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Title: 10:30 A.M. - PUBLIC HEARING - Consideration of Recommended Budget for Fiscal Year 2022-23 for the County of Lake and Special Districts Governed by the Board of Supervisors

a) Consideration of FY 2022-23 Recommended Budget
b) Consideration of proposed Resolution Amending the Position Allocation Chart for FY 2022-23 to Conform to the Recommended Budget
c) Consideration of Authorization for affected Department Heads to proceed with purchasing selected Capital Assets prior to the adoption of the FY 2022-23 Final Recommended Budget

Sponsors: Administrative Office

Indexes:

Code sections:

Attachments: 1. Capital Asset List FY 22-23, 2. Resolution Amending Position Allocation Chart for FY 22-23 Recommended Budget - signed, 3. Fund Summary FY 22-23, 4. Budget Unit Details FY 22-23

Date	Ver.	Action By	Action	Result
6/14/2022	2	BOARD OF SUPERVISORS		

Memorandum

Date: June 14, 2022

To: The Honorable Lake County Board of Supervisors

From: Susan Parker, County Administrative Officer
By Stephen L. Carter, Jr., Chief Deputy County Administrative Officer

Subject: 10:30 A.M. - PUBLIC HEARING - Consideration of Recommended Budget for Fiscal Year 2022-23 for the County of Lake and Special Districts Governed by the Board of Supervisors

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b) Consideration of proposed Resolution Amending the Position Allocation Chart for FY 2022-23 to Conform to the Recommended Budget

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Executive Summary:

We are pleased to present for your Board's consideration the Recommended Budget for Fiscal Year (FY) 2022-23. The Recommended Budget has been prepared in compliance with the County Budget Act, and must be Approved no later than June 30, and Adopted no later than October 2. As your Board is aware, Adoption of the budget will take place following the public hearings presently scheduled for September 21 and 22, 2022.

Your Board may modify the Recommended Budget as you desire prior to Approval. By Approving the Recommended Budget, you authorize expenditure of funds for operational needs of County departments until your Final Recommended Budget is Adopted.

Recommended appropriations for all funds total \$337,455,551 (an increase of \$18,069,436 from FY 2021-22). General Fund (GF) appropriations are \$76,237,204 (down \$6,974,644 from FY 2021-22).

The guiding principles in preparing the Recommended Budget continue to be as follows:

1. Develop a responsible, sustainable budget that will enable the County to maintain its fiscal solvency for the short- and long-term.
2. Minimize and/or completely avoid negative impacts on service levels provided to the public; improve services when possible.
3. Preserve the County's General Reserves; increase reserve designations, where possible, to prepare for future budgetary needs.
4. Avoid utilization of a large number of layoffs, work furloughs or other forms of compensation reductions in order to balance the budget, as such measures negatively affect County employees and the local economy.

Balancing the budget and these competing principles is always a very difficult task, and could not be accomplished without the extraordinary work and cooperation of County department heads, your Board and County Administrative Office staff.

FISCAL IMPACT (Narrative):

COUNTY BUDGET - OVERVIEW

The FY 2022-23 Recommended Budget for all County funds totals \$337,455,551 including:

FY 2021-22	GOVERNMENTAL FUNDS	FY 2022-23
\$83,232,344	General Fund	\$76,237,204
\$156,057,105	Special Revenue Funds	\$165,775,366
\$8,709,308	Capital Project Funds	\$10,197,448
\$0	Debt Service Funds	\$0
\$247,998,757	Total Governmental Funds	\$252,210,018
	OTHER FUNDS	
\$10,382,785	Internal Service Funds	\$11,448,405
\$5,257,864	Enterprise Funds	\$11,464,958
\$55,746,709	Special Districts and Other Agencies	\$62,332,170

\$71,387,358	Total Other Funds	\$85,245,533
\$319,386,115	Grand Totals	\$337,455,551

This Recommended Budget represents an increase of \$18,069,436, when compared to FY 2021-22 (\$319,386,115). Year-over-year increases are attributable to additional appropriations to: Special Revenue Funds, like Roads (\$3,191,548), Behavioral Health (\$2,216,775), Social Services Administration (\$4,844,373), Health Administration (\$2,246,160); Enterprise Fund Integrated Waste Management (\$6,207,094); Special Districts and Other Agencies, such as County Waterworks District #3 Kelseyville (\$2,038,201), and CSA #21 North Lakeport Water (\$1,737,088).

I. GENERAL FUND APPROPRIATIONS

Recommended FY 2022-23 Fund 001 General Fund appropriations total \$76,237,204, a decrease of \$6,974,644 (9.15%) from FY 2021-22 \$83,232,344.

Adopted Budget Fund 001 General Fund Appropriations							
FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
\$60,085,643	\$55,165,108	\$55,984,784	\$56,552,081	\$61,163,094	\$63,578,629	\$83,257,700	\$76,237,204

The (\$7,020,496) decrease is attributable to Fund 155 (Pension Stabilization Reserve, \$3,000,000), Budget Unit 1120 (\$12,506,226, due to a change in budgeting for ARPA funding), Budget Unit 7011 (\$2,933,856), and an increase in payroll (\$5,347,196).

II. GENERAL FUND DISCRETIONARY REVENUE

Property Tax. General Fund discretionary revenues are derived from a variety of sources. However, Property Taxes, by a great margin, constitute the largest source of discretionary funding. General Fund appropriations ebb and flow, in direct relationship to General Fund discretionary revenues available. As reflected in the following table, Property Tax revenues have steadily increased, over time:

PROPERTY TAX REVENUE (General Fund)							
FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22 A	FY 22/23 B
\$24,361,322	\$24,986,282	\$24,151,826	\$23,867,784	\$24,880,731	\$26,061,168	\$26,662,190	\$27,199,324

A=Anticipated, B=Budgeted

*Reflects one-time property tax backfill payment from State

Sales Tax. Bradley-Burns (1%) Sales Tax revenues received through May 2022 total \$3,894,494 (\$100,000 lower than FY 2020-21, with one month remaining to be received). Prop 172 Sales Tax revenues through May 2022 equal \$4,410,082 (nearly \$1,000,000 greater than FY 2020-21). Staff continue to watch these funding source; volatility from pandemic reverberations remains possible.

Transient Occupancy Tax. Transient Occupancy Tax (TOT) revenues have totaled \$753,806.01 through May 2022, slightly higher than the total received in FY 2020-21 (\$720,169.62). Like Sales Tax, TOT requires continual monitoring for impacts to lodging operations.

Cannabis Tax. Cannabis Cultivation and Business Tax revenues received through June 2, 2022, total \$6,704,062.58, down \$1,640,814.47 from May 2020-21. This is anticipated, as your Board elected to provide Cannabis Tax relief in an effort to stabilize our local industry, temporarily reducing the cultivation tax rate by 50%, and applying it to the canopy area only, as opposed to the total cultivation area. These reductions, coupled with remaining uncertainty surrounding which permitted cannabis businesses will operate this year, make projecting revenue difficult.

III. CONTINGENCIES AND RESERVES:

Contingencies: Appropriations included in Contingencies remain consistent at \$4,548,360. These can be used for unanticipated needs, including but not limited to shortfalls in revenue.

General Reserve: Following your Board's action in FY 2020-21 to increase the General Reserve by \$3.5 million, it stands at \$12.5 million. This balance is approximately 16.4% of total recommended General Fund appropriations. \$12.5 million may seem considerable, but it is a best practice for Counties to maintain three months' revenue or appropriations in Reserves. The present balance would sustain County General Fund operations for two, possibly three months.

IV. CAPITAL ASSETS

Capital Improvements: The FY 2022-23 Recommended Budget includes funding for a number of capital projects, many of which are supported by grants or other special funding, including:

Various deferred maintenance and roof replacements (BU 1778)	\$2,489,238
Logging recorder (BU 2202)	\$100,000
Repeater and radio equipment replacements (BU2704)	\$376,239
New Recording System (BU 2708)	\$250,000
Various roads and bridges (BU 3011)	\$7,746,523

Medical Vans (BU 4011)	\$495,877
Electronic Health Record Project (BU 4014)	\$427,971
Landfill expansion project (BU 4121)	\$6,000,000
Customized Sprinter vehicle to serve as Bookmobile (BU 6022)	\$196,659
Cobb Area Community Parks and Trails (BU 7011)	\$1,000,000
Clean CA Parks Beautification (BU 7011)	\$1,162,208
Grant to purchase remaining property in the reclamation area (Upper Lake) (BU 8109)	\$10,680,000
Middletown Sewer Treatment Plant Improvement Construction Project (BU 8353)	\$4,751,250
LACOSAN SE Infiltration & Inflow Reduction (BU 8354)	\$1,433,401
Septic Hauler Dump Station (BU 8355)	\$400,000
Bridge Construction Project- Upper Wolf Creek / North Fork (BU 8462)	\$380,000
SWRCB Grant - Water Treatment Plan Improvement Project (BU 8480)	\$5,000,000

Fixed Assets: Administration proposes funding a modest list of fixed assets (e.g. vehicles and other equipment). These are delineated in the attached Capital Asset list. The majority of these are expected to be supported by non-General Fund allocations.

Early Authorization: County departments are not permitted to purchase new Capital Assets between July 1 and formal adoption of the budget (September 21-22, 2022) unless specifically authorized by motion of the Board of Supervisors. The attached Capital Asset list specifies whether the department is requesting authorization to purchase a specific Capital Asset prior to Adopted Budget.

V. COUNTY WORKFORCE

All Funds: This FY 2022-23 Recommended Budget provides for a total workforce of 1,053.60 Full-Time Equivalents (FTE's), a net increase of 15.65 FTE's compared to FY 2020-21's Adopted Budget allocation.

The following positions are unfunded:

- 1 Public Works Fiscal Coordinator I/II (BU 1903);
- 1 Administrative Assistant (BU 1903);
- 1 Assistant Engineer I/II/Senior/Associate Civil Engineer (BU 1908);
- 1 Special Projects Engineer I/II (BU 1908);
- 1 Survey Technician (BU 1908);
- 1 Senior Planner (BU 2702);
- 3 Planners (BU 2702);
- 1 Deputy Assessor-Recorder I/II/Senior (BU 2707);

- 2 Library Assistant/Library Tech (BU 6022);
- 1 Branch Library Coordinator (BU 6022); and
- 1 Heavy Equipment & Fleet Maintenance Lead Worker (BU 9911)

General Fund: Positions funded by General Fund discretionary revenues total 426.75 FTE's, a net increase of 9.25 FTE's from Adopted FY 2020-21 Position Allocations.

Summary of Position Additions and Deletions Since FY 2021-22 Adopted Budget		
Budget Unit	Position	FTE's
1012-Administrative Office	Accountant I/II (Confidential)	(1)
1012-Administrative Office	Accounting Technician/Senior	1
1231-County Counsel	Risk Management Program Coordinator	(1)
1231-County Counsel	Risk Analyst	1
1231-County Counsel	Deputy County Counsel I/II/III/Senior	1
1904-Information Technology	Deputy Information Technology Director	1
1908-Engineering & Inspection	Deputy County Surveyor (previously lin	1
2110-District Attorney	Staff Services Analyst I/II	1
2302-Probation	Legal Administrative Assistant	1
2302-Probation	Legal Administrative Assistant, Senior	(1)
2302-Probation	Deputy Probation Officer, Senior	1
2702-Planning	Community Development Tech/CD Te	1
2703-Animal Control	Office Assistant	.75
2703-Animal Control	Animal Control Assistant	1.5 (2 X .75)
2707-Recorder	Supervising Deputy Assessor-Recorder	1
	TOTAL	9.25

VII. PROSPECTIVE DEMANDS ON THE GENERAL FUND

CalPERS.

Fiscal	Miscellaneous CalPERS		Safety CalPERS	
Year	Actuarial	Charged	Actuarial	Charged
17/18	15.567%	16.067%	26.292%	27.331%
18/19	17.261%	18.761%	30.985%	32.485%
19/20	20.208%	20.762%	35.594%	36.522%
20/21	22.272%	22.3%	40.555%	40.8%
21/22	23.62%	24.37%	42.89%	43.64%
22/23	25.26%	23.86%	43.91%	41.94%
23/24	25.9%		45.4%	

24/25	26.6%		46.6%	
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The FY 2022-23 Unfunded Accrued Liability (UAL) contribution for the County equals \$8,619,029 (July 2020 CalPERS actuarial data). As illustrated in the above table, the percentage charged is lower than the actuarial percentage. UAL is a set dollar value, which adjusts the actual percentage charged, depending on actual payroll expenses.

CLOSING REMARKS:

After nearly two years of dealing with the human and economic effects of the COVID-19 pandemic, our community and County workforce remain resilient, and our commitment to providing services to meet this community's expectations is unwavering.

Despite this on-going challenge and the lingering effects of disasters of recent years, the County Department Heads have demonstrated their commitment to carrying-out the priorities of Vision 2028 and meeting any new or unforeseen challenges.

As a result of the thoughtful and creative problem-solving of departmental leadership and fiscal staff in this budget process, the Administrative Office Staff proudly presents the Fiscal Year 2022-2023 Recommended Budget for your Board's review and consideration.

If not budgeted, fill in the blanks below only:

Estimated Cost: _____ Amount Budgeted: _____ Additional Requested: _____ Future Annual Cost: _____

Consistency with Vision 2028 (check all that apply):

☐ Not applicable

- | | | |
|--|--|--|
| <input type="checkbox"/> Well-being of Residents | <input type="checkbox"/> Public Safety | <input type="checkbox"/> Disaster Prevention, Preparedness, Recovery |
| <input type="checkbox"/> Economic Development | <input type="checkbox"/> Infrastructure | <input type="checkbox"/> County Workforce |
| <input type="checkbox"/> Community Collaboration | <input type="checkbox"/> Business Process Efficiency | <input type="checkbox"/> Clear Lake |

Recommended Action:

Staff recommends your Board take the following actions:

- a) Approve, by motion, the FY 2022-23 Recommended Budget

Your Approval of this Recommended Budget will enable the County to meet its statutory obligations, and continue operations from July 1, 2022, until the Final Recommended Budget is Adopted (September 21 and 22).

- b) Adopt the Resolution Amending the Position Allocation Chart for FY 2022-23 to Conform to the Recommended Budget

Your approval of this Resolution will allow departments to hire new staff as of July 1, 2022.

- c) Authorize, by motion, the Purchase of Certain Capital Assets Prior to Approval of the Adopted Budget

Attachments:

- 1) Capital Asset List
- 2) Proposed Position Allocation Resolution Amending the Position Allocation Table for FY 2022-23 to Conform to the Recommended Budget
- 3) Position Allocation Table for FY 2022-23
- 4) Fund Summary for FY 2022-23
- 5) Budget Unit Detail for FY 2022-23