entities approved for Transient Occupancy Tax funds by prior or future Board direction.

FUNDING: Countywide Budget.

DISCUSSION / BACKGROUND

On October 26, 2021 (Legistar 21-1485), the Board received the FY 2021-22 Master Budget Calendar. Per the budget calendar, departments submitted their budget requests in late February 2022, and Chief Administrative Office staff reviewed the requests and are preparing a Recommended Budget to present to the Board on June 6, 2022.

The budget calendar also included an "April Special Board Meeting." The Chief Administrative Office has prepared a presentation that outlines the Recommended Budget as it stands today including what is and is not included in the Recommended Budget currently. The Recommended Budget is still not finalized and may change slightly from what is presented today by June 6, 2022.

Staff are recommending revisions to Board Policy B-16 Budget Policies. In addition to minor typographical edits, the following changes are proposed:

- Increase the annual goal for addition to the Designation for Capital Projects from \$5 million to \$6 million.
- Increase the annual discretionary Road Maintenance contribution goal from \$3 million to \$4 million.
- Revise the OPEB policy to a Pension Funding policy. This revised policy documents the current practice of putting two years of projected general fund increases in pension costs in the CalPERS Cost Increases designation.

Per the presentation, the Recommended Budget currently plans to fund the following Board Budget Policy items:

- General Reserve ~\$10.3 million
- Contingency ~\$6.25 million
- Designation for Capital Projects ~\$6 million
- General Fund Road Maintenance ~\$4 million
- CalPERS Designation - 2 years of projected General Fund Increases

The planned Recommended Budget also includes carrying over the following FY 2021-22 Budget items:

- Jail Expansion Project ~\$18.2 million

- Broadband Grant Match ~\$600,000
- Parks Bike Park ~\$2.3 million
- Shakori Garage Project ~\$3.33 million
- Spring Street Replacement Facilities Planner ~\$500,000
- Community Planning ~\$350,000
- Microsoft 365 Conversion ~\$265,000

The Board has provided direction that impacts the FY 2022-23 Recommended Budget. The prior Board-directed items included in the planned Recommended Budget include:

- Wildfire Resilience Office ~\$300,000
- Emergency Sheltering in Emergency Preparedness & Response ~\$10,000
- Sports Complex Planning Documents ~\$300,000
- Hazard Mitigation Grant Projects - wildfire resiliency project & Transportation roadside clearing project.
- Homelessness Projects

There are many future funding needs that are not currently included in the planned FY 2022-23 Recommended Budget, including funding for additional operational costs related to the jail expansion, full funding of the Juvenile Hall replacement, El Dorado Center replacement/relocation, Spring Street replacement, and Diamond Spring Sports Complex projects. These are items the Board may consider setting aside additional year-end fund balance to fund during the Adopted Budget in September.

Staff is seeking direction today on the following items:

A) Annually the Board provides direction on the El Dorado Hills County Water District (EDH Fire Department) General Fund Contribution of the Educational Revenue Augmentation Fund (ERAF) encumbrance equivalent amount. On June 12, 2018, the Board adopted Resolution 125-2018 (Legistar 18-0922), authorizing a base property tax transfer to the El Dorado Hills Fire Department related to the Department's annexation of the Latrobe Fire Protection District service area. The resolution provides that the transfer does not include the amount of the ERAF encumbrance associated with the base revenues. The resolution includes a provision for the Board to consider the payment of the equivalent amount of the ERAF encumbrance annually as part of the County Budget process. The amount is to be calculated annually by the Auditor-Controller. The Board of Supervisors has approved payment of the ERAF amount each year following adoption of resolution 125-2018. In FY 2020-21 this amount was \$86,642.

B) The City of Placerville has made a request for \$112,568 for maintenance costs of the City of Placerville Pool in FY 2022-23. According to the City request letter, 76% of Pool Users reside outside of the City limits. Previous Years' Budgets included \$20,000 to provide aid for maintenance costs.

C) The Board has provided prior direction regarding spending the County's allocation of American Rescue Plan Act (ARPA) funding on November 9, 2021 (Legistar 21-1680). There remains \$3,600,254 of ARPA funding to be allocated and staff recommend the following uses:

- El Dorado Hills Community Services District COVID Mitigation - \$33,000
- Automated External Defibrillators for Sheriff's Office Vehicles - \$185,000
- Establishment of an ARPA Audit Reserve - \$3,382,254

D) The Chief Administrative Office has compiled requests from County Departments, Fire Districts,

and the Tahoe Transportation District for use of Transient Occupancy Tax (TOT) funds, per Board direction provided on February 22, 2022 (Legistar 22-0303). In preparing the FY 2022-23 Recommended Budget, staff have prepared a Status Quo budget utilizing \$6.5 million of TOT funds, leaving a projected \$7.65 million in TOT funding to be allocated. As outlined in the presentation, staff have prepared a recommended allocation plan for the remaining funding and are seeking Board direction to include this recommendation in the FY 2022-23 Recommended Budget.

E) The Sheriff's Office has requested the purchase of a helicopter be included in the FY 2022-23 Recommended Budget. The Chief Administrative Office has asked that the Sheriff's Office present the details of the request to the Board, so that the Board can provide direction on the inclusion of the helicopter in the FY 2022-23 Recommended Budget.

ALTERNATIVES

The Board could opt not to provide direction or receive the presentation.

PRIOR BOARD ACTION

See above.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

FINANCIAL IMPACT

There is no financial impact to receiving the presentation and any direction on the Fiscal Year 2022-23 Recommended Budget will be brought back to the Board for approval at the June 6, 2022, Budget Hearing.

Board approval of the TOT subrecipient agreement will be funded by Transient Occupancy Tax funding that is accounted for in the General Revenues and Non-Departmental Expenses Department in a TOT organizational code that allows staff to isolate TOT fund balance, revenue, and expenditures from other discretionary revenue and expenditures.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Good Governance

CONTACT

Tiffany Schmid, Assistant CAO
Sue Hennike, Deputy CAO