

Summary of the Recommended Budget

The 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.

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 \$455.7 million.

The totals presented here reflect all Governmental Funds, including Special Revenue funds. The decrease in Governmental Fund appropriations can primarily be attributed to the Jail Expansion project being budgeted solely in the Accumulated Capital Outlay (ACO) Fund which removed the \$25 million in Operating Transfers Out from the Sheriff’s Office operating account to the ACO Fund, a \$12 million decrease in General Fund that was designated for future uses in the FY 2024-25 Adopted Budget, a \$9 million decrease in Behavioral Health appropriations, a \$5 million decrease in Community Corrections Partnership appropriations, 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.

The Recommended Budget represents an effort to fund Board policies and priorities as the budget allows, but due to slowing discretionary revenues and inflation-driven expense increases, not all Board policies and priorities are met in the Recommended Budget. The Recommended Budget also reflects a countywide effort to conserve General Fund costs where possible without impacting services, which has allowed the Chief Administrative Office to prepare a balanced General Fund budget.

TOTAL APPROPRIATIONS

	FY 2023-24 Adopted Budget	FY 2024-25 Recm'd Budget	\$ Increase / (Decrease)	Percent Change
Total Appropriations	\$1,250.8 M	\$1,183.7 M	(\$67.1 M)	-5%
Governmental Funds*	\$1,099.8 M	\$1,025.8 M	(\$74.0 M)	-7%
General Fund	\$455.7 M	\$416.6 M	(\$39.1 M)	-9%
Net County Cost**	\$193.1 M	\$198.4 M	\$5.35 M	3%

* All Governmental Funds including Special Revenue Funds; Excluding Special Districts & Proprietary Funds

** Departmental operating net cost, not including Discretionary Transient Occupancy Tax Contributions, excluding Non-Departmental/Accumulative Capital Outlay (ACO) Fund/ Countywide Special Revenue Funds/ Special Districts/Proprietary Funds

TOTAL APPROPRIATIONS BY EXPENDITURE CLASS

Expenditure Class	FY 2023-24 Adopted Budget	FY 2024-25 Recm'd Budget	\$ Increase / (Decrease)	Percent Change
Salaries and Benefits	\$282.6 M	\$303.8 M	\$21.2 M	7%
Services, Supplies, & Other Charges	\$309.5 M	\$314.7 M	\$5.2 M	2%
Fixed Assets	\$96.6 M	\$81.0 M	(\$15.6 M)	-16%
Transfers	\$220.4 M	\$165.3 M	(\$55.0 M)	-25%
Contingencies	\$175.4 M	\$159.8 M	(\$15.5 M)	-9%
Reserves / Designations	\$15.3 M	\$1.2 M	(\$14.2 M)	-92%
Total Appropriations*	\$1.10 B	\$1.03 B	(\$74.0 M)	-7%

* All Governmental Funds including Special Revenue Funds; Excluding Special Districts & Proprietary Funds

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TOTAL APPROPRIATIONS BY FUNCTIONAL GROUP*

Functional Group	FY 2023-24 Adopted Budget	FY 2024-25 Recm'd Budget	\$ Increase / (Decrease)	Percent Change
General Gov't	\$74.0 M	\$70.8 M	(\$3.2 M)	-4%
Law & Justice	\$176.3 M	\$161.1 M	(\$15.1 M)	-9%
Land Use / Dev Svc	\$193.1 M	\$198.3 M	\$5.3 M	3%
Health & Human Svc	\$244.1 M	\$232.5 M	(\$11.6 M)	-5%
Appropriations*	\$687.4 M	\$662.7 M	(\$24.6 M)	-4%

* Departmental operating appropriations, excluding Non-Departmental/DTOT/ACO Fund/Countywide Special Revenue Funds/Special Districts/Proprietary Funds



GENERAL FUND SUMMARY

General Fund Revenues

The Recommended Budget reflects an increase of \$4.9 million (2.4%) in General Fund major revenue sources. Revenue from Property Tax (including Current Secured and Property Tax In-Lieu of VLF) is projected to increase by 3.5% in FY 2024-25 (\$4.1 million), based on the projected increase in assessed value in the County. DTOT is projected to decrease by 2.8% in FY 2024-25 (\$250,000) from the FY 2023-24 Adopted Budget. Sales and Use Tax is projected to increase by 0.6% in FY 2024-25 from the FY 2023-24 Adopted Budget and 2.0% from the projected receipts in FY 2023-24, which are projected to come in 1.3% lower than budgeted.

Carryover Fund Balance

The Recommended Budget anticipates \$36,451,808 in Fund Balance carryover in the General Fund, which is \$20.5 million (36%) less than what was included in the FY 2023-24 Adopted Budget. Of the \$36 million in Fund Balance, \$4.9 million is from DTOT, a \$5.5 million (53%) decrease from the prior year.

Excluding DTOT, Fund Balance carryover in the General Fund is projected at \$31,520,087, \$15 million (32%) less than what was included in the FY 2023-24 Adopted Budget. These are funds that are anticipated

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to be available at the end of FY 2023-24 as a result of operational savings, unanticipated revenues, and unspent Contingency. It is important to note that, although these funds are considered to be one-time in nature, the County still relies on a portion of these carryover funds to help balance its operating budget. Further detail on the source of Fund Balance can be found in the General Fund – General Revenues and Other Operations section of the Recommended Budget documents.

It should be noted that across all County funds, budgeted Fund Balance amounts are estimates and are subject to change with the close of the FY 2023-24 financial records in the fall.

General Fund Cost & General Fund Contributions

The General Fund Cost (also referred to as Net County Cost) represents the part of a budget unit's expenses that is financed by local general purpose revenues, which are predominantly made up of property taxes, sales and use tax, general purpose fees, and interest earnings. Many departments that are budgeted in funds other than the General Fund also receive General Fund Contributions. Funding for the General Fund Contributions to other funds is also financed by general purpose revenues.

The overall cost to the General Fund, made up of General Fund/Net County Cost and General Fund Contributions to other funds, is increasing by 3%. The chart below reflects the distribution of increases and decreases in General Fund Cost/General Fund Contribution by functional group.

The General Government Functional Group' Net County Cost is reduced by \$2.9 million primarily due to the Diamond Springs Community Park property being transferred to the Boys & Girls Club for park development.

The Law and Justice Functional Group's Net County Cost is increased by \$12.7 million primarily due to California Forensic Medical Group (CFMG) negotiated contract increases, increased Workers' Compensation and General Liability costs, and Board-approved compensation increases across all departments.

The Land Use and Development Functional Group's Net County Cost is reduced by \$3.5 million primarily due to the use of the Industrial Drive General Fund Designation for road improvements and traffic light installation in the prior year and a change in methodology for Countywide Cost Allocation charges in the Planning and Building Department.

The Health and Human Services Functional Group's Net County Cost is reduced by \$0.9 million primarily due to American Rescue Plan Act (ARPA) support to offset the increased cost of the General Assistance Program due to pandemic impacts, the end of the Disaster Designation-funded Mental Health Worker allocation and decreased General Fund support needed for the Area Agency on Aging Programs.

NET COUNTY COST BY FUNCTIONAL GROUP*

Functional Group	FY 2023-24 Adopted Budget	FY 2024-25 Recm'd Budget	\$ Increase / (Decrease)	Percent Change
General Gov't	\$60.2 M	\$57.3 M	(\$2.9 M)	-5%
Law & Justice	\$103.2 M	\$115.9 M	\$12.7 M	12%
Land Use / Dev Svc	\$11.7 M	\$8.2 M	(\$3.5 M)	-30%
Health & Human Svc	\$18.0 M	\$17.0 M	(\$0.9 M)	-5%
Net County Cost*	\$193.1 M	\$198.4 M	\$5.4 M	3%

*Departmental operating net cost, not including Discretionary Transient Occupancy Tax Contributions, excluding Non-Departmental/ACO Fund/CW Special Revenue Funds/ Special Districts/Proprietary Funds

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BOARD POLICIES & PRIORITIES

The Board of Supervisors adopted 10 budget policies in 2015. Those policies were updated and expanded over the years, with the last update approved by the Board on April 10, 2024. As with prior years, the Chief Administrative Office approached the development of the FY 2024-25 Recommended Budget with the direction and intent to recommend funding in line with these policies.

Of particular note, are Budget Policies 8, 10, 11, 12, 13, 15, 16 and 17 which establish targets for funding the General Fund Appropriation for Contingency, General Fund reserves and designations, and other annual goals. It is with these policies in mind that the following Board priorities are recommended for funding in the FY 2024-25 Recommended Budget.

General Fund Contingency funded at 3% of the adjusted General Fund appropriations: Board Budget Policy #8 directs that the Contingency be set at a minimum of 3% of the adjusted General Fund appropriations. This funding is a set-aside to provide resources in the event of unforeseen needs throughout the year.

The Recommended Budget sets General Fund Contingency at \$7.85 million. In FY 2023-24, \$4.25 million in additional contingency was used to cover losses from the Fair Market Value adjustment. If the Fair Market Value adjustment is reversed in future fiscal years, the County intends to replenish the additional Contingency or increase the Capital Projects Designation with those funds.

General Reserve funded at 5% of adjusted General Fund appropriations: Board Budget Policy #10 directs that the General Reserve be set at an amount equivalent to approximately 5% of the adjusted General Fund appropriations. The General Reserve is established to provide for additional resources in the event of significant emergency situations where additional funds are required, and functions as a cash flow reserve during the year. The FY 2024-25 Recommended Budget adds an additional \$1 million to the General Reserve, bringing it to \$13 million, 5% of the adjusted General Fund appropriations.

Contribution to Capital Reserves funded at \$6 million: Board Budget Policy #11 directs that once General Reserves and General Fund Contingency equal 8% of adjusted General Fund appropriations, the Board may transfer remaining discretionary resources to the Designation for Capital Projects. The Recommended Budget does not include an increase to the General Fund Designation for Capital Projects in the amount of \$6 million. There were not sufficient discretionary resources after funding departmental Net County Costs to meet this goal. It is recommended that meeting this goal be a top priority in the event additional fund balance becomes available with the Adopted Budget.

Pension Funding: Board Budget Policy #15 directs that, once General Reserves and General Fund Contingency equal 8% of adjusted General Fund appropriations, the Board may transfer remaining discretionary resources to the Designation for CalPERS Cost Increases. The goal is to maintain

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funding in this designation equal to at least two years of the projected General Fund increases in pension costs.

The Recommended Budget pulls \$3,080,730 from the Designation leaving \$3,668,693 in the Designation, which is equal to three years of projected CalPERS General Fund cost increases based upon CalPERS June 2023 Actuarial Reports. CalPERS investment returns have resulted in fluctuating contribution amounts. The Recommended Budget includes a General Fund CalPERS contribution increase of \$5.3 million. CalPERS is projecting an increase of only \$1 million in FY 2025-26. Due to the volatility of CalPERS, it is recommended the CalPERS Cost Increases Designation hold at least three years of projected increases. The Adopted Budget will include an update of these projected CalPERS Cost Increases based on the CalPERS Actuarial Reports released in July 2024.

Discretionary Transient Occupancy Tax: Policy #13 outlines the use of Discretionary Transient Occupancy Tax revenue. The Recommended Budget has been prepared in alignment with this policy and with Board direction provided on April 10, 2024.

Contribution to Road Maintenance funded at \$7.07 million: Board Budget Policy #15 directs that, once General Reserves and General Fund Contingency equal 8% of adjusted General Fund appropriations, the Board has a goal of setting aside \$5 million in discretionary resources annually for road maintenance. The Recommended Budget includes a contribution of discretionary resources for Road Maintenance in the amount of \$7.07 million. This includes \$4.02 million of discretionary funding from the Shingle Springs Band of Miwok Indians and \$3.05 million in Discretionary Transit Occupancy Tax as directed by the Board on April 10, 2024.

Designation for Information Technologies (IT) Infrastructure and Designation for Disaster Expenses: Board Budget Policies #16 and #17 were approved by the Board on April 18, 2023, and direct that funding be held in Designations for IT Infrastructure and Disaster Expenses. The Recommended Budget does not include additional funding for these designations. There were not sufficient discretionary resources after funding departmental Net County Costs to meet this goal. It is recommended that meeting these goals be a priority if additional fund balance becomes available with the Adopted Budget.

The following priorities are currently recommended for funding in the FY 2024-25 Recommended Budget, based on prior Board direction or to continue implementation of ongoing projects:

Mosquito Bridge

The Recommended Budget includes the continuation of the Mosquito Bridge Project. The Mosquito Road Bridge crosses the South Fork of the American River approximately 5.9 miles north of U.S. Highway 50 in Placerville, just south of the community of Swansboro. The existing bridge is a 9-foot wide, one-lane limited capacity timber suspension bridge with a 140-foot-long span over the South Fork of the American River. The existing bridge was built in 1939 and is 74 years old. The \$102 million Mosquito Bridge Project continues into FY 2024-25 and is funded with Highway Bridge Program Funds (99.9%) and Sacramento Municipal Utility District Funds (0.1%).

Office of Wildfire Preparedness and Resilience Weber Creek Project

The Recommended Budget includes \$1.4 million in appropriations 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. \$1.3 million of the project will be funded with federal Hazard Mitigation Grant Program funds along with the California Wildfire Mitigation Program which will fund 50% of the

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non-federal portion of the project (\$66,883). The remaining grant funds totaling \$23,562,517.50 for Phase II of the Project will be awarded by FEMA upon the successful completion of Phase I activities, including programmatic review and Environmental and Historic Preservation (EHP) approval, which is anticipated to be completed by February 2025.

El Dorado County Homelessness

The Health and Human Services Agency Community Services Department continues to be the Administrative Entity for the El Dorado Opportunity Knocks Continuum of Care (CoC) in support of El Dorado County Homeless programs. The expected outcomes include but are not limited to, capital improvements for temporary and permanent housing, rental subsidies, landlord incentives, a youth homeless prevention set aside, and other public services including coordinated entry for the homeless and those at risk of becoming homeless. The County has received a number of grants to support the homeless population. The FY 2024-25 Recommended Budget includes almost \$24 million in state and federal revenue to be used to help address and prevent homelessness in El Dorado County.

Facilities Investments

The Recommended Budget includes an Accumulative Capital Outlay (ACO) Workplan totaling \$66.4 million. This workplan includes \$40.7 million for the Placerville Jail Expansion Project, \$5 million for the renovation of space in Building C to accommodate the Superior Court relocation, \$3.7 million for the renovation of the newly purchased buildings in South Lake Tahoe, \$4 million for the construction of a permanent Navigation Center, \$1.7 million for South Lake Tahoe Jail safety upgrades, and \$1.2 million in grant-funded library improvements. In addition, the Workplan includes \$6.7 million in maintenance for County-owned facilities. In addition to the ACO Workplan, the Chief Administrative Office Parks Division has \$5.5 million in park investments and improvements in the Recommended Budget.

BUDGET PRESSURES & POLICY CONSIDERATIONS

Slowing Discretionary Revenues

El Dorado County has been preparing for the possibility of a recession or economic slowing since the onset of the coronavirus pandemic in FY 2019-20. Discretionary revenue growth began to slow in FY 2022-23, with FY 2023-24 gross receipts of Discretionary Transient Occupancy Tax expected to decrease by 3.5% and Sales and Use Tax expected to decrease by 1.3% when compared to the prior year. Since these two revenue sources are expected to come in lower than projected in FY 2023-24, Discretionary Transient Occupancy Tax shows a downward adjustment to its growth projections for FY 2024-25 and Sales and Use Tax shows a modest increase in growth for FY 2024-25. Property tax revenue growth is currently estimated at 3.5% and Sales and Use Tax growth is estimated at 2%. Staff will continue to monitor discretionary revenue trends and watch for economic changes that could impact Property Taxes.

Risk Programs

El Dorado County self-insures its General Liability Program and was self-insured for all claims before September 2018 for its Workers' Compensation Programs. The programs are administered by Risk Management. The funding levels for the programs are based on actuarial analysis and recommendations of Bickmore Risk Services and Consulting. The required program funding is determined and applied to an allocation schedule for charges to departments. General Liability and Workers' Compensation charges are based on each department's program claims losses (experience) relative to the County as a whole and the budgeted payroll for each department relative to the total budgeted payroll (exposure). Charges to departments are weighted 80% on the department's experience over the most recent seven years and 20% on the department's exposure.

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In FY 2024-25, the Workers' Compensation and General Liability premiums increased by over \$6.5 million. The Workers' Compensation premium increased by \$5.8 million (142.8%), and the General Liability premium increased by \$672,727 (9.7%). These increases were based primarily on increases in current-year operational costs and premiums, as well as actuarial-based estimates to cover future claim payments.

In order to conserve General Fund, the Recommended Budget includes a holiday for Retiree Health charges to departments. The rate holiday will save departments over \$2.7 million in FY 2024-25.

Facilities Investments & Ongoing Needs

As stated above, the Recommended Budget invests \$66.4 million into County facilities through the ACO Workplan. Due to use in prior years, the County has only \$2,247,139 remaining in the Capital Projects Designation. The Board has made significant progress in improving County facilities over the past five years with the build of the Public Safety Facility, the purchase of the new facility in South Lake Tahoe, and the purchase of the Shingle Springs facility on Ponderosa Road.

Despite these investments and savings, the County will need to make further facility investments in the coming years that exceed available funding. It is estimated that the replacement of County buildings with a low condition rating could cost \$247 million. The County still has one end-of-life building that needs to be replaced within the next five years. The Spring Street facility is estimated at a replacement cost of \$27 million. To meet these upcoming facilities' needs the Board must continue to invest in County facilities and increase funding in the General Fund Designation for Capital Projects for future improvements. This should be a top priority for use of additional fund balance, if available, during the Adopted Budget process.

Impacts due to State Budget Proposals

The Governor released his May Revised Budget proposal for FY 2024-25 on May 10, 2024, roughly a week before this document was finalized. The Governor's 2024-25 May Revision proposes approximately \$288 billion in spending (\$201 billion in General Fund) and reflects a \$27.6 billion budget shortfall. The May Revision revenue forecast is based on a scenario that assumes continued economic growth and does not assume a recession. The May Revision estimates that the budget shortfall has grown by approximately \$7 billion. The May Revised Budget proposes to use \$12.2 billion in Budget Stabilization Account funds over two fiscal years, and a use of one-time funds to address the State budget challenges.

To address the shortfall, the May Revision proposes to eliminate \$200 million in Future of Public Health funding for counties and incorporates roughly \$17.3 billion in early budget reductions included in AB 106 (Gabriel), which was signed into law in mid-April. Additionally, the May Revision proposes to eliminate the In-Home Supportive Services undocumented expansion coverage for all ages that would have impacted counties. The May Revision includes reducing \$4.4 million in Post Release Community Supervision funding.

Staff continue to closely monitor the State Budget proposals and determine the impacts to the El Dorado County Budget. The Recommended Budget does not incorporate the Governor's proposals in the May Revised Budget; these changes will be incorporated into the Adopted Budget in September after the State Budget is finalized.

ALLOCATED POSITIONS & STAFFING CHANGES

The FY 2024-25 Recommended Budget includes 2,043.68 Full-Time Equivalent allocations (FTEs). This represents a 0.9 FTE net decrease from the current FY 2023-24 Position Allocation (as of May 7, 2023). The chart below summarizes the recommended allocated staffing changes and does not include extra help

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appropriation changes that do not impact the Personnel Allocation. Details of all allocated positions and recommended position changes are included in departmental budget narratives.

Summary of Recommended Position Changes

Department	Net Change
Chief Administrative Office*	5.50
Child Support Services	(0.50)
District Attorney	(2.00)
Health and Human Services Agency	4.60
Information Technologies	(1.00)
Planning & Building*	(6.00)
Public Defender	(1.00)
Transportation	(0.50)
Total	(0.90)

*6.0 FTE were moved from Planning & Building to the Chief Administrative Office with the move of Airports and Cemeteries.

The chart below presents the total authorized positions, countywide, by fiscal year since FY 2005-06. Total authorized positions decreased significantly during the recession, beginning in FY 2008-09, and gradually increased during the recovery.

