

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



24.1 (MT 14269)

9:30 a.m. being the time set for Executive Office: Budget Planning Workshop for February 9, 2021.

EXECUTIVE OFFICE - OPENING COMMENTS

Jeff Van Wagenen, County Executive Officer, explained the structure of the meeting.

Juan Perez, Chief Operating Officer, presented the matter and gave a PowerPoint presentation.

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on _____ February 9, 2021 _____ of Supervisors Minutes.

(seal)

WITNESS my hand and the seal of the Board of Supervisors
Dated: February 9, 2021
Kecia R. Harper, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

By: Opie O'Boyle Deputy

AGENDA NO.
24.1

xc: EO

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 24.1
(ID # 14269)

MEETING DATE:
Tuesday, February 09, 2021

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Proposed Budget Planning Workshop for February 9, 2021.
All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve a Budget Planning Workshop to be held on February 9, 2021 at 1:30 pm;
2. Direct the Clerk of the Board to add the February 9, 2021 workshop to the Board of Supervisors meeting schedule.

ACTION:Policy

A handwritten signature in blue ink, appearing to read "Juan C. Perez", is written over a horizontal line.

Juan C. Perez, Interim County Executive Officer 1/25/2021

MINUTES OF THE BOARD OF SUPERVISORS

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	N/A	N/A	N/A	N/A
NET COUNTY COST	N/A	N/A	N/A	N/A
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	20/21

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

As we begin 2021, we look back on the unprecedented challenges that 2020 has brought for our County due to COVID-19, and how those continuing impacts will affect our County budgetary outlook heading into 2021 and beyond. The Executive Office is recommending that the Board of Supervisors hold a Budget Planning Workshop to begin early discussions on the FY 21/22 budget process, discuss expected budgetary impacts of our continuing County response to COVID, and financial assistance that may be available through the recently passed Federal COVID Relief bill. This workshop will assist in formulating an overall budget strategy to plan for the remainder of FY 20/21 and FY 21/22.

This Budget Planning Workshop was also identified as a next step from the December 15, 2020 Workshop that the Board held to discuss the needs of our Unincorporated communities, as well as the results from several Listening Sessions held during the fall. Other key factors to consider include our structural budget deficit, rising labor and pension costs, and potential long-term effects from COVID-19 on the County's revenue outlook.

This next fiscal year will bring continued challenges as we look to align our County policy and budget priorities with our rising costs and constrained financial resources. Starting the Budget Planning process early in 2021 will provide the Board with additional opportunities to consider and discuss the path forward to help set the stage for the in-depth discussions and hearings that will occur mid-year.

JOHN F. TAVAGLIONE
EXECUTIVE ANNEX

BUDGET PLANNING WORKSHOP

February 9, 2021

Executive Office



BACKGROUND

- **COVID has created unprecedented challenges for the County**
- **Begin FY 21/22 budget planning with several major undetermined cost impacts and unknown revenue projections**
- **Recommend the Board of Supervisors start the budget process with early and frequent discussions**
- **Consider using FY 21/22 budget strategy for future years to closely align policy priorities with budgetary decisions**

TENTATIVE BUDGET SCHEDULE

- **February 4 – Department Budget Kick-Off** ✓
- **February 9 – Budget Workshop** ✓
- **March 2 – Midyear Budget Update**
- **April 13 – Recommended Budget Workshop**
- **May 18 – Third Quarter Budget Update**
- **June – Budget Hearings & Approval of the Recommended Budget**

PROPOSED BUDGET STRATEGY

- 1. Reduce structural deficit. Align on-going costs with anticipated revenues**
- 2. Maintain a healthy General Fund reserve to guard against future economic downturns and uncertainty**
- 3. Minimize operational impacts to front-line County services**
- 4. Continue a robust response to COVID-19 (vaccine, testing, etc.)**
- 5. Establish an Augmentation Fund – proceeds include combination of targeted General Fund NCC reductions and discretionary revenue increases**

PROPOSED BUDGET STRATEGY

- 6. Augmentation Fund – Tool to assist Board in considering additional departmental budget requests and priority programs**
- 7. Keep Internal Services costs flat to minimize impacts on departments directly delivering public services**
- 8. Establish greater staffing position control to contain rising labor and pension costs**
- 9. Continue to look for efficiencies and innovation in our public service delivery to provide better service at less cost**
- 10. County-Wide Performance Unit (CPU) reporting to track our service delivery progress**

UNDETERMINED FACTORS AFFECTING BUDGET OUTLOOK

- **COVID-19 cost for vaccine roll-out, testing/tracing program, and hospitalization**
- **\$900 billion Federal COVID Relief Bill (December 2020)**
 - **No direct aid for state and local government**
 - **Funds specific programs such as rental assistance, vaccine roll-out (through grants)**
 - **Program implementation still being developed**
- **Proposed new COVID Relief Bill – direct aid to state and local governments?**
- **Long-term effects of COVID-19 on our economy**

EXECUTIVE OFFICE RECOMMENDED FY 21/22 BUDGET TARGETS

- Released to departments on February 4
- Generally, keep FY 21/22 NCC allocations at FY 20/21 levels and absorb labor and pension costs

Beginning General Fund reserves	\$244 M
General Fund discretionary revenue	909
General Fund NCC	922 (Projected structural deficit \$13 M)
<u>Augmentation Fund</u>	<u>16</u> (One-time costs or add'l ongoing dept. revenue)
Ending General Fund reserves	<u>\$215 M</u>

EXECUTIVE OFFICE RECOMMENDED FY 21/22 BUDGET TARGETS

- **Identified \$9.8 M in targeted NCC reductions**
- **Allocates targeted NCC increases to:**
 - **\$7.5 M additional for Correctional Health**
 - **\$12 M additional for Public Safety labor and pension increase
(Expected \$25 M total increased costs)**
 - **\$3 M for Unincorporated Communities**
 - **\$3 M for Federally Qualified Health Centers**

PROJECTED REVENUE UPDATE

FY 20/21

General Fund Discretionary Revenue - \$888 M

- Increase of \$32 M mostly attributed to Property Taxes, Motor Vehicle in-lieu, Teeter, and Documentary Transfer

Prop. 172 Public Safety Sales Tax - \$192 M

- Increase of \$13 M

FY 21/22

General Fund Discretionary Revenue - \$909 M

- Increase of \$53 M mostly attributed to Property Taxes, Motor Vehicle in-lieu, RDA Property Residual, and Sales Tax

Prop. 172 Public Safety Sales Tax - \$211 M

- Increase of \$32 M

**Increases
from
FY 20/21
Adopted Budget**

UNASSIGNED FUND BALANCE COUNTY COMPARISON

Neighboring Counties	Unassigned Fund Balance*	Population**	Per Capita
Riverside County	\$ 275,181	2,440	\$ 112.8
Ventura	\$ 100,899	857	\$ 117.7
Orange	\$ 196,517	3,222	\$ 61.0
San Bernardino	\$ 477,914	2,192	\$ 218.0
San Diego	\$ 712,149	3,352	\$ 212.5
Los Angeles	\$ 2,641,551	10,254	\$ 257.6

* Fiscal Year 18/19 (dollars expressed in thousands)

** Population (expressed in thousands)

UNASSIGNED FUND BALANCE

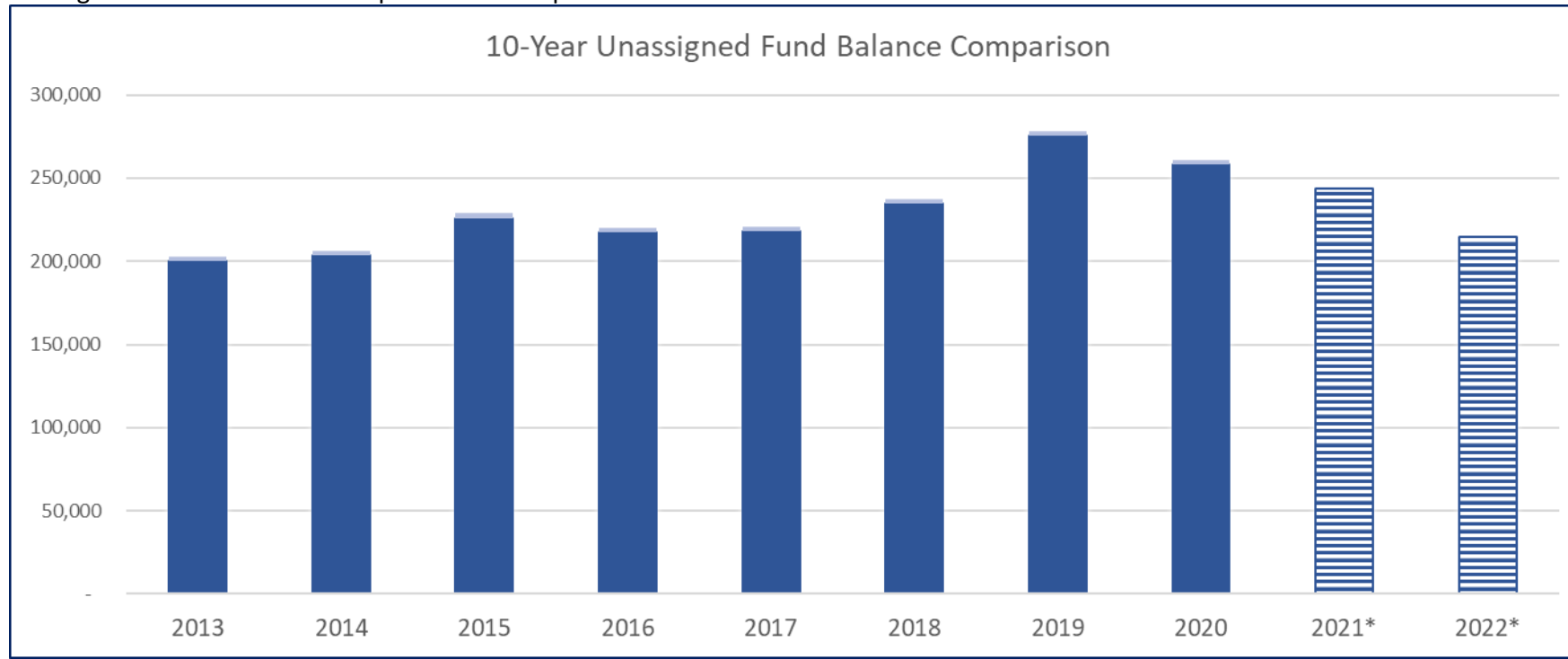
10-Year Comparison

Description	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022*
Unassigned Fund Balance	199,919	203,444	225,855	217,322	217,891	234,477	275,181	257,959	244,000	215,000
Population	2,255	2,280	2,308	2,348	2,385	2,416	2,440	2,442	2,520	2,550
Per Capita	\$ 88.7	\$ 89.2	\$ 97.9	\$ 92.6	\$ 91.4	\$ 97.1	\$ 112.8	\$ 105.6	\$ 96.8	\$ 84.3

* Estimated

Source: Audited Financials

Unassigned Fund Balance and Population are expressed in thousands



CARES AND COVID-19 RELIEF

- **\$40 M remaining CARES funds for COVID response**
- **\$900 billion Federal COVID Relief Bill (December 2020)**
 - **Rental Assistance \$57 M**
 - **Vaccine roll-out grants**
- **Proposed new COVID Relief Bill – direct aid to state and local governments?**

STRATEGIC PLANNING AND POLICY INITIATIVES

Fiscal Year 2021/22

Augmentation Fund for:

- **Listening Sessions**
- **Unincorporated Communities Initiative**
- **Other Identified Priorities or Needs**

Fiscal Year 2022/23





Questions?