



SUMMARY REPORT

Agenda Date: 3/12/2024

To: Board of Supervisors, Board of Directors
Department or Agency Name(s): County Administrator's Office
Staff Name and Phone Number: Nikolas Klein, 707-565-5312
Vote Requirement: 4/5th
Supervisory District(s): Countywide

Title:

Fiscal Year 2023-24 Second Quarter Consolidated Budget Adjustments

Recommended Action:

- A) Adopt a Concurrent Resolution to adjust FY 2023-24 budget appropriations by \$59.3 million. (4/5th Vote Required)
- B) Adopt a Concurrent Resolution to extend 16.0 time-limited positions to September 30, 2024, and to extend 2.0 FTE time-limited positions to January 31, 2025.

Executive Summary:

The recommended action adds approximately \$59.3 million in new or rolled forward (from FY 22/23) appropriations to the County's FY 2023-24 adopted budget. These adjustments increase budgeted FY 2023-24 total gross expenditures to \$3.2 billion. Removing internal transfers and reimbursements results in a net budget of \$2.4 billion, which more accurately reflects the County's operating expenditures. Details of the requested changes are included in Exhibit A of the attached Budget Resolution.

This item also requests approval to extend 16.0 FTE time-limited positions through September 30, 2024, to avoid unnecessary layoff notifications pending the outcome of June 2024 budget hearings, and to extend 2.0 FTE time-limited positions to January 31, 2025, to avoid unnecessary layoff notifications and afford time to complete key projects this calendar year.

Discussion:

Budget Adjustments

Throughout the fiscal year, it is necessary for many County Departments, Agencies and Districts to adjust the revenues and/or expenditure appropriations in their budgets. To facilitate this need, the County of Sonoma utilizes quarterly a Consolidated Budget Adjustments (CBA) process, whereby departments submit adjustments to be consolidated into a countywide budget resolution that meet specific criteria, including activities that have received prior board direction or approval, clean-up transactions and re-budgets of prior year funds, or adjustments that meet other ministerial requirements.

A total of 10 departments are requesting budget adjustments via Second Quarter CBAs. The proposed adjustments do not include any new programs or initiatives not previously approved by the Board. The proposed action adds approximately \$59.3 million of expenditures to the FY2023-24 budget, bringing the net

expenditure budget to \$2.4 billion.

General Fund

In the General Fund, gross expenditure appropriations are being increased by \$4.3 million. Approximately \$1.1 million of the increase is funded by state grants, while the remaining \$3.2 million is funded with use of designated available fund balances. Key highlights include:

- Increasing expenditures in the Non-Departmental budget to allocate \$3.2 million in prior FY22-23 year-end savings. This sum is the result of adjustments made prior to the close of books to recognize additional FY 22-23 Prop 172 state sales tax revenues received after the close of books that were deemed material by the Auditor-Controller-Treasurer-Tax Collector. Per direction during the June 2023 budget hearings, this sum is being directed in three equal parts to pay down unfunded pension liabilities, additional contribution to the County Center Modernization Fund (formerly Deferred Maintenance Fund), and an additional contribution to the General Fund Reserves. This additional contribution will increase General Fund Reserves from \$59.4 million to \$60.5. This transfer is in addition to the year-end savings assumed during budget hearings and included in the Q1 CBA.
- Appropriating \$1.0 million of grant funding in the Sheriff's Office budget to implement the California Advancing and Innovating Medi-Cal (CalAIM) mandated statewide program to expand Medi-Cal services to the justice-involved population. The CalAIM grant will fully fund the Sheriff's program planning and implementation efforts.

Other Funds

In Other Funds, expenditures are increasing by approximately \$55.1 million and funding sources are increasing by \$74.7 million, resulting in a net \$19.6 million increased accumulation of fund balances. Key highlights include:

- The overall accumulation of projected fund balances is solely driven by an accounting adjustment in the American Rescue Plan Act (ARPA) Fund in the Non-Departmental budget. Per direction from the Auditor-Controller-Treasurer-Tax Collector, this fund should be net neutral in the adopted budget. The County received all ARPA funds in advance, however, funds are only recognized as earned when expenditures are accrued against them. Therefore, FY 23-24 revenue appropriations in this fund are being increased by \$26.6 million to match budgeted expenditure appropriations and create zero net cost.
- Appropriating \$13.3 million in the Non-Departmental ARPA Fund to encumber contract agreements and amendments as needed for the second cycle of the County's ARPA Community Resilience Program, covering the period January 1, 2024, through December 31, 2024.
- Appropriating \$3.2 million in the Community Infrastructure Fund to execute various district grants and initiatives previously approved by the Board, including \$2 million for the Tierra de Rosas project in District 3, \$412,500 toward development of Mark West Area Community Park in District 4, \$400,000 to augment Pavement Preservation Program funding to pave various roads in District 2, and \$353,000 for various District 5 needs such as developing the Graton Town Square.

- Appropriating \$7.7 million in the Community Development Commission's Low and Moderate Income Housing Asset Fund to program Board discretionary funds for one-time construction costs for Roseland/Tierra de Rosas as directed during FY 2023-24 Budget Hearings.
- Appropriating \$26.9 million in the Department of Health Services budget to implement various programs and initiatives previously approved by the Board, including addition of 12.6 FTE position allocations and increased funding for Behavioral Health contracts.

A full list of adjustments in the General Fund and other funds is found in Exhibit A to the Concurrent Budget Resolution.

Position Allocation Changes

The second recommended action is requesting approval of a Position Resolution that would:

1. Extend 16.0 FTE time-limited allocations, which are currently filled and set to expire between June 30, 2024, and August 31, 2024, to a new end date of September 30, 2024. Without an extension, these time-limited positions would require layoff proceedings to begin at the end of March 2024, even if there is sufficient funding and related work to require retaining the position beyond the current end dates. For all of these positions, departments have determined, and the CAO has confirmed, that there is a continued need for the positions into FY 24-25. In order to prevent unnecessary FY 23-24 layoff proceedings, these positions' end dates will be extended to September 30, 2024. As part of budget hearings, departments will bring forward Program Change Requests to explain the funding plans and business cases to justify extending these positions beyond September 30, 2024, based on the business need and available funding. The affected departments have sufficient funding to cover position costs until September 30, 2024.
2. Extend 2.0 FTE filled time-limited allocations in the County Administrator's Office, Climate Action and Resiliency Division (CARD), from October 4, 2024, to January 31, 2025. These positions are funded by PG&E settlement funds, and sufficient funding remains to cover this 4-month extension. The extension is necessary to provide staffing continuity through the 2024 calendar year while the CARD team works to complete key deliverables, such as the Climate Resilience Comprehensive Action Plan and Climate Action and Resiliency Blueprint. The CAO's anticipated staffing plan for CARD will be presented to the Board as a standalone board item later in 2024 after June budget hearings.

FEMA Reimbursement Update

To date, the County has spent \$197 million on disasters and \$183 million is estimated to be reimbursed by FEMA/Cal-OES. Of the \$183 million, \$59 million has been reimbursed. Of the remaining \$124 million, approximately \$32 million is due to Roads to fund repair work, \$1 million is due to Parks for repair projects associated with the 2019 flood and 2023 storms, and \$91 million is due to the General Fund, of which \$81 million is associated with COVID-19.

Costs have been temporarily covered through a mix of General Fund sources and other funds. In FY21-22, the

Kincade Settlement Fund provided \$20 million as a temporary bridge for reimbursement delays; repayment of the Kincade Settlement Fund is being tracked and will occur as FEMA reimbursements are received and overall Disaster Funds are balance. As is true for all municipalities, FEMA reimbursements are exceedingly slow. The Disaster Finance Team in the Auditor-Controller-Treasure-Tax Collector's (ACTTC) Office is working regularly with FEMA and Cal-OES on the reimbursement process. The County anticipates being able to close out the 2017 Sonoma Complex Fires event by the end of the current fiscal year barring any delays in the close-out process from FEMA and/or Cal-OES.

In October 2023, FEMA Region IX (which includes Sonoma County) notified the State and counties of its decision to decline reimbursement for costs associated with Non-Congregate Sheltering (NCS) client stays beyond 20 days, incurred as part of the COVID-19 response effort, which occurred from May 2020 to May 2023. Non-congregate sheltering played a crucial role in our county's response to the ongoing public health crisis and was one of many strategies implemented to house vulnerable populations, particularly those high-risk individuals experiencing homelessness. The recent decision by FEMA Region IX to decline reimbursement for NCS costs is estimated to have a fiscal impact to Sonoma County of approximately \$32 million dollars, or 39% of the County's total estimated FEMA eligible costs. The CAO submitted a letter to the California Governor's Office of Emergency Services on January 5, 2024, requesting urgent assistance from the State to advocate on behalf of counties and help challenge FEMA's decision. The CAO and ACTTC will continue with advocacy efforts and monitoring developments related to this issue.

Strategic Plan:

N/A

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

Prior Board Actions:

October 17, 2023: Fiscal Year 2023-24 First Quarter Consolidated Budget Adjustments

June 16, 2023: Fiscal Year 2023-24 Budget Adoption (Budget Hearings)

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$59,273,710		
Total Expenditures	\$59,273,710		
Funding Sources			
General Fund/WA GF	\$3,200,604		
State/Federal	\$56,244,514		
Fees/Other	\$19,480,435		
Use of Fund Balance	\$(19,651,844)		
General Fund Contingencies	\$0		

Agenda Date: 3/12/2024

Total Sources	\$59,273,710		
----------------------	---------------------	--	--

Narrative Explanation of Fiscal Impacts:

Please refer to Concurrent Budget Resolution Exhibit A for list of departmental budget changes, segregated by General Fund and Other Fund adjustments.

Staffing Impacts:

Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Job Classes with Time-Limited Extensions

Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)
Housing Negotiator/ Inspector (9113)	\$6,630.08 - \$8,059.76
Public Assistance Systems Specialist (0176)	\$8,235.43 - \$10,011.22
Program Planning and Evaluation Analyst (0880)	\$7,755.39 - \$9,426.83
Social Service Worker III (3003)	\$6,583.12 - \$8,002.37
Child Protective Services Social Work Supervisor (3012)	\$8,414.57 - \$10,228.63
Adult and Aging Social Worker (3008)	\$7,391.88 - \$8,983.31
Social Work Assistant (3353)	\$4,616.01 - \$5,610.87
Permit Technician II (0552)	\$5,870.03 - \$7,134.47
Building Plans Examiner II (1426)	\$7,411.02 - \$9,009.40
Deputy County Administrator (0837)	\$13,074.07 - \$15,891.68
Administrative Aide (0810)	\$5,965.68 - \$7,249.26

Narrative Explanation of Staffing Impacts (If Required):

Refer to the discussion section for an explanation of time-limited position extensions and additional details can be found in the Concurrent Position Resolution.

Attachments:

Concurrent Budget Resolution
Exhibit A to the Concurrent Budget Resolution
Concurrent Position Resolution

Related Items "On File" with the Clerk of the Board:

N/A