



**Contra  
Costa  
County**

To: Board of Supervisors  
From: Monica Nino, County Administrator  
Date: January 18, 2022

Subject: FY 2022/23 Recommended Budget Development

### **RECOMMENDATION(S):**

1. DECLARE the Board's intent to adopt a FY 2022/23 General Fund budget that balances annual expenses and revenues;
2. ACKNOWLEDGE that significant issues will continue to create financial pressure on the Board of Supervisors in its effort to provide essential services and programs which Contra Costa County residents need, or expect will be provided to them by the County;
3. ACKNOWLEDGE that, in addition to the effects on the provision of services for residents, that State and local economic issues have challenged the maintenance of the Board of Supervisors' reserve policy;
4. ACKNOWLEDGE that maintaining the County's reserve funds, maintaining an improved credit rating, and maintenance of the County's physical assets remain a priority of the Board of Supervisors;
5. RE-AFFIRM the Board of Supervisors' policy prohibiting the use of County General Purpose Revenue to back-fill State revenue cuts;
6. DIRECT Department Heads to work closely with the County Administrator to develop a Recommended Budget for consideration of the Board of Supervisors that balances expenses with revenues, minimizes net County cost and maintains core service levels;
7. ACKNOWLEDGE that the 2022/2023 assessment roll will be prepared using the maximum inflation factor of 1.02;
8. ACKNOWLEDGE that the employees of Contra Costa County have been affected as a result of the requirement to balance the County's expenses with available revenues;

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

Action of Board On: **01/18/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 18, 2022

Monica Nino, County Administrator and Clerk of the Board of Supervisors

Contact: Lisa Driscoll, County  
Finance Director (925) 655-2047

By: June McHuen, Deputy

## RECOMMENDATION(S): (CONT'D)

9. DIRECT the County Administrator to continue to meet with the County's union representatives and employees to explain the size, scope and anticipated length of the County's fiscal challenges and to gain their input/suggestions;
10. DIRECT the County Administrator to continue to make this information readily available to the residents of the County;
11. DIRECT Departments, in cooperation with Labor Relations and Union representatives, to begin, if necessary, the meet-and-confer process with employee representatives about the impact of potential program reductions on the terms and conditions of employment for affected employees;
12. DIRECT the County Administrator to return to the Board of Supervisors on April 12, 2022 with a FY 2022/2023 Recommended Budget that meets the above requirements;
13. DESIGNATE Tuesday, April 12, 2022 for FY 2022/2023 budget hearings and Tuesday, May 10, 2022 for the adoption of the FY 2022/23 Recommended County and Special District Budgets; and
14. DIRECT the Clerk of the Board to publish notice of the budget hearings and the availability of the Recommended Budget documents.

## FISCAL IMPACT:

None at this time. However, the result of the recommendations herein, if implemented, are designed to maintain the County's fiscal stability in FY 2022/2023 and improve it in subsequent years.

## BACKGROUND:

The Board of Supervisors, Department Heads, and our Employees worked and sacrificed to stabilize the County's finances during the last decade. Now our task will be to preserve this legacy so as to prevent a return to those years in which we were making painful cuts to programs and to the staff that was necessary to provide those services.

There are always factors over which the County has little or no control (such as a pandemic, federal and State budgets actions, economic changes, and demographics) that will affect the size of the baseline budget and ultimately challenge the County's budget. Over the next five years we can expect more fiscal volatility due to the Federal Tax plan, State legislative action, as well as negotiated wage and benefit increases.

The majority of the County's general purpose revenues are generated through property taxes. Revenue and Taxation Code section 51 provides that base year values determined under section 110.1 shall be compounded annually by an inflation factor not to exceed 2 percent. Section 51(a)(1)(C) provides that, for any assessment year commencing on or after January 1, 1998, the inflation factor shall be the percentage change, rounded to the nearest one-thousandth of 1 percent, from October of the prior fiscal year to October of the current fiscal year in the California Consumer Price Index (CCPI) for all items, as determined by the California Department of Industrial Relations. Information from the Department of Industrial Relations shows that the CCPI increased from 286.843 in October 2020 to 302.793 in October 2021. Rounded to the nearest one-thousandth of 1 percent, this is an increase of 5.561 percent. Accordingly, we will prepare our 2022 assessment roll using the maximum inflation factor of 1.02 (base year value change of 2%).

The Board of Supervisors has authorized the establishment of an Office of Racial Equity and Social Justice (D. 4, 11/10/20). Although the Office has not yet been established, departments are encouraged to include the voices of diverse communities in budget development discussions with the goal of advancing racial equity and/or social justice through County programs.

As per the norm, Department Heads will be expected to work closely with the County Administrator to design a balanced budget that restricts the growth in net County cost while minimizing service delivery cuts. Wherever possible, categorical/program revenues will be increased to offset the increased cost of doing business. Restrictions on increases in net County cost needed to balance the budget may result in the loss of federal and State program revenues, and this added loss may cause program reductions.

### **Meet and Confer**

Departmental budget requests are due to the County Administrator's Office on February 4. At that time Department Heads will know which, if any, positions may be affected by reductions necessary to balance the budget. Departments, in cooperation with Labor Relations, will if necessary, begin the meet-and-confer process with employee representatives regarding the impact of potential program reductions on the terms and conditions of employment for affected employees. Early planning will allow Departments a reasonable period of time to meet and confer, and permit them to implement all budgetary required actions prior to July 1, 2022. Per the norm, this progress will allow the County to adopt a budget that is balanced from the first day of the new fiscal year.

### **Public Notice**

The County Budget Act requires that the Board of Supervisors publish a notice in a newspaper of general circulation throughout the county, stating when budget documents will be available and the date of Budget Hearings. The FY 2022/23 Recommended Budget document will be available to the public approximately April 1, 2022.

## **Conclusion**

The County Administrator will return to the Board on April 12 with a FY 2022/23 Recommended Budget that meets the requirements listed above. Tuesday, April 12 will be reserved for FY 2022/23 budget hearings. Additionally, it is recommended that the County Administrator return to the Board of Supervisors on Tuesday, May 10 for adoption of the FY 2022/23 Recommended County and Special District Budgets, including any changes the Board makes on April 12.

### **CONSEQUENCE OF NEGATIVE ACTION:**

Delayed processing of the FY 2022/23 Recommended Budget and potential impact on the fiscal stability of the County and Special Districts.

### **ATTACHMENTS**

2022-23 California Consumer Price Index