COUNTY OF HUMBOLDT

Legislation Text

File #: 20-626, **Version:** 1

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

SUBJECT:
Third Quarter Budget Review for Fiscal Year 2019-20, Outlook for Fiscal Year 2020-21 and Supplement Budget Request (4/5 Vote Required)

RECOMMENDATION(S):
That the Board of Supervisors:
1. Receive and file a review of the third quarter budget results for Fiscal Year (FY) 2019-20 and outlook for the FY 2020-21 budget;
2. Authorize the County Administrative Officer (CAO) to temporarily cease or redirect one-time funding options to balance the FY 2020-21 budget. Such options shall include but are not limited to: use of General Reserve; use of the General Fund's fund balance; reduce policy level contributions to certain funds such as the General Reserve and Project Trellis to balance the FY 2020-21 proposed budget;
3. Direct departments to reduce expenditures to balance the FY 2020-21 Proposed Budget. Departments shall evaluate all options including, but not limited to: voluntary furloughs and reduced office hours; reductions in overtime and extra-help expenses; and holding positions vacant;
4. Authorize department heads to approve voluntary unpaid furloughs for employees under their appointing authority for FY 2020-21, utilizing the attached form (Attachment 1 and Exhibit A);
5. Direct all county departments in coordination with the CAO to return during the first quarter budget report for FY 2020-21 with reduced budget proposals that incorporates a mix of 2.5, 7.5 and 15% reductions to General Fund allocations in order to minimize elimination of filled positions;
6. Direct the Interim Human Resources Director to explore Partial Service Retirement options with California Public Employees' Retirement Systems (CalPERS);
7. Direct the CAO to explore a Voluntary Separation Incentive Program;
8. Approve the Supplemental Budget request contained in Attachment II and authorize the CAO and Auditor-Controller to make any technical corrections necessary to effectuate the Board's direction (4/5 vote required); and
9. Take other action as appropriate.

SOURCE OF FUNDING:
All county funds

DISCUSSION:

This report has been divided into two major sections: an overview of FY 2019-20 and budget outlook for FY 2020-21.

Section 1: Review of Third Quarter for Fiscal Year 2019-20

Current Financial Situation - Federal
On March 13, President Trump declared that the COVID-19 outbreak in the United States constitutes a national emergency. The President's declaration makes federal disaster relief funding available to states, local governments, and tribes through the Federal Emergency Management Agency (FEMA) public assistance program. With Shelter-in-Place orders spanning the country the federal government has seen personal income drop by 2% ($382 billion) and personal consumption expenditures drop 7.5% ($1.1 trillion) nationwide in March, in seasonally adjusted annual rates, another indication of the extent of economic damage caused by COVID-19. Both personal income and personal consumption spending in March were at levels not seen since 2013.

Of the $1.1 trillion drop in spending, most of the dollar drop is attributable to the decline in spending on services, although spending on durable goods, such as cars, fell by a greater % (-14.1%). Within services, the leading contributor to the decrease was spending on health care, including physician, dental, and paramedical services. Of course, spending on food services, accommodations, and recreation services also contributed to the decline. In contrast, spending for food and beverages purchased for off-premises consumption rose.

As a result of spending dropping even more than income, the personal saving rate rose to 13.1%, a level not seen since November 1981.

Recent federal legislation has directed funding to states, local governments, and other entities to respond to the COVID-19 emergency. This legislation includes: the Coronavirus Preparedness and Response Act; the Families First Coronavirus Response Act; and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In addition, the federal emergency declarations also provide additional funding to states and local governments to reimburse them for certain costs.

The California Legislative Analyst's Office (LAO) currently estimates federal funding to be $20 billion. This amount is likely to evolve substantially in the coming months. The two largest allocations provide the broadest budgetary benefit for the state. First, the state estimates it will receive about $9.5 billion from the Coronavirus Relief Fund (CRF) to respond to the costs of the public health emergency. The federal government has released specific guidance on the possible uses of these funds. Second, the state anticipates receiving about $5.3 billion in federal reimbursements for the currently estimated $7 billion in direct costs of COVID-19 (reflecting a 75% reimbursement rate). The state will receive these reimbursements from FEMA pursuant to the federal disaster declarations. The precise amount of these funds will ultimately depend on the state's actual costs to respond to COVID-19.

Current Financial Situation - State

The state anticipates significant economic impacts from the COVID-19 pandemic. The severe drop in economic activity has led to immediate decreases in state revenues affecting FY 2019-20, and significant increases in safety net programs.

The California Department of Finance (DOF) released predictions about how the COVID-19 pandemic will affect the state's budget outlook. Despite the fact that the budget started the year with $21 billion in reserves and a $5.6 billion surplus, DOF estimates California will run a budget deficit of $54.3 billion over the next 2 years. This alarming news should help prepare lawmakers, county officials, and the public for the Governor's revised budget plan, due on May 14.

The pandemic has induced a national recession with unprecedented economic impacts. Since mid-March, 4.2 million Californians have filed claims for state and federal unemployment benefits. Finance projects that the 2020 unemployment rate will be 18%, compared to 12.3% at the height of the Great Recession. In total, California's personal income is projected to decrease by nearly 9% in 2020.

These job losses have led to an increased need for safety net programs, including $7.1 billion in caseload increases supporting health and human services programs. At the same time, job losses and business closures will sharply reduce revenues. The DOF projects dramatic drops in all three of the state's main General Fund revenue sources: Personal Income Tax (-25.5%), Sales and Use Tax (-27.2%), and Corporation Tax (-22.7%). Overall the deficit is equal to nearly 37% of General Fund spending.

In addition, the DOF sent a letter to a number of state departments asking departments to reduce current year expenditures. Other immediate action requested included: cancellation of the state's annual leave buy back of accumulated vacation or annual leave in 2019-20 due to the fiscal emergency; departments may not enter into any new service contracts, contracts or agreements to lease or purchase equipment, issue purchase orders for goods or services, or make changes to an existing contract if the change would increase costs; cancellation of non-essential travel; and departments should use discretion when filling vacancies and assessing staffing needed to fill essential positions.

Separate from the DOF, the state's LAO published a report on California's fiscal outlook. The report includes two possible economic scenarios: a somewhat optimistic "U-shaped" recession, which they estimate would lead to a budget shortfall of $18.1 billion, and a somewhat pessimistic "L-shaped" recession, which they estimate would lead to a $31.4 billion shortfall. These scenarios do not depict the best case or worst case, and are difficult to compare to the DOF's estimate of a multiyear $54.3 billion problem because the two analyses are calculated from different baselines.

Both LAO estimates eliminate all discretionary funding proposals from the January Governor's budget, which reduces costs by $3.8 billion. They also both predict deficits to persist until at least 2023-24. Over the entire multiyear period, deficits sum to $64 billion in the U-shaped scenario and $126 billion in the L-shaped scenario.

The State Controller's Office has estimated that while the state's cash reserves were around $40 billion at the end of March, they will decline to roughly $9 billion by the end of the fiscal year. The single largest reason for this decline is the delay of the state's tax filing date from April to July. Despite this decline, however, the administration does not anticipate that California will require external borrowing to manage cash flows in the current fiscal year.

"U-Shaped" Recession
Under this scenario, the economy would begin to see meaningful recovery as soon as this summer, then moving at a more rapid pace in the latter half of 2021. The key factor in this model is that the economy did not appear to have the types of imbalances that led to previous recessions, like a downturn in borrowing or bubble markets. The "U" model estimates the state would have an $18.1 billion budget problem, with $26 billion in lost revenues.

"L-Shaped" Recession
Under this scenario, the economy would remain in a "significant slump" well in to next year, with recovery not beginning until late 2021. Key factors in this model include renewed outbreaks of COVID -19 leading to another round of restrictions and many businesses potentially being forced into bankruptcy, thus slowing re-employment. The "L" model estimates the state would have a $31.4 billion budget problem, with $39 billion in lost revenues.

Under both scenarios, the LAO notes that the state's significant reserves are not sufficient to cover the budget problems, but do help to cushion the blow. To address the problem, the LAO recommends the Legislature use a mix of solutions: using reserves, reducing expenditures, increasing revenues, and shifting costs. Given the long-term nature of the problem, the solutions should be ongoing, not one-time in nature, and they should avoid solutions that could worsen the public health crisis or personal economic challenges. And finally, they recommend the Legislature begin adoption solutions in June to address the problems as early as possible and maximize their effect.

Current Financial Situation - Local
Based on information from Humboldt County businesses who have self-reported through the Humboldt County Office of Emergency Services Impact Survey as of May 7 as a result of COVID-19 there are 16 permanent business closures, 2,491 job losses and $40.7 million in reported lost revenue. There are also 11,697 COVID-19 incident unemployment claims that have been filed.

Property Tax
Property taxes are based on assessed value as determined on Jan. 1 of the prior year. Therefore, a negative impact on assessed values, if any, will not have an impact on the county's budget until FY 2021-22. John Bartholomew, County Treasurer/Tax Collector, reports that through May 4, 2020, the % age of taxes collected this year for current secured, real property, tax collections for the second installment is 91.05% compared to 93.81 % at this time last year. A slight reduction of 2.76% compared to last year. First installment numbers were 0.72% more this year than last, 97.05% versus 96.33%. Accordingly, property tax collections are on track. In FY 2020-21, there is a slight decrease anticipated for property taxes due to reduced supplemental tax payments in the anticipation that the

real estate market will slow slightly during the Shelter-in-Place and that home buyers may be reluctant to make significant home purchases during an unstable economic climate.

Cannabis Excise Tax
Anecdotal information suggests that people are buying as much if not more cannabis products during the Shelter-in-Place. The same seems to be true for alcohol sales. Therefore, this tax should be within forecasted range despite site closures. Planting is underway, and weather has been favorable for an early start to the sun-grown season.

Natalynne DeLapp, Executive Director of the Humboldt County Business Development Center, said "Humboldt County kicked off its 2020 cannabis growing season with a good start and farmers are well into the swing of seasonal work. While rainfall is 69% of normal, farmers are reporting their rainwater catchment ponds are full and will be able to water crops throughout the season and into the fall harvest. Market conditions remain very volatile and difficult to predict, however as of May 1 they are currently favorable, with wholesale prices enjoying a seasonal spike and as value-added products continue to fight for shelf space. The industry, as a whole remains, cautiously optimistic going into the projected recession that it will remain a consumer spending priority."

Sales Tax, Measure Z and Proposition 172
Hinderliter, de Llamas & Associates (HdL) has assisted the county for a number of years in estimating sales and use tax revenues and continues to be a reputable agency helping local governments navigate uncharted territory. HdL has been in close contact with staff and have provided early estimates of what can be anticipated in the current and next fiscal years, though they readily admit that they have never experienced an environment with so many unknowns. Initial estimates show a decline in sales tax revenue in FY 2019-20 of 13.5% over the prior year and an additional decline of 5.5% going into FY 2020-21 with an anticipated shortfall over prior budget projections of $1.3 million over the two fiscal years. Similar and equally extreme impacts are anticipated for Measure Z and Proposition 172, both of which provide funding for public safety and essential services. Measure Z has an anticipated shortfall of $2.4 million between FY 2019-20 and 2020-21, with Proposition 172 anticipated shortfall of $1.6 million for the same timeframe.

Financial recovery is largely contingent on the length and restrictions of the Shelter-in-Place. While recovery may begin this year, spending is not expected to increase rapidly. In addition, any increase in the number of reported cases of COVID-19 in the county could easily delay recovery efforts.

May Revise
In the May revised budget presented on May 14, 2020, the Governor announced Coronavirus Relief Fund Allocations, which allocates $13,874,000 to Humboldt County. This money will reside in a control section under the control of DOF. There will be guidance provided on the use and distribution of the funds. All of the CARES money needs to be expended by the end of December, 2020. At the time of this writing, these funds are prohibited from being used as "revenue replacement."

<u>1100 - General Fund</u>
The General Fund is the county's main operating fund. It is the largest fund in the county budget and

the source of discretionary money derived from local revenue sources such as property and sales tax and available to be spent on local needs.

As mentioned in the Feb. 11, 2020, Mid-Year Budget Review, the unencumbered General Fund balance as of June 30, 2019, was $21.1 million. If your Board makes no policy changes related to the current year's budget, staff estimates the General Fund would draw down approximately $13.2 million in fund balance and end FY 2019-20 with a balance of approximately $7.9 million. This fund balance estimate is a reduction of nearly $600,000 from mid-year projections due to decreased revenues and increased cost in overtime, operation of an Emergency Operations Center (EOC) / Joint Information Center (JIC), and responding to the COVID-19 pandemic. However, this positive fund balance will help better position the General Fund for what is still expected to be a difficult upcoming fiscal year.

Health & Human Services Funds

Sales tax is an important piece to local safety net programs provided through the Department of Health and Human Services. The state collects sales tax at a rate 7.25%, of which 1.0625% funds 2011 realignment (mental health, adult and child welfare, and public safety) and 0.5% 1991 Realignment (health and social services), other pieces of the state sales tax also fund local roads and the county General Fund. Overall, DHHS anticipates a reduction of $9.3 million, or 5% in revenues and an increase in expenses of $4 million, or 2%, for an overall impact of $13.3 million over mid-year estimates. DHHS is actively seeking alternate other sources and has submitted the first application for reimbursement totaling $1.1 million to FEMA. In addition, contained in today's report is a supplemental budget request of $2.5 million for COVID-related expenditures to be funded and/or reimbursed by state and federal agencies. Finally, DHHS is evaluating personnel allocations to ensure that staffing resources align with funding sources to allow for the maximum amount of funding to be brought into the county.

1200 - Roads Fund

University of California, Davis' Road Ecology Center found that gas tax revenue from CA SB1 (17R) is estimated to decline by $370 million through mid-May compared with what it would have been with regular driving habits. Miles traveled have dropped more than 75%, and gas tax revenue has dropped by about $46 million per week, going from $61 million in early March to $15 million for the second week of April. The Roads fund is anticipating a reduction in revenues of $289,000 in FY 2019-20 and expects that salary savings associated to vacancies and the timeline to fill positions will offset this shortfall. Public Works has been diligent in managing expenditures by prioritizing projects and evaluating whether certain projects can be temporarily eliminated, an effort that will allow the department to weather the current economic conditions. Fiscal year 2020-21 revenues are anticipated to be $1.6 million less than previously estimated. Staff are working to identify expenditure reductions and expects they can balance the budget through reductions in salary expense through vacant positions, and a reduction in professional services, equipment rentals and overhead expenses

Section 2: Budget Outlook for Fiscal Year 2020-21

On Feb. 11, 2020, your Board received information pertaining to mid-year and future-year budget issues. In anticipation of a healthy budget, your Board directed the CAO to prepare the FY 2020-21 based on the following parameters: set departmental allocations from the General Fund with a 5% increase based on current year General Fund allocations; accept and consider requests for additional General Fund appropriations with a preference given to one-time requests that support infrastructure improvements; and set an annual departmental contribution to Public Agency Retirement Services (PARS) up to 2% of salaries.

Since Feb. 11 the assumptions staff made around consumer spending and revenues has changed drastically due to COVID-19. As of this writing the county has declared a local emergency as a result of COVID-19, opened an EOC and JIC, has approximately 67 cases of COVID-19, created a 100-bed alternate care site, received a mobile testing site from the state, and expanded the county's ability to do contact tracing. In order to begin restoring the local economy, staff are evaluating a plan to begin reopening services and businesses.

The county would need $100.5 million in discretionary revenue in FY 2020-21 to fund General Fund departments, including Measure Z and Prop. 172 allocations, at the levels identified at mid-year. However, due to COVID-19 staff now estimates discretionary revenue for FY 2020-21 at $94.8 million.

A budget shortfall of approximately $6.1 million, or 6% of discretionary General Fund revenue, is anticipated for FY 2020-21. This shortfall in the General Fund is attributable to reduced revenue estimates and additional expenses as a result of the COVID-19 pandemic. The chart below depicts staff's revenue estimates from February and revised estimates that factor in COVID-19. In addition, expenditures estimates have also changed, due to increased costs for the response which includes the EOC and JIC.

Fiscal Year 2020-21			
	Pre-Covid	**Post-Covid**	
	$100,547,065	**$94,826,746**	**($5,720,319.00)**
Estimated Revenue			
Cannabis Excise Tax	13,900,000	13,900,000	0
Sales Tax	5,760,000	4,940,000	(820,000)
Measure Z	10,994,000	9,473,000	(1,521,000)
Hotel Motel Tax	2,050,000	1,500,000	(550,000)
Code Enf. Fines and Penalties	1,500,000	1,000,000	(500,000)
Property Tax	43,821,600	43,743,800	(77,800)
Proposition 172	11,810,211	10,349,693	(1,460,518)
All Other Misc Revenues	10,711,254	9,920,253	(791,001)
	$100,547,065	**$94,826,746**	**($5,720,319)**
Expenditure Increases			
EOC			($100,000)
Overtime			($200,000)
Misc			($100,000)
Total			**($400,000)**
Budget Shortfall			**($6,120,319)**

Decreases in on-going revenue are the most significant factors contributing to the budget shortfall, and therefore staff is recommending corrective actions. If your Board makes no significant policy changes, staff estimates the county will have funding sources in the forms of fund balance (estimated at $989,893 at the end of FY 2020-21) and the General Reserve ($5.4 million) to finance FY 2020-21 and FY 2021-22. However, utilizing these significant sources of financing in 1 or 2 fiscal years to balance the budget will put future county services at risk and is not recommended.

As your Board knows, funding shortfalls are likely to be a multiple-year problem, and solving it with across-the-board cuts in FY 2020-21 would have disparate impacts on General Fund departments. In addition, an across-the-board approach would have impacts on the local economy that may only place the county in worse financial shape. The CAO, in consultation with department heads, believes that the best approach for FY 2020-21 is to use a mix of reductions and one-time solutions that minimizes employee impacts as well as methodically begins to address the budget shortfall. Therefore, staff recommend utilizing the below one-time and on-going expenditure reduction options, so they may be used for other purposes. These recommendations amount to a savings of $7.3 million.

Following are recommended one-time expenditure reductions:

- Board-adopted contribution to Economic Development for Project Trellis of $801,000 in FY 2019-20. The Economic Development Director is unable to expend these funds as a marketing and branding initiative during an emergency of this magnitude is ineffective and a significant amount of state funding has been allocated for equity programs and must be expended by the end of the fiscal year, taking first priority as a funding source.
- Remaining Board-adopted General Fund departmental contributions to PARS for the remainder

of FY 2019-20, allowing for savings of $472,715.
- The Dec. 10, 2019 Board-approved transfer of $1.2 million to PARS in FY 2019-20.
- The Dec. 10, 2019 Board-approved contribution of $1 million to the General Reserve in FY 2019-20.
- The Board-approved policy level contribution to the General Reserve for FY 2020-21 in the amount of $1,390,000, essentially a draw from the General Reserve.
- The Board-approved policy level contribution to Project Trellis for FY 2020-21 through a reduction in the amount of $200,000.
- $1,569,919 of the Contribution to Contingencies in FY 2020-21 (allowing for policy level contributions plus $200,000 for the required Friends of the Eel River Settlement). This eliminates reserves intended for new staff at the SB 863 Corrections Reentry Center. This project is expected to be completed in 2023.
- $689,000 of the General Fund departmental contribution to PARS in FY 2020-21.

Staff are also recommending that the reductions described above be revisited if conditions change and the county shows signs of improved finances.

FY 2020-21 Fund Balance Table (including Measure Z)

Estimated Year-End Fund Balance for FY 2019-20	**$11,382,588**
*If one-time funding is redirected in FY 2019-20	
Estimated Revenue for FY 2020-21	$94,826,746
Estimated Expenditures for FY 2020-21	($97,506,580)
*If one-time funding is redirected in FY 2020-21	
Increased COVID-19 response expenses	($400,000)
Estimated Year-End Fund Balance for FY 2020-21	**$8,302,754**

These one-time expenditure reductions offer a savings of $7.3 million, bringing the estimated year-end fund balance to $8.3 million available to finance Fiscal Year 2021-22. Given the impacts of COVID-19 are expected to be long-lasting and the full extent of which are not fully understood at this point in time, staff recommend evaluating on-going expenses for areas of reduction.

Proposed on-going expenditure reductions include:
- Voluntary furloughs with the option to reduce office hours. If 10% of staff volunteered to furlough 1 day per pay period, estimated savings for the General Fund is $434,000 in FY 2020-21. If 50% of staff furloughed the savings would be $2.1 million, and if all General Fund staff furloughed 1 day per pay period the savings would be $4.3 million.
- Reduce overtime and extra-help expenses. Initial budget requests for FY 2020-21 reflect anticipated overtime expense of $3.6 million and extra-help expense of $2 million.
- Return during the first quarter budget report for FY 2020-21 with reduced General Fund allocations using a mix of reductions at 2.5% or $1,405,771, 5% or $2,811,542, or 7.5% or

$4,217,313, depending on the department's ability to maintain current staffing levels.

Assuming your Board agrees with a mix of reductions and one-time solutions to minimize impacts on employees and the local economy, even with these recommended options staff will still need to continue to refine the FY 2020-21 budget throughout the upcoming fiscal year due to the unknown magnitude of COVID-19 on the economy. It is important to note that even with this budget refinement, staff may be unable to continue with a budget without some significant employee impacts, such as reduced staffing.

Therefore, staff recommends that your Board direct Human Resources to explore Partial Service Retirement with CalPERS. Partial Service Retirement is a benefit available to full-time public agency members who meet the normal retirement age and service requirements. This allows for qualified employees to reduce their work time by at least 20%, but not more than 60%, to continue working and receive a "partial" service retirement allowance. The allowance is based on the reduction of work time. Attached is a detailed guide provided by CalPERS (Attachment III)

In addition, staff also recommends researching a Voluntary Separation Incentive Program (VSIP). In fiscal years 2010-11 and 2011-12, the county created the Voluntary Separation Incentive Program which provided a cash incentive to employees to vacate positions, thereby creating vacancies and increasing salary savings. This program allowed for 24 individuals to vacate their positions, requiring an incentive payment of $233,000 with an approximate savings to the General Fund of $1.8 million in salaries. The VSIP may be an additional tool used to reduce expenditures during this pandemic.

Supplemental Budget
Fund 1175, Budget Unit 455 in the amount of $2,504,855
Public Health's core functions include monitoring the health status of the local community, as well as diagnosing and investigating communicable diseases. Humboldt County was among the first counties in California, and the first rural county in the country, to have a positively identified COVID-19 case.

On March 17, 2020, your Board ratified a State of Emergency declared by the Humboldt County Health Officer in response to the COVID-19 pandemic. As a result of the State of Emergency, Public Health's emergency response services in combination with the Office of Emergency Services (OES), under the Sheriff's Office, formed the EOC to provide appropriate levels of response to COVID-19 through the Incident Command System (ICS).

The supplemental budget request addresses additional funding sources that have been identified specifically for COVID-19 response and additional expenditures that are eligible for FEMA reimbursement.

In the beginning of the COVID Pandemic, California Department of Public Health (CDPH) awarded additional funds to counties under current agreements for Public Health Emergency Preparedness (PHEP). Humboldt County was awarded $241,874. Most of the additional funds have been used or ear marked for purchasing additional equipment for the Public Health Laboratory. The equipment has been used to increase the testing capacity of the Public Health Laboratory by providing extraction equipment to assist with automatic extraction of DNA. The Lab has identified the need to purchase modules for its GeneExpert, which will allow test results to be complete in 15 minutes per batch. Currently, the modules are in high demand across the nation, the Public Health Laboratory is in the queue for order completion. This supplemental budget includes an increase of $127,269 in fixed assets for these purchases.

The California Business, Consumer, Services, and Housing Agency (CBCSHA), awarded Humboldt County two grants totaling $636,851 to support housing homeless to prevent the spread of COVID-19. In addition to this grant funding FEMA announced that housing for homeless is a covered FEMA expenditure for homeless individuals who have tested positive for COVID-19 and awaiting test results, in a high risk category such as over 65 years old or living with a disability, and for the isolation of individuals who have tested positive. The supplemental budget includes the anticipated expenditures related to homeless housing services such as lease agreements for hotel rooms, transportation, food costs and prevention items to support the health and welfare of the clients.

The operating costs of the EOC have been divided between Sheriff and Public Health budgets. Staffing expenses related to contact and investigation, laboratory COVID-19 testing, provider liaisons, and planning for the alternate care sites are posting to the Public Health budget. Staffing through the Sheriff's Office and other operational costs related to the EOC are posting to the Sheriffs budget. The estimated reimbursable costs from FEMA for Public Health is $1,573,850 from February to June 30th, 2020. The budgets for fiscal year (FY) 2020-21 will need to be adjusted to account for the continued operation of the EOC and Public Health's mission to reduce the spread of COVID-19. In addition, $52,280 is available for Mental Health Provider Relief funds.

Fund 1175, Budget Unit 470 in the amount of $24,007
Increased funding allocations have also been received through CDPH to support clients living with HIV/AIDS. People living with HIV/AIDS are in a high-risk category for serious health risks due to weakened immune systems. Funding will be used to support clients to maintain their housing through rental and utility assistance.

Fund 1175, Budget Unit 437 in the amount of $7,000
Increased funding will support the purchase and distribution of personal protective equipment for clients.

Accordingly, staff recommend that your Board approve the supplemental budget request contained in Attachment II. Funding for these requests are available through state and federal aid and reimbursement. These supplemental budgets support your Board Strategic Framework by protecting vulnerable populations and managing resources to ensure sustainability.

<u>FINANCIAL IMPACT</u>:
The acceptance of today's report has no financial impact. The authorization of the above-mentioned redirection of one-time and ongoing expenses will assist the county in closing its budget shortfall. The supplemental budgets contained in today's report will increase budget unit 1175-455 by $2,504,855, budget unit 1175-437 by $7,000 and budget unit 1175-470 by $24,007; for a total overall increase of

$2,537,862.

STRATEGIC FRAMEWORK:
This action supports your Board's Strategic Framework by providing community-appropriate levels of service and managing resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:
Not applicable.

ALTERNATIVES TO STAFF RECOMMENDATIONS:
Board discretion

ATTACHMENTS:
N/A

PREVIOUS ACTION/REFERRAL:
Board Order No.: H-4
Meeting of: 12/10/19
File No.: N/A