



FISCAL YEAR 2021-22 RECOMMENDED BUDGET

Presented By:

COUNTY EXECUTIVE OFFICE

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ORGANIZATIONAL CHANGE

- ▶ **FY2020-21 – A Time of Profound Change – Nationally and Locally**
 - The COVID-19 Pandemic
 - The increased impact of homelessness on our communities
 - The George Floyd Killing and Enhanced Awareness of the Impact of Racism
 - A Growing Recognition of the Need for Cost-effective alternatives to Law Enforcement and Incarceration
 - Calls for Greater Transparency and Public Engagement in Government Decision-Making
 - Leadership Changes

National and Local Changes Require Broad Organizational Response

- ▶ Diversity, Equity and Inclusion Policy Cabinet
- ▶ Diversity and Implicit Bias Training
- ▶ Leadership Training Initiative
- ▶ Organizational Cultural Change Initiative
- ▶ New Agency and Deputy County Executive for Public Safety and Justice
- ▶ Greater Board and Public Engagement in the Budget Process
 - Changes for FY2021-22
 - Public Budget Workshop
 - Second Quarter Fiscal Status Report to Board
 - Budget Policies Discussion with Board
 - Board Budget Study Session
 - Proposed Public Engagement Process for FY2022-23

National and Local Changes Require Broad Organizational Response

Due Date	Action
July 1, 2021	Prepare report on FY2021–22 Approved Budget, County fiscal situation, Board and community–identified needs/priorities
August 30, 2021	Solicit input on Priorities/Needs from Advisory/Community groups/local governments and others
September 30, 2021	Retain polling firm; Compile information provided by Advisory/Community groups/others and Provide Board with Potential Priorities to Poll against; Board holds hearing and approves Priorities to be tested
October 30, 2021	Polling firm conducts poll; results and all other information on public priorities provided to the Board, along with Staff recommended FY2022–23 Budget Priorities
November 30, 2021	Board holds hearings on proposed Budget Priorities
December 31, 2021	Board approves FY2022–23 Budget Priorities; County begins budget preparation process

BUDGET OVERVIEW

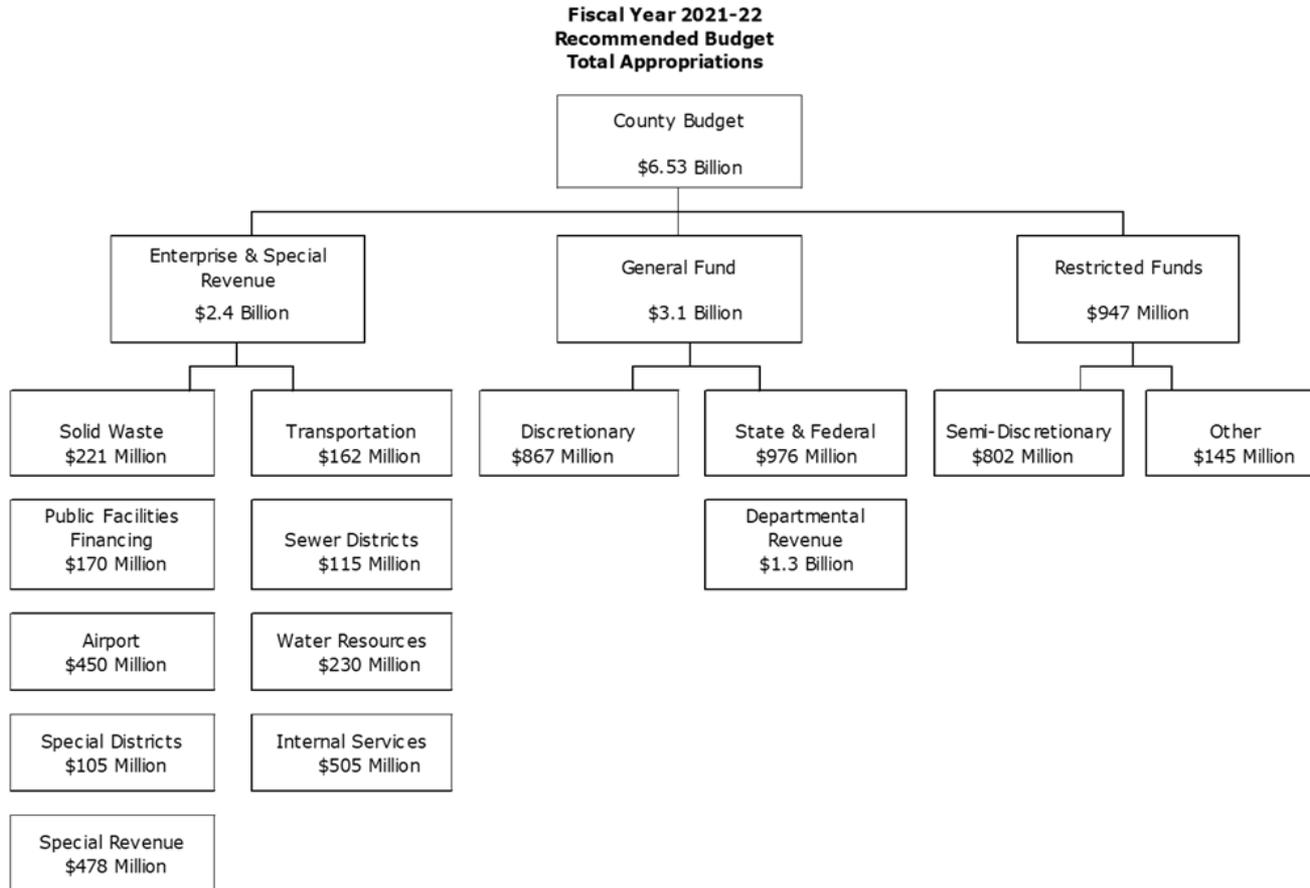
- ▶ Budget is Balanced as Required By State Law
- ▶ General Fund Budget mostly avoids reductions in programs and services and includes new investment in areas identified as Board priorities:
 - Addressing impact of Homelessness;
 - Providing alternative to law enforcement response to persons experiencing mental health issues;
 - Addressing critical capital needs in Regional Parks and at Mather Community Campus;
 - Improving the condition of the County's roads.
- ▶ General Fund Budget also includes new investments to:
 - Address critical technology needs;
 - Meet legal mandates and compliance requirements;
 - Deal with most urgent health and safety issues.
- ▶ General Fund Budget is balanced with \$120 million in one-time discretionary and Semi-discretionary resources, so sustainability is questionable.
- ▶ Approach for Use of Discretionary Resources:
 - Fund departmental Base budgets; then:
 - Approximately 1/3 to ongoing Growth;
 - 1/3 to one-time Growth;
 - 1/3 to increase discretionary reserves.

BUDGET OVERVIEW

FY2021-22 Recommended Budget - Use of Discretionary Resources	
Beginning Available Balance	\$ 172,000,000
Discretionary Revenue & Reimbursements	\$ 726,216,689
Total Discretionary Resources	\$ 898,216,689
Funded Base Net County Cost	\$ 820,995,105
Discretionary Resources Remaining	\$ 77,221,584
Discretionary Reserve Increase	\$ 20,224,694
Total Growth	\$ 56,996,890
On-going Growth	\$ 27,793,665
One-time Growth	\$ 29,203,225

- ▶ No revenue from American Rescue Plan Act is in Recommended Budget
- ▶ Changes to State Budget in Governor's May Revise Not in Recommended Budget
- ▶ Changes will be proposed in Revised Recommended Budget in September, with budget adjustments likely needed during FY2021-22.

THE ALL FUNDS BUDGET



THE ALL FUNDS BUDGET

- ▶ \$6.53 billion in appropriations
- ▶ \$118.2 million increase
- ▶ Mainly due to:
 - Semi-discretionary Revenue Restricted Funds Increase: \$80 million (11%)
 - General Fund Increase: \$58 million (1.9%)
 - Other Internal Services Funds Increase: \$41 million (8.8%)
 - Transportation Related Funds Increase: \$35.6 million (12.5%)
 - Water Resources Related Funds Increase: \$22.7 million (10.9%)
 - Airport System Fund Decrease: \$53.1 million (10.5%)
 - Economic Development Fund Decrease: \$26.5 million (27.8%)

GENERAL FUND - \$3.147 BILLION

- ▶ \$58 million (1.9%) increase in expenditures
- ▶ Budget Units with the Largest Expenditure Increase:
 - Human Assistance – Administration: \$31.8 million (8.7%) Increase
 - Sheriff: \$16.3 million (2.75%) Increase
 - Financing Transfers/Reimbursements: \$15 million (117.7%) Increase
 - Finance: \$9.9 million (25.2%) Increase
 - IHSS Provider Payments: \$6.7 million (5.5%) Increase
 - Appropriation for Contingency: \$5 million (500%) Increase
 - District Attorney: \$4.7 million (4.5%) Increase
 - Correctional Health Services: \$3.9 million (5.6%) Increase
 - Voter Registration and Elections: \$3.2 million (22.9%) Increase

Key General Fund Base Budget Drivers

- ▶ **Use of Fund Balance Carry-forward:** \$172 million; Increase of \$10.5 million (6.4%) from FY2020-21 Adopted Budget level
- ▶ **Discretionary Revenue Increase:** \$37.7 million (5.4%)
- ▶ **Semi-discretionary Reimbursement Increase:** \$80 million (11.1%)
- ▶ **Loss of Realignment Backfill Revenue:** \$34.7 million
- ▶ **Revenue Loss Due to AB 1869:** \$10.2 million
- ▶ **Salary and Benefit Cost Increase:** \$34 million
- ▶ **Assistance Caseload Decline:** \$34.5 million (\$15.3 million Net County Cost)
- ▶ **Reduction in Health Services Funding:** \$32 million
- ▶ **Increase in Contingency:** \$5 million
- ▶ **Continued Funding for Board Priority Programs**
- ▶ **Legal Obligations:**
 - **Mays Jail Lawsuit Consent Decree:** \$40 million
 - **UC Davis Health System Lawsuit:** \$7.7 million
 - **Interfund Transfers Repayment:** \$6.7 million

PROGRAM REDUCTIONS

- ▶ Only Limited Reductions
- ▶ Categorical Reductions or
- ▶ Increase Efficiency/No Impact on Services

Department/Budget Unit	Total Recommended Reductions	Categorical	Non-Categorical	FTE Reductions
Agricultural Comm-Sealer Of Wts & Meas	47,811	0	47,811	
Child Support Services	209,005	209,005	0	3.0
Clerk of the Board	41,440	0	41,440	
Code Enforcement	66,128	0	66,128	1.0
County Executive Cabinet	0	0	0	1.0
Department Of Finance	90,827	0	90,827	3.0
Health Services	37,975	37,975	0	
Probation	4,376,550	4,376,550	0	22.0
Regional Parks	44,870	0	44,870	
Sheriff	428,002	428,002	0	2.0
Total General Fund	\$5,342,608	\$5,051,532	\$291,076	32.0

RECOMMENDED NEW OR ENHANCED PROGRAMS (GROWTH)

- ▶ **Total Recommended Growth (June):** \$118 million
- ▶ **Total Recommended Growth (Sept.):** \$30 million
- ▶ **Total Recommended Growth:** \$148 million
- ▶ **Net Growth (Less Interfund Transfers):** \$115.3 million
- ▶ **General Fund - \$80.1 million (\$57 million Net County Cost) – June**
\$24.3 million (\$23.8 million Net County Cost) – September

FY2021-22 Budget - Net County Cost Funded Growth			
Recommended and Revised Recommended Budgets			
	Total Recommended FY2021-22	Recommended Budget	Revised Recommended Budget*
On-going Growth	\$ 45,858,487	\$ 27,793,665	\$ 18,062,076
One-time Growth	\$ 34,905,134	\$ 29,203,225	\$ 5,701,909
Total Growth	\$ 80,763,621	\$ 56,996,890	\$ 23,763,985
* Resources permitting			

Most Significant Ongoing Growth:

- ▶ **Alternative (Non-Law Enforcement) Emergency Response to Persons Experiencing Mental Health Issues:** \$12 million - \$9.9 million net expenditures (\$6.4 million Net County Cost).
- ▶ **Homeless Encampment Initiative:** \$5.9 million (\$5.5 million Net County Cost), with an additional \$1.5 million in the September Budget, resources permitting (Total: \$7.4 million).
- ▶ **Probation's Monitored Pre-trial Release Program:** \$5 million (\$3 million Net County Cost).
- ▶ **Mays Consent Decree-related Enhancements:** \$6.8 million.
- ▶ **Epidemiology and Laboratory Capacity (ELC) Enhancing Detection Expansion Program:** \$6.4 million.
- ▶ **Child Protective Services – New Foster Care/Emergency Response/Nursing Units:** \$2.5 million (\$1.6 million Net County Cost).
- ▶ **New County Property Tax System:** \$15 million in Net County Cost in the September Budget, resources permitting.
- ▶ **Increased Organic Waste Processing Costs:** \$2.2 million.

Most Significant One-Time Growth:

- ▶ **County Road Pavement Rehabilitation Initiative:** \$20 million in Net County Cost.
- ▶ **Special Gubernatorial Recall Election:** \$4.4 million.
- ▶ **Regional Parks Capital Needs:** \$2.4 million in Net County Cost, with an additional \$1.6 million in the September Budget, resources permitting (Total: \$4 million).
- ▶ **Mather Community Campus Capital Needs:** \$1 million, with an additional \$4 million in September, resources permitting (Total: \$5 million).

Funded – General Fund New or Enhanced Programs

Funded - General Fund - New or Enhanced Programs (Summary)				
Department/Budget Unit	Total Appropriations	Net County Cost	Revenue/ Reimbursement	FTE
Assessor	\$280,903	\$280,903	\$0	0.0
Board of Supervisors	\$24,000	\$24,000	\$0	0.0
District Attorney	\$213,909	\$0	\$213,909	1.0
Sheriff	\$4,473,730	\$4,473,730	\$0	15.0
Clerk of the Board	\$546,988	\$546,988	\$0	4.0
County Executive Cabinet	\$91,500	\$91,500	\$0	0.0
Criminal Justice Cabinet	\$189,904	\$0	\$189,904	1.0
Fair Housing Services	\$10,000	\$10,000	\$0	0.0
Financing-Transfers/Reimbursement	\$23,532,091	\$23,532,091	\$0	0.0
Non-Departmental Costs/General Fund	\$990,000	\$990,000	\$0	0.0
Planning and Environmental Review	\$358,470	\$95,000	\$263,470	3.0
County Clerk/Recorder	\$938,000	\$0	\$938,000	0.0
Personnel Services	\$200,000	\$200,000	\$0	0.0
Voter Registration And Elections	\$4,417,231	\$4,417,231	\$0	1.0
Animal Care And Regulation	\$193,082	\$193,082	\$0	1.0
Regional Parks	\$268,301	\$241,500	\$26,801	0.0
Code Enforcement	\$97,745	(\$33,815)	\$131,560	1.0
Child, Family and Adult Services	\$3,560,028	\$2,161,407	\$1,398,621	30.0
Child Support Services	\$168,310	\$0	\$168,310	2.0
Correctional Health Services	\$2,903,482	\$2,903,482	\$0	23.0
Health Services	\$23,467,248	\$8,360,834	\$15,106,414	90.0
Human Assistance-Administration	\$6,254,660	\$5,469,960	\$784,700	8.0
Probation	\$6,915,166	\$3,038,997	\$3,876,169	37.0
Total General Fund	\$80,094,748	\$56,996,890	\$23,097,858	217.0

Funded Non-General Fund New or Enhanced Programs

Department/Budget Unit	Total Appropriations	FTE
2011 Realignment	\$189,904	0.0
Airport System	\$411,044	0.0
Airport-Cap Outlay	\$1,300,000	0.0
Clerk/Recorder Fees	\$938,000	0.0
Capital Construction	\$1,000,000	0.0
Department of Technology	\$854,143	4.0
General Services	\$388,838	(1.0)
Parking Enterprise	\$98,560	0.0
Park Construction	\$2,423,091	0.0
Golf	\$42,381	0.0
Roads	\$20,000,000	0.0
Department of Transportation	\$49,600	0.0
Development and Code Services	\$126,672	0.0
Solid Waste Authority	\$114,335	0.0
Solid Waste Enterprise	\$6,069,563	29.0
Water Agency Enterprise	\$1,625,975	7.0
Sacramento Regional Sanitation District	\$0	0.0
Sacramento Area Sewer Operations	\$0	0.0
Mental Health Services Act	\$2,162,411	0.0
Environmental Management	\$112,910	0.0
Total Non-General Fund	\$37,907,427	39.0

New or Enhanced Programs Recommended for September

All Funds - Recommended Growth for September (Summary)				
Department/Budget Unit	Cost	Net County Cost	Revenue/Reimbursement	FTE
Assessor	\$125,000	\$125,000	\$0	0.0
Sheriff	\$1,435,903	\$1,435,903	\$0	15.0
Financing-Transfers/Reimbursement	\$4,000,000	\$4,000,000	\$0	0.0
Financing-Transfers/Reimbursement	\$1,576,909	\$1,576,909	\$0	0.0
Data Processing-Shared Systems	\$14,926,094	\$14,926,094	\$0	0.0
Department Of Finance	\$492,692	\$73,906	\$418,786	4.0
Correctional Health Services	\$18,415	\$18,415	\$0	0.0
Health Services	\$231,078	\$104,905	\$126,173	1.0
Human Assistance-Administration	\$1,500,000	\$1,500,000	\$0	0.0
Juvenile Medical Services	\$2,853	\$2,853	\$0	0.0
Total General Fund - Net County Cost	\$24,308,944	\$23,763,985	\$544,959	20.0
Capital Construction	\$4,000,000	\$0	\$4,000,000	0.0
Department of Technology	\$125,996	\$0	\$125,996	1.0
Park Construction	\$1,576,909	\$0	\$1,576,909	0.0
Total Non-General Fund - Net County Cost	\$5,702,905	\$0	\$5,702,905	1.0

FTE POSITIONS, GENERAL FUND RESERVES, ONE-TIME RESOURCES, INTERFUND TRANSFERS

FY2021-22 Recommended Budget	
FTE CHANGES	
Existing FTEs	12,593.5
Recommended Growth Net County Cost FTEs	217.0
Recommended Growth Non-Net County Cost FTEs	39.0
Base FTE Changes	(65.0)
FTE Reductions Due to Program Reductions	(34.0)
Total Recommended FTEs	12,750.5
Note: Base FTE changes reflect the deletion of vacant positions by departments in their base budgets.	

FTE POSITIONS, GENERAL FUND RESERVES, ONE-TIME RESOURCES, INTERFUND TRANSFERS

FY2021-22 Recommended Budget			
GENERAL FUND RESERVE STATUS			
Reserved For:	FY2020-21 Ending	FY2021-22 Recommended	Change
Tax Loss Teeter	\$ 7,063,444	\$ 7,063,444	\$ -
Teeter Delinquencies	\$ 746,318	\$ 746,318	\$ -
Loan Buyout (Teeter Plan)	\$ 2,958,601	\$ 2,958,601	\$ -
River Delta Fire District Loan	\$ 25,000	\$ 25,000	\$ -
Health for All Loan	\$ 104,730	\$ 104,730	\$ -
Sub-total: Restricted Reserves	\$ 10,898,093	\$ 10,898,093	\$ -
General Reserves	\$ 10,937,339	\$ 21,162,033	\$ 10,224,694
Cash Flow	\$ 32,421,527	\$ 32,421,527	\$ -
Imprest Cash	\$ 290,955	\$ 290,955	\$ -
Audit Report Payback/Litigation Settlement	\$ 4,720,917	\$ 14,720,917	\$ 10,000,000
Special Deposits Travel	\$ 100,000	\$ 100,000	\$ -
Sub-total: Discretionary Reserves	\$ 48,470,738	\$ 68,695,432	\$ 20,224,694
Total Reserves	\$ 59,368,831	\$ 79,593,525	\$ 20,224,694

FTE POSITIONS, GENERAL FUND RESERVES, ONE-TIME RESOURCES, INTERFUND TRANSFERS

FY2021-22 Recommended Budget		
GENERAL FUND - ONE-TIME RESOURCES		
Description	FY2020-21 Adopted Budget	FY2021-22 Recommended Budget
One-time Discretionary	\$ 1,000,000	
Fund Balance Carry-over	\$ 161,609,233	\$ 172,000,000
Reserve Cancellations	\$ 8,384,625	
Semi-discretionary Carry-Over	\$ 5,311,839	\$ 5,206,731
Coronavirus Relief Fund Revenue	\$ 62,460,533	
Total	\$ 238,766,230	\$ 177,206,731

FTE POSITIONS, GENERAL FUND RESERVES, ONE-TIME RESOURCES, INTERFUND TRANSFERS

FY2021-22 Recommended Budget	
INTERFUND TRANSFER AND REPAYMENT	
Original Amount	\$77.65 million
Amount Paid	\$64.26 million
Outstanding Balance as of 6/30/21	\$13.39 million

SIERRA 99 GATEWAY DIGITAL BILLBOARD REVENUE

- ▶ Provided under terms of Development Agreement for Digital Sign
- ▶ \$80,000 a year in revenue; \$2.775 million over 30 years
- ▶ Current Balance of \$341,639
- ▶ Revenue is discretionary, but Agreement says “intended use” is to “plan or implement improvements to corridors or neighborhoods to address blight or improve the health, safety and economic vitality of commercial corridors and neighborhoods within the unincorporated County.”
- ▶ Board directed staff to identify the availability of this money at budget hearings for Board consideration.
- ▶ Staff recommendation: Provide general direction on how to use the funds and staff will return with recommendation for how to implement that direction.

BUDGET UNCERTAINTIES

- ▶ Budget balanced with one-time resources
- ▶ Additional Mays consent decree costs
- ▶ Hardesty-Schneider Lawsuit

RECOMMENDED ACTION

- ▶ Adopt resolution approving the Recommended Budget and providing direction on Growth to be included in the Revised Recommended Budget, resources permitting.
- ▶ Direct the Department of Personnel Services to prepare an administrative salary resolution (SRA) to reflect the positions approved by the FY2021-22 Recommended Budget, including any deletion of positions.
- ▶ Approve the Proposed Public Engagement Process for the FY2022-23 Budget.
- ▶ Provide direction to staff on how to use the Sierra 99 Digital Gateway revenue and direct staff to return with an implementation plan.