



COUNTY of VENTURA
COUNTY EXECUTIVE OFFICE

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June 6, 2023

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, California 93009

SUBJECT: Fiscal Year 2023-24 Recommended Budget for the County of Ventura General Fund and for the Ventura County Fire Protection District, Ventura County Watershed Protection District, Ventura County Waterworks Districts, County Service Areas and All Other Non-General Funds; Approve Applications for and Acceptance of Specified Grants; Receive and File Fiscal Year 2023-24 Capital Projects and Summary of Recommended Priority Capital Projects; Receive and File Fiscal Year 2022-23 Third Quarter Budget Update.

RECOMMENDATIONS:

1. Receive the Fiscal Year (FY) 2023-24 Preliminary/Recommended Budget to be used in the FY 2023-24 Budget Hearings for the County of Ventura General Fund, Ventura County Fire Protection District, Ventura County Watershed Protection District, Ventura County Waterworks Districts, County Service Areas and all other Non-General funds.
2. Instruct the Clerk of the Board to publish a notice as prescribed in Government Code section 29080 and make available a copy of the FY 2023-24 Recommended Budget to members of the public pursuant to Government Code sections 29065.
3. Direct the Clerk of the Board to schedule budget hearings on all budgets listed in Recommendation #1 above to begin on Wednesday, June 21st, 2023, at 1:30 p.m., receive public testimony at 6:00 p.m. that evening, and continue during the week as necessary thereafter beginning daily at 9:00 a.m. until the FY 2023-24 budget hearings are closed. By law, the public hearings must be completed within fourteen days after the budget hearings begin.
4. Approve the filing of applications for and the acceptance of the grants listed in Attachment B in accordance with the guidelines of the Administrative Policy Manual Chapter II-5.

5. Receive and file Attachment C to be incorporated into the FY 2023-24 to FY 2027-28 Five-Year Capital Improvement Plan.
6. Direct the County Executive Office (CEO) to revise the Recommended Budget to reflect the actions of the Board in developing the Adopted Budget during the budget hearings pursuant to Government Code section 29083(b).
7. Receive and File FY 2022-23 Third Quarter Budget Report.

INTRODUCTION

According to the Government Code, budget allocation authority resides solely with the Board of Supervisors. In conjunction with that authority, the Board of Supervisors must annually adopt a County budget. The Board of Supervisors also serves as the Board of Directors for the Fire Protection District, Watershed Protection District, and various other special districts and must also adopt budgets for these organizations.

The Fiscal Year 2023-24 Preliminary Budget contains preliminary appropriations, revenue, and positions for the General Fund and all Non-General Funds. It presents an initial budgetary plan for the coming fiscal year and is a reflection of the estimated cost next year for Board policies and program priorities translated into dollar values.

Over the last several months, departments and agencies have come before your Board to provide detailed information regarding the FY 2023-24 budget beginning in February with comprehensive presentations from the Internal Service Funds (ISF's) and presentation of the Budget Development Manual. In April, a presentation regarding the General Fund Target budget along with the County's debt service obligations was provided. From March through May, departments presented detailed information to highlight their budgets, operations and the myriad of services they provide. County-wide rates and fees detail was presented at the end of May.

The attached County Executive Office Fiscal Year 2023-24 Preliminary Budget document constitutes the Recommended Budget. Also attached is the Auditor-Controller's Recommended Budget, which is based on the same figures as the CEO's Preliminary Budget but is formatted in accordance with State Controller guidelines.

FY 2023-24 PRELIMINARY BUDGET DISCUSSION

KEY BUDGET DATA & INFORMATION

- Total County appropriations = \$2.86 billion, up \$162 million or 6.0% from prior year
- Full-time equivalent (FTE) position allocations are up 89.3 FTEs from the prior year to 10,268 FTEs
- General Fund appropriations = \$1.35 billion, up \$56.8 million or 4.4% from prior year

- General Fund estimated revenues = \$1.34 billion, up \$53.5 million or 4.1% from prior year
- Total Non-General Fund appropriations are up by 7.5%.

SUMMARY OF THE PRELIMINARY BUDGET

The following chart summarizes total appropriations (expenditure authorization) by the General Fund and Non-General Fund categories.

General Fund Appropriations by Program Area	FY 2022-23 Adopted Budget	FY 2023-24 Preliminary Budget	% Change
General Government	\$96,135,237	\$106,094,979	10.36%
Environmental Balance	\$62,330,975	\$64,980,276	4.25%
Health & Human Services	\$539,278,806	\$533,600,428	-1.05%
Administration of Justice	\$507,113,196	\$532,013,394	4.91%
Other General Fund	\$85,320,578	\$110,276,649	29.25%
Total General Fund	\$1,290,178,792	\$1,346,965,726	4.40%
Non-General Fund Appropriations			
Enterprise Funds	\$788,317,664	\$861,715,853	9.31%
Fire Protection District	\$246,901,914	\$253,321,529	2.60%
Watershed Protection District	\$61,895,191	\$82,220,648	32.84%
Water & Sanitation Operations	\$66,191,187	\$66,624,998	0.66%
County Service Areas	\$9,990,149	\$10,571,873	5.82%
Other Funds	\$231,320,927	\$235,519,353	1.81%
Total Non-General Fund	\$1,404,617,032	\$1,509,974,254	7.50%
Total County Appropriations	\$2,694,795,824	\$2,856,939,980	6.02%
Internal Service Funds	\$410,263,650	\$411,044,463	0.19%

Budget Highlights:

- This budget includes funding for many of the Board's primary initiatives that protect our most vulnerable population through programs in Behavioral Health, Human Services Agency (such as the Farmworker Resource Program), Public Health as well as the Climate Action Plan programs encompassing multiple departments to address energy action planning, home energy savings, regional collaborations including a greenhouse gas strategy with policies and implementation plans to identify and reduce GHG emissions. In addition, there are several efforts related to addressing the challenge of homelessness county-wide as well as ongoing enhancements of Diversity, Equity and Inclusion efforts to promote and support a diverse workforce.

- Supports increased projected caseload for mandated programs by leveraging federal and state funding for direct aid and program operations, including Childrens' and Adults' services, and maintains non-mandated programs such as RAIN Transitional Center, Homeless Services and Veteran Services.
- In general, increases in appropriations are the result of negotiated increases in salaries and benefits and increase in the number of positions.
- The budget assumes a 3.0% increase in assessed property valuations. Assessed value increased by 7.3% in FY 2022-23.
- General Fund General Purpose Revenues = \$523.5 million, up \$39.3 million or 8.1% from prior year. The increase is mainly attributable to property taxes due to an estimated 3.0% increase in assessed value, increase in interest earnings and in Cost Allocation Plan revenue.
- Public Employees' Pension Reform Act implementation began January 1, 2013 and continues to generate gradual reductions in pension costs.
- General Government increase in appropriations is mainly the result of increases in Election costs related to the Voters Choice Act and Sustainability Division's grant funded energy efficiency programs.
- Health & Human Services decrease in appropriations over prior year adopted budget is primarily related to Public Health reductions in COVID grant related expenditures and expiration of fixed-term positions.
- Other General Fund increase primarily relates to a modification in the accounting treatment of opt-out portion of the flexible credit allowance (\$12.5M), additional \$4M contribution to Ventura County Medical Center, \$2M for the City of Thousand Oaks shelter capital outlay cost share.
- Service rates and fees were approved by your Board on May 23, 2023 and are included in department revenue estimates. In prior years, there was a focused effort to maintain and minimize fee increases through cost control efforts and targeted General Purpose Revenue contributions. The FY 2023-24 budget continues this effort.
 - The Fiscal Year 2023-24 Preliminary Budget contains over \$1 billion in revenue from Charges for Services, some of which are generated from service rates and fees. Rates include the impact of salaries and benefits increases due to negotiated agreements. The vast majority of increases are driven by increases in demand and levels of service, not rate increases.
 - The General Fund will also continue to partially offset Public Works Agency's Development Services rates due to nonstandard and extraordinary operational

impacts to Development Services resulting from non-permitted activity inspections, reporting and litigation. This support will mitigate increases in rates that would otherwise have to be charged to the public by the Public Works Agency.

- General Fund revenue from Charges for Services is budgeted to increase by \$5 million, which represents a 2.5% increase from the FY 2022-23 Adopted Budget. This increase is primarily driven by a \$4.1 million increase in General Purpose Revenue, specifically Cost Allocation Plan Revenue.
 - Non-General Fund revenue from Charges for Services is budgeted to increase by approximately \$48.9 million, which represents a 4.5% increase from the FY 2022-23 Adopted Budget. The increase is primarily driven by a \$73.9 million increase in Ventura County Medical Services' net charges, with a reduction of \$12.3 million in the Medical Benefits ISF, primarily related to a modification in the accounting treatment of the Opt-Out portion of the flexible credit allowance.
- The FY 2023-24 Budget includes appropriations of \$800K for operational costs of the Knoll Drive shelter in Ventura, \$782.5K for the City of Oxnard shelter operational costs, and \$2M for the City of Thousand Oaks shelter capital outlay cost share.
 - Cost containment from self-managed insurance plans including the Ventura County Health Care Plan (VCHCP), Workers' Compensation, and General Liability.
 - Continue to adapt to the changing landscape of State criminal justice law as reflected in Public Safety Realignment and the passage of Propositions 47 & 57, Assembly Bill 1810 mental health diversion, the Humphrey's case ruling regarding the money bail system, and Assembly Bills 1869 and 177 which are the recent legislative efforts to reduce or completely eliminate criminal justice fees. An estimated revenue backfill of \$2.6M is assumed in the budget.
 - Enterprise Funds budget total = \$861.7 million, up \$73.4 million or 9.3% from prior year. Increases are mainly related to the Ventura County Medical System expansion of services and programs including transition of Whole Person Care to CalAIM and Behavioral Health Integration.
 - Fire Protection District: Planned capital projects include the Regional Training Center and Fire Station 29 in Santa Paula. The District is funded mainly through property taxes and is not reliant on General Fund support.
 - Watershed Protection District (WPD) increase in appropriations is primarily due to multiple construction projects in WPD Zone 2 including Santa Clara River Levee and Silver Strand Pump Station.

The Internal Service Funds (ISFs) are excluded in the total preliminary budget appropriations as they are already included in departments' total appropriations through user charges. ISFs provide services to other departments and agencies and include several funds, some examples are: General Services Agency (GSA), Information Technology Services Department (ITSD), Risk and Workers' Compensation Funds, Personnel Medical Insurance, and Public Works Agency: Central Services and Water & Sanitation.

Internal Service Funds budget total = \$411 million, up \$780K or 0.2% from prior year.

Position Allocation Changes

General Fund FTE position allocations are up by a net 48 from prior year to 5,484 and include the following FTE increases (decreases):

- 3500 Area Agency on Aging – 11.0
 - Implementation of Cal-AIM program which aims to provide comprehensive field-based care coordination to older adults and adults with disabilities
- 1010 County Executive Office – 11.0
 - Grants Coordinator position (1), expansion of Sustainability programs (1), DEI Team for Probation Juvenile Program (2 fixed-term), Capital Projects management (1), Fiscal admin support (1), HR staff to support HCA, Fire, HSA, Probation (5)
- 2100 District Attorney – 9.0
 - Address criminal case backlog due to COVID (2), facilitate paperless case file migration (2), and grants positions for Ventura and Oxnard Family Justice Centers (5)
- 2200 Public Defender – 5.0
 - Positions for Public Defense Pilot Grant Program (2), to address criminal case backlog due to COVID (2) and to manage social worker unit (1)
- 2500/2550 Sheriff Police Services/Detention – 11.0
 - 4th Assistant Sheriff, Grant administrator, Risk/Safety administrator, Health & Programming Unit Jail Captain, and positions for various grant programs related to: Gun Reduction Program, Jail's Opioid and Substance Abuse Program, Office of Emergency Services, Crime Lab including backlog of sexual assault cases

Non-General Fund FTE position allocations are up by a net 41.3 from prior year to 4,784 and include the following FTE increases:

- 2700 Fire Protection District – 37.0
 - Majority are Fire Control Worker positions funded by the State
- 3390 Health Care Plan – 9.0
 - Associated with necessary activities to achieve the required National Committee for Quality Assurance Accreditation

- 2250 Child Support Services – (13.0)
 - Administrative clean-up to delete positions that have remained vacant for an extended period of time
- 3260 Mental Health Services Act – (9.0)
 - Reductions due to expiration of fixed-term positions

For more information on position allocations, see **Exhibits 8 and 9**.

Further explanations for appropriation, revenue, and staffing changes between the Preliminary Budget and the FY 2022-23 Adopted Budget are included in the budget unit narratives for each department contained in the FY 2023-24 Preliminary Budget Book and in **Attachment A**.

GENERAL FUND - FUND BALANCE RESERVES RECOMMENDATIONS

In accordance with Government Accounting Standards Board Statement 54, Fund Balances are classified as Non-spendable, Restricted, Committed, Assigned, and Unassigned. The Unassigned classification (Rainy Day Fund) is the Fund Balance that we monitor as a percent of General Fund appropriations. The recommended minimum level for the Unassigned Fund Balance is 10% of total appropriations/revenue, with a long-term goal of 15%. Continuous improvement toward our long-term goal also reinforces our credit ratings allowing the County to lower its borrowing costs.

Strong Fund Balance and healthy reserves play an important role in preserving the County's financial health and reinforces the County's overall financial position. A strong Fund Balance prepares the County for future capital needs, protects the County from shortfalls in response to State actions, and shields the County against extraordinary events and significant fluctuations in revenue while mitigating impact on on-going operations.

We are projecting a General Fund year-end Fund Balance from ongoing operations of approximately \$50 million. In accordance with County fiscal policy, one-time year-end savings are not used to fund on-going expenditures. Therefore, we are recommending that estimated savings be used to increase reserves and allocated as follows: \$10 million to Fund Balance – Unassigned for a total balance of \$170 million or 12.6 percent of appropriations; \$16.3 million toward Assigned - Fixed Asset Acquisitions for a total balance of \$20 million; \$580K toward Assigned – Litigation for a total balance of \$1.0 million; \$10 million toward Assigned – Pension Mitigation for a total balance of \$25 million; the discontinuation of Assigned - Efficient Ventura County (222K); with the remaining \$13.4 million to increase Assigned - Program Mitigation. **Exhibit 6** in the FY 2023-24 Preliminary Budget provides a Fund Balance History of the General Fund. These recommended changes, combined with the other accounting transactions that occurred during the year result in an approximate \$39 million increase in Total General Fund reserves compared to last year's adopted budget.

GRANT APPLICATIONS AND ACCEPTANCE

Recommendation 4 approves grant applications and delegates, in accordance with the Ventura County Administrative Policy Manual, Chapter II-5, to the County Executive Officer or designee, the authority to accept grants and amendments and to sign grant award and amendment documents, subject to review and approval by County Counsel.

CAPITAL IMPROVEMENT PLAN

The County continues to invest in Infrastructure and Technology including significant upgrades to the County's Integrated Property Tax System, the Ventura County Justice Information System (VCJIS), and the Next Generation Public Safety Radio Communication System.

Recommendation 5 requests your Board receive and file Attachment C to be incorporated into the FY 2023-24 to FY 2027-28 Five-Year Capital Improvement Plan (CIP). The projects listed on Attachment C have been identified as high priorities and include Sheriff Administrative Building (Calle Tecate) Tenant Improvements, replacement of the single-walled underground fuel tanks at the Government Center, and future development at the County's South Lewis Road property. Each project will be presented to your Board for specific consideration and approval before proceeding.

We have incorporated the review and comment of the recommended CIP projects into the preliminary budget process. The recommended CIP will be combined with projects by the Watershed Protection District, Waterworks District, and Public Works Agency (PWA) - Transportation and placed into a consolidated CIP that will be brought to your Board by PWA for receipt and filing independently. All consolidated projects will be distributed to affected city/County planning agencies for review to ensure General Plan consistency per Government Code Section 65402 (a).

FY 2022-23 THIRD QUARTER BUDGET UPDATE

Projections as of the third quarter indicate that overall departments are on track for year-end. Any adjustments requiring Board action will be presented to your Board as part of the annual year-end budget adjustment board letter at the end of June. The General Fund is estimated to end the year with approximately \$50 million in savings due mainly to reimbursement from FEMA, increase in property tax revenue resulting from higher than expected growth in assessed valuation as well as expenditures (primarily salary and benefits), coming in under budget. As noted earlier, it is recommended that these one-time savings be allocated to increase various reserves.

CAUTIONARY NOTE

Although the Preliminary Budget is balanced, it must be noted that challenges still exist that could negatively impact the County's current and future financial position. Key areas of concern include: State or Federal actions requiring expanding service levels or reductions in funding in Health and Human Services and Public Safety. Recent actions of the Federal Reserve regarding increases in interest rates may slow economic activity and

negatively impact County revenues. An additional concern is that should financial markets decline and investment returns fail to meet the Ventura County Employees' Retirement Association's assumed rate of return on pension assets, this could result in an increase in the County's employer contribution.

CONCLUSION

The Fiscal Year 2023-24 Preliminary (Recommended) Budget is a comprehensive working document developed based upon your Board's stated priorities and guiding principles. It is compiled and presented to your Board in a format designed to assist you in determining the final FY 2023-24 budgetary management of the personnel and financial resources of the County.

The County is focused on long-term financial viability and will continue to integrate the use of multi-year forecasts as a guide to maintain balanced budgets. Your Board's adherence to the comprehensive long-term fiscal plan helps to maintain the County's strong financial position. Consistent application of these budget principles has minimized the impact during economic downturns and avoided the need for significant budget cuts during times when these services are needed most.

A long-range fiscal perspective is also essential in dealing with significant future costs including: potential capital project needs; healthcare transformation; retirement rates and assumption changes; and the potential negative impact from economic downturns or decreases in State and Federal government funding.

We thank your Board for its policy leadership and support as well as the many department and agency personnel who participated in preparation of the County's Fiscal Year 2023-24 Preliminary Budget. We appreciate the cooperation from departments and agencies in working with our office throughout this budget year.

The budget is a living document and during the year adjustments will need to be made. Our office will work with departments throughout the year to monitor budgets and maintain a balanced financial plan. These financial management efforts, following adoption of a balanced budget for FY 2023-24, will be essential for the County to address the on-going needs associated with Federal funding, State Funding and other revenues. As we do every year, we will continue to monitor the County's financial condition with quarterly updates to the Board and recommend adjustments to appropriations and revenues as needed.

Final Budget Hearings are scheduled to begin on Wednesday, June 21st at 1:30 p.m. with a public hearing session to follow at 6:00 p.m. that evening. Agency/department management will be in attendance and prepared to respond to any Board questions.

Additional information or clarification concerning the Preliminary Budget materials can be obtained by contacting Kaye Mand at 654-3531.

Respectfully,

A handwritten signature in blue ink that reads "Kaye Mand".

Kaye Mand
County Chief Financial Officer

A handwritten signature in blue ink that reads "Sevet Johnson".

Sevet Johnson, PsyD
County Executive Officer

Attachments:

Attachment A: Major Budget Issues, Highlights and Potential Future Impacts

Attachment B: Grant Listing

Attachment C: Capital Projects

FY 2023-24 Preliminary Budget (County Executive Office)

FY 2023-24 Recommended Budget (Auditor-Controller's Office)