

The County of Yuba



TO: Board of Supervisors

FROM: Kevin Mallen, County Administrator
Grace Mull, Deputy County Administrator

SUBJECT: Final Budget for Fiscal Year 2020-2021

DATE: September 8, 2020

NUMBER: 453/2020

RECOMMENDATIONS

It is recommended that the Board of Supervisors:

1. Hold public hearing and receive presentation from the County Administrator on the Final Budget for FY 2020-2021
2. Approve FY 2020-2021 Final Budget in the amount of \$244,748,123 including position allocation changes and supplemental requests
3. Approve FY 2020-2021 Allocation by Budget Unit in the following order by roll call vote:
 - a. Total Operating Funds in the amount of \$217,183,680
 - b. General Fund Contingencies in the amount of \$960,000
 - c. Airport Enterprise Funds in the amount of \$2,448,604
 - d. Internal Service Funds in the amount of \$24,155,839
4. Approve FY 2020-2021 Allocation for Reserves by roll call vote:
 - a. General Fund Reserves in the amount of \$3,700,000
 - b. General Fund Reserves for Economic Uncertainties in the amount of \$1,480,575
5. Approve transfer of \$300,000 to the PERS 115 Trust Contribution by roll call vote

BACKGROUND

On June 23, 2020, the Board of Supervisors followed a provision provided in Government Code 29124 that allows operating budget extensions during times of emergency and adopted the FY 2019-2020 Final Budget as the County's interim spending plan. This action was necessary in response to the COVID-19 emergency as many of our County staff were responding to the emergency.

DISCUSSION

This year's budget started with the continuation of the COVID-19 pandemic and the County's response. Most of our County facilities are open to the public by appointment only and many of our staff are teleworking in an effort to maintain social distancing in the workplace. Despite the pandemic and the unprecedented circumstances, continuity of County services remains our top priority. Services such as permits, licenses and recording of transactions continue as well as public safety, public health and social services. Although 2020 has been a year of uncertainty and change in our world, Yuba County continues to provide the services our businesses and residents need in a manner that is as consistent as possible to what we have historically provided.

The FY 2020-2021 Budget reflects a total budget of \$244,748,123 and is balanced with estimated carryover revenues (unspent General Funds from previous fiscal years) and the use of limited one-time funds, therefore is not structurally balanced. Consistent with Board policy, one-time revenue has been directed towards one-time expenses.

As in previous years, the majority of the estimated General Fund revenue is directed to Public Protection (this year 75%). While the budget presented today is able to accommodate the costs associated with Public Protection by supplementing General Funds with one time funding sources, this is an area of the budget that may need to be addressed in future years; as the name implies, one time funds are just that, one time, and may not be available in future years to balance the budget.

The FY 2020-2021 Final Budget is approximately \$17.5 million more than the FY 2019-2020 Final Budget. The majority of the increases are in the following areas and are funded by ongoing and one-time funding:

Sheriff's Department \$4.8 million

- Operations \$2.4 million
 - \$1.1 million in Salary and Benefits
 - Board approved DSA/MSA MOU's on 1/1/20 after FY2019-2020 budget
 - Increase in Allocation since FY 2019-2020 Final Budget adding (1) Administrative Services Manager and adding (1) Deputy Sheriff in FY 2020-2021
 - \$315,000 Increase in A-87 Charges (internal services charged to Department)
 - \$500,000 Replace Dispatch Consoles (One-Time Funding)
 - \$130,000 Sheriff Facility 2nd Floor HVAC (One-Time Funding)
- Jail \$2.4 million
 - \$831,000 in Salary and Benefits
 - Approved DSA/MSA MOU contract on 1/1/20 after FY 2019-2020 budget
 - Increase in Position Allocation since FY 2019-2020 Final Budget adding (4) Correctional Officers
 - \$438,000 increase for Jail Medical Costs
 - \$922,000 increase in A-87 Charges (internal services charged to Department)
 - \$142,000 increase in Jail Maintenance Costs (One-Time Funding)

Health & Human Services \$4.1 million

- Social Services \$1.9 million
 - (\$425,000) Reduction in Salary & Benefits
 - \$400,000 Computers for Teleworking (CARES Act)
 - \$976,200 Expenses associated with Sheltering Expansion (CARES Act)
 - \$850,000 for Replacement of HVAC unit (One-Time Funding)
 - \$150,000 for Expansion/Remodel (One-Time Funding)
- Welfare Categorical Aid \$2.2 million
 - Anticipated increase in Fed/State allocation

Community Development \$3.7 million

- Building Inspection/Code Enforcement \$837,000
 - \$500,000 Relocation/Repair Abatement (One-Time Funding)
 - \$137,000 Online Permit Processing (One-Time Funding)
- CDBG \$2.9 million in new grants
 - Planning Grant - Climate Change \$250,000
 - Planning Grant - Fernwood Housing Project \$650,000
 - Owner Occupied Rehab Program \$1 million
 - Homebuyer Assistance \$1 million

Construction in Progress \$3.4 million

- Tri-County Juvenile Hall Project \$3.4 Million (anticipated to start construction this fiscal year)

The FY 2020-2021 Final Budget includes the following components:

- End of Year Cash Balance: The Auditor-Controller reported as of August 11, 2020 that the County's General Fund Cash Balance from FY 2019-2020 after encumbrances was \$5,844,033. After appropriating \$4,059,197 of this amount for ongoing and one-time expenditures for FY 2020-2021, staff is recommending that the remaining unallocated balance of \$1,784,836 be left in the General Fund Cash account to maintain positive cash flow. In FY 2019-2020, the County left \$600,000 unallocated for this purpose.
- General Fund Discretionary Revenue: The total estimated General Fund Discretionary Revenue for FY 2020-2021 used to cover General Fund appropriations is \$35,844,306. Last year's estimated amount was \$39,681,960. The \$3.8 million decrease is largely attributed to one-time revenue we received in FY 2019-2020 for debris removal associated with the Camp Fire.

The recommended allocation of General Fund revenue is similar to previous years with the majority of the revenue going to Public Protection. This year, approximately 75% of available General Fund revenue was programmed in this area.

- General Fund Reserves: General Fund Reserves are held outside of the General Fund. Staff is recommending that we maintain the amount allocated in FY 2019-2020 of \$3,700,000. The reserve amount exceeds current policy level of 5% and exceeds the Board's stated goal of 10% at 10.32%.
- General Fund Contingencies: Staff is recommending that \$960,000 be allocated for General Fund Contingencies. The Contingencies amount exceeds the current policy level of 1.5% at 2.68%.
- Reserves for Economic Uncertainty: Reserves for Economic Uncertainty are held outside of the General Fund. Staff is recommending that we maintain the amount allocated in FY 2019-2020 of \$1,480,575. The Reserves for Economic Uncertainty follows the General Fund Reserves current policy level of 5% and is slightly under at 4.13%.
- PERS 115 Trust Contribution: On June 25, 2019, the Board approved a resolution establishing an Internal Revenue Code 115 Trust outside of the County Treasury. This was done to allow the County to accumulate and invest designated funding that can be used to pay future CalPERS pension payments and formally set in place a system for accelerating payment of the County's unfunded pension liability. The Board also approved funding the trust with \$200,000 with a caveat that any additional funding available at subsequent Final Budgets can be directed to the trust to enhance the funding level. During the FY 2019-2020 Final Budget process, your Board approved a payment of \$250,000. Staff is recommending that we follow the precedence set by the last two fiscal years and approve a payment of \$300,000.
- Position Allocation Changes: We started FY 2019-2020 with 869 allocated positions and ended the fiscal year with 899 allocated positions. The increase in allocated positions in FY 2019-2020 was primarily due to position restorations that occurred in Health and Human Services after the FY 2019-2020 Final Budget was approved. Historically, Health and Human Services receives preliminary estimates of their Federal and State program allocations during the budget process and the final allocation amounts after the Final Budget. Last year, the preliminary estimates indicated the department would receive funding cuts.

The FY 2020-2021 recommended allocation position total is 868. This includes deletion of 36 vacant positions in the following departments: Child Support Services (-3), Health and Human Services (-32) and Animal Care Services (-1); and adding 5 new positions in the following departments: Admin Services (1) Public Works (1), HR (2) and Sheriff (1). The net General Fund cost associated with these position changes is a savings of (\$44,000).

SUMMARY

As stated previously, the Final Budget for FY 2020-2021 reflects a total budget of \$244,748,123 and is balanced with estimated carryover revenues from the previous fiscal year and the use of limited one-time funds. The County Administrator recommends the Board take the actions outlined in this staff report to implement the budget as presented. The County Administrator also recommends discussion of Board priorities in regards to County services in the near future. Clear guidance on priorities will help staff as we strategize how to maximize the prioritized services desired with the revenue available as we implement the FY 2020-2021 budget as well as future budgets.

Attachments:

FY 2020-2021 Allocation by Budget Unit
FY 2020-2021 Position Allocation Change Requests
FY 2020-2021 Supplemental Requests
FY 2020-2021 Department Schedule 9's
FY 2020-2021 Schedule 5 (Total Revenue)
FY 2020-2021 Schedule 8 (Total Expenditures)