

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
THE FOLLOWING:
SAN BERNARDINO COUNTY
BOARD GOVERNED COUNTY SERVICE AREAS
SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT
AND RECORD OF ACTION**

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
OF THE FOLLOWING:
IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
INLAND COUNTIES EMERGENCY MEDICAL AGENCY
SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
AND RECORD OF ACTION**

October 22, 2024

FROM

LUTHER SNOKE, Chief Executive Officer, County Administrative Office

SUBJECT

2023-24 Year-End Budget Adjustment Report and 2024-25 Budget Adjustments

RECOMMENDATION(S)

1. Acting as the governing body of San Bernardino County, San Bernardino County Fire Protection District, and the Board Governed County Service Areas, authorize the Auditor-Controller/Treasurer/Tax Collector to post the adjustments to Appropriation, Revenue, Operating Transfers Out, Use of Available Reserves and Use of Net Position required to finalize the budget for 2023-24, as detailed in the attached 2023-24 Year-End Budget Adjustment Report (Attachment A), allowing for minor technical changes limited to available budget within the budget unit (Four votes required).
2. Acting as the governing body of San Bernardino County, the Board Governed County Service Areas, the San Bernardino County Fire Protection District, the San Bernardino County Flood Control District, the In-Home Supportive Services Public Authority, and Inland Counties Emergency Medical Agency, accept the Performance Measures section of the Year-End Budget Adjustment Report (Attachment A).
3. Acting as the governing body of San Bernardino County, authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustments for 2024-25 as detailed in Attachment B (Four votes required).

(Presenter: Matthew Erickson, County Chief Financial Officer, 387-5423)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

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The financial impact of this item is provided in detail in the 2023-24 Year-End Budget Adjustment Report (Attachment A). This action facilitates the closing of the 2023-24 budget for multiple County and Board-governed entities, including the County, the San Bernardino County Fire Protection District, and the Board Governed County Service Areas (BGCSA). Adjustments associated with all entities included in this report are detailed in Attachment A.

The 2023-24 Year-End Budget Adjustment Report recommends increases in Requirements totaling \$30.8 million, increases in Sources totaling \$11.0 million resulting in the net use of Countywide Reserves, Contingencies and Net Position of \$19.8 million. It also recommends the approval of transfers of appropriation within the same budget unit totaling \$24.1 million.

The General Fund portion of the requested changes include increases in Requirements totaling \$20.4 million, increases in Sources of \$1.7 million resulting in the use of \$18.7 million of General Fund Reserves and Contingencies.

Lastly, this item requests a one-time use of Discretionary General Funding (DGF) of \$1.6 million in 2024-25 to the Assessor-Recorder-County Clerk's office for anticipated revenue shortfalls.

BACKGROUND INFORMATION

County Budget Financing Policy No. 05-01 (Policy) states that departments are expected to maintain expenditures within their budget authority as adopted by the Board of Supervisors (Board). Also provided in this Policy are rules for approval of appropriation changes. Certain transfers of existing appropriation within a budget unit can be approved by the County Administrative Office (CAO). Exceptions are noted in the Policy regarding transfers of appropriation in the Salaries and Benefits, Fixed Assets, and Operating Transfers Out appropriation units, which require Board approval.

These adjustments consist of the use of additional DGF (General Fund Reserves and Contingencies), the use of departmental Reserves, the use of Net Position, changes in Requirements (appropriation) offset by changes in departmental Sources, and appropriation transfers that cannot be approved by the CAO per the Policy.

Additionally, year-end updates on achieving 2023-24 adopted performance measures for each County entity are detailed in Attachment A.

Changes to Reserves and Net Position

All requests for increases to Requirements funded by the use of Reserves (both General Fund and departmental) or the use of departmental Net Position require approval by the Board. The 2023-24 Year-End Budget Adjustment Report recommends the use of \$13.7 million in General Fund Reserves and Contingencies, \$2.6 million in Net Position, and a net contribution of \$489,200 in departmental Reserves (Attachment A).

Notable Changes:

County General Fund Reserves and Contingencies

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A use of \$7.2 million of the County's Earned Leave Reserve is recommended to compensate General Fund departments for the DGF portion of costs incurred for departmental staff who separated from County employment in the second, third and fourth quarters of 2023-24.

A \$4.1 million use of general fund reserves for Sheriff/Coroner/Public Administrator's (Sheriff) Department costs associated with countywide crime suppression efforts and operational enhancements incurred in 2023-24. These costs are funded with the use of the Countywide Crime Suppression and Pilot Program Reserve (\$1.5 million), the Community Concerns Reserve (\$1.6 million), the Body Camera implementation Project Reserve (\$237,523), and the Asset Replacement Reserve (\$742,542).

A use of \$182,389 of the County's Labor Reserve is recommended to fund one-time costs incurred in 2023-24 associated with approved Memorandum of Understanding agreements.

A use of \$75,030 of the Community Concerns Reserve to the Department of Public Health for a time-limited waiver of the private adoption, spay/neuter, and vaccination fees for cats and dogs.

CAO is requesting a \$6.0 million use of Contingencies to fund costs associated with the transfer of a warehouse lease from the Office of Emergency Services to be centrally funded from the CAO budget unit. This adjustment will allow the opportunity to defray the cost of the warehouse through future cost allocations. Additionally, a use of \$345,135 of the Countywide Vision/Equity Reserve is requested for the CAO for costs associated with the development of equity and anti-racism priorities.

Countywide Discretionary budget unit is requesting a net increase to Requirements (including Contributions to Reserves) and Sources of \$646,123 which includes the following:

- Assembly Bill (AB) 177/AB 199 Criminal Administrative Fees Backfill Reserve (One-Time Contribution of \$836,788): An allocation is recommended to increase the AB 177/AB 199 Criminal Administrative Fees Backfill Reserve which will set aside funding received under this legislation, to be allocated for future use funded with revenue received in 2023-24.
- Restricted Revenue Set-Aside Reserve (One-Time Contribution of \$975,142): A roll-over of unspent funds received in 2023-24 for AB 1869 Criminal Fees Backfill to be placed in the reserve for future use.
- County Infrastructure Reserve (One-Time Contribution of \$10.0 million): A roll-over of unspent funds received allocated in 2023-24 for Infrastructure Projects to be placed in the reserve for future use.
- Building Acquisition Reserve (One-Time Contribution of \$1.9 million): A roll-over of unspent funds set aside for the use on the Human Resources Office Remodel which did not begin in 2023-24 is recommended to be returned to be placed back into the reserve for future use.
- Community Concerns Reserve (One-Time Use of \$144,923): A use of reserves for costs associated with establishing fenced perimeter around County owned land in the City of Colton to prevent unauthorized use of the property.
- Chino Agricultural Preserve Fund (a \$489,200 use of Contingencies): On April 25, 2023 (Item No. 58), the Board authorized the grant of various easements over parcels that were acquired with Proposition 70 funds. Based on the item, compensation in the amount of \$489,200 for the fair market value of the easements along with \$12,500 for

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reimbursement of County administrative costs was received and deposited into the General Fund in fiscal year 2022-23. After further review, the Real Estate Services Department (RESA) has determined that the compensation of \$489,200 that was received for the fair market value of the easements should not have been deposited into the General Fund, but instead should have been deposited into the Chino Agricultural Preserve Special Revenue fund, pursuant to the requirements of Senate Bill 1124 and the Board-approved 2012 Land Plan. Real Estate Services is requesting a one-time discretionary general fund adjustment to replenish the Chino Agricultural Preserve Special Revenue Fund, due to an erroneous deposit in fiscal year 2022-23, in the amount of \$489,200.

- Capital Improvement Projects: Two projects, 303 5th St. Acquisition and 451 E. Vanderbilt Acquisition, requires an additional \$12,000 use of Building Replacement Reserve to fund project deficits.

Changes in Requirements Using Departmental Sources

Where necessary, year-end adjustments may also include increases in Requirements funded by departmental Sources. It is requested that the Board approve an increase to Requirements (appropriation) of \$9.9 million funded with increases in departmental Sources (Attachment A).

Notable Changes to Requirements and Sources include:

The San Bernardino County Fire Protection District (County Fire) is requesting a budget adjustment that will result in an increase of \$1.3 million in Requirements. This adjustment is necessary to fund higher than anticipated staffing expenses due to overtime (\$480,000) and higher than anticipated transfers for administrative support from the Fire Administration budget unit. This adjustment will be funded by higher than anticipated revenue received from ambulance transport rates and participation in the revived Federal Voluntary Rate Range program. County Fire is also requesting an adjustment related to necessary reclassifications of expenditures that created appropriation deficits. This adjustment will result in no net increase to Requirements.

The Human Services Administrative Claim (including Subsistence) is requesting an increase of \$3.0 million in Foster Care due to a rise in the average cost of State cases compared to the projected budget. This adjustment reflects a slight increase in the actuals compared to the budget by less than 1%. The increase is fully funded by State Aid for Children.

The Department of Public Works – Transportation Division (Transportation) is requesting budget adjustments to correct budget appropriation deficits to Services and Supplies by \$500,000, Travel by \$10,000 and Transfers by \$525,000. The deficits were caused by higher than anticipated costs related to the Measure I administrative overhead cost allocation, and motor pool cost transfers related to the Morongo Road and Other Roads Project in the Twentynine Palms area, and the participating costs were higher than projected for the State Route 38 at Stanfield Cutoff Roundabout Project in the Big Bear Area. These increases will be fully funded with the Use of Available Reserves.

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The Regional Parks Department (Regional Parks) is requesting a net increase of \$3.0 million, funded by a combination of Sources (\$3.0 million) and Use of Fund Balance (\$18,000) for the following adjustments:

- A \$3.0 million increase to Operating Transfers Out for a transfer to the Department of Public Works for work completed on the Santa Ana River Trail. This increase will be offset by an increase in Sources (\$3.0 million) from Coastal Conservancy grant funding.
- An \$18,000 increase in Services and Supplies for RESD leasing and acquisition service charges. This increase will be funded by the use of Available Reserves.

The Department of Risk Management (Risk Management) is requesting a budget adjustment in the Insurance Programs which will result in an increase of \$2.6 million in Requirements due to higher than anticipated excess insurance for property (\$1.9 million) and to process higher than anticipated payments related to claims and settlements in the Surety Bonds fund (\$69,745), the Special Districts Workers' Compensation fund (\$274,514), and the Aircraft Liability fund (\$141,365). These adjustments will be funded with the use of Available Unrestricted Net Position.

Appropriation Transfers Within the Same Budget Unit

Appropriation transfers within a budget unit that require approval by the Board include transfers out of Salaries and Benefits, transfers of appropriation to or from Operating Transfers, and Fixed Asset appropriation transfers over specific amounts. Requested transfers of appropriation included in the 2023-24 Year-End Budget Adjustment Report total \$24.1 million (Attachment A). Adjustments discussed in this section result in no net impact to Requirements or Sources.

Notable transfers within the same budget unit include:

- County Fire Administration is requesting to transfer \$8.4 million in Direct Lease Purchase-Structures as a technical adjustment required due to GASB 87 reclassifications.
- Land Use Services is requesting to transfer \$3.2 million in savings from Salary and Benefits to fund a combination of higher-than-expected costs of professional services and replenishments for the use of Transfers Out appropriation during the fiscal year to fund increased Services and Supplies costs. This request is across the divisions of Building and Safety (\$1.1 million), Code Enforcement (\$0.8 million), and Planning (\$1.3 million).
- The Sheriff's Department is requesting to transfer \$7.0 million in savings to services and supplies primarily to fund increased costs for temporary staffing that is utilized to mitigate staffing deficiencies among medical professionals necessary at the West Valley Detention Center Infirmery.

Discretionary General Funding

Each year, General Fund departments are allocated DGF amounts (Net County Cost) to pay for costs not funded by other resources. The following General Fund budget units exceeded their allocation of Net County Cost for 2023-24.

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- Regional Parks is reporting a net county cost overage of \$1,730,324 which is the result of Regional Parks concessionaire, Pirate Cove (Park Moabi) failing to pay outstanding obligations to the Department resulting in a loss of \$1.8 in expected revenue. This cost encompasses two years of unpaid revenue (fiscal years 2022-23 and 2023-24) to the Department. Litigation is underway to recover the lost revenue from the concessionaire.
- Land Use Services – Planning is reporting a net county cost overage \$383,123 due to pending client reimbursements for outside counsel expenses. The timing of these reimbursements is currently uncertain, and as such, the department does not feel it was appropriate to accrue this revenue at this time. As a result, this budget unit is over target in the amount of the pending reimbursement. Any reimbursement received will be returned to the general fund as departmental savings.

American Rescue Plan Act Update

During 2023-24, \$110.1 million of American Rescue Plan Act funding was used for the provision of County government services under the revenue loss eligible use category in accordance with the United States Treasury Department (U.S. Treasury) Final Rule. The Final Rule allows the County to claim a reduction in revenue (due to the COVID-19 public health emergency) calculated using the revenue loss formula outlined by the U.S. Treasury. Furthermore, the U.S. Treasury then allows the County to utilize proceeds generated from the revenue loss claim for the provision of government services. In 2023-24 this funding was utilized to fund continued efforts to increase investments in public health, social services, and public safety operations. Specifically, funds were allocated as follows:

- Public Health (\$3.9 million)
- Indigent Defense (\$5.1 million)
- Public Defender (\$29.0 million)
- Code Enforcement (\$2.2 million)
- Register of Voters (\$18.9 million)
- Human Services Administration (\$26.0 million)
- Human Services Foster Care (\$25.0 million)

Recommendation No. 2 – Performance Measure Update

Year-End updates on achieving 2023-24 adopted performance measures are included in Attachment A for each County entity as follows: County – Pages 25-106, SBCFPD – Pages 107-108, San Bernardino County Flood Control District – Page 98, Inland Counties Emergency Medical Agency – Pages 111-113, In-Home Supportive Services Public Authority – Pages 109-110, and Board Governed County Service Areas – Page 100.

Recommendation No. 3 – 2024-25 Budget Adjustments

Approval of Recommendation No. 3 will allocate an additional \$1.6 million in one-time DGF to the Assessor-Recorder-County Clerk's office (ARC) to fund anticipated revenue shortfalls in 2024-25. Approval of this recommendation will bring the total one-time DGF allocated to the ARC to \$2.4 million for 2024-25. This funding will reduce the department's exposure to changes in revenue earned by the ARC's Recorder division, primarily from fees to record documents,

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which has the potential to cause disruptive impacts to department operations should the revenue not be received.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by Human Resources (Gina King, Human Resources Assistant Director, 387-5560) on October 2, 2024; County Counsel (Julie Surber, Principal Assistant County Counsel, 387-5455) on October 2, 2024; County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on October 4, 2024; and coordinated with the Auditor-Controller/Treasurer/Tax Collector (Vanessa Doyle, Deputy Chief Controller, 382-3195) on October 2, 2024.

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Record of Action of the Board of Directors
San Bernardino County Fire Protection District
Inland Counties Emergency Medical Agency (ICEMA)
In-Home Supportive Services Public Authority

Record of Action of the Board of Supervisors
San Bernardino County Flood Control District
Board Governed County Service Areas
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Jesse Armendarez
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Curt Hagman, Joe Baca, Jr.
Absent: Dawn Rowe

Lynna Monell, CLERK OF THE BOARD/SECRETARY

BY 
DATED: October 22, 2024



cc: File - Administrative Office w/attach
MBA 10/28/2024