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DATE: June 15, 2021
TO: Members of the Board of Supervisors
FROM: Sheryl Bratton, County Administrator
SUBJECT: FY 2021-22 Budget Hearings Binder Overview

The Recommended Budget Book is available at: <https://sonomacounty.ca.gov/CAO/Public-Reports/Budget-Reports/PDFs/FY-2021-22-Recommended-Budget-W-TOC-Links/>.

The enclosed material presented in this Public Hearing Binder represents the supplemental material to the FY 2021-22 Recommended Budget.

Budget Hearings Overview (Tab 1)

This tab includes this Overview Memo and the Budget Hearing Schedule. The Budget Hearings begin on Tuesday, June 15, at 8:30 a.m. and have been publicly noticed to continue from day-to-day for up to fourteen days. Public comment on the Budget has been scheduled for each day. Also included in this tab, is a 5-Year General Fund Forecast (Attachment A), which projects total sources and uses for the General Fund through FY 2024-25.

Available Sources and Budget Balancing Memo (Tab 2)

The Available Sources memo summarizes the sources of discretionary revenue available to fund requests represented on the Budget Adjustment Tool.

This tab has a number of additional sections that provide detailed information associated with funding requests laid out on the Budget Adjustment Tool.

Budget Adjustment Tool (2.1)

The Budget Adjustment Tool illustrates the different types of available sources in three columns at the right (On-Going Discretionary, One-Time Discretionary and GF Contingencies).

The rows illustrate different types of requests for funding.

Requests types shaded in white include CAO Recommendations, Board and Community Budget Requests. Information on the CAO Recommendations can be found in the cover memo of Tab 2, and information on Board and Community Budget Requests can be found in Tab 2.3.

Requests submitted by departments include Add Backs and Program Change Requests (PCRs); details on these can be found in Tab 2.2. Add Backs are items where departments have requested funding in order to maintain baseline services that they needed to cut due to loss of external revenue or unusual increases in costs. Program Change Requests are departmental requests to change or enhance staffing or a program. In this year's budget instructions, only PCRs that did not require General Fund support were eligible for submission, and only those that complied with these instructions are on the Budget Adjustment Tool.

For both types of departmental requests, items are shaded in green, yellow or gray. Green items are those that the CAO recommends approving; yellow items are those that may benefit from further discussion, and gray items are those that are not recommended for funding.

Add Backs and Program Changes (Tab 2.2)

This section of the tab provides detailed reports for Add Back and Program Change Requests submitted by departments and in accordance with the County Administrator's budget instructions.

Board member and Community Budget Requests (Tab 2.3)

This section of Tab 2 includes funding requests received from the Board of Supervisors and the community organizations that received support from at least two Supervisors.

Summary of Position Changes (Tab 2.4)

This section provides a summary of position changes from the Recommended Budget to present.

Fund Balance Memo and Directory (Tab 3)

This tab provides an overview memo of the Fund Balance Directory, which summarizes all the budgetary funds with restricted uses governed by the Board.

General Fund Reserve Memo (Tab 4)

This tab provides an overview memo of the General Fund Reserve balance and policies.

Board Inquiry Requests (Tab 5)

This tab includes responses to the Board Inquiry Requests (BIRs) received in conjunction with the Spring Budget Workshops in April. Nearly 140 (BIRs) were received from Board Members and/or captured by staff during the April Budget Workshop. Given the compressed timeframe to respond to these inquiries in time for budget hearings, staff prioritized those items relevant to the adoption of the FY21-22 Budget. Those responses are included in this tab and equate to approximately 70 BIRs (some were combined when the topic was similar, with an attempt made to address all aspects of the question).

The majority of the remaining BIRs will be completed by October 31, 2021, with responses being e-mailed to the inquiring Supervisor and posted to the CAO's website.

Financial Policy Updates (Tab 6)

This tab contains updates to the County's Financial Policies, which are illustrated in track changes. The majority of changes this year are basic administrative items to clarify or update language as needed. The update this year also removes the five-year period associated with directing 40% of new property tax growth toward deferred maintenance costs for County facilities.

Mental Health, Addiction and Homeless Services Measure Transactions and Use Tax Ordinance (Measure O) Updates (Tab 7)

This tab provides an update to the Board of Supervisors and the public on the activities and progress being made on implementation of the Mental Health, Addiction and Homeless Services Measure Transactions and Use Tax Ordinance, commonly referred to as Measure O.

COVID Response Update (Tab 8)

This tab provides an update to the Board of Supervisors and the public on the activities and costs associated with County's Response to COVID-19 Pandemic. As the memo describes the Department of Health Services (DHS) COVID-19 Section, programs and activities implemented, FY 2020-21 funding and costs, and FY 2021-22 continued response and associated costs.

Appropriations Limits (Proposition 4) (Tab 9)

This tab provides the details for the calculations for the FY 2020-21 and FY 2021-22 appropriations limits for the County and for various special districts and agencies governed by the Board of Supervisors and the associated Resolutions. Each year the County board must approve an appropriations limit for the year, which dictates the total amount of tax revenue and certain related revenue streams that can be appropriated during a fiscal year. Due to COVID-19, the FY 2020-21 appropriations limit was not officially set when the Board adopted the budget, and so this item will both formally adopt the FY 2020-21 appropriations limit and the limit for FY 2021-22. Because the County's appropriations limit is approximately double the actual applicable revenues, there was no danger that the County would exceed its limit.

Board Resolutions (Tab 10)

Tab 10 contains the two resolutions and related exhibits that the Board must approve in order to officially adopt the FY 2021-22 Budget. The Concurrent Resolution contains the actions necessary for the Auditor-Controller-Treasurer-Tax-Collector and the County Administrator to implement the Adopted Budget and includes four exhibits as follows:

Exhibit A – The Final Budget Adjustment Tool, approved by straw vote in advance of the formal adoption

Exhibit B – A list of the Governmental Entities governed by the Board

Exhibit C – Supplemental Budget Adjustments, resulting from Board approved adjustments that have occurred between the submission of the Recommended Budget by departments to the CAO on March 2, 2021 and the June Budget Hearings.
Exhibit D – Contains a countywide summary of positions by Department and the Position Allocation List for FY 2021-22.

This tab also includes the Resolution for the Sonoma Valley Community Sanitation District.

FY 2021-22 Recommended Budget Hearing Schedule

- **Day 1 – Tuesday, June 15 at 8:30 am**
 - 8:30 AM: Budget Overview Presentation
 - 10:00 AM: Budget Policy Items
 - 11:00 AM: Public Comment on the Budget
 - 1:00 PM: Available Sources, CAO Recommendations, and Budget Deliberation Tool Overview and Straw Vote on Available Sources
 - 2:00 PM: Begin Deliberations
 - 4:00 PM: Public Comment on Matters not on the Agenda

- **Day 2 – Wednesday, June 16 at 8:30 am**
 - 8:30 AM: Continue Deliberations
 - 10:00 AM: Public Comment on the Budget
 - 11:00 AM: Deliberations and Direction to Staff (Straw Vote)

- **Day 3 – Friday, June 18 at 9:00 am**
 - 9:00 AM: Recap of Budget Balancing Tool and Deliberations
 - 10:00 AM: Public Comment on the Budget
 - 11:00 AM: Adoption of the FY 2021-22 Budget

Attachment A
General Fund 5-Year Forecast

General Fund Only Forecast

General Fund – General Purpose Sources

	FY 2020-21 Adopted	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected	FY 2024-25 Projected
Secured Property Tax	276,342,863	274,451,964	282,937,330	289,797,080	297,380,547	305,074,044
Redevelopment Increment	(13,606,069)	(13,536,667)	(13,428,190)	(13,696,754)	(14,039,173)	(14,390,152)
Residual Property Tax RPTTF	6,000,000	11,554,729	10,000,000	10,000,000	10,000,000	10,000,000
Unsecured Property Tax	5,814,000	7,375,207	7,000,000	7,000,000	7,000,000	7,070,000
Supplemental Property Tax	2,842,163	3,664,711	3,500,000	2,830,136	2,815,087	2,816,575
Documentary Transfer Tax	3,464,123	7,900,000	5,500,000	5,555,000	5,638,325	5,722,900
Sales Tax ¹	20,177,000	22,872,000	23,702,000	24,408,814	24,896,990	25,394,930
TOT ²	3,734,258	3,734,258	3,900,000	4,095,000	4,299,750	4,514,738
Other	69,381	47,008	60,000	60,000	60,000	60,000
Total Tax Revenue	304,837,719	318,063,210	323,171,140	330,049,276	338,051,526	346,263,034
Other General Purpose Revenues	51,952,541	55,284,094	29,596,994	29,898,923	29,986,988	30,077,695
Use of One Time Fund Balances³	16,089,685	16,089,685	2,200,000		-	-
Total General Purpose Sources	372,879,945	389,436,989	354,968,134	359,948,199	368,038,514	376,340,728

General Fund – Departmental Revenues

	FY 2020-21 Adopted	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected	FY 2024-25 Projected
Tax Revenue	233,510	45,648	17,430	17,430	17,430	17,430
Licenses, Permits, Franchises	15,166,245	12,847,522	15,135,989	15,135,989	15,278,902	15,423,244
Intergovernmental Revenues ⁴	80,370,025	82,206,467	82,527,965	83,832,868	85,160,412	86,511,016
Fines, Forfeitures, Penalties	5,858,909	5,677,363	6,161,168	6,161,168	6,161,168	6,161,168
Revenue - Use of Money & Prop	557,513	522,328	631,917	631,917	631,917	631,917
Charges for Services	53,067,712	50,754,130	46,422,864	47,734,594	48,918,909	50,075,597
Miscellaneous Revenues	2,520,617	3,931,695	2,681,733	2,681,733	2,681,733	2,681,733
Other Financing Sources ⁵	32,565,174	36,368,968	39,087,550	37,278,425	35,470,409	35,869,141
Total Departmental Revenues	190,339,705	192,354,120	192,666,616	193,474,125	194,320,881	197,371,247
Total General Fund Sources	563,219,649	581,791,109	547,634,750	553,422,323	562,359,395	573,711,975