



# Fiscal Year 2024-25 Recommended Budget and Capital Improvement Plan

June 5, 2024

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Amanda Thomas, Chief Fiscal Officer

# Supporting Greater Service Sustainability

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- Lower revenue growth and one-time funding requires addressing structural imbalance in County's budget
- Budget aligned with Board priorities and includes:
  - Continued funding for ongoing priority programs and initiatives, despite need for some reductions
  - Growth for County obligations and most critical needs
  - Additional growth prioritized for Revised Recommended Budget, resources permitting
  - Contingency to account for uncertainty, consistent with Board policy
- State budget impacts likely in Revised Recommended Budget
- General Fund reserve contributions not recommended but would be priority for one-time resources in September



# Budget Overview

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- Budget is balanced with the continued use of one-time sources, but greater structural balance than prior fiscal year
- General Fund tightening resulting from:
  - Lower fund balance and moderating revenue growth
  - Increased costs and obligations
- Recommended reductions resulting from loss of dedicated funding and lower available discretionary resources
  - No filled positions recommended for deletion
- General Fund growth totals \$50 million, with \$9 million funded with discretionary resources
- Contingency and reserve recommendations consistent with Board policy

# Community Engagement and Priorities

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- Community Engagement Plan framework approved by the Board in 2021
- Budget outreach and engagement elements include:
  - Public budget workshops
  - Enhanced public information available on County's website
  - Professional public opinion surveys and focus groups of County residents
- Most recent survey of County residents conducted October/November 2023
- FY 2024-25 budget priorities adopted December 2023

# FY 2024-25 Budget Priorities

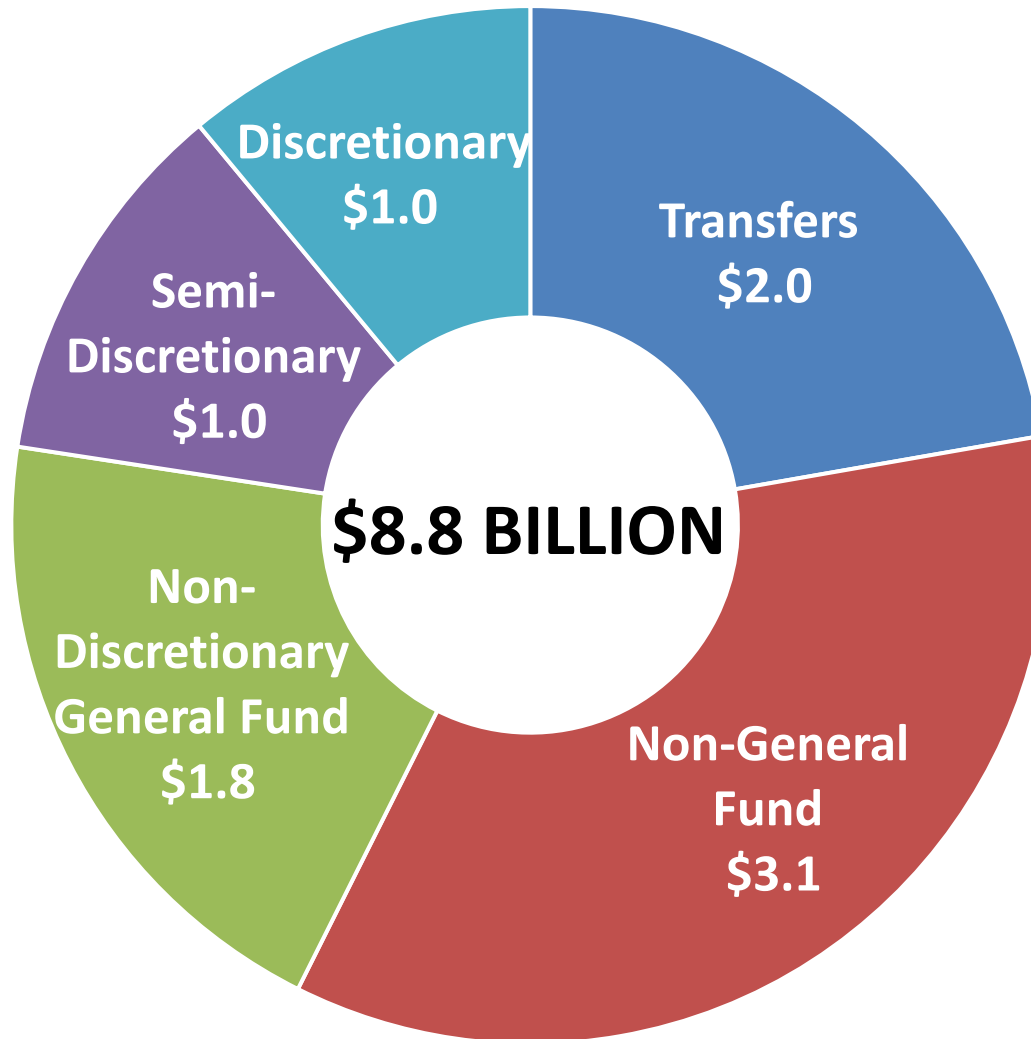
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Board priorities based on community outreach and engagement:

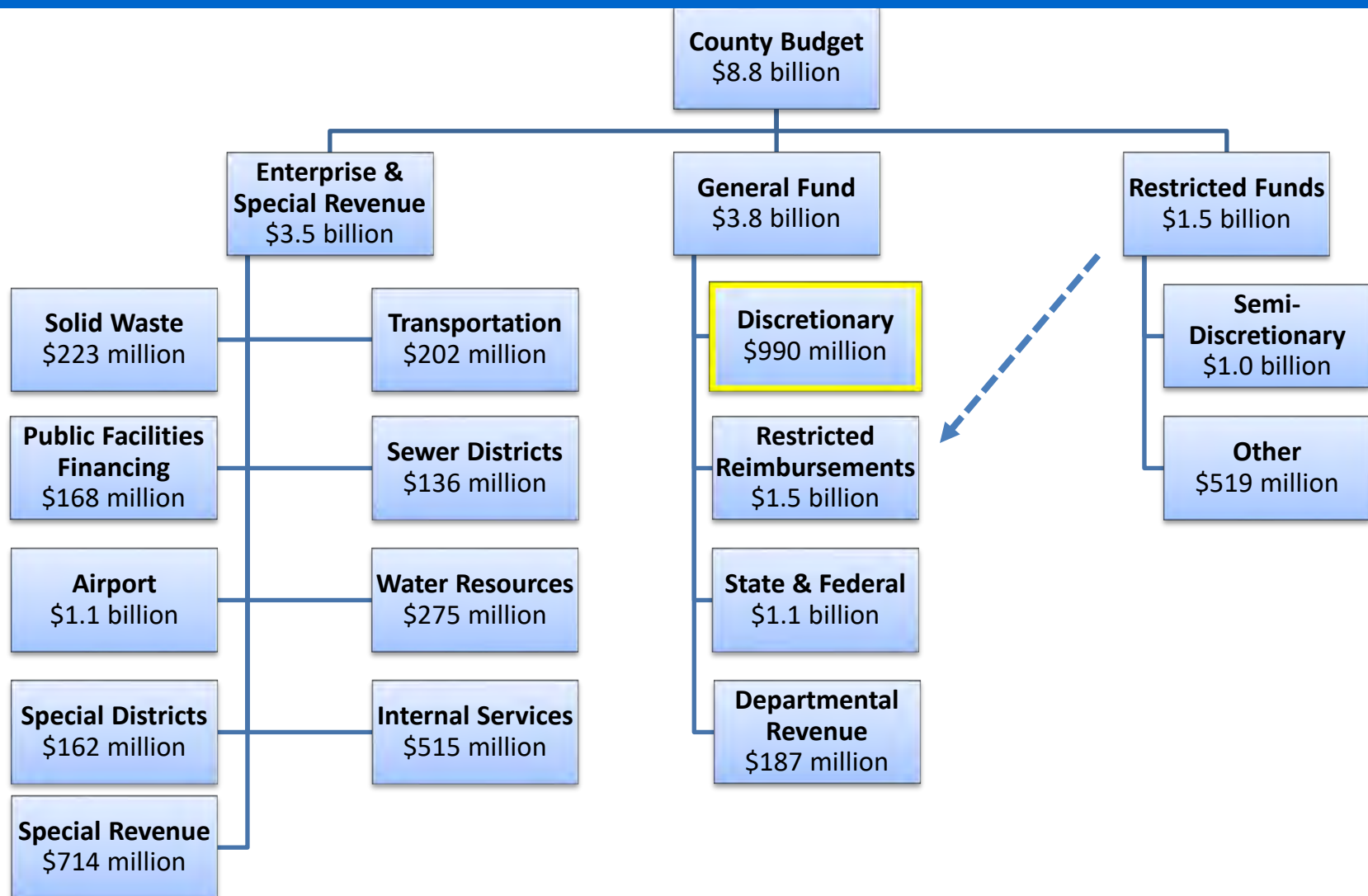
1. Complying with the County's obligations
2. Optimizing the use of County resources
3. New or enhanced programs focusing on most critical and urgent needs, with priority focus areas identified in a survey of County residents:
  - Countywide focus area of addressing homelessness, its impacts, and contributing factors
  - Unincorporated focus area of improving the condition of roads

# All Funds Appropriations

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# All Funds Budget



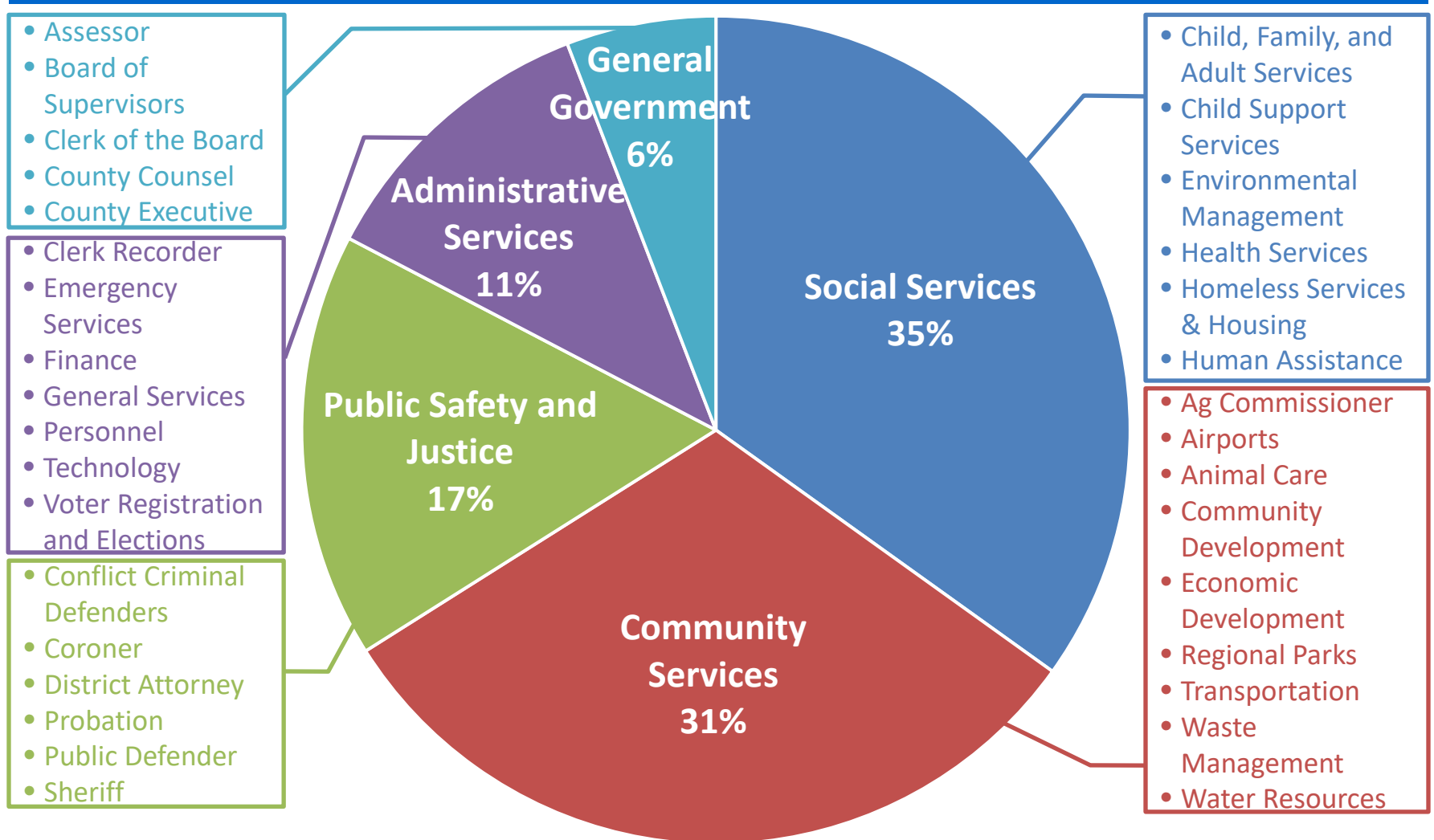
# All Funds Budget

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- \$8.8 billion in total appropriations, increase of \$570 million (6.9%) compared to FY 2023-24 Adopted Budget
  - General Fund: increase of \$42 million (1.1%)
  - Airport System: increase of \$369 million (48.8%)
  - Patient Care Revenue: \$275 million new fund
  - Transportation funds: increase of \$32 million (7.5%)
- \$6.9 billion in budgeted expenditures net of reimbursements
- \$102 million total appropriations for new or enhanced programs (Growth)
  - \$50 million General Fund
  - \$52 million non-General Fund



# All Funds Net Appropriations: \$6.9B



*Note: Semi-discretionary resources reflected in functional area receiving reimbursements.*

# General Fund Discretionary Resources

**Discretionary Resources**  
**\$990 million**

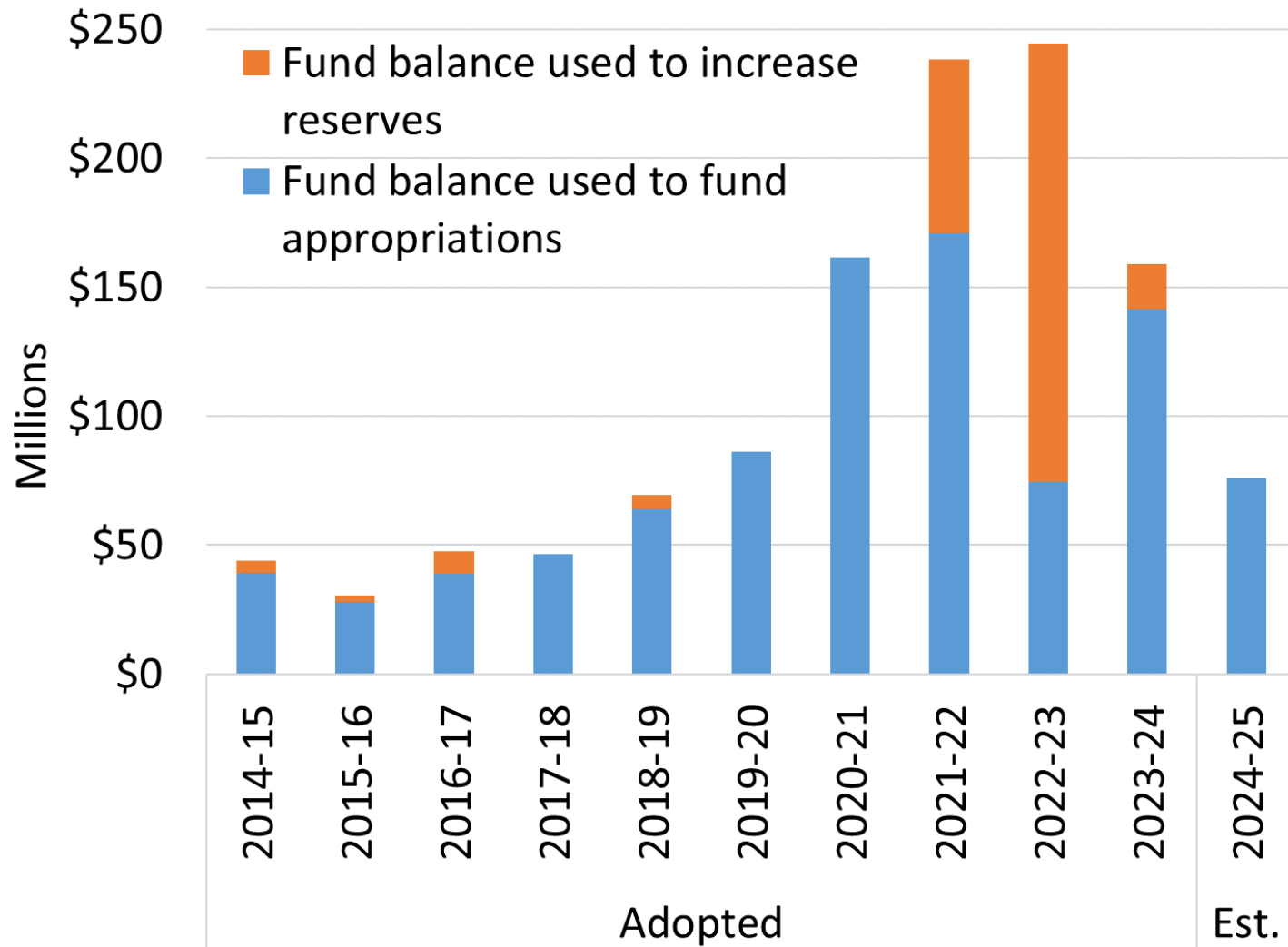
**\$904 million**  
Discretionary revenue  
+  
**\$76 million**  
Fund balance  
+  
**\$10 million**  
Reserve release

=

**Net County Cost**  
**\$990 million**

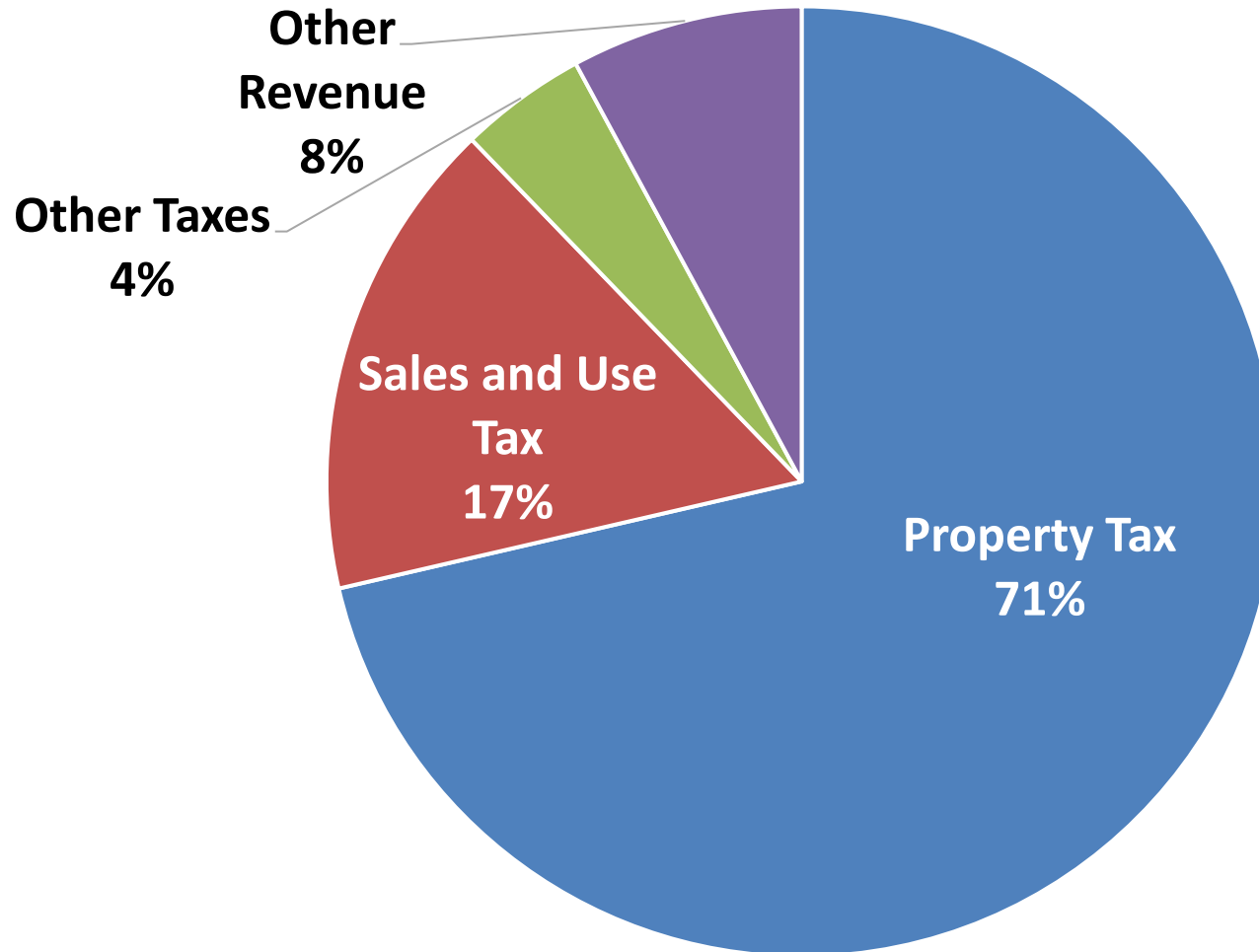
**\$996 million**  
Base budget  
-  
**\$10 million**  
Categorical reductions  
-  
**\$5 million**  
Other reductions  
+  
**\$9 million**  
Growth

# Available Fund Balance Carry-Forward



# Discretionary Revenue: \$904 million

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# Discretionary Revenue

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- \$904 million total, up \$28 million (3.2%) compared to FY 2023-24 Adopted Budget
- **Property taxes:** \$630 million, up \$27 million (4.4%)
- **Sales and use taxes:** \$148 million, up \$4 million (3.0%)
- Net \$3 million reduction in other taxes and revenues

# Semi-Discretionary Resources

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- Semi-discretionary revenue/reimbursements = 1991 and 2011 Realignment and Proposition 172 Public Safety Sales Tax
- Reimburses expenditures that otherwise would be Net County Cost (with exception of CalWORKs)
- Restricted Fund Revenue: \$993 million, up \$35 million (3.6%)
- Combined beginning balance: \$109 million, down \$57 million compared to \$166 million in prior year
  - Includes reserves of \$79 million
- Reimbursements to the General Fund: \$1.02 billion, down \$15 million (1.5%)

# General Fund Departmental Revenues

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- Revenue specific to departmental programs
  - Used to fund eligible expenditures before the use of discretionary or semi-discretionary resources
- \$1.8 billion total revenue and reimbursements, net increase of \$89 million (5.3%)
  - Human Assistance – Aid Payments - \$32 million (20.1%) increase
  - Health Services - \$30 million (5.0%) increase
  - Correctional Health Services - \$15 million increase
  - Voter Registration and Elections - \$7 million (340%) increase
- Categorical Revenue Reductions:
  - Human Assistance
  - District Attorney
  - Public Defender
  - Emergency Services

# General Fund Appropriations: \$3.8B

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FY 2024-25	
Base Service Level	\$3.749 billion
Categorical Reductions	-\$10 million
Other Reductions	-\$6 million
Recommended Growth	\$50 million
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<b>Total Appropriations</b>	<b>\$3.784 billion</b>
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# General Fund Base Appropriations

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- Salary and benefit costs:
  - 3% cost of living adjustment assumed
- Inflationary impacts on cost of services and supplies
- In Home Supportive Services provider payment increase
- Aid payments increase for CalWORKs caseloads
- Reduction for one-time amounts included in 2023-24 budget
- Ongoing funding for Board priority programs such as Black Child Legacy Campaign
- Adjustments based on budget to actual analysis
- Contingency increase of \$1 million for total of \$15 million

# General Fund Categorical Reductions

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- \$10 million total impacts resulting from reductions in dedicated revenue
- \$9 million for Human Assistance, including 64 vacant positions, due to State reductions identified in Governor's January budget
  - Not requested for backfill
- \$1 million for other departments, all restored with Net County Cost in recommended growth:
  - District Attorney - \$140k funding for 1.0 FTE restored
  - Emergency Services - \$38k funding for software restored
  - Public Defender - \$788k funding for 2.5 FTE restored

# General Fund Other Reductions

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- \$6 million of other reductions recommended to balance the General Fund budget
- **Health Services** - \$2.2 million Net County Cost
  - Consulting contracts, operational supplies, and deletion of 14.0 FTE vacant positions (12.0 Primary Health, 2.0 Public Health)
  - As new funding identified or less critical positions vacated, department plans to add back most critical positions
- **Child Family and Adult Services** - \$1.8 million (\$1.4 million Net County Cost)
  - Deletion of 16.0 vacant FTE across several programs
- Remaining \$1.5 million spread over 9 budget units
  - Includes deletion of 1.0 vacant FTE

# New or Enhanced Programs

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- Over \$180 million departmental requests for new or enhanced programs (“growth”)
- \$50 million General Fund growth recommended for funding
  - \$9 million Net County Cost
  - 56.7 full time equivalent (FTE) positions
- Additional \$21 million Net County Cost growth prioritized for Revised Recommended Budget
- \$52 million non-General Fund growth recommended for funding
  - 34.4 FTEs

# General Fund Growth

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- **Health Services** - \$28 million, including \$18 million realignment-funded
- **Child, Family and Adult Services** - \$6 million, including \$5 million Net County Cost
- **Human Assistance - Administration** - \$4 million (\$100k NCC)
- **Sheriff** - \$4 million (\$1 million NCC)
- **Correctional Health** - \$3 million, including \$2 million ARPA and \$300k NCC
- **Community Development** - \$1 million, largely Net County Cost
- **Homeless Services and Housing** - \$1 million (before reimbursements)

# Growth Prioritized for September

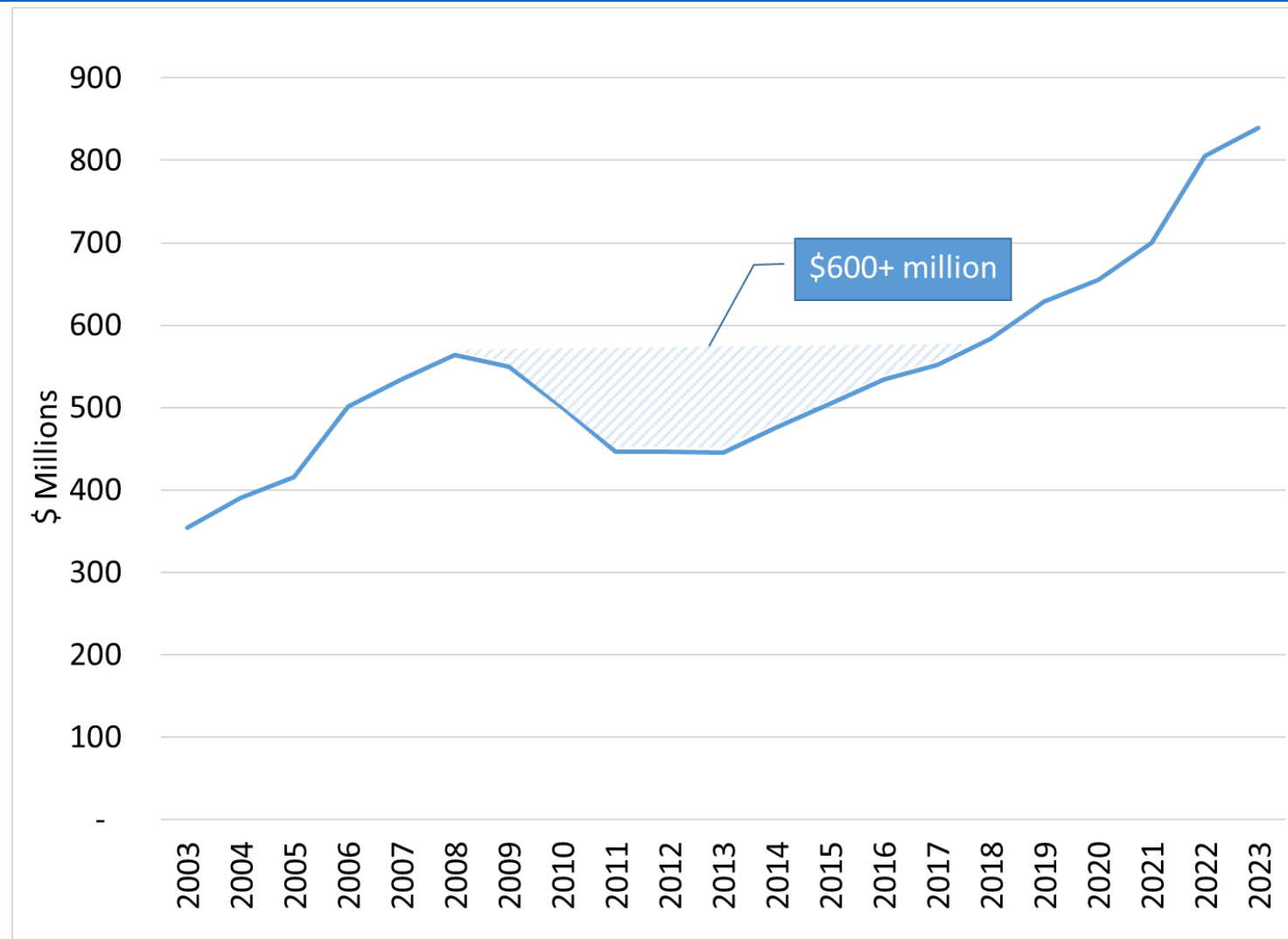
Department/Budget Unit	Total Appropriations	Net County Cost
Animal Care Services	\$ 16,709	\$ 16,709
Emergency Services	500,000	500,000
Financing-Transfers/Reimbursements	20,000,000	20,000,000
<b>Total General Fund</b>	<b>\$20,516,709</b>	<b>\$20,516,709</b>
Roads	\$20,000,000	
<b>Total Non-General Fund</b>	<b>\$20,000,000</b>	<b>\$ -</b>
<b>Total All Funds</b>	<b>\$40,516,709</b>	<b>\$20,516,709</b>

# General Fund Reserves

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- \$10 million release from Property Tax System Reserve
- No additional reserve releases or contributions recommended
  - Reserve policy calls for additional reserves in September if resources are available
- Total discretionary reserves of \$238 million, with \$32 million set aside for specific purposes
- Remaining \$206 million available discretionary reserves
  - 6% of total General Fund revenue
  - Policy goal of 17% would be \$630 million

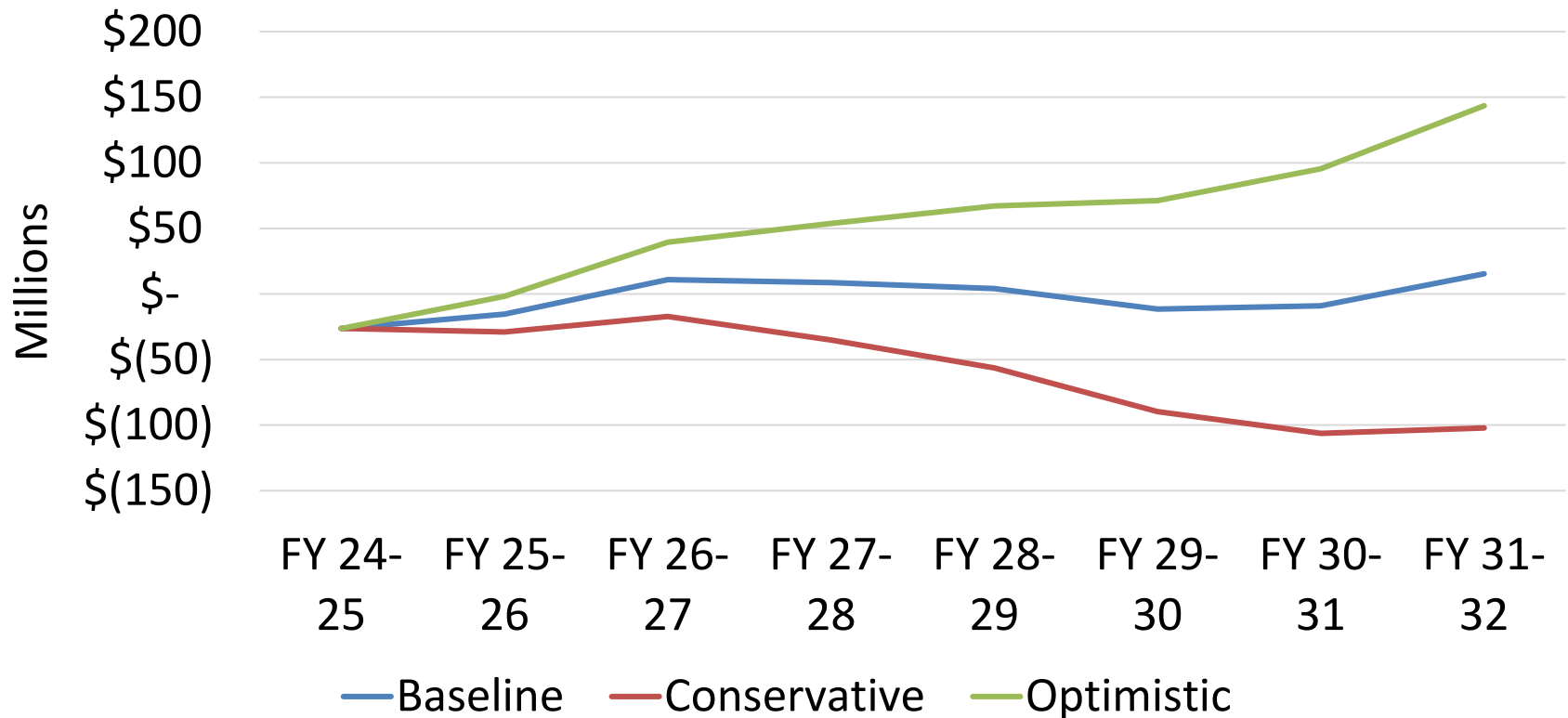
# Historical Tax Revenues



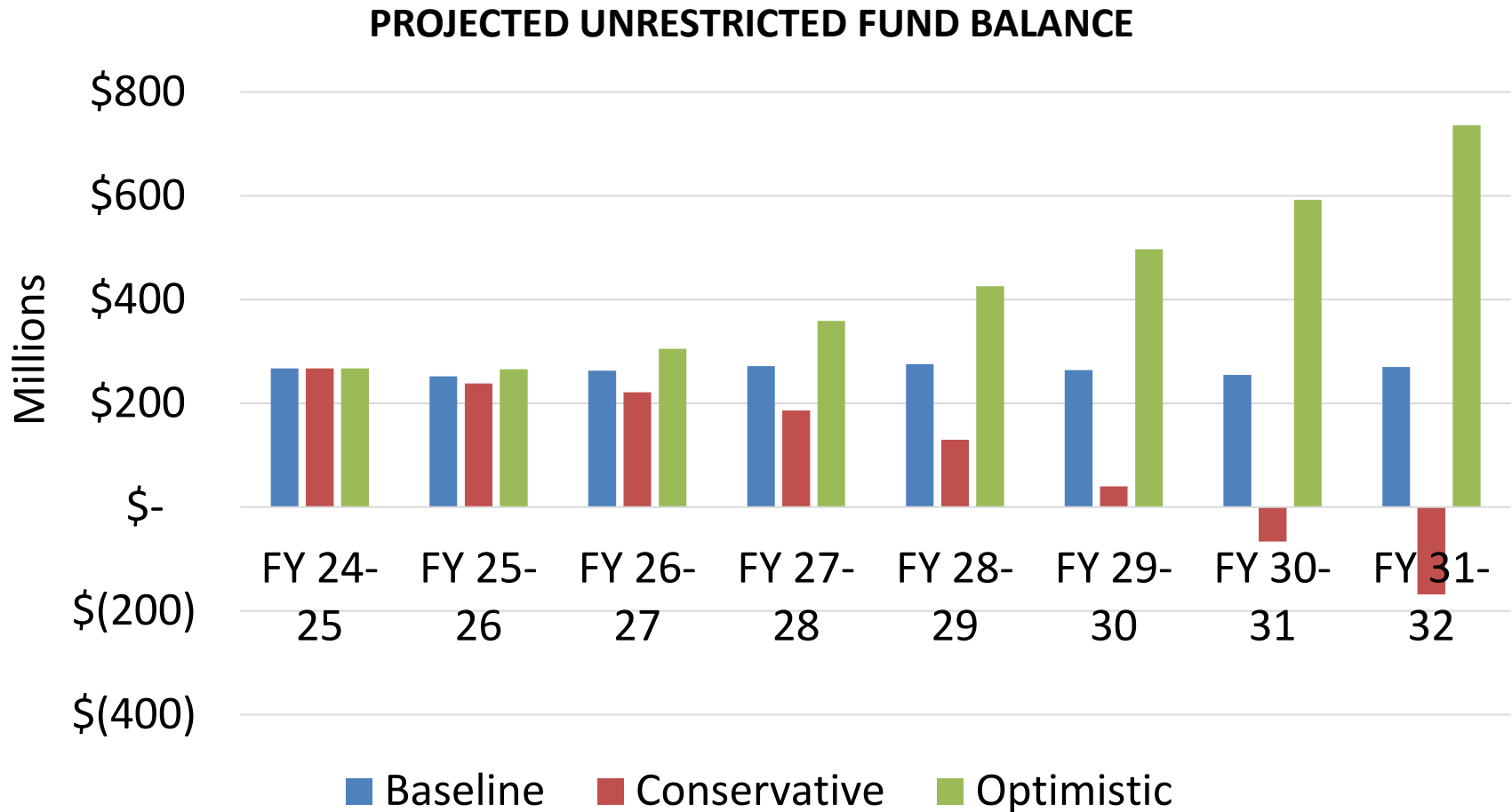


# General Fund Sensitivity Analysis

## PROJECTED ANNUAL DIFFERENCE BETWEEN DISCRETIONARY REVENUES AND NET COUNTY COST



# General Fund Sensitivity Analysis



# Capital Improvement Plan (CIP)

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- 5-Year CIP Total: \$3.5 billion, with \$916 million in FY 2024-25
- Includes projects in following departments:
  - Airports
  - General Services: County Buildings, Libraries, Mather Community Campus
  - Regional Parks
  - Transportation
  - Waste Management & Recycling
  - Water Resources: Drainage and Water Supply
- All projects previously reviewed by the Board, with new and newly funded projects reviewed in April 2024
- Funding for FY 2024-25 projects included in the Recommended Budget

# Recommended Actions

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## Recommended Budget:

1. Adopt the attached resolution approving the FY 2024-25 Recommended Budget
2. Direct DPS to prepare an administrative SRA to reflect the positions approved in the FY 2024-25 Recommended Budget, including any deletion of positions and recognizing any class name changes approved by the Board but not yet reflected in the FY 2024-25 Summary of Positions

## Capital Improvement Plan:

1. Adopt the Fiscal Year 2024-25 Five-Year Capital Improvement Plan