



# 2021-22 Budget Review and 2022-23 Budget Outlook

Leonard X. Hernandez, Chief Executive Officer  
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- Where We've Been
  - 2021-22 County Achievements
- Where We're Going
  - 2022-23 County Priorities
  - Five Year Forecast
  - Economic Uncertainty and Fiscal Planning
  - American Rescue Plan Act Update
- Next Steps

# 2021-22 County Achievements



# Organizational Pillars - 2021 Year in Review



- Department Heads Retreats & Quarterly Meetings to Ensure Engagement of Leadership
- Implementation of COVID Related Incentives with Board and Union Support
- Celebration of Department Successes
- Revamped County New Employee Orientation
- Successful Leadership Onboarding

Valued



- COVID Response, Testing, Vaccination & Education
- New Library Programs
- Cal Poly Digital Transformation Hub
- Starlink, ALICE, Drone Program, Pulsara

Innovation



- 2021 Redistricting
- Emergency Medical Services Ambulance Contracts
- Successful Merger of Public Works and Special Districts
- Creation of Implementations & Community Revitalization Groups
- Land Use Services: Relationship & Capacity Building
- Project & Facilities Management

Service



- Building County Leadership
- Reorganization of Departments to Maximize Effectiveness
- Strategic Investments for a Solid Future
- One County One Voice
- Equity Element Group Consultant & Vision Relaunch
- Jobs & Economy Element Group Relaunch

Vision

## **CODE ENFORCEMENT ENHANCEMENT**

- Operation Hammerstrike
- Illegal Cannabis Cultivation & Abatement Reform
- Short-Term Rental Urgency Ordinance
- Increasing Unincorporated Area Enforcement

## **INNOVATION & TECHNOLOGY**

- Research & Development Team Initiated
- Launch of multiple projects: ALICE, Drone Programs, Starlink, Pulsara, Mount Baldy cellular tower

## **COMMUNITY REVITALIZATION**

- Strategic Plan
- Change in Leadership
- Building a Team

## **REAL ESTATE PROJECT MANAGEMENT**

- Creation of new County Department, Project & Facilities Management (PFMD)
- Consultants to assist with the most impactful lines of business (Sheriff, ARMC, Fire, Parks, Airports)

## **REGIONAL PARKS**

- Accomplished 11 Capital projects in 2021/22
- 27 Capital Projects started and under way to be completed in 2022/23

## HUMAN RESOURCES

- Implementation of Service Improvement Projects: Service Now (automated client management system), new onboarding system, auto-generated Work Performance Evaluations
- Risk Management – Closing Project
- PERC Offering Countywide Training – Future Focus on Customer Service

## PUBLIC HEALTH

- Directly administered over 1.3 million vaccinations to County residents
- COVID vaccines available to all County employees (MPOD)
- Redeveloping Organization for Post-pandemic Response

## COUNTYWIDE VISION REFOCUS

- Jobs & Economy Element Group

## EQUITY ELEMENT GROUP

- Completion of Request for Proposal
- Selected Consultant and Creation of Onboarding and Action Plan
- Met with all County Departments and Element Groups

## ONE COUNTY, ONE VOICE

- Develop Countywide Public Information Officer Strategy & Communications Policies
- GovDelivery Integration
- County Website Audit in Progress (goal of updated and aligned websites)

## Financial Stability

- Retirement Reserve (ongoing)
- Inflationary Costs for General Fund Departments (ongoing)
- Liability Reserve
- Additional Building Replacement Reserve (ongoing)

## Capital Replacement Needs

- Downtown Building Project – Master Plan
- New Animal Shelter

## System Improvements

- New Human Capital Management System
- Innovation and Technology Department – Research and Development

## Economic Development

- Transient Occupancy Tax (TOT) / Chambers of Commerce Incentive Program

## Employee Investments

- Employee Retention Fund
- COVID Premium Pay (ARPA Funded)

## Public Safety

- Community Concerns
- Code Enforcement Enhancement and Support (ongoing)
- Sheriff (Use Proposition 172/AB 109 – ongoing)
- Probation (Use Proposition 172/AB 109 - ongoing)
- District Attorney (Use Proposition 172/AB 109 - ongoing)
- Public Defender

## Community Wellness

- Regional Parks Improvements (one-time/ongoing)
- Animal Control (ongoing)
- Airports

## Support Vulnerable Populations

- Community Revitalization
- Community Development and Housing

## Programmatic Needs

- Human Resources (ongoing)
- Project Management (ongoing)
- Equity Element Group/Vision Group Refocus

## Mandates

- Compiling from Departments



# Where We're Going: Five Year Plan

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
1. <b>2020-21 Ongoing Carryover</b>	<b>57.8</b>					
2. <b>Revenue Change:</b>						
3. Property Tax	42.4	34.8	29.2	22.8	23.5	24.2
4. Proposition 172	6.1	6.3	6.4	6.6	6.8	7.0
5. Other Revenue	9.7	1.1	1.1	1.1	1.1	1.1
6. <b>Total Revenue Change</b>	<b>58.2</b>	<b>42.2</b>	<b>36.7</b>	<b>30.5</b>	<b>31.4</b>	<b>32.3</b>
7. <b><u>Cost Change:</u></b>						
8. Total Ongoing Costs To Maintain Services	(45.3)	(20.0)	(22.9)	14.9	2.8	4.8
9. Recommended Changes To Ongoing Costs	(31.4)	(48.3)	-	-	-	-
10. Total Future Estimated Costs	-	(13.1)	(19.7)	(49.1)	(40.9)	(27.4)
11. <b>Total Cost Change</b>	<b>(76.7)</b>	<b>(81.4)</b>	<b>(42.6)</b>	<b>(34.2)</b>	<b>(38.1)</b>	<b>(22.6)</b>
12. <b>Ongoing Available/(Deficit)</b>	<b>39.3</b>	<b>(39.3)</b>	<b>(5.9)</b>	<b>(3.7)</b>	<b>(6.6)</b>	<b>9.8</b>
13. <b>Cumulative Ongoing Available/(Deficit)</b>	<b>39.3</b>	<b>0.0</b>	<b>(5.8)</b>	<b>(9.5)</b>	<b>(16.1)</b>	<b>(6.4)</b>

\* Future estimated costs continue to include \$27.6M for High Desert Detention Center beginning in 2024-25 through 2025-26.

- Conservative Property Tax Growth Model
  - 5% 2022-23, 4% 2023-24, 3% 2024-25 and beyond
  - Over the last 10 Years = 5% Average Growth Rate
  - Since the 2008 Recession = 3% Average Growth Rate
- Set Asides
  - Ongoing Retirement Reserve to mitigate potential market losses
- Strategic Investments
  - Ongoing Funding for “One-Time” Items (easy to cut in a recession)
    - Asset Replacement Reserve (\$9 million ongoing)
    - Building Replacement Reserve (recommend additional \$10 million ongoing – total of \$30 million ongoing)



# American Rescue Plan Act – Cost Recovery Fund Spending Proposal

Year 1 (\$152.1 million)	Year 2 (\$219.5 million)	Year 3 (\$44.9 million)	Year 4 (6 months) (\$7 million)
<b><u>Pandemic Response-\$54.1 million</u></b> <ul style="list-style-type: none"><li>\$54.1M – Pandemic Infrastructure Needs, Employee Vaccine Incentive, Departmental Response</li></ul>	<b><u>Pandemic Response-\$143.5 million</u></b> <ul style="list-style-type: none"><li>\$143.5M – Pandemic Infrastructure Needs, Premium Pay, Departmental Response</li></ul>	<b><u>Pandemic Response-\$22.9 million</u></b> <ul style="list-style-type: none"><li>\$22.9M – Pandemic Infrastructure Needs, Premium Pay, Departmental Response</li></ul>	
<b><u>Economic Recovery-\$95 million</u></b> <ul style="list-style-type: none"><li>\$20.0M - Homeless Services &amp; Housing</li><li>\$20.0M - Open Space/Healthy Communities</li><li>\$55.0M - Key Strategic Infrastructure Improvements<ul style="list-style-type: none"><li>Broadband</li><li>Water/Sewer</li></ul></li></ul>	<b><u>Economic Recovery-\$73 million</u></b> <ul style="list-style-type: none"><li>\$20.0M - Homeless Services &amp; Housing</li><li>\$5.0M - Economic Development Strategy</li><li>\$10.0M - Open Space/Healthy Communities</li><li>\$38.0M - Key Strategic Infrastructure Improvements<ul style="list-style-type: none"><li>Broadband</li><li>Water/Sewer</li></ul></li></ul>	<b><u>Economic Recovery-\$19 million</u></b> <ul style="list-style-type: none"><li>\$5.0M - Homeless Services &amp; Housing</li><li>\$10.0M - Strategic Business Partnerships</li><li>\$4.0M - “After Action” Planning Improvements</li></ul>	<b><u>Economic Recovery-\$5 million</u></b> <ul style="list-style-type: none"><li>\$5.0M - Homeless Services &amp; Housing</li></ul>
<b><u>Government Ops-\$3 million</u></b> <ul style="list-style-type: none"><li>\$3.0M – Administration</li></ul>	<b><u>Government Ops-\$3 million</u></b> <ul style="list-style-type: none"><li>\$3.0M - Administration</li></ul>	<b><u>Government Ops-\$3 million</u></b> <ul style="list-style-type: none"><li>\$3.0M - Administration</li></ul>	<b><u>Government Ops-\$2 million</u></b> <ul style="list-style-type: none"><li>\$2.0M - Administration</li></ul>

# American Rescue Plan Act - Update

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Assembled a \$423 million 4-Year Recovery Plan

Created Evaluation Processes and Tools to Determine ARPA Eligibility

Maintain Federal Reporting Compliance

Provides Technical Guidance to Board offices and Departments



Employee Vaccination Incentive

Employee Premium Pay

Valley Emergency Operations Center



Board Designated Infrastructure Projects

Chino Plume Remediation Project

Calico Wastewater Treatment



Homeless Outreach and Engagement

SB County Early Literacy (Vision2Read)

- Budget Workshop – May 10, 2022
  - Finance Update
  - General Fund Requests
- 2022-23 Budget Book Delivery – May 24, 2022
- 2022-23 Budget Hearing and Adoption – June 14, 2022

# Questions and Discussion