

FY 2022-23 Budget Workshop

Interim Chief Executive Officer: Darcie Antle
and Fiscal Team

April 19, 2022



Picture Courtesy of Visit Mendocino

Introduction

With the Strategic Plan nearing completion, it is essential County staff continue with the development of rethinking the budget process.

The traditional budget planning process is ill equipped to deal with complex problems created by volatility, limited revenues, and national political environment.

Traditional budgeting embeds in historical precedence based on past decisions and priorities, and encourages budgeting incremental increases year over year. This process does not allow the County to adapt or address the needs of the current period or change in revenues.

Rethinking the budget process to be zero based budgeting or priority budgeting for expenses will allow strategic planning and collaboration across departments.

Presentation Outline

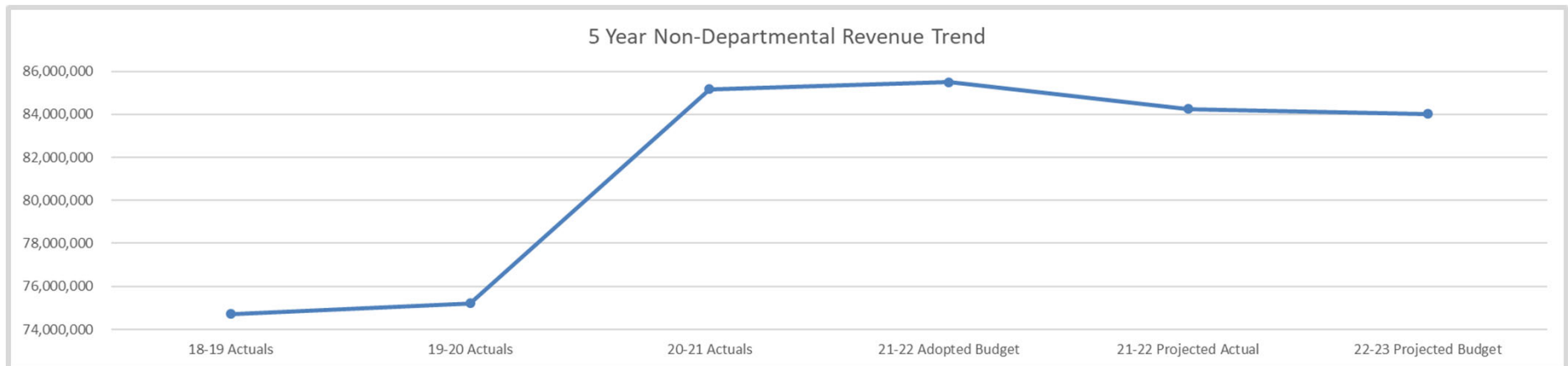
- FY 2022-23 Budget Consideration
- Board Goals and Priorities
- Non-Departmental Revenues – Budget Unit 1000
- Health Plan
- Cannabis
- FY 2022-23 Department Funding Requests
- FY 2022-23 Board of Supervisor’s (BOS) Funding Considerations
- American Rescue Plan Act (ARPA) Funding
- Future Budget Schedule

FY 2022-23 Budget Considerations

- Potential continued decrease of non-departmental revenue
- Health plan deficit
- County financial outlook
- Staffing and recruitment – labor negotiations
- Prioritize County operational costs before funding outside agencies in order to protect County mandated services

Non-Departmental Revenues Budget Unit 1000

- FY 2022-23 Projected Non-Departmental Revenue \$84,019,500
 - \$1,480,500 decrease when compared to FY 2021-22 Adopted Budget for Budget Unit 1000
 - \$235,500 decrease when compared to FY 2021-22 Projected Actual for Budget Unit 1000, reported during Mid-Year Budget Presentations



Increase from 19-20 to 20-21 is related to Cannabis Tax, Transient Occupancy Tax, and Sales Tax

Graph excludes PG&E Disaster Settlement Funds

Health Plan

- Health Plan projected deficit for FY 21-22 is \$5,766,000
 - The deficit does not include incurred but not reported (IBNR) claims
- See Exhibit B for health plan cost sharing
 - For FY 2021-22 the plan should be 75% funded by the County and 25% by employee contributions
 - As noted in Exhibit B, the County percentage has continually increased year over year and in FY 2020-21 the County was funding 83% of the plan
- Consider allocating ARPA funding towards a portion of the County's percentage of FY 2021-22 health plan expenses to alleviate deficit

Cannabis

- Revenue generated by the Cannabis department is considered General Fund and impacts Net County Cost (NCC) allocations
- Measure AJ advised the majority of revenues be used for enforcement of marijuana regulations, enhanced mental health services, repair of county roads, and an increase to fire and emergency services
- Cannabis revenue has been unpredictable over the last few years fiscal years (FY), which has the ability to significantly affect funding for core mandated services in varying departments, and adds a level of uncertainty in projecting revenue and balancing the budget

Revenue Source	FY 2018/19 Actual	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Projected	FY 2022/23 Budget
Permit Fees	\$465,726	\$413,561	\$187,716	\$216,328	\$TBD
Cannabis Tax	\$3,711,693	\$5,575,900	\$6,159,180	\$3,000,000	\$1,500,000
Total	\$4,177,419	\$5,989,461	\$6,346,896	\$3,216,328	\$TBD

FY 2022-23 Funding Requests

Budget units requesting greater than Base Net County Cost (NCC) Assignments

- Budget Unit 3010 – Transportation \$120,000
- Budget Unit 6110 – Library \$28,148
- Budget Unit 0717 – IT Reserve \$376,120
- Budget Unit 1015 – Board of Supervisors \$121,985
- Budget Unit 1120 – Assessor - \$660,268
- Budget Unit 1160 – Central Services \$155,433
- Budget Unit 1210 – County Counsel \$33,137
- Budget Unit 1410 – Elections \$83,529
- Budget Unit 1610 – Buildings/Grounds \$1,025,757
- New Budget Unit – Parks \$1,592,640
- Budget Unit 2310 – Sheriff’s Office \$1,418,141
- Budget Unit 2550 – Juvenile Hall \$8,262
- Budget Unit 2560 – Probation \$539,910
- Budget Unit 2710 – Agriculture \$320,300
- Budget Unit 2830 – Office of Emergency Services \$8,560
- Budget Unit 2860 – Animal Care - \$367,207
- Budget Unit 3050 – Round Valley Airport \$8,784
- Budget Unit 3050 – Little River Airport - \$79,212
- Budget Unit 4510 – Solid Waste - \$23,000
- Budget Unit 6210 – Farm Advisor \$14,021
- Budget Unit 7110 –Museum \$15,000
- **TOTAL GENERAL FUND IMPACT - \$6,999,414***

* Does not include requests from District Attorney or Auditor Controller, as the budgets for these departments are pending

FY 2022-23 Board of Supervisor's (BOS) Funding Considerations

- FY 2022-23 Projected Non-Departmental Revenue \$84,019,500
- FY 2022-23 Base Net County Cost (NCC) Assignments \$83,272,838
- FY 2022-23 Projected Non-Departmental Revenue less NCC Assignments –
Remaining Non-Departmental Revenue **\$746,662**
- FY 2022-23 Funding Requests \$6,999,414
 - Salaries/Benefits (1000 Series) - \$2,059,296
 - Operating Expenses (2000 Series) - \$3,255,505
 - Fixed Assets/Vehicles (4000 Series) - \$1,684,613
- FY 2022-23 Remaining NCC less funding requests – Unfunded Requests **(\$6,252,752)**
- **Board of Supervisor's Funding Considerations**
 - Consider ARPA funding for eligible requests
 - FY 2022-23 Funding Requests eligible for ARPA - \$1,684,613
 - Consider reducing contract expenses
 - Position allocation review
 - Review of owned/leased property, consider reducing/selling under utilized assets/real estate
 - Space assessment will be complete in June 2022
 - Consider reducing travel/mileage due to inflation

American Rescue Plan Act (ARPA) Funding

- During FY 2021-22 Q1 Presentations on November 16, 2021 Board of Supervisors Directed the ARPA funding be designated for County core services, infrastructure projects, and emergency funding before other considerations and to be appropriated using the final guidelines.
- County of Mendocino award - \$16,849,976
- Previously obligated - \$4,827,463
 - Support public health COVID response - \$1,470,103
 - Address negative economic impacts - \$1,126,560
 - **Food and financial support to community through Non-Profits**
 - Water and sewer infrastructure - \$2,230,800
- Per Board Direction from November 2021, consider obligating remaining APRA funds for County core services, and infrastructure projects - \$12,022,513
 - County core services/infrastructure - \$10,000,000
 - Parks - \$300,000
 - Staffing to pre COVID levels - \$1,722,513 (for hiring new staff only)

Future Budget Schedule

May 3, 2022 – Budget Workshops

May 3, 2022 – 3rd Quarter Report

June 7-8, 2022 – Budget Hearings

June 2022 – Budget Adoption



**FY 2022-23
BUDGET WORKSHOP
QUESTIONS?**

Picture Courtesy of Visit Mendocino