



The County of El Dorado

Chief Administrative Office

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The Honorable Board of Supervisors
300 Fair Lane
Placerville, CA 95667

Honorable Members of the Board of Supervisors:

With this letter, I submit for your consideration the Fiscal Year 2020-21 Recommended Budget for El Dorado County. A recommendation for your Board to consider and approve this spending plan, at which time the Board may make any additions, deletions or modifications to the Recommended Budget, is scheduled for June 9, 2020. Unlike last year, we are not holding the required Public Hearing at this time, but instead will hold the Public Hearing this summer once we have a better understanding of the impact COVID-19 has on revenue, and have developed a set of proposed revisions to the Recommended Budget which may be necessitated by likely revenue reductions.

The total Recommended Budget for all Governmental Funds for FY 2020-21 is \$647.7 million, which is \$87.3 million (-12%) less than the FY 2019-20 Adopted Budget of \$735 million.

Total General Fund appropriations are recommended at \$315.8 million, which is \$8 million (-2%) less than the FY 2019-20 Adopted Budget of \$323.8 million approved by the Board in September of 2019.

The totals presented here reflect all Governmental Funds, including Special Revenue Funds. The relative reduction in the total Recommended Budget is influenced by the completion of major projects in FY 2019-20, including facility and transportation projects. In addition, General Liability charges being waived for this one fiscal year for a \$2.6 million reduction and Workers Compensation charges have been reduced by \$4.9 million, with both reductions recommended to bring program funding levels to an acceptable confidence level.

As you review the Recommended Budget, please keep the following in mind:

- 1) This Recommended Budget was finalized one week after the Governor released his Revised Budget on May 14, 2020, which due to COVID-19 differs significantly from his proposed budget that was released in January 2020. Due to COVID-19, the Governor's Revised Budget reflects a significant divergence from his January proposal, and while the ultimate impact to the County is still being analyzed, it is likely that all departments will experience some degree of impact related to State funding and service expectations.
- 2) Due to the timing of COVID-19, this is largely a "status-quo" budget with many requests from departments being deferred until we have a better understanding of the fiscal impacts caused by

the pandemic. As a result, unlike recent years we have a significant amount of work to do over the summer prior to the adoption of the final budget in September, which in all likelihood will require very difficult decisions as we attempt to balance service level needs and the prudent use of reserves as we navigate the recession caused by COVID-19.

- 3) Over the next few weeks the Governor will be working with the Legislature to finalize the State's budget, the outcome of which may differ significantly from what is currently proposed. For example, the current proposal from the Governor relies on significant contributions from the Federal Government, which if not realized will result in additional reductions at the State level and further impacts to counties.
- 4) In addition to the General Fund, significant policy decisions will need to be discussed relative to realigned and mandated programs such as Prison Realignment, Social Services Realignment and Public Health Realignment, which the California State Association of Counties currently estimates will experience revenue reductions ranging from approximately 3% to 35%, depending on the program.

El Dorado County continues to be one of the lowest taxed counties per capita (\$788 per year per resident) and also continues to provide a very high level of service with fewer employees per resident when compared to other jurisdictions (12 employees per 1,000 residents).¹ While this demonstrates the outstanding fiscal stewardship of the Board of Supervisors as well as the strong commitment from staff to provide high levels of services with limited resources, it also demonstrates it will be very difficult to adopt a final budget in September without reducing services or impacting investments into our infrastructure, including roads, buildings and information technology.

I would like to thank the Department Heads and their staffs, the Board's ad-hoc budget committee, and my own staff in the Chief Administrative Office for their support and participation through this process, while also recognizing that we still have a lot of work to do over the summer as we realize the impacts of COVID-19 on revenues.

Sincerely,



Don Ashton, MPA
Chief Administrative Officer

¹ See 2020-2021 Profile & Demographic Data in the Recommended Budget.