



Legislation Text

File #: 20-1207, **Version:** 1

BUDGET HEARING - Chief Administrative Office recommending the Board open the Budget Hearing, scheduled for September 18, 2020, commencing at 1:00 p.m., to consider adoption of the County of El Dorado Budget for Fiscal Year 2020-21 and direct staff to return on September 29, 2020 with a Budget Resolution and revised Personnel Allocation Resolution based on discussion and direction received during the Budget Hearing.

FUNDING: Various; Countywide Budget Consideration.

DISCUSSION / BACKGROUND

The Board approved the Fiscal Year (FY) 2020-21 Recommended Budget on June 9, 2020 with Legistar item 20-0752. The Recommended Budget that was approved was largely a 'status-quo' budget with many requests from departments being deferred to this fall in order to allow time to obtain a better understanding of the fiscal impacts caused by the coronavirus pandemic. In addition, many supplemental funding requests submitted by departments were deferred to adoption of the final budget due to the fiscal uncertainty caused by the pandemic. Specifically, if all supplemental requests were approved it would have increased Net County Cost by approximately \$5 million. The recommendation before the Board includes approving approximately \$1.5 million of the total amount of deferred requests.

On June 22, 2020 with Legistar item 20-0781, the Board received a presentation from affected departments outlining the anticipated impacts of the pandemic on revenues and directed all departments to prepare a budget scenario that described the service impacts of a 5% reduction of budgeted Net County Cost. If all departments were required to implement a 5% reduction, it would have resulted in a savings totaling approximately \$5.9 million. The recommendation before the Board includes implementing approximately \$3 million in reductions.

On July 21, 2020 with Legistar item 20-0921 and 20-0971, the Board approved cautious and conservative revenue assumptions for general fund revenues for inclusion in the Adopted Budget.

Staff have prepared a recommended Adopted Budget for Board consideration and review. The documents outlining the proposed changes to the Recommended Budget were made available to the public through the El Dorado County website on September 4, 2020, in coordination with a press release and public hearing notice released on the same day. The Budget documents, linked to this Legistar item, contain an updated budget memo, budget summary, and department recommended Adopted Budget narratives.

The recommendations included in the Adopted Budget meet all federal and state requirements as well as all of the Board approved budget policies, including setting aside \$5 million for facility capital replacement and improvement costs, replenishing the CalPERS Unfunded Accrued Liability reserves, as well as setting aside \$2.3 million for the first payment on the Public Safety Facility which is due July 2, 2021.

The FY 2019-20 financial records closed on September 11, 2020. The amount of General Fund carryover fund balance totals \$33,471,364, an additional \$3,979,861 when compared to the amount projected in the recommended Adopted Budget. The General Fund carryover fund balance includes \$7.58 million in unspent contingency, \$5.1 million in excess General Fund revenues, \$5.71 million in ACO fund carryover General Fund contributions, approximately \$1.2 million in CARES General Fund reimbursements, and \$13.89 million in departmental savings. Departmental savings of \$13.89 million represents 4.3% of total General Fund expenses in FY 2019-20.

As described in the recommended Adopted Budget memo, staff recommend the following uses of excess fund balance:

- 1) Designating \$3 million for the FY 2021-22 General Liability and Worker's Compensation General charges that will be returning to full funding levels after the rate holiday in FY 2020-21.
- 2) Designating \$979,861 for the El Dorado Center Facility Project. Staff will be bringing an item to Board in the fall for direction on this project.

With the recommended uses of fund balance above and outlined in the recommended Adopted Budget, \$6.0 million of General Fund carryover fund balance will be used to replenish contingency, \$5.71 million for carryover ACO projects, \$15.1 million in reserves and designations for future costs, and \$6.7 million for operating expenses.

The Chief Administrative Office will return on September 29, 2020, with the formal budget resolution including year-end fund balance adjustments and an amendment to the personnel allocation as well as an updated fixed asset list for Board adoption based on discussion and direction received during the budget hearing.

ALTERNATIVES

The Board can direct staff to include revisions to the recommended Adopted Budget for inclusion in the Adopted Budget. Per Government Code 29081, the budget hearing may be continued from day to day until concluded, but not to exceed a total of 14 calendar days (October 2, 2020). If a 3/5ths vote directing staff to prepare an Adopted Budget resolution cannot be obtained, the hearing can be continued for further consideration by the Board.

PRIOR BOARD ACTION

See above.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

All Departments have participated in the development of FY 2020-21 Budget.

FINANCIAL IMPACT

As detailed in the Budget documents.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

CONTACT

Don Ashton, Chief Administrative Officer