

Budget Deficit Turnaround Plan

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INTRODUCTION

The Board's commitment to providing a living wage to County employees is unwavering, but current financial and economic challenges demand strategic solutions. The State's recent report highlights a substantial revenue shortfall, potentially impacting County departments dependent on State funding. To address these challenges, we present a Budget Deficit Turnaround Plan focusing on revenue management, expense management, and leadership accountability.

REVENUE MANAGEMENT

Economic Development

1. Establish and advance Economic Development: Strategically implement measures to foster economic growth, attract investment, and optimize revenue streams.
2. Conduct analysis of existing economic policies: Identify areas for enhancement and promote strategic initiatives that stimulate sustainable economic development.

Property Taxes

1. Address findings from the 2017 Board of Equalization (BOE) audit: Address and rectify any issues identified in the 2017 BOE audit to enhance compliance and efficiency.
2. Enhance property tax management: Conduct a thorough review of property tax assessment methods, ensuring accuracy and identifying opportunities for improvement.
3. Implement measures for auctions, liens, and delinquent accounts: Strengthen efforts to recover overdue property taxes through auctions, liens, and effective follow-up procedures.
4. Optimize Aumentum for improved property tax administration: Leverage Aumentum, a comprehensive property tax management system, to streamline processes and enhance overall administration.
5. Establish performance tracking metrics and accountability measures: Develop key performance indicators to monitor the effectiveness of property tax initiatives and ensure accountability.

General Fund Departments

1. Gradually reduce reliance on the general fund for revenue: Develop strategies for General Fund departments, such as PBS, Environmental Health, Museum, Ag, and Cannabis, to increase self-sufficiency and reduce dependence on the general fund.
2. Improve collections of unpaid permits and licenses in PBS, Environmental Health, Ag, and Cannabis Departments to collect on services provided.
3. Conduct tax audits for Transient Occupancy Tax (TOT) and Cannabis: Initiate comprehensive tax audits for TOT and Cannabis to identify and recover potential revenue gaps.
4. Optimize use of Realignment funds: Evaluate Realignment funds to ensure optimal allocation for the County's evolving needs.

EXPENSE MANAGEMENT

Retirement Reserve Utilization

1. Utilize County Retirement Reserve to cover the County's share of \$2.88M: Responsibly leverage the Retirement Reserve to cover immediate financial needs with a focus on ensuring ongoing fiscal stability.
2. Leverage the contingency funds released by MCERA for future savings: Strategically utilize the contingency funds released by MCERA to anticipate and mitigate future financial challenges.

Real Estate/Consolidations

1. Explore consolidations of operations in Willits and Fort Bragg offices to optimize space usage and reduce operating costs.
2. Consolidate Planning and Building and Environmental Health in Fort Bragg to Avila Center.
3. Partner with local agencies to divest the County of the Veterans Halls in both Fort Bragg and Anderson Valley.
4. Combine Public Health and Behavioral Health departments: Integration of Public Health and Behavioral Health department leadership will streamline operations and reduce seven (7) administrative positions without compromising essential services.
5. Continue to monitor the completion of the new County courthouse expected to be complete in 2026. This move will impact all Public Safety departments.
6. Evaluate the use of the Child Support Services building for the District Attorney as a new courthouse is being built.
7. Relocate Child Support Services to Public Health.
8. Relocate Air Quality Management District to building on Observatory Ave reducing county facility footprint and earn rental income.
9. Prioritize the relocation of the County evidence space.
10. Evaluate divesting the unused courthouse building in Covelo.
11. Evaluate power purchase for solar to reduce ever increasing utility costs.
12. Continue to investigate arrangements to move County parks to alternate operational model.

GSA Reorganization

1. Implement a reorganization of the General Services Agency (GSA): Streamline GSA operations through a strategic reorganization, improving efficiency and reducing unnecessary costs.
2. Evaluate opportunities for savings in the Mendocino County Garage: Explore utilization of another management model for the County Garage to achieve substantial savings while maintaining essential services.
3. Electric/Hybrid County Fleet: Continue to move the county fleet to electric and hybrid vehicles and optimize the Enterprise lease contract.

Business License Evaluation

1. Evaluate Business License process: Evaluate and streamline business license process to simplify the fee structure and reduce the financial burden on businesses.
2. Maintain transaction fees for new business licenses within the PBS department to sustain efficiency, customer service and zoning compliance.

Hiring Freeze

1. Implement a hiring freeze to reduce the workforce: Temporarily halt new hires to reduce personnel expenses, aligning staffing levels with current budgetary constraints.
2. Leverage voluntary separation agreements: Leverage voluntary separation agreements to reduce staffing costs.

Funding Behavioral Health Wing

1. Secure a \$7M loan from Measure B for the Behavioral Health Wing at the County Correctional Facility: Strategically utilize Measure B funding to invest in the Behavioral Health Wing, addressing critical facility needs and enhancing mental health services.

LEADERSHIP ACCOUNTABILITY

Management Metrics and Accountability

1. Establish management accountability metrics: Develop and implement key metrics to assess the performance of management, focusing on production, timing, quality, revenue per transaction, and reporting.

Staff Development and Efficiencies

1. Initiate continuous learning programs for staff and management: Foster a culture of continuous learning by implementing training programs for staff and management, ensuring ongoing professional development.
2. Prioritize process improvement and asset management: Emphasize prioritizing process enhancements and efficient asset management, reducing waste and optimizing resource utilization.

Communication

1. Strengthen internal and external communication channels: Enhance communication within the organization and with external stakeholders to foster transparency and alignment with strategic goals.

COMPLETED INITIATIVES

1. Full Cost plan allocation charge to Social Services
2. Removal of General Fund dollars from Social Services departments
3. Closure of Fort Bragg Animal Shelter
4. Leverage Nuisance Abatement fund
5. Management Training/Roundtable
6. CDBG grants to grants division
7. Relinquish Mariposa Park
8. Garage RFP (Negotiate, Contract, Labor meet and confer, Review Admin costs, Reduce facilities)
9. Limited reduction in Boards and Commissions

ACTIVE INITIATIVES

1. Mental health audit reserve
2. Telecom audit
3. Software licensing review
4. TOT, Cannabis Tax audit
5. Property Tax system review
6. Voluntary Separation Agreement
7. Garage management model
8. Reorganization of GSA
9. Consolidate PBS and EH services in Fort Bragg to Avila Center
10. County Counsel model
11. Public Defender model
12. Use of Retirement Reserve
13. Property Tax auctions

UPCOMING INITIATIVES

1. Business License process review (ordinance review)
2. Reorganization of code enforcement into compliance division offering services to departments
3. Revised MOU with UC Farm Advisor
4. Improve collection rate of unpaid fees
5. Power purchase agreement
6. Evaluate Board support for Retirement investment recommendations

RECOMMENDATIONS

Approve the presented strategies to successfully conclude labor negotiations and enhance the County's fiscal sustainability. The identified strategies reflect approximately \$10M in savings and increased revenue, providing a foundational step towards long-term fiscal stability.

CONCLUSION

This comprehensive plan addresses immediate challenges and lays the groundwork for a fiscally stable County Government. Acknowledging the Board's commitment to living wages, these strategies are paramount to ensuring the County's financial health and longevity.