

Proposed Budget Hearings FY 2021-2022

June 8, 2021

CHIEF EXECUTIVE OFFICER: CARMEL J. ANGELO

ASSISTANT CHIEF EXECUTIVE OFFICER: DARCIE ANTLE



Presentation Overview

- Budget Process
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- Discretionary Revenue (BU 1000)
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Budget Process



Budget Calendar

Board Related Dates in **Bold**

- February 2021 – Departments submit 2nd Quarter Mid-Year Projections
- February 2021 – Departments submit Facility Modification and Fixed Assets Requests to Facilities and Fleet
- March 3, 2021 – FY 2021-22 Department Budget Kick Off Meeting
- **March 9, 2021 – FY 2020-21 Mid-Year (2nd Quarter) Budget Report & FY 2021-22 Budget Planning Workshop**
- March 2021 – Budget Instructions and Net County Cost Assignments distributed
- March - May 2021 – Deadlines for Departmental submissions, budget & grant narrative submissions; Executive Office/Auditor-Controller Budget Conferences
- March 29 – April 2, 2021 Department Budget Conferences
- **May 4, 2021 – FY 2021-22 3rd Quarter Report & FY 2021-22 Budget Planning Workshop**
- May 28, 2021 – CEO Recommendations for Proposed Budget Published
- **June 8, 2021 – Final Budget Hearings for FY 2021-22**
- **June 22, 2021 – Adoption of Final Budget for FY 2021-22**
- September 2021 – FY 2020-21 Budget is Closed
- Fall 2021 – 1st Quarter adjustments brought to Board with any prior year carryover

Legislative Update

- State Budget Update
- Government Finance and Administration
- Administration of Justice
- Cannabis
- Homelessness
- Housing, Land Use, and Transportation
- Education
- Health and Human Services
- Federal Budget Update
 - American Rescue Plan Act (ARPA)
 - FEMA/CalOES

FY 2021-22 Budget Highlights

- Discretionary Revenue
- Prevention, Recovery, Resiliency and Mitigation
 - Drought
 - COVID-19
- County Staffing Update
- Public Safety Spending Allocation
- IT Infrastructure Investments

Discretionary Revenue (BU 1000)

County of Mendocino BU 1000 Revenue Forecast For Fiscal Year 2021-22

Revenue Description	2017/18 Adopted Budget	2017/18 Actual	2018/19 Adopted Budget	2018/19 Actual	2019/20 Adopted Budget	2019/20 Actual	2020/21 Adopted Budget	2020/21 Actual thru 3/12/2021	2020/21 Projected Auditor	2021/22 Estimated Auditor	
Current Secured Property Tax	821110	31,950,000	33,595,380	33,000,000	35,161,716	36,000,000	35,826,881	37,000,000	21,569,077	38,000,000	39,800,000
Current Unsecured Property Tax	821120	1,000,000	967,268	1,000,000	1,043,859	1,000,000	1,133,213	1,000,000	968,595	1,000,000	1,000,000
Current Supplemental Roll Taxes	821130	350,000	440,066	350,000	748,972	700,000	306,788	500,000	284,255	500,000	500,000
Prior Year Secured Taxes	821210	-	-	-	-	-	-	-	-	-	-
Prior Year Unsecured Taxes	821220	50,000	(26,094)	50,000	59,984	50,000	40,259	50,000	28,006	50,000	50,000
Penalties & Cost on Delinquent Taxes	821400	650,000	949,794	650,000	749,836	700,000	597,677	500,000	194,701	500,000	500,000
Sales and Use Tax - County 1% Share	821500	5,875,000	6,382,048	6,100,000	6,504,284	6,500,000	6,576,861	6,200,000	4,159,199	7,000,000	8,895,000
Sales and Use Tax - Public Safety	821510	-	-	-	-	-	-	-	-	-	-
Timber Yield Taxes	821600	375,000	662,781	500,000	883,448	800,000	590,180	800,000	340,470	800,000	800,000
Transient Occupancy Tax - Camp/RV	821699	-	-	-	-	-	600,000	600,000	423,391	600,000	700,000
Highway Property Rentals	821700	-	-	-	-	664	-	-	725	-	-
Transient Occupancy Tax - Room	821701	5,200,000	5,682,028	5,650,000	5,872,388	6,000,000	4,784,925	4,400,000	3,786,393	4,900,000	5,000,000
Property Transfer Tax	821702	600,000	688,839	700,000	615,913	600,000	634,469	700,000	745,397	800,000	700,000
Property Tax In Lieu of VLF Revenues	821704	10,950,000	11,340,056	11,300,000	11,797,060	11,800,000	12,174,566	12,200,000	6,300,947	12,600,000	12,600,000
Property Tax In Lieu of Sales Tax (Triple Flip)	821705	-	-	-	-	-	-	-	-	-	-
Williamson Act Replacement Tax	821706	525,000	487,259	550,000	580,538	580,000	598,362	598,000	335,446	598,000	600,000
Cannabis Tax Revenue	821707	1,708,349	1,296,125	1,050,000	3,711,693	2,500,000	5,575,900	4,000,000	2,442,927	6,000,000	6,500,000
Franchise Fees	822210	800,000	871,804	800,000	876,534	800,000	911,611	870,000	134,542	950,000	950,000
Forfeiture and Penalties	823300	-	-	-	-	-	-	-	-	-	-
Interest Income	824100	200,000	807,487	500,000	1,032,538	1,000,000	943,759	1,000,000	330,061	750,000	750,000
Motor Vehicle In Lieu	825150	35,000	39,161	40,000	35,807	36,000	58,824	50,000	53,971	54,000	50,000
SB90 Reimbursement (State Mandated Cost)	825398	-	-	-	-	-	21,372	-	-	-	-
Homeowner's Property Tax Exemption	825481	300,000	282,441	320,000	278,952	300,000	276,500	280,000	136,040	272,000	270,000
State Other: (State Roundabout Tax Shift)	825490	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Federal Grazing Fees	825660	-	930	-	1,154	-	199	-	-	-	-
Federal Land In Lieu Taxes	825660	630,000	641,536	640,000	810,909	800,000	699,132	700,000	733,482	733,500	735,000
Federal Other	825670	1,350	92	1,000	-	-	-	-	-	-	-
Other Government Agency Revenue (County RDA return)	825810	-	-	-	-	-	-	-	-	-	-
Solid Waste Fee	826315	-	-	-	-	-	-	-	-	-	-
County Cost Plan Charges/Property Tax Admin Fee	826402	2,372,917	2,467,399	2,600,000	2,595,366	2,600,000	2,551,138	3,275,153	2,589,080	3,050,000	3,985,000
Prior Year Revenue	827400	-	816	-	23	-	5,743	-	-	-	-
Sale of Fixed Assets	827500	-	-	-	2,000	-	-	-	-	-	-
Card Rebate Programs - US Bank & Bank of America	827700	75,000	92,823	80,000	258,413	90,000	112,931	100,000	65,784	135,000	135,000
Refund Jury & Witness Fees	827701	-	35	-	-	-	-	-	-	-	-
Tobacco Settlement Funds	827715	780,000	956,820	780,000	873,969	900,000	863,949	900,000	-	850,000	850,000
Operating Transfers In (Mental Health A-87 move to 826402)	827802	-	-	-	-	-	-	-	-	-	-
Total		64,537,616	68,736,895	66,791,000	74,715,357	73,886,000	75,215,700	75,853,153	45,740,487	80,272,500	85,500,000

Public Safety Sales Tax (Prop 172 only)

BU 2070 DA Sales and Use Tax - Public Safety Prop 172	821510	734,082	755,152	755,053	787,628	788,500	759,298	810,000	419,232	803,000	904,000
BU 2310 Sheriff Sales and Use Tax - Public Safety Prop 172	821510	3,131,042	3,216,947	3,198,741	3,359,234	3,375,050	3,250,048	3,454,000	1,787,889	3,425,000	3,853,000
BU 2510 Jail Sales and Use Tax - Public Safety Prop 172	821510	2,371,277	2,436,120	2,422,492	2,544,039	2,555,200	2,460,561	2,616,000	1,363,965	2,594,000	2,919,000
BU 2560 Probation Sales and Use Tax - Public Safety Prop 172	821510	715,208	734,763	730,796	767,150	769,050	740,566	789,000	408,363	783,000	880,000
Fire Agencies Sales and Use Tax - Public Safety Prop 172	821510	398,000	408,537	398,000	418,231	412,000	396,740	398,000	206,124	395,000	444,000
Total Prop 172 Funding:		7,349,609	7,551,520	7,505,082	7,876,282	7,899,800	7,607,209	8,067,000	4,175,373	8,000,000	9,000,000

Fiscal 2021-22 Narrative for Proposed Budget

Non Departmental Revenue is \$85,500,000

- Large investment into salaries, benefits, including public safety
- Workers Comp Adjustment
- Additional Prop 172 Funding
 - Misc. (Fire Agencies)
 - District Attorney
 - Sheriff-Coroner
 - Jail
 - Juvenile Hall

Cost Reduction Through Efficiencies

- Fiscal consolidation
 - Contract management and oversight
 - Budget and contract training
 - Employee Self Service Module
 - Centralized departmental payroll
 - Grant management and review

Health Benefits

- Employee Health Plan underperformed in the past Three Years
 - Large claims have driven the utilization in recent years
- Transitioned to a new Third Party Administrator – from Delta Health Systems to Anthem Blue Cross
 - Combining network and administrative services results in greater savings – approximately \$300,000 over the next 3 years
 - Claims are processed efficiently and timely
 - Online tools for COBRA enrollment and a dedicated health app (Sydney App)
- Continue to research potential cost saving measures for the County that do not negatively impact existing employee benefits
- Implement online portal system – Benefit Bridge
- Present Fiscal Year outcomes and plans for 2022 renewal in August of 2021

Prevention, Recovery, Resiliency and Mitigation -COVID-19

COVID-19 response has exceeded \$30,000,000 in costs and 136,000 in dedicated staffing hours

\$21,000,000 in reimbursable costs

\$9,000,000 in non-reimbursable costs

Eligible costs have been applied to the following funding sources: Federal Emergency Management Agency (FEMA), Epidemiology and Laboratory Capacity (ELC) grant, and the Coronavirus Aid, Relief, and Economic Security Act (CARES).

FEMA Eligible Costs	Incurred Costs	FEMA Obligated Amount	Payments Received from FEMA
Emergency/Department Operation Center	1,753,000	1,005,250	904,725
Emergency Medical Care/Alternate Care Site	610,000	336,204	302,584
*Great Plates	7,832,000	4,158,976	1,053,399
**Non Congregant Shelter/Roomkey	1,281,000	339,598	101,250
Testing	191,000	-	-
Total	11,667,000	5,840,028	2,361,958

ELC Eligible Costs	
Salary/Benefits	797,000
Supplies	15,000
Subcontracts	177,000
Other Costs/Indirect	179,000
Total	1,168,000

CARES Funding	8,966,904
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COVID-19 Hours	
Regular	112,355
Overtime	11,447
Comp Time Off (CTO)	13,009
Total	136,811

PRRM Grants

\$30 million in grant awards

Chipper purchase

Over 700 hazardous trees felled



17 community chipper days

Over 78 tons of material processed

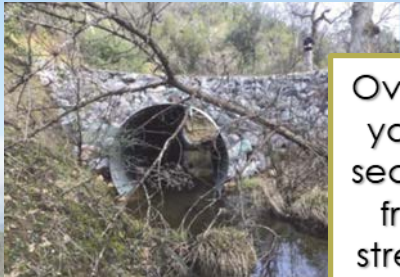
Through collaboration with water purveyors and community partners, we have identified over \$28 million in funding needs relating drought preparedness projects.

60 acres shaded breaks

Over 18 miles of road clearing



before



Over 4,500 cubic yards potential sediments saved from entering stream channels

41 sites treated in fire footprint



after

Ignition Resistant Construction Program

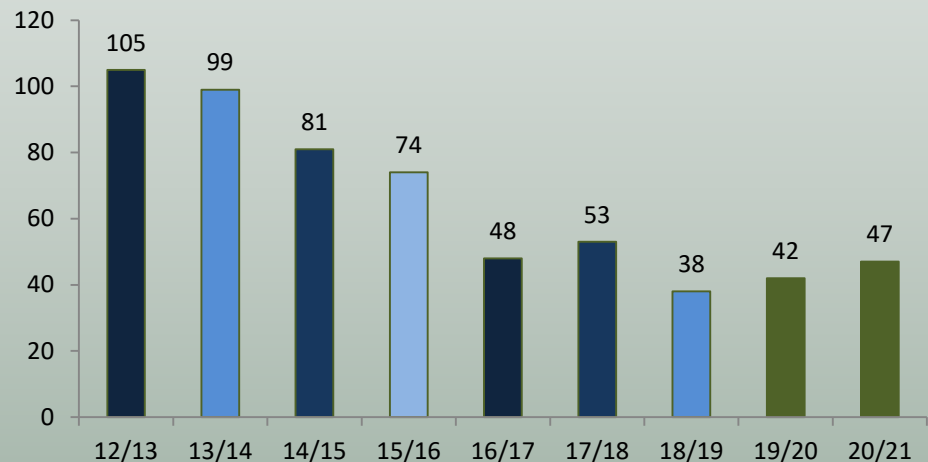


Risk Management

Liability Premiums are
on the Rise

\$372,364 in
Performance Based
Premium Discounts
Safety Program
Revitalization

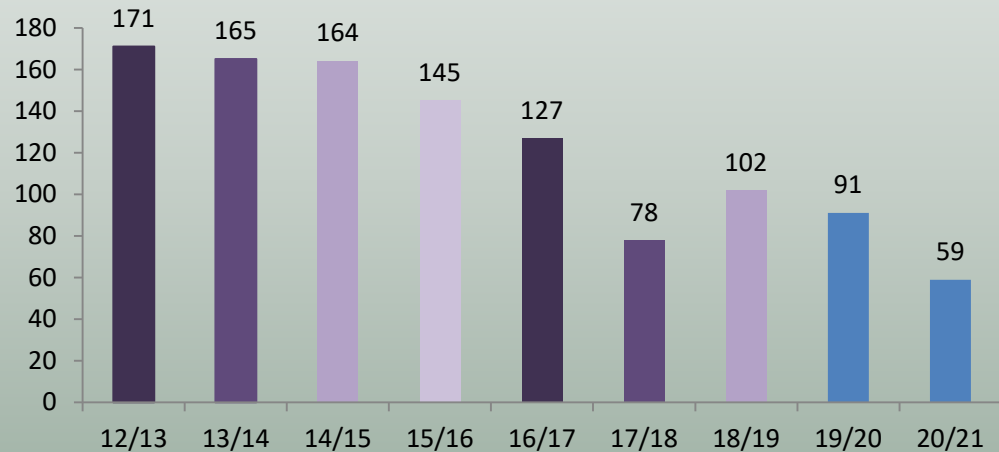
Active Claims by FY



Workers Compensation

Loss Development
Rate Reduction
\$500,000 Premium
Reduction
Countywide
Ergonomics

Number of Claims by Fiscal Year



Human Resources

- FY 2021-22
 - Implement Year 3 of the salary market increases
 - Finalize County-wide plan to address salary compaction and alignment
 - Bargaining Unit contract negotiations – five contracts set to expire at the end of FY 2021-22
 - Support department reorganizations – increase in classification/compensation work and recruitment
- County Staffing
 - Total full and part-time employees 1,105
 - Recommended position adjustments
 - Fund 5 FTE unfunded positions – (2)Human Resources, (1)Probation, (1)Behavioral Health, (1)Cultural Services Library
 - Unfund 3 FTE Positions – (3)Cultural Services Library
 - Add/Delete – Net 18 additional positions (see attachment D for details)

Employee Wellness

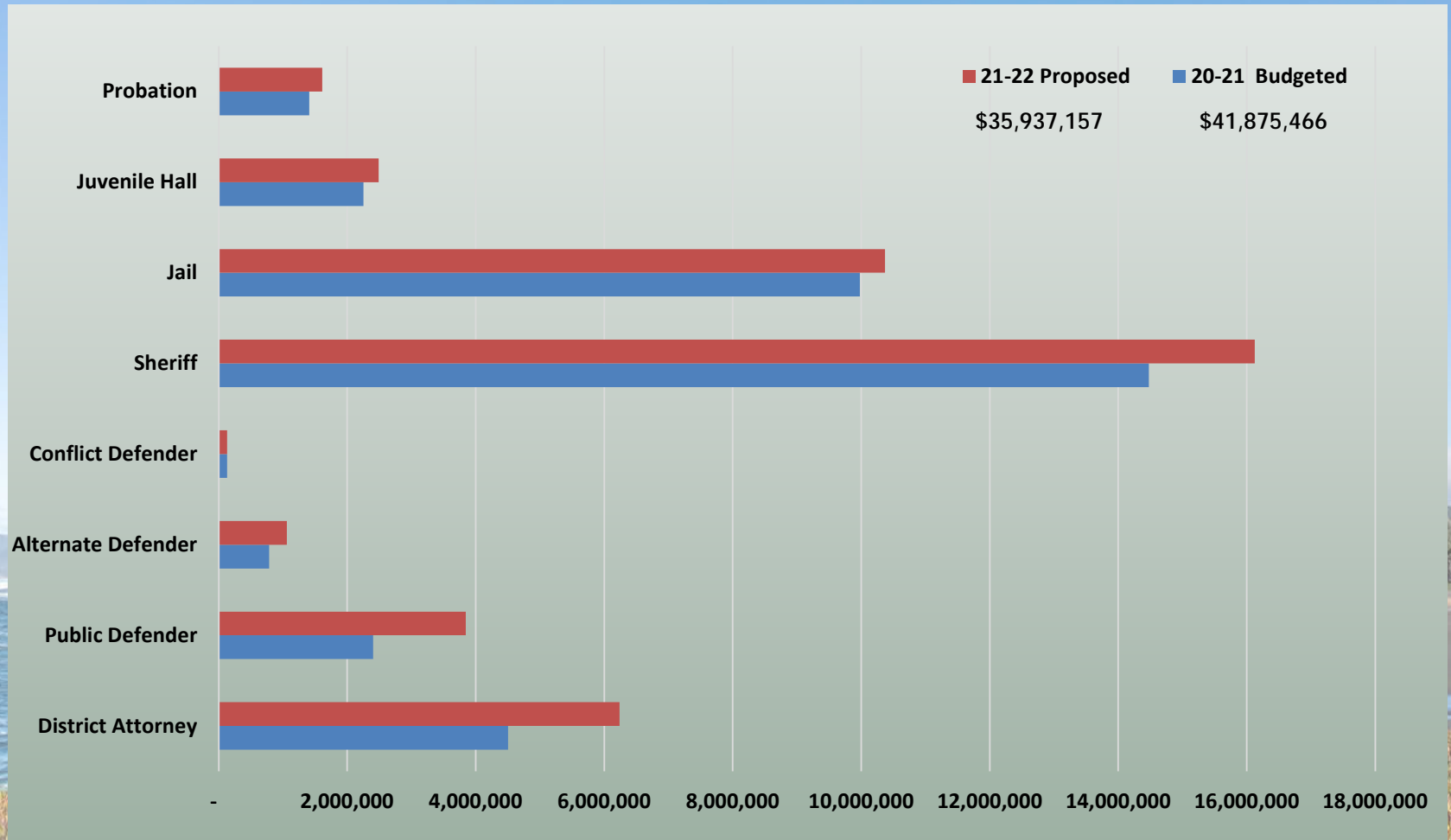
Looking Back to 2020:

- Transitioned to new wellness vendor: Virgin Pulse
- Received the Silver 2020 Workplace Health Achievement Award from the American Heart Association
- Increased participation in wellness challenges from 37.7% to 53.1%
- Achieved a 66.1% unique participation rate

Looking Forward:

- Free Flu Shots in October through Virgin Pulse (Also now covered at local pharmacies)
- Free Biometric Health Screenings from June-December
- 663 Employees are currently participating in the Wellness Incentive Program

Public Safety General Fund Dollars 2020-21 Budgeted & 2021-22 Proposed



Patrol Units



Eight units due to be outfitted before deployment for patrol use.
Units were delivered in December 2020 and January 2021

IT Master Plan

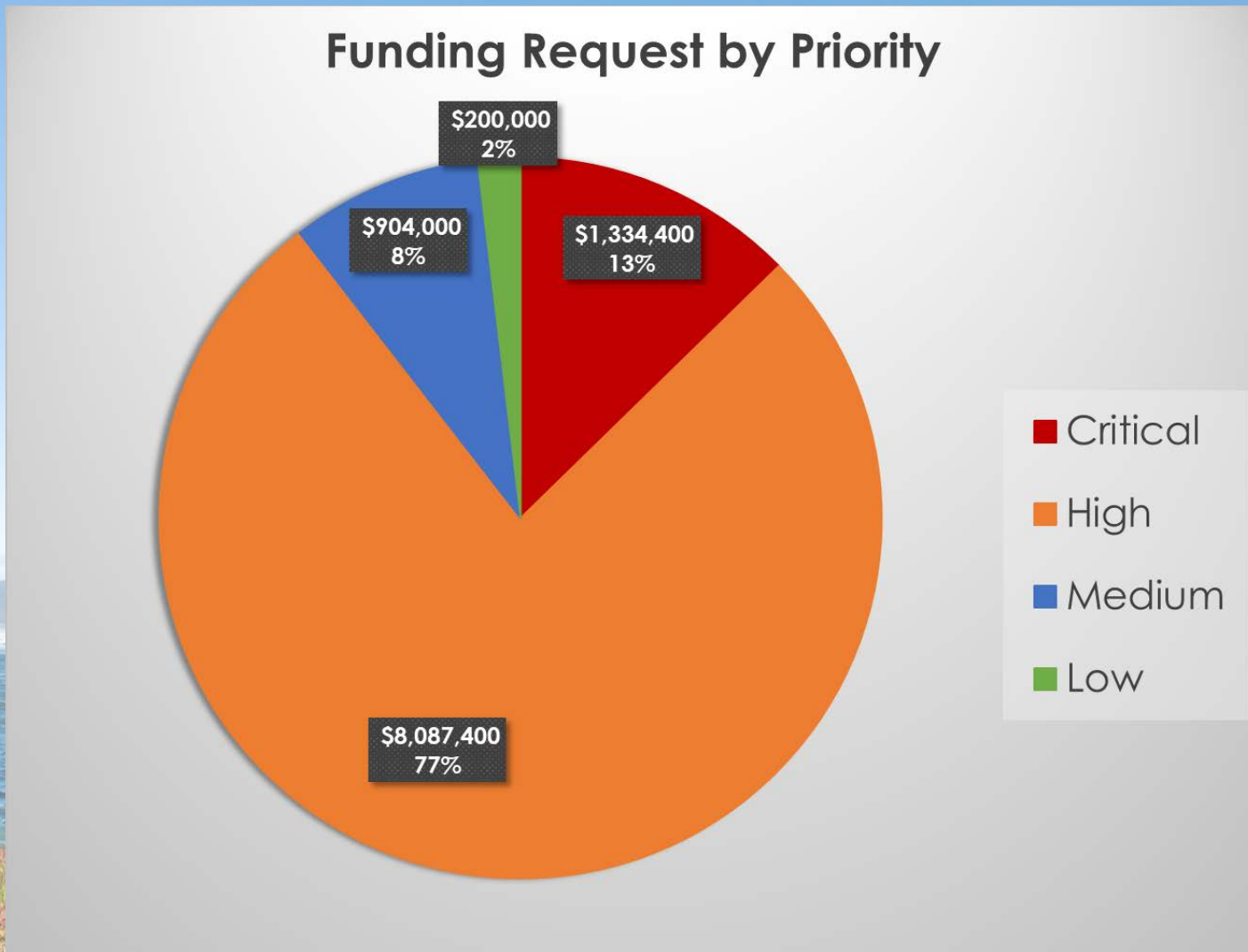
Public Safety Communications



IT Funding

- ITMP Adopted November 2018
 - Contained 99 identified initiatives and a potential initial investment of \$20.7 million over 5-years
- Investment since adoption = \$7,844,930
 - Allocated to 59 critical/high priority projects
 - Multiple projects deferred due to lack of funding
- 2021-22 funding allocation request of \$10,525,800 includes:
 - \$2,100,00 funded by CDBG
 - \$5,055,000 critical/high priority projects identified for potential use of one-time PG&E disaster settlement funds
 - \$3,370,800 additional priority project funding needs

IT Funding Request by Priority



Risks and Impacts

- Must replace obsolete equipment
 - Risk of extended outages due to lack of support
- Lack of disaster recovery capabilities
 - Single point of failure
 - Limits recovery options
- Interruptions in Public Safety Communications
 - Critical failure in Public Safety Microwave Radio Communications System
 - Loss of communications to 911 Dispatch Center
- Sustainability
 - Until ISF is fully implemented, critical IT funding back log continues to grow
- Additional Cybersecurity Funding
 - Deferral risks and exposure to liability
- Enterprise Application improvements
 - Require funding to gain efficiencies
 - Must improve tools to better serve the community

IT Critical Funding Project Requests

- Countywide Network Infrastructure Upgrade
 - Need to replace obsolete equipment = \$2,500,000
 - Enhance Wi-Fi capabilities in County facilities = \$100,000
- Disaster Recovery Improvements
 - Includes \$400,000 for planning, secondary site implementation and cloud backups
- Public Safety Communication Microwave/Radio
 - Phase III Radio Replacements = \$900,000 in addition to CDBG \$2,100,000 commitment
 - Phase I Repeater replacement additional funding = \$500,000
 - Mandated Tower Structural Analysis = \$100,000
 - Microwave Ring Expansion/Coastal Radio Reception Assessment = \$50,000
- Capital Equipment Replacement Planning
 - Includes \$375,000 for workstation replacement, additional storage, data center improvements and Sheriff's Office cabling upgrades

IT Critical Funding Requests (Cont.)

- Cybersecurity Enhancements
 - Includes \$325,000 for remote access improvements, network segmentation and automated cybersecurity monitoring
- Office 365
 - Board directed to proceed as quickly as possible with implementing Cloud Based Office 365
 - RFP for implementation assistance will be issued early June 2021
- Property Tax Software System Implementation
 - Existing project funding only covers project needs through June 2021; must have support and training = \$200,000
- Munis Upgrades and Improvements
 - Includes \$375,000 for Timekeeping efficiencies, salary/budgeting improvements and employee self service upgrade
 - Automation of manual processes resulting in estimated ROI of over \$1 million annually

IT Operational Impacts

- Staffing resources are critical to the successful implementation of the IT Master Plan
 - In 2019 the Board directed Augmenting Information Services staffing
 - In the proposed budget, additional positions were requested in alignment with Board direction
 - Without the necessary resources, delays in projects will occur and will result in increased risk and exposure to liability
 - Risks interruption of succession planning efforts
- IT Operating Budget Reductions
 - In order to meet net county cost, reductions were necessary in training, strategic planning and equipment
 - Without the appropriate funding, there are increased risks of service reductions

Generator and Connectivity Status – Update/Options

See Attachment A



Unfunded Priority Capital Projects

UNFUNDED PRIORITY CAPITAL PROJECTS				
Priority	Project	Estimate	Alternate Funding	Comments
1	Sheriff's Office Generator	\$160,000	PG&E	Portion of project will be offset by grant funding (\$83,000 offset)
2	911 Console part of 911 Bunker	\$800,000	PG&E	Sole source procurement of our preferred system will not permit CDBG funding this equipment
3	Administration Center Roof Phase 3	\$2,700,000	None	This final phase is only awaiting funding to proceed to bidding and construction
4	Administration Center Generator	\$350,000	PG&E	
5	San Hedrin Power Line Phase 3	\$150,000	CDBG	This project is eligible for the CDBG grant, however grant compliance and approvals will push completion another year.
6	County Parks Hazard Mitigation	\$300,000	PG&E	Bower Park: Hazardous Trees - \$150,000 and Spillway Repairs - \$95,000 Low Gap Park: Amphitheater Removal - \$55,000

Department Presentations

Morning – June 8th 11:00 AM

- County Fiscal Team
Budget Overview

Morning – June 9th

- District Attorney
- Planning & Building Services
- Cannabis Program
- Sheriff's Office
- Transportation

Fee Hearing

- July 13, 2021 Fee Hearing
- Historical fee adjustments
- Establishment of Cannabis fees for cost recovery
- Criminal fees, Assembly Bill 1869 (AB 1869)
 - July 1, 2021

Reimagine Budgeting for the Future

- Review funded core mandates
- Align with established best practices
- Budget to core, mandated services
- Remaining revenues reviewed for highest and best use to benefit the community

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Total County
Budget

—

\$\$\$

Core Mandated
Services

=

\$\$

Discretionary Funds –
Reimagined Budget

Water Agency

- Board of Supervisor Declaration of Emergency on April 20, 2021
 - Conservation Efforts
 - Urging all water users in the County to reduce water usage by 20%
 - Requesting all local water suppliers to implement their local water shortage contingency plans
 - Drought Taskforce
 - Develop Water Agency



CalAIM

****See CalAIM Slides****



CEO FY 2020-21 Proposed Budget Actions and Recommendations

Fiscal Stability

Americans with Disabilities Act (ADA) ramp at Ukiah Veterans Hall

Financial Sustainability

- Allocate Unassigned revenue from Budget Unit 1000, \$376,120 toward Microwave communications under the IT Reserve account.
- Allocate Unassigned revenue from Budget Unit 1000, \$393,588 toward COVID-19 Disaster Recovery and ongoing expenses.

Organizational Development & Infrastructure

- Allocate \$100,000 to fund the ADA requirements at the Veterans Services building
- Allocate \$267,890 to fund the local match for the Little River Airport
- Allocate \$175,000 to fund fencing project at Round Valley Airport

Investment in County Roads

- Allocate funding to Department of Transportation

Economic/Business Development

- Allocate \$25,000 to support the Mendocino County Arts Council.
- Allocate \$25,000 to support the Mendocino County Resource Conservation District.
- Allocate \$25,000 to support the Fire Safe Council.
- Allocate \$104,000 direct Staff to continue departmental budgeting of Economic/Business Development contracts annually

Support for Emergency Services

- Allocate \$1,150,326 for the dispatch contract for fire and EMS services in the County.
- Allocate \$198,000 for grants to local ambulance providers (Anderson Valley, Covelo, and Laytonville).

Support Community Partners

- Allocate \$444,000 of Proposition 172 funding to support fire agencies.
- Allocate \$700,000 of the Transient Occupancy Tax-Camping/Recreational Vehicle tax to the Fire Agencies

CEO FY 2021-22 Proposed Budget Actions and Recommendations

The Executive Office recommends that the Board of Supervisors take action as follows:

Approve the FY 2021-22 Chief Executive Officer's Proposed Budget for the County of Mendocino, including:

- Approve General Fund Reserve, per Mendocino County Policy 32, using carry forward funds from FY 2021-22, after the Auditor has balanced;
- Approve the Adjustments detailed in the CEO Recommended Budget Adjustments to Departments submitted, as outlined in Attachment B and Attachment C;
- Approve the FY 21-22 Department Funding Requests (Attachment A) directing the Auditor-Controller to return to the Board of Supervisors on June 22, 2021, with a formal resolution adopting the FY 2021-22 Mendocino County Budget based on the above direction;
- Approve amendments to the Position Allocation Table as listed in Attachment D, directing the Human Resources Director to return to the Board of Supervisors on June 22, 2021, with an updated Position Allocation Table;
- Approve the Fixed Assets and Structural Improvements as listed in Attachment F.

Budget Hearings – FY 2021-2022

