



## County Administrator's Office

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June 7, 2021

TO: Board of Supervisors  
FROM: County Administrative Staff

SUBJECT: FY 2021/22 Recommended Budget

The State Budget Act requires local elected legislative bodies to pass a recommended budget before July 1 and an adopted budget by October 2<sup>nd</sup>. Approval of the recommended budget provides the necessary spending plan until the budget is formally adopted. The public hearing for the FY 2021/22 Budget Public Hearing is tentatively set for September 21<sup>st</sup>.

Each year, the Board of Supervisors establishes a clear set of priorities that provides direction for development of the Recommended and ultimately the Adopted Budget. The five strategic goals are:

1. Fire Safety and Preparedness
2. Community and Family Health
3. Economic Development
4. Modernize Government
5. Roads and Infrastructure

The FY 21/22 Recommended Budget maintains these priorities. Additionally, this is the first recommended budget in several years does not include reductions in staffing/services or concessions from employees.

*We support the Board of Supervisors in achieving their goals through service and collaboration with County Departments and the Community.*

Comparison between FY 20/21 Adopted Budget and FY 21/22 Recommended Budget

	<b>Adopted FY 2020/21</b>	<b>Rec. FY 2021/22</b>	<b>Change</b>	
General Fund	82,910,606	88,728,982	5,818,376	7.0%
Governmental	175,141,175	189,968,804	14,827,629	8.5%
Enterprise Funds	9,400,090	10,131,322	731,232	7.8%
Internal Service Funds	19,517,798	19,153,093	(364,705)	-1.9%
All Budgeted Funds	204,059,063	219,253,219	15,194,156	7.4%
Permanent Employees	658.70	682.80	24.10	3.7%

Overall, the FY 21/22 Recommended Budget is 7 percent higher than the FY 20/21 Adopted Budget. The General Fund is \$5.8 million more than FY 20/21 and Governmental Funds are almost \$15 million more. The primary drivers for the increase in spending are related to the construction of the two Community Resiliency Centers and increased funding under the Master Stewardship Agreement.

**Summary of changes**

**Revenues** – Due to the COVID pandemic, economists were projecting significant reductions in sales tax and TOT revenues. As the year progressed, it became clear those projections were inaccurate. Sales tax for last fiscal year increased by six percent over FY 20-21 and TOT decreased by 26%, not the 45% originally projected by economists. Departmental revenues are seven percent higher than the FY 20-21 Adopted budget and 1 percent higher than the FY 20-21 recommended budget.

For FY 21-22, staff is estimating a significant increase in several revenues as detailed below.

**Transient Occupancy Tax** – TOT revenue projections are 100% higher (\$6 million versus \$3 million) than what was projected in the FY 2020-21 Adopted Budget and 36% higher than FY 20-21 year-end projections (\$4.4 million versus \$6 million).

**Sales Tax** – Revenue projections are 13% higher than the FY 21/22 Adopted Budget.

**Road Fund Revenues:** revenues for gas taxes are also projected to be 14% higher than the FY 20-21 Adopted budget.

## **High Level Summary of Budget Changes Compared to FY 2021 Adopted Budget**

**General Fund:** there is a net increase of \$3 million. Below is a summary of significant factors contributing to the overall increase in the General Fund.

- **Contingencies** - \$874,000
- **Tree Mortality** -\$400,000 more as this program is winding down.
- **Master Stewardship Agreement** - \$7 million more. Staff increased this cost center during the year as the projects are picking up in pace and scale.
- **Transfers Out** – \$2.3 million less. Transfers out to County Capital and Fire are less than last year.

**Governmental:** There is an increase of \$15 million from the FY 20/21 Adopted Budget for the funds in this category.

- **General Fund** – \$5.9 million higher. The major contributions to this increase is the additional funding received under the Master Stewardship Agreement cost center. The cost of this program is completely offset by grants.
- **County Capital** – \$6.4 million less. Construction of the jail has been completed in FY 2020-2021.
- **Public Works** – \$1.7 million higher. There have been delays in normally scheduled road projects due to the three declared emergencies in 2017, 2018, and 2019 that caused significant damages to county roads. These projects have been rolled over to the current fiscal year.
- **Public Works Projects** – \$3.9 million less. The completion of storm projects from FY 2017 and FY 2018 and several other capital projects are the primary drivers for the reduction in this budget.

### **Enterprise Funds:**

**Ambulance** - \$724,000 higher

**Airports** – There are no significant changes in the airport budgets.

## **Internal Services Funds**

### **Purchasing**

There are no significant changes in the purchasing budget. Staff is recommending changes to personnel in this department, as described below.

There are no material changes in the other Internal Service Funds

### **Development of the FY 2021/2022 Recommended Budget**

Budget preparation is a continuous cycle. As soon as one budget cycle concludes, staff is already working on the next year's budget. The development of the Recommended Budget this year came on the heels of COVID-19, restoring concessions to employees, failure of the Measure V parcel tax for County Fire, beginning stages of bargaining with all units, implementation of \$15.00 per hour minimum wage, and beginning discussions regarding the American Rescue Plan.

Budget study sessions are scheduled for August 4, 5 and 6 and a study session on use of the American Rescue Plan funds on August 11.

The Recommended Budget is a spending plan until the Board formally adopts a budget during a public hearing on September 21.

The section below summarizes significant changes to individual cost centers

### **GENERAL FUND**

#### **BOS**

The cost (\$25,000) of an intern program has been added to this cost center.

#### **Contingencies**

The Recommended budget contains \$873,597 in appropriations for contingencies. Board policy requires 1% of General Fund operations.

#### **CAO**

This is the second year of a department reorganization of the County Administrative Office. The Deputy County Administrative Officer position is being eliminated and a new grant funded position was created in the National Disaster Resiliency Competition cost center to manage the construction of two Community Resiliency Centers.

#### **Assessor -Recorder**

An Office Assistant was added to this department for FY 21/22.

## **Facilities Management**

The full contract cost for the Tuolumne Parks and Recreation District of \$115,000 was included this fiscal year. As the Board is aware there are several large capital projects that are in progress. To facilitate the management and oversight of these projects, the Board directed staff to restore the Facilities Management Supervisor. This position was eliminated in 2013 due to budget constraints and will offer significant capacity towards the remodel of the Tuolumne General Hospital to accommodate the Health and Human Services Department.

One area of concern in this department is the difficulty in recruiting housekeepers. Human Resources has had a continuous recruitment and as of today there are still no applicants. This is one of the classifications that makes minimum wage and as of January 1, 2022 will have to be raised to \$15.00 per hour. There are six allocated positions and two are vacant and have been vacant for months. Of further concern is the maintenance and cleaning of the two Community Resiliency Centers, once they are open and operational.

## **Economic Development and Promotion**

Transient Occupancy Tax (TOT) is projected to be \$6 million. Subsequently, the payment to the Visitors Bureau was increased to \$1.5 million, per the agreement.

## **Innovation and Business Assistance**

The Director of Innovation and Business Assistance secured a \$500,000 grant from the Economic Development Administration's CARES Act NOFA to develop the Central Sierra Broadband Roadmap. The Roadmap will create future policies, permitting standards, priorities, and expand business access for Broadband Infrastructure in the Central Sierra Region of California.

## **Information Technology**

The most significant cost in the Information Technology budget, with the exception of salaries and benefits, is related to software and security. The implementation of the new Enterprise Resource Planning (ERP) software is nearing completion. However, the previous ERP maintenance costs will need to continue for another year until the transition to the new system is complete. This budget also includes an increase in cost associated with cyber security. Two years ago, the county had zero budget dedicated to security. We have added new endpoint protection for and an Immune System autonomous cyber defense platform. Cyber Artificial Intelligence protects the workforce and data from sophisticated attackers, by detecting, investigating, and

responding to cyber-threats in real time. The FY 21/22 budget also includes an upgrade to the Counties tax collection software system.

**Public Works GIS/Surveying**

The GIS Analyst was converted to a GIS Coordinator.

**Tree Mortality**

Tree Mortality first became an issue in 2016 and has lasted five years. Over the course of those five years \$8.3 million dollars in grant funds have been secured and spent removing trees on public property, along county roads and near homes. There is \$411,000 budgeted as a result of the state reallocating unspent funds from other counties.

**Master Stewardship Agreement**

This budget has been significantly increased to facilitate the pace and scale of projects to take place this fiscal year. Staff has projected to spend seven million dollars on projects in an around forested area. Due to the increase in projects, a grant-funded Administrative Analyst position was added.

**Hazardous Fuels Reduction Grant**

The work from this grant is expected to decrease by 50% this fiscal year as grant funds are anticipated to be completely exhausted for this program. The original grant awarded was for \$1.6 million and the grant expires March 31, 2022.

**General Revenues**

As described briefly above, general revenues are projected to increase this fiscal year. The most significant increase is in Transient Occupancy Tax (TOT). As described above, economists were projecting a minimum of a 45% reduction in tourism. Staff projected a 34% decrease in TOT for FY 20/21. However, for FY 20/21 year-end review, staff recommended to increase the TOT nine percent over the actual amount received in FY 19/20. A table has been inserted below for your review.

<b>TOT</b>			
2019 Actual	\$ 4,029,248		
2021 Adopt	\$ 3,000,000	\$ (1,029,248)	-34%
2021 YE	\$ 4,426,377	\$ 1,426,377	32%
2022 Rec	\$ 6,000,000	\$ 1,573,623	26%

In March 2021, voters approved a two percent increase in TOT. The additional two percent is effective July 1 and applies not only to hotels/motels/Vacation Rentals but also applies to RV Parks and Campgrounds. The additional two percent is projected to be \$1.3 million.

A-87, a reimbursement mechanism to the general fund from non-general fund departments, decreased by \$585,000. The primary driver for the decrease is related to concessions. This means non-general fund departments should expect an increase next year.

### **District Attorney's Office**

Last year a DA Investigator was eliminated. This year, two DA Investigators have been added. One investigator will be completely funded by HHS for Welfare Fraud and the second will be funded through the reduction of part-time salaries and an additional allocation of AB109 funds. The net county cost to add both positions is approximately \$15,000. This cost center was also increased to purchase a vehicle for the second investigator position. Additionally, a part-time office assistant was added and is funded through AB109.

### **District Attorney Victim Witness**

The most notable change in this cost center is the elimination of a Senior Office Assistant. This position has been vacant and was grant funded. The grant will not be able to fund this position in the future.

### **Public Defender**

The Community Corrections Partnership committee approved funding to add a full-time grant funded Deputy Public Defender which has been included in the Recommended budget.

### **Sheriff-Coroner**

This budget includes the cost of purchasing and implementing body cameras for sworn staff. Also included is the addition of a Sheriff's Clerk who will assist with managing the body cameras for sworn staff. The cost of this position is partially offset by a reorganization in the Sheriff's Communications cost center.

### **Sheriff Communications**

The Sheriff is recommending a reorganization of dispatch services to reduce costs while providing much greater flexibility for managing the department. The

reorganization would eliminate the Communications Supervisor and add a Lead Dispatcher.

### **County Jail**

Last year the Sheriff volunteered to freeze five vacant jail deputy positions and a Jail Custody Technician. These six positions have been added back to the budget. The current Jail Commander is retiring creating a vacant position. The Sheriff has made the request to freeze the Jail Commander position while he works with staff within the jail to prepare for the recruitment process. He is recommending to temporarily replace the classification with a sworn Lieutenant. Additionally, a Jail Deputy position was added which is being funded through AB109 funds.

### **Probation**

Last year, the Chief Probation Officer offered to freeze the Assistant Chief Probation Officer due to budget constraints. This year he has requested to eliminate the Assistant position and add a Deputy Chief Probation Officer who will oversee the juvenile hall. The Community Corrections Partnership (CCP) also approved AB109 funding for the two Probation Technicians for the pretrial program with the courts. This budget also includes an increase in the Business Manager position from a 0.9 FTE to a 1.0 FTE.

### **Juvenile Hall**

The Chief Probation Officer has been working diligently to increase revenues in the juvenile hall. Revenues from other counties have increased from \$126,000 in 2020 to a year-end projection of \$362,000. The Probation Chief has requested the conversion of a Senior Juvenile Corrections Officer to a Supervising Juvenile Corrections Officer and the conversion of a Probation Aide to a Juvenile Corrections Officer.

### **Agriculture and Weights and Measures**

Last year, the AG Commissioner elected to re-organize her office and eliminate the Deputy AG Commissioner and add a Supervising Ag biologist. Unfortunately, this position has remained vacant all year as there have been very few applicants and those who have applied have not met the minimum qualifications. The AG Commissioner is recommending the Deputy AG Commissioner position be reinstated and the elimination of the Supervising AG Biologist.



## **Animal Control**

This budget has been augmented to include a much-needed Office Assistant to assist with answering the phone and general office duties. It also includes the conversion of the Registered Veterinary Technician to an Animal Shelter Supervisor.

## **Community Development Department**

The year before last, the Community Resources Agency was split back to two departments—Community Development Department (CDD) and Public Works. The CDD was completely re-organized, and several positions were eliminated. As a result of the reduction in positions, it has been difficult for staff to meet the demand of the public. Therefore, the CDD Director requested positions to meet that demand.

This budget contains the following positions: Senior Planner, Principal Plans Examiner, Fiscal Tech, and two Code Enforcement Investigators. The addition of these five positions will directly serve the public and add capacity to the department.

## **Library & Recreation Services:**

**Library:** All library services were suspended for most of 2020 due to COVID-19. Staff is happy to relay that this budget fully funds library services to return to pre-COVID-19 hours at all branches. Services are currently, and will remain, affected by the Governor's Executive orders related to COVID-19. The only service not funded is the Bookmobile.

## **County Recreation**

Due to COVID-19, normal recreation services were suspended and some of the staff were furloughed. This budget fully funds all recreation services to pre-COVID-19 levels. However, services will continue to be affected by the Governor's orders related to COVID-19. The Recreation/Library Manager has publicly relayed his challenges with starting summer recreation programs due to the inability to hire a sufficient number of staff and some contractors are hesitant to begin working at this time. Staff will continue to work towards securing the necessary resources for summer recreation programs and will provide updates during board meetings.

## **Standard Park**

Standard Park was another recreation service that was closed due to COVID-19. The park has recently reopened, and the public is once again enjoying the ball fields. The Standard Park budget is fully funded.

## **Youth Centers**

Due to COVID-19, Youth Centers remain closed as of the writing of this memo. The Groveland Youth Coordinator position remains vacant and is historically difficult to fill. The FY 21-22 budget includes funding to operate the Youth Centers at pre-COVID-19 levels.

## **Debt Service**

The Board directed staff to pursue the purchase of the building that the Facilities Management department has occupied for well over a decade. Through a combination of one-time funds and use of annual rent payments, the building will be fully paid off in less than five years. This will save \$47,000 annually, after the internal loan is fully repaid.

## **Transfers Out**

Transfers out of the General Fund to other funds have decreased by \$2.1 million dollars. The transfer to fire was reduced by \$1.37 million and the transfer to capital was reduced by \$741,000.

## **SPECIAL REVENUE FUNDS**

### **Road Fund**

This budget has increased by 14%, primarily related to projects that were not completed in FY 2021 and are being re-budgeted this year.

### **American Rescue Plan**

Through the America Rescue Plan Act (ARP), Tuolumne County will receive an allocation of approximately \$10.5 million dollars over 2 years. Many of the same limitations that came with the CARES Act funding apply to the ARP funds as well. In addition, Counties are allowed to claim, "lost revenue" and backfill that loss with ARP funds. Staff is continuing to review the US Treasuries guidance on identifying the revenues streams that can be used in estimating the lost revenue due to COVID-19. The only items included in the Recommended budget at this time is the cost of two code compliance officers, partial cost of a fire inspector, and two vehicles for the additional staff. Staff is tentatively scheduled to return on August 11<sup>th</sup> to provide more details and options for the use of the American Rescue Plan funds.

### **County Fire**

The County Fire fund is projected to begin the year with large fund balance. This is due to higher than anticipated Emergency Fire Fighting revenues. Additionally, the cost of the CALFIRE contract was reduced due to state employee wage and benefit

concessions. The concessions are for two years resulting in a reduced contract cost for FY 2022 as well. The large beginning fund balance and the decrease in the CALFIRE contract result in the ability for the fire fund to balance without the use of a transfer from the General Fund. However, the board did provide direction to transfer \$450,000 from the General Fund to purchase a Type 2 fire engine. This budget also includes the addition of a Fire Inspector and a new Water Tender.

### **Community Resiliency Centers**

There are two cost centers that contain funding and appropriations to build a community resiliency center (CRC) in Tuolumne City and another in Groveland. Construction began earlier this calendar year and the cost centers have been increased to \$17.7 million dollars. The two CRC's are 100% funded by State and Federal grant funds. A full-time, grant funded Capital Projects Director has been added to this cost center to manage the construction and finalize the grants.

### **Health and Human Services**

During times of crisis, the services offered by Health and Human Services Departments are the safety net for individuals experiencing varying levels of crisis (health, financial, etc.). During these times, the need for these types of services also escalate. Developing the budget for the Health and Human Services is complicated and takes time as the final time study for the fiscal year cannot be completed until after June 30 each year. This means the budget for these funds is not final until the adopted budget.

The three primary funds in the Health and Human Services are Social Services, Behavioral Health and Public Health. Each of these funds are separate and distinct from the General Fund and are only to be used for the services provided in each of these departments. The good news is that they often end the year with significant fund balances, which helps to balance the next fiscal year.

### **Department of Social Services**

The Social Services department has historically had a difficult time filling and retaining staff, primarily due to the nature of the work. As of the writing of this memo the department has 18 vacant positions. The department expects to use 50% of their beginning fund balance of \$1.9 million to balance for FY 21/22. There are no other significant changes to services in this fund, at this time.

### **Department of Behavioral Health**

The Behavioral Health department has had significant difficulties with recruitment. As of the writing of this memo, the department has 13 vacancies, seven of which are

clinicians. The department is expecting to use 50% of their beginning fund balance of \$1.5 million.

### **Department of Public Health**

The Public Health Department has been the center of the Health Emergency for well over a year now. The impact to their staff and the services they provide has been tremendous. The Health Department has received several grants to support efforts related to COVID-19 allowing them to hire additional staff to meet the demand for services and information. This department has 10 vacancies as of the writing of this memo.

### **Internal Service Funds**

#### **Purchasing**

Historically, this department manages the mail, purchases paper for the county organization, and takes care of surplus property, which includes running auctions to sell such property. Staff made the recommendation to completely change the way this department operates by centralizing purchasing. This requires a Senior Administrative Analyst who will not only supervise the General Services Clerk (currently vacant) but will also manage the competitive procurement process (Request for Proposals, Request for Qualifications and resulting contracts from both). This position will also take over management of surplus property.

#### **Unemployment**

The number of claims to unemployment was significantly less than anticipated last fiscal year creating a large fund balance to carry forward into FY 21/22. The large carryover fund balance reduced the cost allocated to departments.

#### **Liability**

The projected cost for liability insurance will increase in FY 21/22 by \$153,000. Staff will have final costs for the Adopted Budget in September.

#### **Funds Overview**

All Governmental, Enterprise and Internal Service funds are balanced. Detail reports will be provided separately.

## **CAPITAL PROJECTS**

The revised capital project lists for the Road Construction and Road Storm 2018 (Attachment D) are attached for your review and approval. The County Capital project list is also attached (Attachment E).

## **Contingencies**

### **Appropriations for Contingencies by Fund**

General Fund	\$	873,597
Public Works	\$	104,015
Monument Preservation	\$	15,650
Solid Waste Management	\$	2,155,693
Health Fund	\$	375,973
Behavioral Health	\$	790,681
Department of Social Services	\$	883,569
Behavioral Health Housing	\$	6,000
Ambulance	\$	1,845,920
<b>Total Appropriations for Contingencies</b>	<b>\$</b>	<b>7,051,098</b>

## **PERSONNEL ACTIONS**

The FY 21/22 Recommended Budget Personnel Changes spreadsheet and associated job description specifications are located in Attachment B. Also, the Final Allocated Positions by Department Chart are in Attachment C. The following table is a summary of all the requested personnel changes for FY 21-22. In total there are 16.6 FTE's being requested for the next fiscal year in the General Fund. However, two additional positions are being frozen and are not funded.

DEPARTMENT	CLASSIFICATION	ACTION	FTE
County Administrative Office	Deputy County Administrator	Eliminate	-1.00
Master Stewardship Agreement	Administrative Analyst	Add	1.00
Assessor Recorder	Office Assistant	Add	1.00
Facilities Management	Facilities Maintenance Supervisor	Add	1.00
Public Work Surveyor/GIS	GIS Analyst I/II	Eliminate	-1.00
Public Work Surveyor/GIS	GIS Coordinator	Add	1.00
District Attorney	DA Investigator	Add	2.00
District Attorney	Office Assistant	Add	0.50
DA Victim Witness	Senior Office Assistant	Eliminate	-1.00
Public Defender	Deputy Public Defender	Add	1.00
Sheriff-Coroner	Sheriff's Clerk I/II	Add	1.00
Sheriff's Communications	Communications Supervisor	Eliminate	-1.00
Sheriff's Communications	Lead Dispatcher	Add	1.00
Jail	Jail Deputy	Add	1.00
Jail	Jail Commander	Freeze	0.00
Jail	Sheriff's Lieutenant	Add	1.00
Probation Department	Assistant Probation Chief	Eliminate	-1.00
Probation Department	Deputy Chief Probation Officer	Add	1.00
Probation Department	Business Manager	Add	0.10
Regional Juvenile Center	Juvenile Corrections Officers	Add	1.00
Regional Juvenile Center	Probation Aide	Eliminate	-1.00
Regional Juvenile Center	Senior Juvenile Corrections Office	Eliminate	-1.00
Regional Juvenile Center	Supervising Juv. Correction Officer	Add	1.00
Agriculture, Wights and Measures	Deputy Agriculture Commissioner	Add	1.00
Agriculture, Wights and Measures	Supervising Agriculture Biologist	Eliminate	-1.00
Community Development Department	Code Compliance Investigator I/II	Add	2.00
Community Development Department	Principal Plans Examiner	Add	1.00
Community Development Department	Fiscal Technician	Add	1.00
Community Development Department	Senior Planner	Add	1.00
Community Development Department	Environmental Health Spec I/II	Eliminate	-2.00
Community Development Department	Senior Environmental Health Spec	Add	2.00
Community Development Department	Land Use Technician	Eliminate	-2.00
Community Development Department	Land Use Coordinator	Add	2.00
Animal Control	Office Assistant	Add	1.00
Animal Control	Animal Shelter Supervisor	Add	1.00
Animal Control	Registered Vet Tech	Eliminate	-1.00
<b>Total General Fund</b>			<b>13.60</b>

**PERSONNEL ACTIONS - Continued**

<b>OTHER FUNDS - BY DEPARTMENT</b>	<b>CLASSIFICATION</b>	<b>ACTION</b>	<b>FTE</b>
County Fire	Fire Prevention Inspector I/II	Add	1.00
NDRC	Capital Project Director	Add	1.00
Solid Waste	Administrative Assistant	Frozen	0.00
Purchasing	Senior Administrative Analyst	Add	1.00
<b>Total Other Funds</b>			<b>3.00</b>
<b>TOTAL ALL FUNDS</b>			<b>16.60</b>

**Recommendation**

It is recommended that your Board;

1. Approve the FY 2021/2022 Recommended Budget as presented;
2. Approve all associated staffing changes as outlined in the memo and associated attachments; and
3. Authorize the CAO to approve acquisition of fixed asset and capital projects prior to final budget hearing.

A copy of the full budget package (i.e. budget memo, attachments, controller reports and line item details) can be viewed at the following link:

<https://www.tuolumnecounty.ca.gov/budget>