



# COUNTY OF MADERA

## ADMINISTRATIVE MANAGEMENT

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June 13, 2022

### HONORABLE BOARD OF SUPERVISORS COUNTY OF MADERA

In accordance with the requirements of State Law and Madera County Code Section 2.24.030C, I hereby submit my recommendations for the Fiscal Year 2022-23 Proposed Budget. The proposed county operating budget of \$466,744,916 reflects a net increase of \$51,299,646 over the current fiscal year across all operating funds. These are summarized below.

### COUNTY BUDGET APPROPRIATIONS SUMMARY (EXCLUDES SPECIAL DISTRICTS)

<u>Fund Name</u>	<u>Actual Expenditures 2020-21</u>	<u>Board Adopted 2021-22</u>	<u>Department Request 2022-23</u>	<u>CAO Proposed Budget 2022-23</u>	<u>Change from 2021-22 to 2022-23</u>
General Fund	\$275,721,045	\$333,409,737	\$378,220,349	\$374,715,438	\$41,305,701
Fish and Game Fines	3,193	5,000	5,000	5,000	0
Refuse Disposal	7,627,271	13,203,755	12,346,008	12,346,008	(857,747)
Flood Control	1,710,929	1,398,246	578,881	578,881	(819,365)
AB 109, Probation CCPIA, CESF	10,318,957	8,354,668	8,103,727	8,103,727	(250,941)
Road Fund and Transit	26,838,265	55,116,029	61,276,414	61,276,414	6,160,385
Other	3,036,385	3,957,835	9,719,448	9,719,448	5,761,613
<b>GRAND TOTAL BUDGET REQUIREMENTS</b>	<b><u>\$325,256,045</u></b>	<b><u>\$415,445,270</u></b>	<b><u>\$470,249,827</u></b>	<b><u>\$466,744,916</u></b>	<b><u>\$51,299,646</u></b>

**GENERAL FUND FINANCIAL OUTLOOK**

The County General Fund continues to face significant financial challenges even as revenue sources recover from the pandemic. Labor costs continue to increase due to benefit and retirement rates and salary adjustments necessary to maintain competitiveness in the job market. Inflationary factors have also impacted the cost of goods and services needed to operate various county programs. As a result, the County General Fund is projected to continue to face budgetary deficits through the end of Fiscal Year 2024-25. Despite this, it is important to note that utilization of one-time fiscal recovery funds as “revenue replacement” in the proposed budget has been eliminated. One time] American Rescue Plan Act (ARPA) funds that are included in the proposed Fiscal Year 2022-23 Budget are funding specific pandemic response projects that were approved in Fiscal Year 2021-22 and the cost associated with program administration and reporting.

The FY 2022-23 Budget is proposed to be balanced through utilization of general fund balance, as show on Table 1. Based on the estimated net County cost requirement of \$92,825,748, which is net of salary savings, and projected discretionary revenues of \$88,077,359, approximately \$4,748,389 in fund balance will be needed to balance the proposed FY 2022-23 budget. This amount is less than what was utilized in the FY 2021-22 Budget and assumes a more moderate salary savings target of 5% versus the 9% target that was set for the current fiscal year. In addition, while the financial outlook through FY 2024-25 still reflects an operating deficit of \$3.5 Million, this is significantly lower than what was projected a year ago, which was \$5.5 Million.

Discretionary revenues estimated for Fiscal Years 2023-24 and 2024-25, as shown on Table 1, projects a very conservative annual growth rate of 1.6%, compared to the 2.5% growth rate projected a year ago. This is largely due to discretionary revenues having reached pre-pandemic levels, which then resets growth rate assumptions to more modest year on year estimates. Growth projections were also reduced given the economic uncertainty brought about by high inflation, soaring mortgage rates and a general sense that house price growth has reached its peak and will likely experience a correction or stagnation. And, as mentioned above, revenue growth has largely been offset with increases in operating costs across the board.

Table 1: County General Fund 5-Year Financial Outlook

ROW		Final FY 2020-21	Year End Projection FY 2021-22	Projected Budget FY 2022-23	Estimated FY 2023-24	Estimated FY 2024-25
	<u>GENERAL FUND NET COUNTY COST:</u>					
1	Appropriations (Actual for FY 2020-21)	276,185,427	277,340,632	374,715,437	389,704,054	405,292,216
2	Revenues (Actual for FY 2020-21)	203,972,071	187,499,931	277,773,916	291,397,742	306,414,904
3	<b>Budgeted Net County Cost (NCC)</b>	<b>72,213,356</b>	<b>89,840,701</b>	<b>96,941,521</b>	<b>98,306,312</b>	<b>98,877,312</b>
	<u>STRUCTURAL DEFICIT:</u>					
4	<b>Budgeted NCC</b>	<b>86,561,788</b>	<b>89,840,701</b>	<b>96,941,521</b>	<b>98,306,312</b>	<b>98,877,312</b>
5	Add Estimated Labor Impacts	0	3,710,146	0	0	0
6	One-time Development-Related Revenue	(3,346,587)	0	0	0	0
7	CARES & ARPA Revenue Offsetting GF	(6,968,063)	(3,710,146)	0	0	0
8	Less Salary Savings	(4,033,783)	(3,980,405)	(4,115,773)	(4,239,246)	(4,366,423)
9	<b>Projected Year End NCC (Actual for FY 2020-21)</b>	<b>72,213,356</b>	<b>85,860,296</b>	<b>92,825,748</b>	<b>94,067,066</b>	<b>94,510,889</b>
10	Remove One-time Devt. Related Revenue	3,346,587	0	0	0	0
11	Impact of Eliminating CARES/ARPA Revenue	6,968,063	3,710,146	0	0	0
12	<b>Operating NCC Requirement (Sum of Row 9 to 11)</b>	<b>82,528,006</b>	<b>89,570,442</b>	<b>92,825,748</b>	<b>94,067,066</b>	<b>94,510,889</b>
13	Discretionary Revenue (Funds NCC)	80,639,147	87,594,358	88,077,359	89,486,596	90,976,790
14	<b>Structural Operating Deficit (Row 13 minus 12)</b>	<b>(1,888,859)</b>	<b>(1,976,084)</b>	<b>(4,748,389)</b>	<b>(4,580,470)</b>	<b>(3,534,099)</b>
	<u>FUND BALANCE/GENERAL FUND SOLVENCY:</u>					
15	<b>Year End General Fund (Deficit) or Surplus (Row 13 minus 9)</b>	<b>8,425,792</b>	<b>1,734,062</b>	<b>(4,748,389)</b>	<b>(4,580,470)</b>	<b>(3,534,099)</b>
16	Beginning Fund Balance	7,422,824	15,848,616	17,582,678	12,834,289	8,253,819
17	Projected (Deficit) or Surplus	8,425,792	1,734,062	(4,748,389)	(4,580,470)	(3,534,099)
18	<b>Projected Ending Fund Balance</b>	<b>15,848,616</b>	<b>17,582,678</b>	<b>12,834,289</b>	<b>8,253,819</b>	<b>4,719,720</b>

**FUNDED POSITIONS**

*New Positions Proposed for FY 2022-23*

The proposed budget recommends an increase of 98 funded positions over the current fiscal year. The proposed positions are the following:

- 42 positions from the Departments of Behavioral Health, Public Health, Social Services and Child Support Services. These positions are 100% funded through State and Federal funding sources with no net County cost.
- 5 net positions from various general fund departments that are 100% funded with new grant or fee revenues or direct funding from subvented departments, developer agreements or enterprise funding sources. These include deputy positions for the Sheriff's Office that are assigned to Riverstone and Tesoro Viejo and positions from the Community & Economic Development Department to address workload related to economic growth.
- 8 positions from central service general fund departments or departments that are partially funded with discretionary revenue sources but have available offsetting revenues. These proposed increases include two positions to support grounds maintenance functions, which has not been increased since the great recession, one position to support mailroom functions, one position to support the Administrative Office, two positions to support the Treasurer-Tax Collector, and one position to support the Clerk-Recorder.
- 47 positions from various general fund departments that are funded with discretionary revenue sources. Fifteen (15) of these positions are related to the elimination of long-term extra help use by several departments. The remaining 31 positions include the following: 5 positions in the Sheriff's Office to address training needs, emergency response, and morgue workload; 2 positions at the District Attorney's Office to address new Superior Court workload; 4 positions for Juvenile Hall to address DJJ Realignment; 10 positions in Probation to address Pretrial and Adult Drug Court workload and a shift of positions that were temporarily funded with grant funding but were meant to shift back to the general fund; 3 positions in Animal Services in order to properly address current workload;

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TABLE 2: COUNTY FUNDED POSITIONS 5-YEAR ACTUALS

Org	Org Description	Positions Funded FY 2018-19	Positions Funded FY 2019-20	Positions Funded FY 2020-21	Positions Adopted FY 2021-22	Mid-Year Approved Positions FY 2021-22	New Positions Proposed FY 2022-23	Total Proposed Positions FY 2022-23
100	BOARD OF SUPERVISORS	14.00	14.00	14.00	14.00	0.00	0.00	14.00
210	COUNTY ADMIN OFFICE	6.00	7.00	6.00	6.00	1.00	1.00	8.00
230	CAO INSURANCE	1.00	2.00	2.00	2.00	0.00	0.00	2.00
240	INFORMATION TECH SYSTEMS	26.00	26.00	24.00	24.00	0.00	0.00	24.00
243	IT-INFORMATION SECURITY	3.00	3.00	4.00	4.00	0.00	0.00	4.00
310	AUDITOR-CONTROLLER	19.75	20.00	20.00	20.00	1.00	0.00	21.00
400	ASSESSOR	27.00	26.00	26.00	24.00	0.00	0.00	24.00
510	TAX COLLECTOR	15.00	9.00	8.80	8.40	0.00	1.25	9.65
520	TREASURER	0.00	7.00	7.30	7.60	0.00	0.75	8.35
700	COUNTY COUNSEL	1.00	1.00	1.00	1.00	0.00	0.00	1.00
800	HUMAN RESOURCES	11.00	12.00	12.00	18.00	0.00	0.00	18.00
1300	P.W. ADMIN	34.00	36.00	37.00	34.00	0.00	6.00	40.00
1311	FACILITY MANAGEMENT/GENERAL SERVICES	2.00	2.00	3.00	4.00	0.00	0.00	4.00
1330	BLDG MAINTENANCE	10.00	10.00	10.00	11.00	1.00	0.00	12.00
1340	P.W. SPECIAL DISTRICT SVCS	21.00	23.00	23.00	25.00	0.00	0.00	25.00
1360	GROUNDS MAINTENANCE	6.00	6.00	6.00	6.00	0.00	2.00	8.00
1370	BUILDING & FIRE SAFETY	17.00	17.00	21.00	26.00	1.00	1.00	28.00
2100	CENTRAL SERVICES	1.00	1.00	1.00	1.00	0.00	1.00	2.00
2150	311 INFORMATION CENTER	3.00	4.00	4.00	4.00	0.00	0.00	4.00
3300	COUNTY CLERK	9.50	9.50	10.50	10.50	0.00	0.50	11.00
3330	ELECTIONS	5.50	6.50	6.50	6.50	0.00	0.50	7.00
3500	DA (All Orgs)	39.00	41.00	47.00	47.00	2.00	2.00	51.00
3700	CHILD SUPPORT	35.00	35.00	35.00	36.00	0.00	3.00	39.00
4000	SHERIFF (All Orgs)	119.00	135.00	145.00	148.00	1.00	9.00	158.00
4610	SHERIFF - JAIL DIVISION	114.00	114.00	114.00	115.00	5.00	1.00	121.00
4710	PROBATION ADMIN	41.00	41.00	39.50	34.00	0.00	10.00	44.00
4720	JUVENILE HALL DIVISION	41.00	41.00	41.00	41.00	0.00	4.00	45.00

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Org	Org Description	Funded FY 2018-19	Funded FY 2019-20	Funded FY 2020-21	Adopted FY 2021-22	Mid-Year Approved FY 2021-22	New Proposed FY 2022-23	Total Proposed FY 2022-23
4785	PROB AB1913 JUV JUST PROG	4.00	3.50	4.00	3.50	0.00	0.50	4.00
4787	YOUTH OFFENDER BLOCK GRANT	5.00	5.50	5.00	8.00	0.00	(1.00)	7.00
5000	FIRE PREVENTION	5.00	5.00	5.00	6.00	0.00	0.00	6.00
5410	AG COMMISSIONER	15.00	15.00	15.00	15.00	0.00	0.00	15.00
5900	PLANNING	13.00	13.00	13.00	14.00	0.00	3.00	17.00
5950	WATER AND NATURAL RESOURCES	3.00	3.00	8.00	10.00	0.00	0.00	10.00
6000	ANIMAL SERVICES	12.00	12.00	12.00	13.00	0.00	7.00	20.00
6810	HEALTH ADMINISTRATION	106.50	101.50	107.50	115.00	9.00	11.00	135.00
6900	BEHAVIORAL HEALTH SERVICES	143.00	150.00	165.00	170.00	4.00	21.00	195.00
7100	CED ENVIRONMENTAL HEALTH	13.50	13.50	13.50	14.00	0.00	0.00	14.00
7510	SOCIAL SERVICES ADMIN	334.50	334.50	336.50	344.00	26.00	7.00	377.00
8010	VET SVC OFCR	3.00	2.00	3.00	3.00	1.00	0.00	4.00
8020	PUB ADMIN/PUB GUARDIAN	4.00	4.00	4.00	4.00	0.00	0.00	4.00
8200	COMMUNITY ACTION AGENCY	1.00	1.00	1.00	1.00	0.00	0.00	1.00
9110	LIBRARY ADMINISTRATION	14.00	14.00	14.00	14.00	0.00	10.00	24.00
10800	FLEET SERVICES	5.00	5.00	6.00	6.00	0.00	0.00	6.00
11100	PW - REFUSE LINER FUND	0.00	0.00	0.00	5.00	0.00	(1.00)	4.00
11800	PW - ROADS & BRIDGES	66.00	67.00	68.00	68.00	0.00	0.00	68.00
14370	PROBATION - CCPIA	11.50	11.00	11.50	14.00	0.00	(4.00)	10.00
15010	FLOOD CONTROL	0.00	0.00	0.00	1.00	0.00	0.00	1.00
61332	PROBATION AB 109	16.00	16.00	17.00	17.00	0.00	1.00	18.00
	<b>Total</b>	<b>1,397</b>	<b>1,426</b>	<b>1,478</b>	<b>1,524</b>	<b>52</b>	<b>98</b>	<b>1,673</b>
	Subvented Human Services Department Positions					39	42	751
	General Fund (GF) positions fully funded by grants, fees or direct subvented department funding					3	5	187
	GF central services positions with partial cost recovery through cost plan (approx 60%)					2	4	113
	GF positions funded by discretionary revenues					8	47	622
	<b>Total</b>					<b>52</b>	<b>98</b>	<b>1,673</b>

COMMENTS ON THE 2022-23 RECOMMENDED BUDGET

***Key Infrastructure & Community Highlights***

The County is continuing its recovery from the pandemic and while there are many challenges looming, it is worth noting the following positive outcomes of the past twelve months:

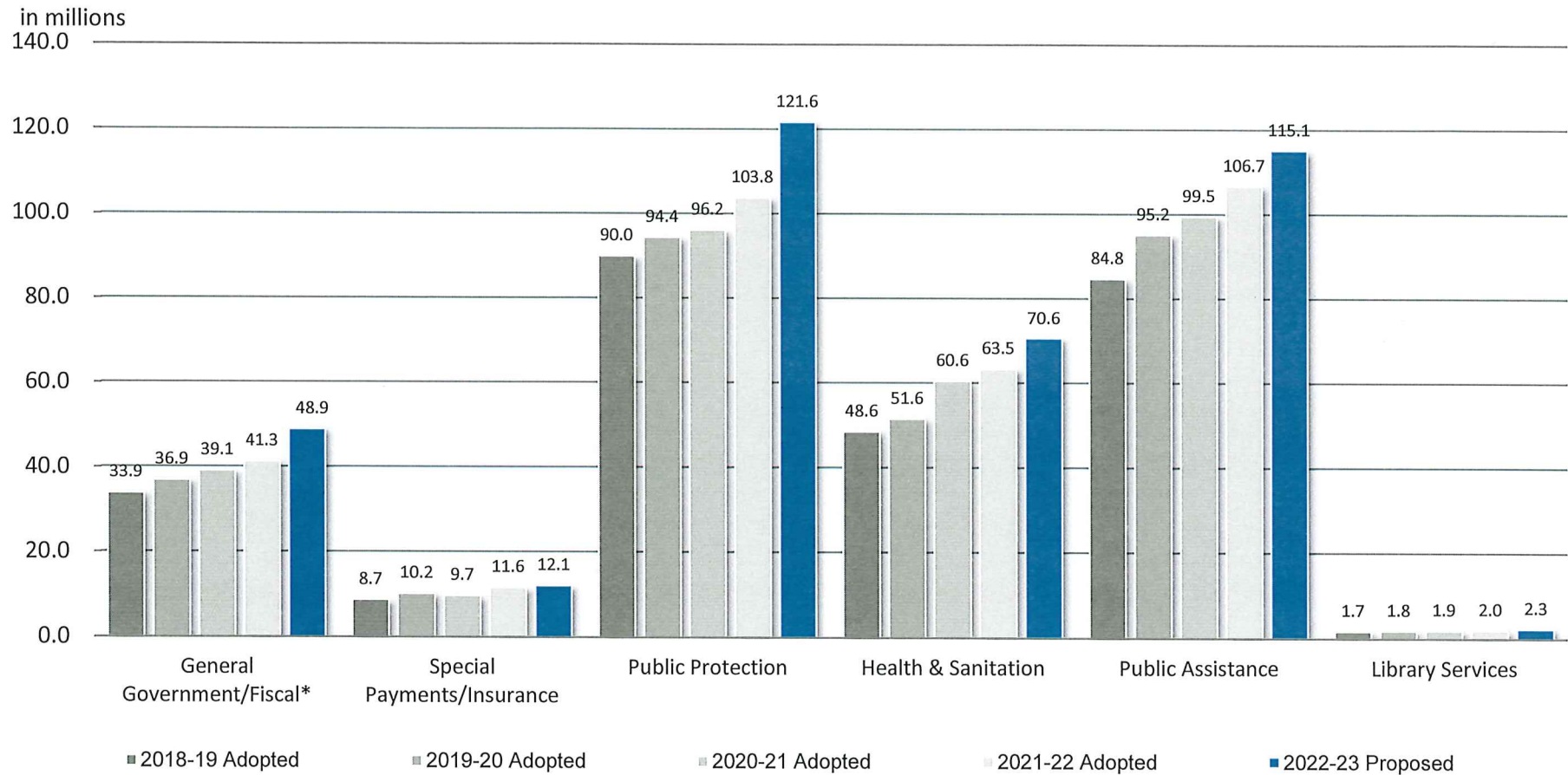
- Over \$5 Million in County American Rescue Plan Act (ARPA) funds dedicated for assisting and mitigating the negative impacts of the pandemic to local businesses, non-profits and low-income households and seniors.
- \$5 Million in County ARPA funds dedicated to projects in the five most severely disadvantaged districts in the County; community outreach efforts to identify feasible projects are ongoing and will be presented to the Board for final recommendations the 1<sup>st</sup> Quarter of FY 2022-23.
- Over \$2 Million in funding to serve unhoused residents through a variety of programs, including the planned construction of the County's first triage shelter in partnership with the Madera Rescue Mission and Community Action Partnership Madera County.
- Construction of the Madera County Justice Center is more than 75% complete with the full completion date expected February 2023 or sooner.
- Fire Station 3 construction is 15% complete and expected to be completed February 2023.
- Sheriff's Logistics Facility (Oakhurst) is in the design development stage and is expected to be completed January 2023.
- Phase 3 Energy Efficiency Project is 90% complete with the Road 28 solar field expected to be operational by December 2022.

Economic development efforts continue to make progress. The establishment of Enhanced Infrastructure Financing Districts (EIFD) and future efforts on attracting Opportunity Zone investments represent part of the County's focus on creating commercial and industrial development opportunities. Residential construction continues to be strong in the Rio Mesa Area consistent with the extremely robust housing market nationwide.

**Overview of Proposed FY 2022-23 Appropriations**

The following section provides an overview of the proposed appropriations for the Fiscal Year 2022-23 Budget. This budget continues your Board’s focus on prioritizing public safety, which is reflected in the five-year trend of public protection appropriations below.

**General Fund Appropriations 5-Year Comparison**





*Overview of Proposed FY 2022-23 Appropriations (continued)*

The 2022-23 General Fund Budget is an overall increase of \$41.7 Million over the 2021-22 Fiscal Year. The following is a brief recap of General Fund functions and other points of interest:

- The General Government category reflects an increase of \$7.6 Million over Fiscal Year 2021-22. Majority of the increase is due to the establishment of the Public Works Projects Revolving Fund (\$3,000,000), which is aimed at providing cash flow loans to initiate public works projects that have fully executed 3<sup>rd</sup> party grant reimbursement funding and Public Works staffing to accommodate increases in functions and workload (\$1.5 Million). Other increases include the ongoing cost of maintaining IT infrastructure and keeping it secure (\$1.4 Million) and increases in the cost of providing retiree health insurance and funding the county's liability program (\$0.5 Million).
- The Public Protection category has increased \$17.8 Million over Fiscal Year 2021-22. This includes benefit cost increase for all public safety operations (\$4.5 Million), increases for CAL FIRE services (\$1.8 Million), CED positions and services to address building activity and ground water sustainability efforts (\$4.6 Million), animal services operational needs (\$0.4 Million) and replacement of the weights and measures truck (\$0.4 Million). In addition, this increase includes cost of positions and services to meet service level agreements with Rio Mesa developments (\$1.9 Million) and increases in Probation to account for new juvenile justice mandates and to end the temporary shift of positions from grant funded positions (\$1.9 Million).
- The Health and Sanitation category has increased \$7.1 Million over Fiscal Year 2021-22. The majority of the increase is related to new positions for the Behavioral Health Services Department to address unmet needs and improve mental health services delivery (\$5.3 Million) and a system software replacement for the Environmental Health Department (\$0.9 Million).
- The Public Assistance category has increased \$8.4 Million over Fiscal Year 2021-22. The increase in this category is primarily due to increases in projected public assistance aid costs and the cost of staffing for administering benefit payments and running adult and child protective services functions.
- The Library Services category (Library) has increased \$319,173 over Fiscal Year 2021-22. This increase is due to benefits cost increases for current service level staffing and the addition of permanent positions in order to eliminate extra help use.
- The preliminary General Fund Balance for the period ending June 30, 2022, is \$17,582,678. The Auditor's Office is scheduled to complete the final June 2022 Fund Balance calculation in the fall after the close-out of the 2021-22 Fiscal Year. As illustrated in Table 1, use of fund balance is needed to offset the operating revenue deficit in the current year.

**COMMENTS ON FINAL BUDGET HEARINGS**

The Government Code provides that estimates submitted by an official or person shall not be addressed or reduced until they have had a hearing before your Board sometime during or prior to the Final Budget Hearings. In addition, your Board (1) must hear any taxpayer, during consideration of the Final Budget, regarding the increase, decrease, or omission of any item in the Proposed Budget, or for the inclusion of additional items; (2) may add any items at the Final Budget Hearings for which a written request is filed; and (3) may delete any items at the Final Budget Hearings.

Therefore, it is recommended that your Board:

1. Instruct the County Administrative Officer to review the budget accounts approved in the Recommended Budget and submit recommendations for adjustments to be considered at the Final Budget Public Hearings.
2. Set MONDAY, June 13, 2022, as the date Final Budget Public Hearings to begin.
3. Instruct the County Administrative Officer to schedule specific items to be heard during Final Budget deliberations for persons indicating a desire to be heard regarding the Budget.

Respectfully submitted,



Jay Varney  
County Administrative Officer

***County of Madera Budget Staff:***

*Jay Varney, County Administrative Officer  
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Yvette Gomez, Executive Assistant to the CAO*