



FY 2022-23 Fall Forecast and Budget Update

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Overview

- Five-year fiscal projections
- Economic Conditions and upcoming needs
- Fiscal Year 2022-23 Budget Development Timeline



Fiscal Projections

General Fund



Five-Year General Fund Projections

(All number in millions)

General Fund Revenue	FY 22-23 Projected	FY 23-24 Projected	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected
General Purpose Tax Revenue	\$ 353.2	\$ 364.3	\$ 371.6	\$ 382.4	\$ 395.0	\$ 408.1
Other General-Purpose Revenue	\$ 60.4	\$ 38.3	\$ 38.4	\$ 38.5	\$ 38.6	\$ 38.7
Use of 1x Fund Balance	\$ 34.8	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Purpose General Fund	\$ 448.4	\$ 402.6	\$ 410.0	\$ 420.9	\$ 433.6	\$ 446.8

Departmental Revenue	\$ 210.1	\$ 206.6	\$ 205.2	\$ 208.5	\$ 212.0	\$ 215.5
Total General Fund Revenue	\$ 658.5	\$ 609.2	\$ 615.2	\$ 629.4	\$ 645.6	\$ 662.2

General Fund Expenditures

Salary and Benefits	\$ 396.8	\$ 409.8	\$ 431.8	\$ 445.8	\$ 456.4	\$ 468.6
Other Expenditures	\$ 254.3	\$ 197.8	\$ 196.4	\$ 198.1	\$ 203.9	\$ 209.6
Total General Fund Expenditures	\$ 651.1	\$ 607.6	\$ 628.2	\$ 643.9	\$ 660.3	\$ 678.2

Total Surplus (Deficit)	\$ 7.4	\$ 1.6	\$ (13.0)	\$ (14.5)	\$ (14.7)	\$ (16.0)
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Key Changes – FY 2022-23

Revenues: +\$11.3 million

- Higher than anticipated Property tax growth: +\$9.8 million
- Reduced Documentary Transfer Tax and Supplemental Property Tax: **(-\$2.0)**
- Other revenue adjustments: +\$3.6 million

Expenditures: +\$3.9 million

- Increase to Deferred Maintenance (by policy) +\$3.9 million

Net: +\$7.4 million



Key Changes – FY 2023-24

- One-time revenues and expenditures drop
- Solid Property tax growth
- Continued weakness in other taxes
- Estimated 4% total S&B Change
- Remaining 2003 Pension obligation bonds drop
- Pension increase lower than expected

General Fund Revenue	FY 22-23 Projected	FY 23-24 Projected
General Purpose Tax Revenue	\$ 353.2	\$ 364.3
Other General Purpose Revenue	\$ 60.4	\$ 38.3
Use of 1x Fund Balance	\$ 34.8	\$ -
Total General Purpose General Fund	\$ 448.4	\$ 402.6

Departmental Revenue	\$ 210.1	\$ 206.6
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General Fund Expenditures		
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Total General Fund Expenditures	\$ 651.1	\$ 607.6

Total Surplus (Defecit)	\$ 7.4	\$ 1.6
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Key Changes – FY 2024-25 and beyond

- Decreased property tax growth
- Some one-time funding reduces
- Estimated 3% total S&B change
- Increased pension costs
- Begin staffing Behavioral Health Unit at Main Adult Detention Facility

	FY 23-24 Projected	FY 24-25 Projected
General Fund Revenue		
General Purpose Tax Revenue	\$ 364.3	\$ 371.6
Other General Purpose Revenue	\$ 38.3	\$ 38.4
Use of 1x Fund Balance	\$ -	\$ -
Total General Purpose General Fund	\$ 402.6	\$ 410.0

Departmental Revenue	\$ 206.6	\$ 205.2
Total General Fund Revenue	\$ 609.2	\$ 615.2

General Fund Expenditures		
Salary and Benefits	\$ 409.8	\$ 431.8
Other Expenditures	\$ 197.8	\$ 196.4
Total General Fund Expenditures	\$ 607.6	\$ 628.2

Total Surplus (Defecit)	\$ 1.6	\$ (13.0)
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Key Changes – FY 2024-25 and beyond

- Gradual recovery in Property Tax
- Moderate sales tax growth
- Remaining Behavioral Health Unit staffing in FY 25-26
- Estimated 2% - 2.33% S&B changes assuming revenue and CPI formula

	FY 24-25	FY 25-26	FY 26-27	FY 27-28
	Projected	Projected	Projected	Projected
General Fund Revenue				
General Purpose Tax Revenue	\$ 371.6	\$ 382.4	\$ 395.0	\$ 408.1
Other General Purpose Revenue	\$ 38.4	\$ 38.5	\$ 38.6	\$ 38.7
Use of 1x Fund Balance	\$ -	\$ -	\$ -	\$ -
Total General Purpose General Fund	\$ 410.0	\$ 420.9	\$ 433.6	\$ 446.8

Departmental Revenue	\$ 205.2	\$ 208.5	\$ 212.0	\$ 215.5
Total General Fund Revenue	\$ 615.2	\$ 629.4	\$ 645.6	\$ 662.2

General Fund Expenditures				
Salary and Benefits	\$ 431.8	\$ 445.8	\$ 456.4	\$ 468.6
Other Expenditures	\$ 196.4	\$ 198.1	\$ 203.9	\$ 209.6
Total General Fund Expenditures	\$ 628.2	\$ 643.9	\$ 660.3	\$ 678.2

Total Surplus (Deficit)	\$ (13.0)	\$ (14.5)	\$ (14.7)	\$ (16.0)
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Economic Conditions **and Upcoming Needs**



Economic Conditions

Stubborn inflation

- Increases costs to county
- Construction particularly impacted

Increased interest rates

- Driven by need to combat inflation
- Raises cost of borrowing for County and consumers
- **Impacts** property sales **and** tax revenues
- Meant to cool economy – will it freeze it?



Potential Impacts

- Higher interest rates reducing sales, which will **impact** property tax growth
- Sales tax expectations near flat and could decrease:
 - \$25.7 million in General Fund sales tax
 - \$57.9 million in Proposition 172 public safety
 - \$68.4 million in special taxes for Parks, Open Space, and Mental Health services/homelessness
 - \$121.4 million in state realignment
- Stock market impacts pension costs



Additional Items not in model

Upcoming costs not in model

- Time-limited discretionary support for Helicopter, Climate and Resiliency Division, and Mobile Support Team not included
- Based on January 2022 Report, roads would need additional \$4.3 million annually to maintain current levels
- Significant one-time gaps in capital projects including Behavioral Health Housing Unit and Roseland Village projects
- New labor agreements for all County bargaining units
- New IHSS MOU in October 2023



FY 2023-24

Budget Development Timeline



FY2022-23 Budget Development Timeline

- March – Consolidated Fee Hearings and Mid-Year Consolidated Budget Adjustments
- April 4 – Community and Board Budget Request Deadline
- April 24-26 – Budget Workshops
- April 28 – Board Budget Information Requests Due
- May 12 – Recommended Budget Published Online
- June 13-16 – Budget Hearings

