



# OFFICE OF THE COUNTY ADMINISTRATOR

## COUNTY OF SONOMA

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DATE: June 2, 2023

TO: Members of the Board of Supervisors

FROM: M. Christina Rivera, County Administrator

SUBJECT: Department-Funded Program Change Requests and Budget Hearing Deliberation Tool

This memo provides an overview of both Budget Hearing Deliberation Tool as well as Department-Funded Program Change Requests, which are included as two attachments to this memo. It also provides details on the CAO's budget hearings available funds uses recommendations as well as a description of how the Attachments are organized.

- **Attachment 1 – Department-funded Program Change Requests** is a list of program change requests submitted by departments and that they can fully fund based on available fund balances or revenues.
- **Attachment 2 – Budget Hearing Deliberation Tool** is a list of CAO recommendations, departments' add-back requests, program change requests and Board Budget requests, which are seeking funding from discretionary sources. This Attachment also shows on-going and one-time funding available, as discussed in Tab 2 – Available Sources. This tool will be utilized during Budget Hearings to facilitate budget deliberations so that Board members can easily see remaining balances should the Board elect to fund various requests.

### ***Department-Funded Requests***

All submitted items financed withing departmental sources are recommended for inclusion in the final adopted budget. A summary of the total cost for each of these items and title/short description is available in Attachment 1.

Of these requests, Permit Sonoma's PRMD-PCR-04 includes adding 6.0 full time equivalent (FTE) positions to implement the Building Resilient Infrastructures Community ("BRIC") grant for "Wildfire Resilient Sonoma County – Nature-based Mitigation to Adapt in an Era of Megafire." These positions are nearly fully funded through the revenues from the BRIC grant, but there are certain expenditures, such as departmental overhead and IT costs which are not supported by

the grant and cannot be counted as part of the grant match. As a result, this funding gap of approximately \$406,000 will be covered using the Recovery and Resiliency Fund established to promote the County's ability to have match funding available to implement resiliency grants.

### ***Discretionary Funding Requests***

Staff is recommending the below discretionary funding requests be funded using the funds identified in the Available Sources memo in Tab 2.

### **On-going Funding Recommendations, \$7.5 million**

**Increase General Fund Contribution to Pavement Preservation from 2% to 5%, \$310,000 (Row A01):** On June 12, 2023, the Board will receive an update on the Pavement Preservation Program (PPP) from SoCoPi. That report includes a request to increase the annual general fund PPP contribution be changed from up to 2% to up to 5% based on annual projected property tax growth and the Consumer Price Index change.

**Departmental Requests, \$7.2 million (Rows B01-B21):** staff is recommending to restore all of the baseline budget restorations (Add Backs) received as well as most of the Program Change Requests submitted by departments seeking discretionary funding.

### **Ongoing Add Back Recommendations, \$2.9 million and 3.75 FTEs**

Add Backs reflect requests by departments to continue providing baseline services. The following Add Backs are recommended for funding and inclusion in the final adopted budget:

- **\$180,000** for the **Economic Development department (EDB)** to restore funding for contract services such as economic research, translation services, and events. EDB is financed with Transient Occupancy Tax (TOT) discretionary revenues. However, EDB's annual allocation for operations has been kept mostly flat. As a result, they have had to make cuts over time to remain within their flat contribution. In addition to recommending this Add Back, staff is also recommending updating the Community Investment Fund Policy such that EDB's annual contribution is adjusted in line with General Fund departments. That recommendation can be found in Tab 11 – Financial Policies.
- **\$506,000** to restore **3.0 FTEs in Probation**. While all of these positions are currently vacant, the allocations are intended to provide direct support of departmental operations in various units.
- **\$81,000** in **UCCE** to retain the **0.75 FTE** that supports the 4-H program.

In addition, staff is recommending **partial restoration** of the **Sheriff's Add Back** request to restore \$4.4 million in salary savings. After evaluating their historic levels of savings (both from salaries and from other sources), comparing their request to other needs, and evaluating on-going funding available, **staff is recommending restoring a little more than half of their request (about \$2.3 million)**. It is important to explain that this partial restoration will not preclude the Sheriff from striving to hire, fill and retain as many positions as possible. If the Sheriff's Office is successful in re-building their workforce and the level of recommended salary

saving restorations is not sufficient, the County Administrator will look to offset any cost overruns elsewhere in the overall General Fund.

Ongoing Program Changes Recommended, \$4.3 million and 15.25 FTEs

Program Change Requests are requests submitted by departments for new or enhanced services.

Staff recommends the following Program Change Requests seeking discretionary County funding.

- **\$712,000** in the **Clerk-Recorder-Assessor/Registrar of Voter's Office** for **4.0 FTEs**. 3.0 Registrar of Voter's Office positions are needed due to the increase in number and complexity of running elections, and 1.0 Assessor's Office position is needed to complete mandated services.
- **\$250,000** for the **Economic Development Board** for **1.0** Business Development Manager to begin the scoping and design of the EDB 3.0 Action plan.
- **\$610,000** in **Permit Sonoma** for **2.0 FTEs**, which are associated with the department's management review implementation plan. This includes adding an Assistant Director and a Customer Service Coordinator; these positions were ranked as the department's highest priorities associated with change requests for the management review implementation. In addition, as noted in the one-time recommendations below, staff is recommending that 4.0 FTEs be added for a period of three years to assist with the management review implementation plan. See further details below.
- **\$1 million** in the **Public Defender's Office** for **3.0 FTE**. This will add 1.0 Chief Deputy Public Defender and 2.0 Deputy Public Defender positions, which are needed to for caseload managed.
- **\$1.5 million** in the **Sheriff's Office** for **4.0 FTE**. This will add 2.0 Correctional Sergeants in Detention to complete investigations related to complaints and to better meet requirements for increased mandated state inspections and audits. It also adds 2.0 Sergeants in Patrol, which will enhance patrol leadership and supervision for deputy sheriffs during the night shift.
- **\$30,000** in **UCCE** for a **0.25 FTE**. This will make a position that is currently part-time full time. This position supports a wide variety of UCCE programs including Zero Waste Sonoma, composting programs, and support community engagement activities.
- **\$16,000** in **Human Resources** for operating budgets to support the Commission on Human Rights and the Commission on the Status of Women.
- **\$5,000** **Child Support Services** for community engagement and outreach materials.

One-time Funding Recommendations

**Contribution to Reserves, \$6.2 million (Row A02):** As further discussed in the General Fund Reserves Memo (Tab 4), staff is recommending utilizing year-end fund balancing totaling 1% of operating revenues each year to gradually bring us to the target reserve level of two months of operating revenues (16.7%).

**Increase FEMA Audit Reserves, \$1.3 million (Row A03):** The County’s fiscal policies establish a FEMA Audit Reserve, which is to be equal to 20% of all FEMA reimbursements. While reimbursements for General Fund projects have not materialized during FY2023-24, some reimbursements have been received for Roads projects; those reimbursement amounts go back directly to SoCoPi, but the audit reserve is maintained for all FEMA reimbursements – both those that go directly back to departments (such as SoCoPi and Regional Parks) as well as those that benefit the General Fund. The Auditor’s Office has completed an analysis of reserve funding levels for each project and has determined that the approximately \$1.3 million is needed to maintain the 20% audit reserve level that will cover all reimbursements received.

**Roads Infrastructure, \$5.0 million (Row A04):** On January 4, 2022, the Board received a report on the Long-Term Roads Plan update. That report noted that an additional \$4.3 million per year in on-going support would be needed to maintain the current Pavement Condition Index (PCI). While it is not possible to provide that level of on-going resources, this illustrates the notable funding gap in roads infrastructure. Consistent with Strategic Plan Resilient Infrastructure Pillar, Goal 3, Objective 1, “Continue to invest in critical road, bridge, bicycle, and pedestrian infrastructure”, staff is recommending a \$5 million one-time contribution to Roads for pavement preservation activities.

**Public Health Lab & Morgue Relocation, \$5.2 million (Row A05):** staff is recommending a contribution to the project budget to help close a projected funding gap that resulted from cost increases associated with the change in project delivery method as well as other costs not accounted for in the initial estimates presented to the Board in January 2022. The relocation of the Public Health Lab and Morgue is a top priority which will need to be delivered in the next three and a half years as the County currently only has rights to maintain the existing facilities in-place pursuant to the Chanate sale four-year leaseback arrangement, which expires in December 2026.

**Pension Paydown, \$5.0 million (Row A06):** The County’s Financial Policies include long range planning principles. These principles speak to pre-paying unfunded pension liabilities on an annual basis in the amount of 0.5% pensionable payroll. In addition, the policy states that, “the Board will consider use of available one-time funding to make additional pre-payments as funding is available.” In consideration of anticipated unfunded liability changes resulting from 2022 depressed market returns and new labor agreements, consistent with the Board’s Financial Policies, the County Administrator is recommending a \$5.0 million pension paydown payment.

**Tierra de Rosas, \$7.7 million (Row A07):**

Tierra de Rosas is a master development on a 7.4-acre property at the former shopping center site at the intersection of Sebastopol Road and West Avenue, Santa Rosa. The plan includes 75 new affordable apartment homes to be completed which will assist in addressing the acute shortage of high-quality affordable housing in Sonoma County. Development of this site relies

on the completion of the infrastructure improvements totaling \$40.5 million, which has \$23 million of committed external sources and \$17.7 million shortfall. See BIR-20a in Tab 7 for additional details.

To meet deadlines imposed by some of the committed funding sources, MidPen affordable housing developer partner needs a commitment that infrastructure construction can begin by December 2023. Most recently MidPen applied for tax credits in 2023 and lost readiness points because the infrastructure work had not started.

Assuming successful outcomes totaling about \$10 million from local partners, Senator Connolly submitted state funding request, Ag + Open Space District matching grant, and District 3 FY 2022-23 Community Infrastructure allocation, the remaining gap stands at \$7.7 million.

**Departmental Requests, \$6.2 million and 5 FTEs (Rows C01- C13):** Based on an evaluation of business need, staff recommends restoring all one-time Add Back and Program Change Requests, summarized as follows:

- **\$2.2 million** to add **4.0 FTEs** to **Permit Sonoma** for a period of three years. The department requested these positions as on-going for their Management Review Implementation plan. The CAO recognizes and supports the need for staff to implement the changes called out in that plan, however, there is also a recognition that the implementation plan should be temporary in nature, and ideally will lead to efficiencies that do not require long-term additional staffing. As a result, these four positions are being funded for a three-year period. The funding includes cost escalators for future years.
- **\$1,250,000** for **Permit Sonoma**, net of expected fee revenues, to provide two years of funding for third party contract support for plan review within Engineering, Well and Septic, and Building activities, and Accela technology improvements. This is an element of the department's management review implementation.
- **\$965,000** for the **Sheriff's Office** for various supply and equipment costs, including: \$398,000 for 1-year of personal protective equipment and COVID test required by Cal-OSHA and CDC requirements for detention facilities; \$337,000 for maintenance needed for Henry 1; and \$250,000 to replace and upgrade the Sheriff's duty firearms.
- **\$950,000** for the **Sheriff's Office** to allow the department to continue the Hiring Incentive pilot program for 12 additional months.
- **\$300,000** to **Economic Development** to allow for a two-year extension of a **1.0 FTE** Department Analyst in Creative Sonoma. The time-limited recommendation reflects changes in the department that may arise as the department moves forward with its "EDB 3.0" implementation plan.
- **\$200,000** in the **Department of Emergency Management** for a Master Services Agreement to provide supplemental staffing at the Emergency Operations Center as well as training in emergency operations to County staff as well.

- **\$186,000** to the **Department of Health Services** for a vendor to be a site manager running the operations at Los Guilicos Village.
- **\$90,000** to the **District Attorney** to provide up to three years (\$30,000/year) of contracted legal support providing casework services.

**Potential Additional Year-End Fund Balance:** The final FY 2022-23 year-end fund balance will not be known until the close of books in July of 2023. If there is year-end fund balance in excess of the amounts programmed at Budget Hearings, staff has included Budget Adoption Resolution language directing the excess balance be distributed equally between the following priorities: pay down unfunded pension liabilities; increase General Fund Reserves; and provide additional funding to the County Center Replacement project.

### ***Board Budget Requests***

Budget requests submitted by Board members are also listed on in Attachment 2 as rows E01-E12. A full description of the request and staff responses to each request are included in Tab 6 of the Budget Hearing Binder.

### ***Organization of the Budget Deliberation Tool***

Discretionary Budget Requests are listed in the rows and are grouped as described below. Narrative details for Departmental Requests can be found in Tab 5 and details for Board and Community Member Budget Requests can be found in Tab 6. Each of those tabs includes a table of contents, and the narrative page number also appears in the 5<sup>th</sup> column of the Budget Hearing Deliberation Tool.

### **Description of Columns**

- Row # exists to assist the Board in discussing various requests during Budget Hearings.
- Request ID is the unique ID for each request and can be used to locate items more easily within the table of contents for the relevant narrative detail tab.
- Department/Board Member explains who submitted the request.
- Title/Short Description is a short description of the request.
- Tab explains which tab and page number narrative details are on for each request.
- One-time or Ongoing explains if the request is seeking one-time or on-going funds.
- Funding Request is the sum of discretionary General Fund funding being requested.
- Gross Expenditures is the total cost for the request. Note that some items requesting funding are partially funded with departmental sources, so the Gross Expenditures may not equal the Funding Request.
- Revenues and Reimb/Use of Fund Balance displays the departmental sources utilized to fund the request.
- FTE Request is the number of full-time equivalent positions being requested.
- The final two columns illustrate the funds available from each source and the amount used. The available funding sources are populated in alignment with CAO recommendations. Details related to the available funding sources displayed in the right-hand columns of the tool can be found in Tab 2. During the first day of Budget

Hearings, the board will deliberate on which sources to make available, and the tool will be updated to reflect any changes that are made.

### Budget Request Groupings & Color Coding

1. CAO Recommendations - (Green - Rows A01-A07): These are items the County Administrator is recommending for funding. Additional details regarding items recommended for funding can be found in the “CAO Recommendation” section of Tab 1- Overview of the Budget Hearing Binder.
2. Recommended Funding Requests – One-time (Green - Rows B01-B10): One-time Funding Requests submitted by departments that staff has recommended for funding. Staff is recommending these items for funding based on an analysis of the business case submitted by the department. A more detailed description of each request is available in Tab 5.
3. Recommended Funding Requests – Ongoing (Green - Rows C01-C22): Ongoing Funding Requests submitted by departments that staff has recommended for funding. Staff is recommending these items for funding based on an analysis of the business case submitted by the department. A more detailed description of each request is available in Tab 5.
4. Funding Requests Not Recommended- Ongoing (Yellow- Rows D01-D05): Requests submitted by departments that staff has not recommended for funding. Staff is not recommending these items for funding based on an analysis of the business case submitted by the department. A more detailed description of each request is available in Tab 5.
5. Board Funding Requests – (White - Rows E01-E12): these are requests submitted by Board members for additional funding for specific programs or items. Narrative details are available in Tab 6.

### ***Attachments***

- 1 – Department-funded Program Change Requests
- 2 – Budget Hearing Deliberation Tool – Discretionary Funding Requests

