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DEPARTMENTAL RECOMMENDATION

DATE: June 14, 2023

TO: Members of the Board of Supervisors

FROM: Bill Emlen, County Administrator

SUBJECT: Recommendations for Consideration and Action Regarding the FY2023/24 Recommended Budget

The FY2023/24 Recommended Budget of \$1,546,824,950 is a balanced budget utilizing a combination of funding from State, federal and local revenue sources. It is important to note that while the budget is balanced, it does rely on draws from reserves and the use of fund balance.

The FY2023/24 Recommended Budget was published on May 26, 2023. Since then, several departments have identified budget-related technical, and programmatic changes that require the Board's consideration as part of your deliberation of the FY2023/24 Budget. There are also position changes included in the Supplemental Budget resulting in a net change of 5.0 FTE. If approved by the Board as presented herein, the revised total FY2023/24 Budget for all Governmental Funds subject to the Budget Act including the Supplemental Adjustments representing an increase of \$19,406,378 will total **\$1,546,824,950**. The increase includes \$5,041,374 in supplemental adjustments due to re-budgets of FY2022/23 programs and increases of \$14,365,004 reflecting additional anticipated revenues and proposed increase in expenditures. The Supplemental Budget adjustments result in a net increase \$1,684,127 in General Fund costs, funded by additional revenue of \$114,011, a draw of \$1,517,000 from the Capital Renewal Reserve, and \$53,116 funded through available Fund Balance or a reduced transfer to the Capital Renewal Reserve in FY2023/24.

Detailed explanations of the Supplemental Budget proposed changes can be found in Attachments A, B, & C. The FY2023/24 Recommended and Supplemental Budget documents presented to the Board for approval reflect department requests and final recommendations of the County Administrator's Office.

The County Administrator, in collaboration with the Auditor-Controller, Human Resources, and the department heads has prepared the attached Supplemental Budget Adjustment documents and resolutions for the Board's deliberation during the Public Hearing.

The Supplemental Budget document includes the following sections:

- Attachment A: Summary of Supplemental Budget Adjustments - Including the Re-budgeting of FY2022/23 Appropriations into FY2023/24
- Attachment B: Supplemental Adjustments to FY2023/24 Recommended Budget – Explanations and Justifications
- Attachment C: Changes in the Permanent Position Allocation and Resolutions Amending the List of Numbers and Classifications of Positions in the Recommended and Supplemental Budget
- Attachment D: Community Investment Fund Update (Reflects previous Board approved awards for FY2023/24)
- Attachment E: FY2023/24 Budget Resolution

Budget Considerations and Recommended Actions:

The following are the Recommended Budget actions:

1. Adopt the attached Budget Resolution (Attachment E) which includes both the FY2023/24 Recommended Budget and the FY2023/24 Supplemental Budget adjustments (Attachment A & B) that include the following specific authorizations listed in items 2-25.
2. Approve the attached Changes in Position Allocation List reflecting allocated positions included in the Recommended and Supplemental Budgets and Approve the Resolutions Amending the List of Numbers and Classifications of Positions incorporating the deletions and additions recommended in the FY2023/24 Recommended Budget, as modified by the Supplemental Budget requests for FY2023/24 (Attachment C).
3. Approve the Recommended Contributions to Non-County Agencies as included in the Recommended and Supplemental Budgets (Attachment D).
4. Approve the Fixed Assets included in the Recommended and Supplemental Budget (See Recommended and Supplemental Budget narratives).
5. Approve the Capital Projects included in the Recommended and Supplemental Budget (See Recommended and Supplemental Budget narratives).

The following delegated authority is recommended to facilitate the closeout of FY2022/23:

6. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to transfer appropriations within a fund to cover FY2022/23 year-end closeout if justified, subject to the transfer(s) not increasing the total appropriation within the fund.
7. As part of FY2022/23 closeout, transfer and/or redistribute BOS approved County General Fund Contribution between Departments within Fund 900 (Public Safety) and between Departments/Divisions for Fund 902 (Health & Social Services), provided that the BOS approved General Fund Contribution/appropriation amount directed to each of the individual Funds 900 and 902 remains within the approved County General Fund Contribution/appropriations amount.
8. Authorize the Auditor-Controller, in consultation with the County Administrator, to carry forward Board-approved capital project appropriations into FY2023/24 to facilitate the accounting and management of multi-year capital projects, provided the funding has been received.
9. Authorize the Auditor-Controller, in consultation with the County Administrator, to carry forward Board-approved unspent grant appropriations into FY2023/24 to facilitate the accounting and management of multi-year grants, provided the grant-funding has been received.
10. Authorize the Auditor-Controller in consultation with the County Administrator, to carry forward Board-approved unspent American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) appropriations into FY2023/24 to facilitate the accounting and management of Board approved ARPA projects.
11. As part of the FY2022/23 closeout, authorize the Auditor-Controller, with the County Administrator's approval, to transfer available Accrued Leave Payoff funds appropriated in the General Expenditures Budget to any

department/fund which has incurred unanticipated accrued leave payoff costs which cannot be covered within existing department budget appropriations.

12. In addition, as part of FY2022/23 closeout, if the Midyear projection of Fund Balance for the General Fund is not met (estimated at \$36.7 million), then the County Administrator will authorize the Auditor-Controller to reduce, in this order, Accrued Leave Payoff, Capital Renewal, Employer PERS Rate Increase Reserve, and then General Fund Contingency for FY2023/24 by the amount short of the projection.

The following delegated authority is recommended to facilitate other actions related to approval and financing of the FY2023/24 Recommended Budget:

13. Authorize the Auditor-Controller, with the County Administrator's approval, to fund the net General Fund cost for Supplemental Budget Adjustments, by utilizing any year-end available Fund Balance in the General Fund or by reducing the transfer to the General Fund Committed Fund Balance for Capital Renewal Reserve.
14. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to increase (from the 6/30/2023 year-end close/Fund Balance) the following (please refer to Schedule 4 of the FY2023/24 Recommended Budget):
 - i. Committed Fund Balance – Capital Renewal by \$2.0 million.
15. Authorize the County Administrator, assisted by the Auditor-Controller, to draw down (please refer to Schedule 4 of the FY2023/24 Recommended Budget and Supplemental adjustments):
 - i. Committed Fund Balance – Long-Term Receivables by \$6 million
 - ii. Committed Fund Balance – Accrued Leave Payoff by \$1.5 million.
 - iii. Committed Fund Balance – Capital Renewal by \$10.9 million.
16. In the event the General Fund's year-end Fund Balance exceeds the amount needed to balance the FY2023/24 Budget, as may be authorized by the Board following Budget Hearing deliberations, authorize the County Administrator to authorize the Auditor-Controller to (please refer to page D-15 of the Budget Construction & Legal Requirements of the FY2023/24 Recommended Budget):
 - i. Increase the General Fund Committed Fund Balance for Capital Renewal up to \$15.0 million; and/or
 - ii. Increase the General Fund Committed Fund Balance for the Employer CalPERS Rate Increases and/or 115 Trust up to \$15.0 million; and/or
 - iii. Increase the General Fund Committed Fund Balance for General Fund Reserves up to \$5.0 million.
17. Authorize the Auditor-Controller to apply year-end available Fund Balance at 6/30/2023 as an Operating Transfers-Out to the Library Contingency (BU 9304) in the following Budget Units: Library Zone 1 (BU 6150), Library Zone 2 (BU 6180), Library Zone 6 (BU 6166), and Library Zone 7 (BU 6167).
18. Authorize the Auditor-Controller to increase (decrease) appropriations in the Department of Child Support Services Operations Division (BU 2488, subobject 0002312) by the available year-end Fund Balance at 6/30/2023.
19. Authorize the Auditor-Controller to increase (decrease) appropriations in the East Vallejo Fire Protection District (BU 9814, subobject 0002245) by available year-end Fund Balance.
20. Authorize the Director of Human Resources, with the concurrence of the County Administrator, to make technical changes to the Position Allocation List.
21. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to make adjustments after the close of the Budget Hearings and the end of the fiscal year as needed and where applicable to balance the FY2023/24 Adopted Budget.
22. Authorize the County Administrator to delete positions that have been vacant for over six months, in accordance with the 2011 Budget Reduction Strategy of eliminating or freezing vacant positions and only filling positions that are "Mission Critical" to the organization, and to accordingly direct the Director of Human Resources to make technical changes to the Position Allocation List as needed.

23. Authorize the Auditor-Controller, with concurrence of the County Administrator, to increase General Fund Committed Reserves for Capital Renewal, Employer PERS Rate Increases or General Fund Reserves by repayments from General Fund Loans.
24. Authorize the Auditor-Controller, with the County Administrator's approval, to increase the General Fund Balance or the General Fund Balance for Accrued Leave Payoff by the amount appropriated in the General Expenditures Budget for Accrued Leave payoff not used by the end of the fiscal year.
25. Authorize the County Administrator to sign all agreements and/or contract amendments resulting from the Board's approval of the FY2023/24 Recommended Budget and Supplemental Budget requests.