

## September 8, 2020 – Budget Hearing (Timed Item During Regular Meeting), 10:30 a.m.

### *Budget Message*

CAO Quilter began his presentation with a thank you to all department heads for submitting good budgets to the Budget Team, being cooperative, and being mindful of the fiscal situation the County could find itself in due to COVID-19. He also thanked the Assistant Clerk of the Board, Darcy Ellis, for helping to edit and proofread the budget message, and his partners on the Budget Team, Auditor-Controller Amy Shepherd and Senior Budget Analyst Denelle Carrington, for working hard year-round to manage the budget in addition to helping prepare for the next fiscal year's budget. He said one of the main things the Budget Team focused on this year is continuing to address long-term needs and projects while dealing with short-term difficulties. Quilter compared the situation to domestic life, such as the short-term need to deal with bills while also keeping sight of long-term goals like buying a house.

Quilter said the Recommended Budget projects a \$1.2 million reduction in General Fund revenue, primarily attributable to COVID-19 and related loss of sales and bed tax, and interest in the Treasury. He discussed with the Board the short-term challenges caused by COVID-19, and noted there are numerous considerations related to the pandemic. Quilter cited the creation of alternate work schedules to achieve social distancing, childcare and distance learning challenges, the \$800,000 REVIVE grant program for local businesses, and opportunity costs associated with employees having to devote a lot of time and effort to new duties related to the pandemic and having less time for their regular tasks. Short-term challenges aside, Quilter said the Recommended Budget maintains and/or provides funding for long-term projects and programs like facility ownership, deferred maintenance, bringing commercial flights to the Bishop Airport, investing in the development of housing stock, and support for senior programs.

The CAO also discussed the major assumptions on which the budget was built, such as a Fund Balance of at least \$3.5 million, no significant reductions in state and federal funding, TOT revenue not falling below projections, receiving no new Payments In Lieu of Taxes funding, and departments meeting or exceeding revenue projections while staying within their spending limits. Quilter noted that, for both the General Fund and non-General Fund combined, the budget projects expenditures of \$129,448,093 and revenues of \$112,952,906. Quilter and Auditor-Controller Shepherd discussed the revenues and expenditures in more detail, noting the changes from last year's Board Approved Budget. Quilter went on to discuss the status of the County's reserves, Contingencies, and trusts, noting that the Recommended Budget puts \$40,000 in Contingencies and makes a \$165,825 contribution to the Other Post-Employment Benefits trust. He reported on employee costs, which he said comprise 43% of the overall budget and 65% of the General Fund, as well as an increase in pension, health, and retiree health costs and the creation of a new Information Services position to provide tech support exclusively to departments in the courthouse, such as the Clerk-Recorder's Office. Quilter also reviewed proposed personnel actions to delete and replace certain positions to improve efficiency.

Quilter discussed the Fund Balance, explaining that if it comes in below the \$3.5 million projection in the budget, it may require deleting or delaying new positions and deleting non-personnel funding. On the other hand, he said if Fund Balance is in excess of \$3.5 million, the Budget Team is strongly recommending using the extra for one-time costs such as increasing the contribution to Contingencies due to the unknowns associated with COVID-19, putting more funding in the General Fund Stabilization Fund, the Accumulated Outlay Capital Budget, and any other needs identified by the Board.

Auditor-Control Shepherd announced that the Fund Balance this year is, in fact, in excess of the \$3.5 million figure used to balance the budget. She said Fund Balance totals \$4,436,077,

for an excess of \$936,077. She noted that Fund Balance is unpredictable year-to-year and this year's total still comes in at \$560,000 less than last year, which is why the Budget Team recommends budgeting to a more conservative Fund Balance each year and eventually not having to rely on it.

The CAO discussed outstanding issues, like COVID-19, and outstanding opportunities, such as workforce flexibility and commercial air service. Quilter then reviewed the Budget Team's recommendations with regard to adoption of the budget.

*Board  
Discussion/Public  
Hearing*

Supervisor Griffiths complimented the Budget Team on its presentation and said that, all things considered, the Recommended Budget is pretty positive. He thanked everyone who worked on the budget and asked for and received clarification about Department of Juvenile Justice funding. Supervisor Griffiths also noted that with regard to the County's community promotion grant programs, they are usually event- or program-centered. He wondered whether some flexibility could be introduced to existing grant programs or if grant funding in general could be made available to struggling non-profit organizations.

Supervisor Pucci thanked the CAO, Auditor-Controller, and Senior Budget Analyst, along with department heads and their staff, for what he called an extensive budget with a smart long-term strategy. He said he believes the County has recognized the challenges, uncertainty, unprecedented situations, and learning situations presented by COVID-19. He said this budget is his 109<sup>th</sup> public budget that he has been involved with over his career in local government and he thinks it's one of the best he has ever dealt with, since it meshes comprehensive financial estimates with compassion for and understanding of the impacts experienced by citizens and employees, who he praised for their response to the pandemic.

Supervisor Totheroh said despite it being an incredibly difficult year, the Board was presented with a very good, understandable budget package. He noted that he has been doing budgets for 40 years and the Fiscal Year 2020-2021 CAO Recommended Budget is by far the most understandable in terms of impacts and the need for flexibility. He suggested that the excess Fund Balance come with versatility so that it can be directed to where it's needed during uncertain times.

Supervisor Tillemans said year in and year out, the County is blessed with a well-developed budget due to the work of everyone from the CAO to department heads and staff. He offered his kudos and said the effort makes the Board's job easier.

Chairperson Kingsley said he agreed with Supervisor Griffiths about the need to help non-profits with grant funding. He sought and received clarification on how Coso Geothermal Royalties and Transient Occupancy Tax was budgeted this year. The Chairperson also applauded the commitment to continue working on projects and programs for the future, as well as supporting senior programs above and beyond the funding made available by the State. He said the budget highlights long-term planning and positioning the County for the future, which he said is where the Budget Team shines. He said Inyo County could really be hurting financially right now but it isn't, thanks to the Budget Team.

The Chairperson opened a public hearing at 12:40 p.m.. There was no-one wishing to provide public comment to the Board via Zoom and no comment letters were received by email.

The Board engaged in discussion about how best to use the excess Fund Balance, ultimately coming to the conclusion that because of so much uncertainty surrounding the pandemic, the money should be used to both help local non-profits and put aside in Contingencies.

The Chairperson checked once more for public comment, and with none submitted or any desire to address the Board expressed, he closed the public hearing at 12:43 p.m.

*Budget Adoption*

Concluding discussions, the Board took action to approve the CAO Recommended Budget, accepting the CAO's recommendations for every department budget, and directing the \$936,077 in excess Fund Balance be distributed between the General Fund Contingencies budget and the CAO - COVID-19 budget for a grant program, similar to the REVIVE program, for Inyo County non-profit organizations.

Moved by Supervisor Griffiths and seconded by Supervisor Totheroh to:

1. Adopt the Fiscal Year 2020-2021 Budget as Recommended by the County Administrator, including the recommendations presented herein.
2. Direct that the \$936,077 in excess Fund Balance certified by the Auditor-Controller above \$3,500,000 (for a total Fund Balance of \$4,436,077), be distributed as follows: adding \$836,077 to the General Fund Contingencies budget; and adding \$100,000 to the CAO – COVID-19 budget to create a grant program to help Inyo County non-profit organizations impacted by the COVID-19 pandemic.
3. In adopting the Final Budget, (a) authorize and direct the County Administrator and Auditor-Controller to approve and make payments, greater than \$10,000, to Inter-Agency Visitor Center, Cal Expo Exhibit, and Tri-County Fairgrounds; and (b) authorize and direct the County Administrator to develop and execute contracts with all ongoing recipients of line-item grants and fishing promotion funding through the Community Project Sponsorship Program as revised by your Board of Supervisors on November 8, 2016, and provided for in the Advertising County Resources budget.
4. In adopting the Final Budget, authorize and direct the County Administrator to develop and execute contracts with all ongoing Grants-In-Support program funding recipients identified in the Grants-In-Support Budget.
5. In adopting the Final Budget, authorize the County Administrator to proceed with hiring requests by departments for the new positions added to the authorized staffing and funded in accordance with the Final Budget without requiring the departments to return before the Board of Supervisors following the Authorized Position Review Process.
6. Reaffirm the County Criminal Justice Realignment Policy adopted in Fiscal Year 2011-2012.
7. Set adoption of the Final Budget for September 15, 2020.

Motion carried unanimously.

*Adjournment*

Chairperson Kingsley adjourned the Fiscal Year 2020-2021 Budget Hearings at 1:05 p.m.

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Chairperson,  
Inyo County Board of Supervisors

*Attest: CLINT G. QUILTER  
Clerk of the Board*

by: \_\_\_\_\_  
*Darcy Ellis, Assistant*