



Legislation Details (With Text)

File #: 2020-0525
Type: Regular Calendar Item **Status:** Agenda Ready
File created: 5/18/2020 **In control:** County Administrator
On agenda: 6/10/2020 **Final action:**
Title: Consideration of the Fiscal Year 2020-21 Recommended Budget and Budget Balancing Strategies
Sponsors:
Indexes:
Attachments: 1. Summary Report Recommended Budget, 2. Attachment 1 - Fiscal Forecast, 3. Attachment 5 Exhibit B List of Governmental Agencies, 4. Attachment 2 - May Revise Summary, 5. Attachment 3 - Safety Net Advocacy Letter, 6. Attachment 4 - FY 2020-21 Recommended Budget FINAL V3.pdf, 7. Attachment 5 - Concurrent Resolution, 8. Attachment 5 Exhibit A Supplemental Adjustments, 9. Attachment 5 Exhibit C Position Allocation List, 10. Attachment 6 CARES Preliminary Uses, 11. Attachment 7 - CARES Act Frequently Asked Questions (5-28-20), 12. Final June 2020 Presentation v7

Date	Ver.	Action By	Action	Result
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To: Board of Supervisors/Directors/Commissioners/Directors of the Sonoma Valley Sanitation District of the County of Sonoma

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: Christina Rivera 565-2431

Vote Requirement: Majority

Supervisory District(s): All Districts

Title:

Consideration of the Fiscal Year 2020-21 Recommended Budget and Budget Balancing Strategies

Recommended Action:

- A) Receive a Report on the County's Fiscal Forecast, State and Federal Impacts
- B) Adopt a Concurrent Resolution approving
 - i. FY 20/21 Recommended Budget
 - ii. FY 20/21 Recommended Budget Supplemental Adjustments
 - iii. FY 20/21 Recommended Budget Position Allocation List
 - iv. Delegating authority to the ACTTC and CAO to execute budgetary adjustments to close-out the 2019-20 Fiscal Year (4/5th Vote Required)
- C) Approve deferring to September Budget Adoption, the specific project allocation of the annual \$3.9 million of General Fund, except for \$1.14 million needed for the Tidelands-Cannery building demolition work scheduled to start summer 2020.
- D) Authorize an Immediate Hiring Freeze of Permanent and Extra Help Positions
- E) Authorize the Suspension of Countywide Travel and Training beginning July 1, 2020
- F) Consider the state's pass-thru Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Proposed Allocation included in the Governor's May Revise for FY 2020/21

Executive Summary:

This item seeks approval of the FY 2020-21 Recommended Budget and supporting material necessary to meet the provisions of the State of California County Budget Act (Budget Act) to enable the County to begin spending on July 1, but pushes the formal adoption of the Final Budget to be completed no later than October 2, 2020. The use of this provision has given staff more time to assess the fiscal impacts of the Coronavirus Emergency upon the County.

Staff estimates a \$50 million countywide revenue shortfall from local and state sources for FY 2020-21. Staff will present fiscal forecast information, an update on state and federal impacts, and is seeking approval of two immediate expenditure curtailments to mitigate projected revenue shortfalls. In addition, Board discussion on the proposed uses of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Proposed Preliminary Uses is also being sought. See attached Updated Fiscal Forecast, Summary of Impacts from the Governor's May Revise Proposed State Budget, and Safety Net Advocacy Letter Submitted.

Discussion:

As a result of the Coronavirus disease (COVID-19) Emergency, staff made the determination that it would be in the County's best interest to make use of provisions within the Budget Act that allow for a two-step process to adopt the budget. By March, when the County issued a local emergency and began issuing shelter-in-place orders, departmental budgets had largely been prepared and several departments needed to include proposed cuts and service reductions in order to address budgetary shortfalls pre-COVID-19. Additionally, since the fiscal impact of the COVID-19 Emergency were still being developed, the use of these provisions have provided staff more time to assess the fiscal impacts and to formulate budget balancing actions and strategies for the Board's consideration.

Staff have estimated revenue shortfalls totaling approximately \$50 million from countywide revenue sources. Declining projections are consistent with information provided by the Governor's May Revise, our sales tax consultant, and the April 28th presentation by Chair of Economics at Sonoma State University, Dr. Eyler. The following local revenue sources are expected to have reductions ranging from 8% - 30%:

- General Fund
- Local Sales Tax Measures
- Transient Occupancy Tax (including Measure L)
- Public Safety Proposition 172 Statewide ½ cent sales tax
- 1991 State Realignment
- 2011 State Realignment
- Gas Tax

Based on the Governor's May Revise Proposed FY 2020/21 State proposed budget, other departmental state funding revenue sources are also expected to be adversely impacted. In addition, staff has already begun to execute advocacy efforts with our state legislative representatives, in order to ensure the Legislature is aware of local public service impacts.

To immediately assist with mitigating revenue shortfalls, staff is recommending that the Board approve a hiring freeze for permanent and extra help positions effective as of 6/11/2020; and suspend training and travel beginning July 1, 2020; which does not include Professional Development employee benefits. Previously used exemption procedures will be instituted to evaluate circumstances that warrant a waiver to these policies. For

instance, the hiring a mission-critical positions that may become vacant and training for personnel that need to keep licenses up-to-date to perform their duties. The County Administrator has also requested that departments prepare reduction plans that will be discussed during the upcoming Budget Workshops which are scheduled for July 27 and 28.

The \$1.9 billion Recommended FY 2020/21 county budget represents a flat 0.1% change increase from the current FY 2019-20 revised budget. The budget includes the annual \$3.9 million General Fund allocation for Capital Projects managed by General Services under the direction of the County Administrator. The Recommended Budget does not identify specific capital project allocations associated with the annual \$3.9 million. Instead, to afford maximum balancing flexibility for the Board, except for \$1.14 million needed for the Tidelands-Cannery building demolition work scheduled to start summer 2020, staff recommends deferring specific project allocations to be considered as part of the Adopted Budget action in September.

Lastly, the enclosed preliminary categories of use for the Governor's FY 2020/21 May Revise Proposed CARES Act allocation to Sonoma County, is provided for Board feedback, keeping in mind the strict federal government eligibility of CARES Act funding, which is (as of this writing) has been described through the Treasury's Frequently Asked Questions attached document.

Upon the approval of the state's FY 2020-21 Budget, the County anticipates having access to potentially \$50.6 million in federal funds passed thru to the county by the state. These funds are intended for to assist local governments with "navigating the impact of the COVID-19 outbreak": US Treasury, and must be spent by December 30, 2020. Preliminary, staff expects to need up to \$34.6 million to cover the estimated County incurred unreimbursed costs in responding to the COVID emergency in both the current FY 2019-20 and first half of the new fiscal year 2020-21.

Prior Board Actions:

April 28, 2020 - FY 2020-21 Fiscal Update

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

The Fiscal Summary reflects high-level comparative information between FY 2019-20 and FY 2020-21 and the total proposed Supplemental changes for FY 2020-21.

Please refer to the Supplemental Exhibit A for additional detail.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)
See Attachment 5 - Exhibit C			

Narrative Explanation of Staffing Impacts (If Required):

Includes project and term limited positions.

Attachments:

Attachment 1 - Fiscal Forecast

Attachment 2 - Summary of Impacts from the Governor's May Revise Proposed State Budget

Attachment 3 - Safety Net Advocacy Letter Submitted

Attachment 4 - FY 2020-21 Recommended Budget (also available here
<https://sonomacounty.ca.gov/CAO/Public-Reports/Budget-Reports/PDFs/FY-2020-2021-Recommended-Budget/>)

Attachment 5 - Concurrent Resolution and related exhibits

- i. Exhibit A - Supplemental Adjustments
- ii. Exhibit B - List of Governmental Entities
- iii. Exhibit C - Position Allocation List

Attachment 6 - Preliminary Use Categorization of the Governor's Proposed State FY 2020/21 Budget and CARES Act County Allocation

Attachment 7 - CARES Act funding Frequently Asked Questions (May 28, 2020 version)

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

None