



The County of El Dorado

Chief Administrative Office

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The Honorable Board of Supervisors
330 Fair Lane
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Honorable Members of the Board of Supervisors:

With this letter, I submit for your consideration the Fiscal Year (FY) 2024-25 Recommended Budget for El Dorado County. A public budget hearing is scheduled for June 11, 2024, to consider the recommended spending plan, at which time the Board may make any additions, deletions, or modifications to the Recommended Budget.

The total Recommended Budget for all Governmental Funds for FY 2024-25 is \$1.03 billion, which is \$74 million (7%) less than the FY 2023-24 Adopted Budget of \$1.1 billion. It should be noted that these totals reflect all Governmental Funds, including Special Revenue Funds, and exclude Special Districts and Proprietary Funds.

Total General Fund appropriations are recommended at \$416.6 million, which is \$39.1 million (9%) less than the FY 2023-24 Adopted Budget of \$455.6 million approved by the Board in September 2023.

The reductions in all Governmental Funds and the General Fund are largely due to conservative projections of fund balance during the Recommended Budget as compared to actual fund balance available for the Adopted Budget. Other components of the difference include the removal of \$25 million in Operating Transfers Out from the Sheriff's Office operating account to the Accumulative Capital Outlay (ACO) Fund for the Placerville Jail project, a \$12 million decrease in General Fund additions to designations, a \$4 million decrease in Parks appropriations, a \$4.7 million decrease in Discretionary Transient Occupancy Tax (DTOT) allocations, and a \$5 million decrease in ACO projects due to large projects and purchases during FY 2023-24.

As a result of the efforts of your Department Heads and staff, the budget is balanced, meets State requirements, and fully funds the General Fund Contingency (\$7.85 million) and General Reserves (\$13 million). In addition, the Recommended Budget exceeds the Board's policy goal of contributing \$5 million of discretionary revenues to road maintenance by \$2.07 million through the Board-directed use of Tribe funding and Discretionary Transient Occupancy Tax (DTOT), for a total discretionary contribution to road maintenance and snow removal services of \$7.07 million.

In addition, based on prior Board direction, the Recommended Budget includes the following priorities:

- Allocates \$66.5 million to the Accumulative Capital Outlay Workplan for facility improvements, which includes the Placerville Jail Expansion Project totaling \$40.7 million and the \$5 million Court consolidation project in Building C.
- Allocates \$30.8 million in federal revenue and expenditures to continue construction of the Mosquito Bridge.
- Allocates almost \$24 million in state and federal revenue to help address and prevent homelessness in El Dorado County.
- Includes \$1.4 million in state and federal grant funding in the Office of Wildfire Preparedness and Response to complete Phase I of the Weber Creek Project, which is a demonstration project focusing on defensible space, home hardening, and hazardous vegetation removal activities in a section of the Weber Creek drainage south of Highway 50, a high-risk area of the County.

Your Department Head team and their staff should be commended for their willingness to aid in this effort, exemplifying the Strategic Plan priority of working as one organization. Despite a decrease in discretionary General Fund revenues and an increased demand from the State in the form of unfunded/underfunded State mandates, the Recommended Budget reflects a countywide effort to conserve General Fund costs where possible without significant impacts to services.

There is still work to do, however, the County will not be able to continue to absorb the unfunded/underfunded State mandates, without either increasing revenue through fees, taxes, or growth, or reducing services. Some of the actions taken by departments in this fiscal year, such as holding positions vacant or drawing down special revenue funds, are temporary measures and may not be sustainable into the future. In addition, we have significant, unfunded capital needs and pension liabilities, and the Recommended Budget does not fund all of the Board's Budget Policies. Finally, even in this challenging resource environment, it is imperative that the County continue to invest in its workforce by developing a sustainable compensation philosophy and plan for the future.

The Chief Administrative Office will be working very closely with departments following approval of the Recommended Budget to identify long-term solutions, including but not limited to possible structural changes, revisions to discretionary programs and options to increase revenue, to alleviate these budget pressures and will return to the Board in the Fall to discuss options and seek direction.

Following the close of the FY 2023-24 financial records, we will return to your Board in September for the formal adoption of the Budget.

Sincerely,



Tiffany Schmid
Chief Administrative Officer