



Legislation Text

File #: 2019-0695, **Version:** 1

To: Board of Supervisors & Board of Directors
Department or Agency Name(s): County Administrator's Office
Staff Name and Phone Number: Niki Berrocal 707-565-2044
Vote Requirement: 4/5th
Supervisory District(s): All

Title:

Fiscal Year 2018-19 Third Quarter Budget Adjustments

Recommended Actions:

Adopt a Concurrent Resolution:

- A) Adjusting the FY 2018-19 Budget by adding a total of \$11.4 million of expenditure appropriations.
- B) Delegating authority to the County Administrator to adjust departmental appropriations to offset impacts due to negotiated labor increases that cannot be absorbed within existing appropriations, using the General Fund balance set aside at the end of FY 2017-18 to finance post-budget adoption labor impacts (4/5th Vote Required).

Executive Summary:

Throughout the fiscal year many County Departments, Agencies and Districts experience the need to adjust the revenues and/or expenditure appropriations in their budgets. As a result, the County Administrator's Office coordinates with all County departments and agencies on a quarterly basis to summarize and present a consolidated request for appropriations changes that align with prior Board direction.

- **Budgetary Adjustments**

This item adds a total of \$11.4 million of expenditure appropriations to the FY 2018-19 budget, bringing the total revised budget to \$1.9 billion. These increases are offset by \$10.3 million in updated revenues and use of available fund balances. All adjustments reflect prior board direction.

- **Delegated Authority**

As part of the close of books completed by the County Administrator and Auditor-Controller-Treasurer-Tax Collector, and consistent with FY 2018-19 Adopted Budget resolution authority, about \$10 million in FY 2017-18 year-end General Fund balance was set aside to address labor cost increases from 1-year extensions with all bargaining units. As part of today's action staff requests delegated authority to adjust departments' budget should funded salaries and benefits appropriations not be sufficient to cover adjusted staffing costs. In addition, included as a budgetary adjustment is a \$274,200 draw down from this source to cover General Services unanticipated costs for air scrubber services for staff's comfort during the 2018 Butte fires and unexpected tree removal work at a number of County facilities.

Discussion:

Consolidated Budget Adjustments

The FY 2018-19 adopted budget totaled \$1.80 billion, and adjustments in first and second quarter consolidated budget adjustments and board resolutions to date have brought that total to \$1.89 billion. This report includes recommendations to increase budgeted expenses by \$11.4 million. These adjustments are financed with revenues and reimbursements totaling \$10.07 million, use of \$274,000 of prior year fund balance assigned for labor costs associated with the one-year labor agreements signed in FY 2018-19, and the net use of \$1.06 million of fund balance outside the general fund.

At the direction of the County Administrator, budget changes include only adjustments that are consistent with prior board direction. Details of the requested changes are included in Attachment 1.

The General Fund budgets are adjusted by \$4.7 million. These primarily consist of:

- Recognition of a \$3.97 million refund of penalties paid under protest to the IRS in FY 2016-17, and transfers of these payments based on their initial sources. \$1.15 was made from fund balance in the Human Resources Information System Internal Service Fund (managed by ACTTC), and is being repaid to that fund. This fund balance is part of a reserve for future system upgrades and improvements. The remaining \$2.83 million originally came from a medical malpractice fund, which dated from when the County ran a hospital two decades ago. Because claims related to the hospital are no longer likely, this funding is no longer required in that fund. Instead the CAO recommends using it to establish a Legal Contingency Fund, which will assist with having sufficient resources available to the Board for the defense of non-tort claims and lawsuits, as well as affirmative litigation that the Board may choose to pursue
- The General Services Facility Operations division needs additional appropriations due to unanticipated costs including the rental of air scrubbers to address indoor air quality during the 2018 Camp Fire, which inundated the area with smoke, and for tree removal work at a number of County facilities as part of Vegetation Management efforts. Cost of these items total \$274,000. In addition, the unit has increased staff costs due to unexpected workload that is not reimbursable from other departments and the one-year labor agreements. The needed appropriations totaling \$604,000 will be financed by \$274,000 in use of fund balance set aside for labor adjustments and redirecting \$330,000 in available staffing budget from Capital Projects management division to the Facility Operations division.
- Increases in the Sheriff's Office of \$226,000 to pay for information system device upgrades, funded by a transfer of reserves accumulated for this purpose in the Information Systems Department, and of \$79,000 for additional expenses related to the contract with the City of Sonoma to provide police services, financed by revenue from the City of Sonoma contract.

Budgets in other funds are adjusted by \$6.73 million, primarily due to:

- \$4.81 million in additional expenditures in the Department of Transportation and Public Works, including \$1.85 million in the Roads Division, \$2.5 million in Former Rural Landfill funds, and \$461,000 in Heavy Equipment fund for work related to cleanups from the February 2019 floods.
- \$1.43 million for projects at Regional Parks, including \$472,000 for work at Spud Point and Mason's

Marinas, funded largely by insurance reimbursements, and smaller amounts of funding from Parks Mitigation funds, grants, and accessibility funds, in line with the approved Capital Projects Plan.

Prior Board Actions:

February 26, 2018: Fiscal Year 2018-19 Second Quarter Budget Adjustments and Mid-Year Forecast

October 23, 2018: Fiscal Year 2018-19 First Quarter Budget Adjustments

June 14, 2018: Fiscal Year 2018-19 Budget Adoption

FISCAL SUMMARY

Expenditures	FY 18-19 Revised	FY19-20 Projected	FY 20-21 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$11,402,050		
Total Expenditures			
Funding Sources			
General Fund	\$4,676,209		
Other Funds	\$6,725,841		
Total Sources	\$11,402,050		

Narrative Explanation of Fiscal Impacts:

For details of the consolidated budget adjustment changes, please see Attachment 1.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A - I Step)	Additions (number)	Deletions (number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

Board of Supervisors Budget Resolution

Attachment 1: FY 2018-19 Q2 Consolidated Budget Adjustments

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

FY 2018-19 Third Quarter Estimates General Fund

FY 2018-19 Third Quarter Estimates Other Funds