

COUNTY OF MENDOCINO

STATE OF CALIFORNIA

FY 2020-21

1ST QUARTER REPORT & ADJUSTMENTS

Chief Executive Officer: Carmel J. Angelo
Auditor – Controller: Lloyd Weer

NOVEMBER 17, 2020

Fall Vineyard
Courtesy of Visit Mendocino

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INTRODUCTION

With this document, we begin the Budget Reporting process to the Board of Supervisors for Fiscal Year (FY) 2020-21. The First Quarter Report covers the first quarter of the budget year, from July 1, 2020 through September 30, 2020, and provides detailed information projecting how the County budget status is likely to end on June 30, 2020. As with quarterly reports presented to the Board of Supervisors in the past, this report examines the Net County Cost (NCC) projections of departments across the County system. The NCC for a department is identified by taking the annual expenditures of a department and subtracting the annual revenues derived by that department. Most departments cannot operate without infusions of discretionary general fund dollars to be able to maintain services. These infusions of revenue, referred to as NCC, are financed primarily by property tax, sales tax, and transient occupancy tax revenues. The pool from which the County provides these monies is limited and is annually adopted in the County's budget as Budget Unit 1000.

California Government Code § 29009 requires the County to produce a balanced budget and the quarterly reporting is an important step in the process of fulfilling this legal requirement of the County's financial management. Every year we hope to produce a budget that is balanced between the needs of our community and the revenue reality that is presented to us. All decisions and policy in this matter are solely the responsibility of the Board of Supervisors. The Chief Executive Officer serves as the Administrative Officer designated by the Board to advise and administer Board direction in fulfilling the requirements of GC § 29009.

Budget Goals & Priorities: In prior budget cycles, the Board identified goals of: Fiscal Stability, Financial Sustainability, and Organizational Development. The Board further directed several ways to meet those goals.

Budget Guidelines:

- Maintain current levels of service
- Invest in County infrastructure
- Focus on financial sustainability and identify cost savings whenever possible

Goals & Priorities:

- **Fiscal Stability**
 - Debt mitigation and elimination
 - New Jail Additional Costs Unknown
 - Overall Facilities improvements – Roofs and HVAC
 - ADA Transition Plan
- **Financial Sustainability**
 - Maintain the reserve policy
 - One-time revenue will not be used for on-going expenses
 - Cannabis Program Sustainability
- **Organizational Development**
 - Investing in the organization's future through the Leadership Initiative, succession planning, and recruitment/retention practices
 - Identify and measure departmental performance metrics
 - Operational Efficiencies
 - Employee Salaries
 - Criminal Justice staffing for new mandated transparency reporting
 - (SO, DA, PD, PR, JH, JA)
 - Facility Preventative Maintenance
- **Investment in Roads**
- **Economic/Business Development**
 - Support New Housing Development
 - Broadband
 - Grant Writer Program
 - Use of Solar
 - Small Business Support

- **Support for Emergency Services (EMS)**
 - Staffing support for Local Emergency Medical Services (LEMSA)
 - Explore Emergency Medical Services (EMS) Joint Powers Authority
- ***Disaster Recovery and Resiliency***
 - Emergency Preparedness
 - Emergency Access Routes
 - Continued Pandemic Support
 - Hazard Mitigation
- **Local Homeless Issues**
 - Project HomeKey
- **Support Community Partners**
 - Fire Districts
 - Fire Safe Awareness/Forest Management
 - Potter Valley Water Project
 - Climate Action Committee
 - County Service Area 3
 - Other Special Districts/Agencies

The Executive Office continues to focus on these goals and priorities in the administration of the Budget for FY 2020-21.

EXECUTIVE SUMMARY

We are following the Board of Supervisors’ fiscal management goals and directives, focusing on fiscal stability, financial sustainability and organizational development. Owing to the general cost of providing the County’s core services continues to rise, including the cost of salaries, benefits and pensions, public safety, and the unknown impacts of the COVID-19 Pandemic and other disasters we must remain cautious in our approach to spending and look for innovative methods in providing core services, and options to increase revenue now and into the future. Fiscal Year 2020-21 will be a year of uncertainty; when will the pandemic end and county fully open, and recovery begin.

The County’s fiscal health requires building resiliency into the budget for support of our employees, strategic communication infrastructure, strengthening readiness and emergency preparedness and mitigation.

This budget provides the foundation to work from as we strive to improve the Mendocino County we know and love.

The final carry forward amount for FY 2019-20 is \$6,127,189. No additional funds were available for allocation at Budget adoption resulting in \$6,127,189 available as fund balance to be allocated at 1st Quarter.

In previous years, the carry forward amounts were; FY 2018-19 was \$5,440,285, FY 2017-18 was 3,965,190, FY 2016-17 was \$6,404,171, FY 2015-16 was \$8,827,145, FY 2014-15 was \$11,734,766 and FY 2013-14 was \$8,850,853. This compares to FY 2012-13’s actual carry forward of \$6,798,242, FY 2011-12’s, and the actual carry forward of \$2,976,286. We rely on departments to provide accurate quarterly budget information, which is the basis of developing the County’s budget. We are aware that numerous factors can affect this preliminary estimate of our year-end outcome including unanticipated expenses, under-realized or over-realized revenues, vacancy factors, as well as other unforeseen circumstances. The Executive Office launched Budget Manager Training Sessions in 2019-20 to provide departments with tools and best management practices when developing and managing their respective budgets. Those trainings have continued into this year, the majority of the projected carry forward is much closer to the budgeted amounts due to the Executive Office, the Auditor’s Office and the Departments’ careful estimation of expenditures and revenues and thoughtful oversight of the budget. As budget training continues, the goal is to continue to improve estimation of future expenditures and revenues. The County will continue to experience increases in operating costs with the biggest impacts expected to be salary and benefit related costs and critical communication towers and infrastructure. The 1st Quarter Report provides an overview of the current budget and recommended budget adjustments and use of carry forward.

STATE AND FEDERAL WATCH LIST

As of now there has been no second round of realignment backfill as Congress has not passed an additional stimulus plan.

State Watch List

- January 1st – Statutes take effect
- January 4th – Legislature reconvenes
- January – Governor’s Proposed Budget
- January – February – Bills introduced in the legislature
- February – Legislative Analyst Office publishes the FY 2021-2022 budget analysis and revenue forecast

Federal Watch List

- October –Start of Federal FY 2021
- December 11th – Continuing resolution expires for remaining appropriation bills for FY 2020
- February 1st – Deadline for the President to submit FY 2021 Budget
- February – FY 2021 Congressional budget processes begins

Labor Market and Employment Data

Due to seasonal fluctuations in employment, month-to-month comparisons are often volatile and thus not a good indicator of employment trends. Instead, this report compares September 2020 to September 2019 employment data in order to understand the longer term trends in employment. It is important to note that September falls in the third quarter of the year, which historically is likely to be the highest employment quarter of the year due to the seasonal nature of both tourism and natural resource-based industries in the county.

Total civilian employment fell by 4,340 persons when comparing September 2020 to September 2019. Total civilian employment includes residents with wage and salary jobs, business owners or self-employed, private household workers, unpaid workers in family enterprises, and county residents who travel to jobs in other areas. It excludes residents of other counties or areas commuting to jobs in Mendocino County. Total industry employment saw a reduction of 3,820 jobs. Total industry employment includes the number of jobs in an area for which employers pay wages or salaries and it excludes business owners, self-employed people, unpaid volunteers or family workers and private household workers. It also includes the number of jobs in an area held by commuters who live outside the county.

The civilian unemployment rate (as a portion of the total civilian labor force) for September 2020 was 8.3 percent, which was 5.2 percent higher than the 3.1 percent unemployment rate recorded in September 2019. Only two industries saw job gains in the comparison. State government gained 60 jobs, while federal government gained 50 jobs. All other industries saw employment decreases. The leisure and hospitality industry saw the greatest decrease, shedding 1,380 jobs. The next largest employment decrease was in local government, which shed 650 jobs. Retail also saw a significant fall, decreasing by 510 jobs.

Source: *State of California Employment Development Department*

Population Statistic

As of 2020 the region's population declined by 0.3% since 2015, falling by 261. Population is expected to decrease by 0.5% between 2020 and 2025, losing 475. From 2015 to 2020, jobs increased by 2.2% in Mendocino County, CA from 37,459 to 38,300. This change fell short of the national growth rate of 6.2% by 4.0%.

Source: *EMSI Q4 data set* | www.economicmodeling.com

Unemployment Rate Trends

Mendocino County, had an August 2020 unemployment rate of 8.76%. This is an increase of 5.82% from 5 years before

Source: *EMSI Q4 data set* | www.economicmodeling.com

Educational Pipeline

In 2019, there were 351 graduates in Mendocino County, CA. This pipeline has shrunk by 17% over the last 5 years. The highest share of these graduates come from "Business Administration and Management, General", Liberal Arts and Sciences/Liberal Studies, and "Health/Medical Preparatory Programs, Other".

Source: *EMSI Q4 data set* | www.economicmodeling.com

California Economic Outlook

The California economy is impacted by the four phases of the pandemic: Awareness, Lock Down, Re-Opening and Rollback. In California, the first two phases played out with travel restrictions and the first state-wide shutdown in the nation. This caused the California economy to dip into recession in Q1. This continuation of the recession is expected with a historic decline in California real GDP in Q2, down by a 40.2 percent annualized rate. In early-May, California was reopening its economy. By June, the state recaptured 692,400 of the 2.63 million total jobs lost in March and

April. The unemployment rate improved to 14.9 percent in June, still much higher than the 3.9 percent in February. However, less than two months into the reopening, California saw further disruptions to economic activity due to a surge in coronavirus cases. This led to a rollback in the reopening of the state economy by mid-July, impacting indoor activities, including dining establishments, bars, movie theaters and museums. Ongoing improvement to California’s economy through the second half of this year is expected. However, much depends on the path of the pandemic and the policy response to it. Even with an improving economy, we expect California’s unemployment rate to remain elevated. With millions of workers receiving unemployment benefits, the drag to California from the cliff effect of the end of enhanced unemployment benefits will be significant. A possible second wave of the pandemic this winter could put additional pressure on the state economy and worsen a deteriorating state and local government budget situation. Source: Comerica – August 2020 California Economic Outlook

Business Trends

Federal funds in the form of loan programs like the Economic Injury Disaster Loans (EIDL) and the Payment Protection Program (PPP) after a slow beginning has started to find its way into the pockets of business owners in our county. As of October 30th, West Business Development Center has tracked 21 EIDL loans totaling \$1,234,700. There have been 24 EIDL advances totaling \$98,000.00. There have been 38 businesses that have received PPP loans that total \$1,576,145. Over 58% of the PPP loans came through the Savings Bank of Mendocino and 12% came through the Redwood Credit Union, demonstrating the importance of local banks supporting the community. Additional loans not tracked by West Center have been secured. It is recommended that the County track the loans and award totals to better assess the health of the business community in 2021.

Additionally, between June and October \$220,000 of small business grant were distributed to 46 businesses through the Community Foundation of Mendocino/West Center. Launching November 2 through the end of the year an additional \$500,000 of small business grants from the County of Mendocino’s CARES act funding will be administered to sole proprietors and micro businesses with 5 or fewer employees. By far the largest demographic of the Mendocino economy.

Breakdown of business types in Mendocino County as tracked by EMSI:

	Percentage	Business Count
 1 to 4 employees	40.5%	1,710
 5 to 9 employees	25.8%	1,090
 10 to 19 employees	18.9%	799
 20 to 49 employees	11.4%	482
 50 to 99 employees	2.3%	98
 100 to 249 employees	0.7%	31
 250 to 499 employees	0.2%	10
 500+ employees	0.0%	2

A recent tracking of businesses by West Center has found 41 businesses have closed in the County of Mendocino (13 in Fort Bragg, 11 in Mnedocino, 16 in Ukiah and 1 in Pt. Arena) since April. However, new business creation in the U.S. as of October 17 was up over 40% compared to last year. This is a welcome contrast to the narrative that businesses are closing left and right, and confirms that entrepreneurship is alive and well, which will be a key factor of any economic

recovery. Key areas of growth nationally have come from retail and home improvement. Two key factors will continue to fuel this growth access to low interest capital and expansion of eCommerce capacity. It is recommended that an effort be made to track online and monitor new business licenses requested and approved within the county and city environments.

Real Estate Trends

In September 2020, the median list price of homes in Mendocino County, CA was \$499K, trending up 19.5% year-over-year. The median listing price per square foot was \$329. The median sale price was \$450K. Homes in Mendocino County, CA sold for 2.86% below asking price on average in September 2020, there are 594 homes for sale in Mendocino County, CA, 37 of which were newly listed within the last week. Additionally, there are 15 rentals, with a range of \$750 to \$2.6K per month.

Source: *realtor.com*

DISCRETIONARY REVENUES

At the 1st Quarter Update, there is a limited amount of information regarding discretionary revenues. The bulk of discretionary revenue is property tax and the first distribution of property tax revenue is not scheduled until December 2020. More detailed information on all revenues from Budget Unit 1000 will be available as a part of the mid-year report. Based on FY 2019-20 actuals in BU 1000 the Auditor anticipates an increase in Cannabis Tax revenue by the end of the Fiscal Year.

FY 2019-20 CLOSE OUT

As you are aware, the Board adopted the FY 2020-21 budget in a one-step process by holding budget Hearings and approving the final budget in June. Due to this timeline, the Budget was adopted prior to the final close out of the previous fiscal year. The County Auditor utilizes a 60-day accrual period and closes the previous year's books on August 31st. When the Board adopted the budget in June the final numbers for FY 2019-20 were estimated based on each Department's 3rd Quarter projections. When the books were closed, the final fund balance was \$6,127,189, which was more than projected. This change was due in large part to additional discretionary revenue, received from the Cannabis Tax, and savings from various budget units as well as Money for KOFF and COLA being included in the carry forward amount. It is important to note that significant effort is required to maximize savings to the General Fund at year-end.

MEASURE B

The Crisis Residential Treatment project (CRT) has been approved for Construction and Completion by the Board of Supervisors. It is due to break ground in November 2020. An Operator for the facility will be identified in November as well.

The Behavioral Health Regional Training Center (BHRTC) is prepped for remodeling and market outreach.

Measure B staff are working on Psychiatric Health Facility (PHF) feasibility to ensure a successful project outcome, while the program plans to identify an Operator this winter.

Current Fund Balance: \$18,886,884

FIRST QUARTER (1ST QUARTER) BUDGET UNIT WATCH LIST

Summary of General Fund Departments by Budget Unit:

Staffing Costs

This summary provides information on General Fund budget unit projections for the 1st Quarter of FY 2020-21. The 1st Quarter of FY 2020-21, which sets the spending benchmark for the 1000 series at 25.9% for the quarter. Executive Office staff reviewed each budget unit's total expenditures by series for First Quarter. The 1000 line item series totals were compared to the benchmark level of 25.9% (seven pay periods in 1st Quarter/27 pay periods total for FY 2020-21). As of September 30, 2020, the General Fund 1000 series expended year to date is 23.7%. The close monitoring of the 1000 series aligns with the Board of Supervisors Priorities.

Service and Supply Costs

The 2000 line item series totals revealed 11.1% had been expended by 1st Quarter closing, similar to FY 2019-20's expenses of 12.6%. Much of this series expenses are not realized till the second half of a fiscal year. The minor variance demonstrates that usage remains in character and demonstrates the continued fiscal conservancy of the department heads.

Revenue

Upon closing 1st Quarter, revenue was at 13.0% of fiscal year 2020-21's anticipated revenues, as adopted by the Board of Supervisors. Due to most property tax revenues are collected in the months of December and April, the budget team is not seeing any reason to be alarmed at coming in under 25% at the close of the 1st quarter.

The Executive Office requested that each department provide a brief update indicating whether they were on track with their budget, and to provide budget related concerns for the 1st Quarter Report. The following narratives focus on the departments projecting to be over budget.

BU 1000 – Non-Departmental Revenue: The budget unit is currently tracking an increase due to the Cannabis Business Tax, which is estimated to be over the initial projects by \$1,000,000. Additional information on individual revenues will be available at mid-year.

BU 1210 County Counsel: Project to be \$118,451 over budget. The County Counsel Office is projecting to be \$118,451 over budget in the 1000 series. The projection is due to the increase to salaries based on FY 19/20 KOFF report.

BU 1410 Elections: Project to be \$143,713* over budget. The Elections department is projecting to be over budget by \$25,000 in their 1000 series, \$80,000 in their 2000 series and \$38,713 in their 3000 series. These unanticipated expenses are directly related to COVID-19 and the change in voting protocol for the 2020 election. The department does anticipate full reimbursement of these expenses through the HAVA grant from the CARES act. This is separate and aside from other CARES Act funding that the County of Mendocino was awarded in the May Revise.

BU 2080 Public Defender: Project to be \$648,315 over budget. The Public Defender's office is projecting to be over budget by \$648,315 in their 1000 series. This overage is due to the increase in Salaries due to the KOFF study and updated Memorandums of Understanding (MOU) to the various bargaining units.

BU 2085 Alternate Defender: Project to be \$184,057 over Budget. The Alternate Defender's Office is projecting to be over budget by \$184,057 in their 1000 series. This over is due to the increase in salaries due to the KOFF study and updated MOU to their bargaining unit.

BU 2310 – Sheriff-Coroner: Projected to be \$827,760 over budget. The Sheriff's Office is projecting to be \$827,760 over budget in the 1000 series. The projections are based on over-time that is needed to meet the demand of emergency fires, COVID and the increase in crime.

BU 2510 – Jail: Projected to be \$678,839 over budget. The Jail is projecting to be \$678,839 over budget due to reduced revenue and overtime needs.

FY 2020-21 FUNDING NEEDS

Additional funding is recommended to be appropriated based on the Board of Supervisor’s Budget Goals and Priorities. During the budget workshops and hearings, the Board discussed emerging issues around deferred maintenance and the Capital Improvements Plan, IT Master Plan/IT modernization, Jail Expansion Project, and disaster recovery. In addition, this 1st Quarter review is also bringing critical funding needs forward; resilience for possible recession, continuation of funding for future employee salaries and benefits, disaster recovery preparedness, mitigation and response for COVID-19, fires and Public Safety Power Shut-off.

Adjustment Requests:

Priority Capital Projects:

1. Unanticipated Capital Projects	\$250,000
The list below represents minimum unanticipated project funding estimates included in the total above:	
a. Unanticipated Capital Projects	
b. Exterior Maintenance and Finish Replacements	
c. Parking Lot Sealing & Striping	
d. Roof Repairs and Re-coating	
e. HVAC Replacements	
f. Panel Replacement for Hazardous Zinsco Panels	
g. Hazardous tree removal – Various location	
2. 230 KVA Generator to the Sheriff Administration Building	\$300,000
a. Current panel upgrade project in the amount of \$233,000 included the replacement of the panels only, the most appropriate design includes new generator, replacing the existing 20 year old generator that would still leave critical operations in the dark during extended power outages with a larger generator that will provide the resiliency that the sheriff’s office needs moving forward, includes site improvements and electrical upgrades	
b. May be offset with use of resiliency grant	
3. Administration Center Generator using USDA Resilience Grant	\$350,000
a. Although a grant in the amount of \$70,000 was received, the total project cost associated with generation power at the Administration Center is \$430,000, which requires an additional funding commitment in the amount of approximately \$350,000	
4. Mt. San Hedrin Microwave Station Power Line Repairs	\$190,000
a. Current year project Phase 1 (funded last year) completes under 1/3 of power pole replacement and line clearing needed to upgrade the line. Phase two for 2021 and Phase 3 for 2020 will be around \$150,000 each.	
5. Public Safety Communications Microwave Facilities improvements	\$200,000
a. Mt. San Hedrin Building window systems and support structures	
b. Remote Microwave site waterproofing and hardening	
6. Project funding for hardened building to relocate 911 Equipment	\$2,100,000
Total of Capital Projects Requests	\$3,390,000

Other Priority Capital Projects:

1. Alternate Care site roof and related improvements	\$2,500,000
2. Administration Center roof and HVAC Project Phase 3	\$2,000,000
3. Jail Expansion Heat Pump HVAC System	\$250,000

a. Approved by the Board of Supervisors but not funded	
4. Site improvements for Jail Expansion Project	\$200,000
a. Prior board direction authorized only scope carved out of Jail expansion project with no new funding. This will not allow for improvements or parking beyond that displaced by the new Jail. Does not fund resolution of drainage problems and sedimentation at Juvenile Hall	
5. ADA Transition Plan Update and current year funding	\$100,000
6. Replace main server fire suppression system	\$100,000
7. Administration Center Security Doors	\$120,000
8. Parks Hazard Mitigations only:	\$300,000
a. Bower Park Spillway Repair	
b. Low Gap Amphitheater Removal	
c. Bower Park dead & dying trees	
Total of Other Priority Capital Project Request	\$5,570,000

Urgent needs

1. Munis Upgrade for Salary Projections and Payroll	\$50,000
2. Cannabis Equity Program – Local Match	\$100,000
3. Salary & Benefits Increase FY 21-22 and FY 22-23	\$1,800,000
4. Fire Mitigation Grant	\$75,000
5. Oak/August Fire Debris Removal – 25% Cost Share	\$250,000*
6. JustWare Replacement-District Attorney, Public Defender, Probation Software	\$1,000,000
7. Employee Relations Ad Hoc Recommendation for Bargaining Unit Side Letter	\$500,000
8. Salary Compaction and Alignment Correction	\$500,000
9. Compressor and Lift for Garage	\$30,000
10. Granicus Contract – Board Meeting Capturing Services	\$29,250
11. Cannabis Program - ClientFirst TrackIt Reporting Contract	\$120,000
12. Health Plan General Fund Impact	\$1,140,734
13. County Wide Strategic Plan	\$100,000
Total of New Funding Requests	\$5,694,984

Grand Total of Adjustment Requests **\$14,654,984**

COVID-19 AND FIRE UPDATE

COVID-19 Update

The first of the regular and frequent updates to the Board of Supervisors began on March 4, 2020. The full fiscal impact is still unknown as the event is still very active. More information will be report at mid-year as the event continues to unfold.

Fire Update

Oak Fire

The Oak Fire started on September 7, 2020 and burned over 1100 acres. This fire received a federal declaration on October 16, 2020. As of October 26, 2020, there are 69 Individual Assistance registered with FEMA. The County hosted a Local Assistance Center at the Willits Library on October 26, 2020. Due to the federal declaration, the County will file for reimbursement with FEMA for emergency protective measures eligible work with expected reimbursement of 75%.

August Fire

The August Fire started August 17, 2020, burned over 1 million acres, and includes an unprecedented 37 fires. The County hosted a Local Assistance on October 28, 2020 at the Covelo Elementary School. At the time of this report

there has not been a federal declaration for this fire. The County continues to work with State and Federal partners for a federal declaration.

Disaster Recovery

The Disaster Recovery team continues to support on-going grants and resiliency mitigation projects from the 2017 Redwood Complex fire while responding to COVID-19, Oak and August fires.

During 1st Quarter the team was able to continue progress on the below projects:

Ukiah Valley Area Plan Update: The County was awarded \$150,000 to rezone 211 parcels.

2017 Redwood Complex Fire Update: The first phase of the Redwood Complex Ignition Resistant Mitigation Project was awarded \$304,089.

Administration Center Generator Update: A conditional award of \$70,000 was received for the generators that would be used at the Administration Center to keep essential and core operations online and active during a Public Safety Power Shutoff (PSPS) event.

Local Hazard Mitigation Plan Update: The administrative draft was shared with planning partners for comments to finalize the plan. It is anticipated the plan will be ready for the Board's adoption during next quarter.

Safety Element Update: Atlas Planning Solutions prepared the Draft Vulnerability Assessment and currently working on the Administrative Draft Safety Element.

Ukiah Valley Fuels Reduction: Mendocino County Resource Conservation District (MCRCD) and Mendocino Fire Safe Council (MCFSC) processed 13 tons of material from just 6 days of road clearing on the McNab Ranch. MCRCD also created at least 16 video series on home hardening and defensible space workshop materials that will be available to all county residents. MCRCD also completed the roadside clearing of the western side of the Ukiah Valley—Oak Knoll and Spanish Canyon. Community chipper days were provided to neighborhoods such as Upper Deerwood, Pine Mountain, Ukiah west hills, and Hopland Band of Pomo Indians.

Hazardous Tree Removal: 355 hazardous trees felled and 186 hazardous trees removed from 36 eligible properties on the 2017 Redwood Complex Fire footprint. MCRCD has completed 45 assessments to initiate Phase II and has identified at least 36 properties eligible for the program in the upcoming quarter.

Oak and August Fire Debris Removal Cost Share: While the burn area and number of structures impacted are much smaller than that in 2017. The Disaster Recovery team expects the county local share of 25% for debris removal to be large due to the remoteness of the two burn areas to an acceptable landfill. Phase I of debris removal includes watershed protection measures beginning on November 6, 2020, with Department of Toxic Substances Control (DTSC) and Phase II is expected to begin early December 2020, with CalOES.

IT COMMUNICATIONS UPDATE

Draft Public Safety Microwave Radio Communications Network Cost of Ownership Model
For more information, see **Attachment D**.

CRIMINAL JUSTICE SOFTWARE UPDATE

The Mendocino County's District Attorney, Public Defenders and Probation offices current criminal justice software (JustWare) is set to sunset at the end of this current fiscal year. The County's Information Services division is working with the three offices to find a replacement, currently the replacement software is estimating to need funding of \$1,000,000 for implementation, interfaces, maintenance, and conversion fees.

Recruitment Summary

Between April 1, 2020 and June 30, 2020, Human Resources received 87 staffing requests, conducted 47 recruitments, received and screened 718 applications, conducted 36 examinations, and prepared 54 certifications. During this time period, the County hired 37 new employees and had 61 employment terminations.

As of June 30, 2020, there were 322 vacant positions, with active recruitments to fill 153 positions. Based on positions being actively recruited, the countywide vacancy rate 11.1%.

In comparison to last Fiscal Year 2019-20 4th Quarter statistics, Fiscal Year 2020-21 1st Quarter, Human resources has received 136 staffing requests, conducted 76 recruitments, received and screened 837 applications, conducted 38 examinations, and prepared 166 certifications. During this time period, the County hired 27 new employees and had 23 employment terminations.

As of September 19, 2020, there were 314 vacant positions, with active recruitments to fill 155 positions. The majority of positions in the process of filling are in Health and Human Services Agency (93), Sheriff's Department (16), and Executive Office – Facilities and Fleet (10). Based on *positions being actively recruited*, the countywide vacancy rate 11.0%.

The Human Resources Department has developed the monthly *Position Justification Report* that is included with the CEO Report. This report provides information for all positions filled during the specific reporting period, including the department, classification filled, justification for filling the position, and date filled.

Wellness

396 Employees Participated in the County-wide Wellness HealthTrails Challenge beginning August 3rd, 2020. 333 completed their online Health Risk Assessment and 560 have engaged with the new VirginPulse wellness portal.

County-Wide Training Program

There were a total of 137 training seats (85 unique individuals) filled across 7 trainings by County employees between July 1, 2020 and September 30, 2020. Webinar Trainings included:

- Managing Anxiety & Worry During Uncertain Times
- How to Build Resilience & Coping Skills During the Pandemic
- Navigating Teleworking During Uncertain Times
- Helping Employees Cope with Change During the Pandemic
- Manager's Guide to Supervising Remote Employees
- Helping Your Employees Manage Workplace Stress
- Maximizing Supervisory Skills for the First Line Supervisor

FIRST QUARTER RECOMMENDATIONS

Adjustments

All of the recommended adjustments are included in the Attachment A (department net zero).

Use of Carry Forward

A total of \$6,127,189 from the FY 2019-20 carry forward is waiting to be appropriated for FY 2020-21 as one-time funding.

Recommended Actions:

1. Accept the Fiscal Year 2020-21 First Quarter Report as presented including Attachment D
2. Approve the 1st Quarter Department Net Zero Adjustments (Attachment A)
3. Approve the 1st Quarter Fixed Asset Request (Attachment B)
4. Approve the One Time Carryforward Fund Balance from FY 2019-20 for the Funding needs for FY 2020-21 (Attachment C), directing staff to return to the Board of Supervisors on December 8, 2020, with a formal resolution adopting the amended FY 20-21 Mendocino County Budget based on the above direction.

**1st Quarter Department Net Zero Adjustments
ATTACHMENT A**

FUND	Org	BU	Dept.	Account	Account Name	Adjust Request	Justification
1100	EL	1410	Elections	861012	Extra Help	25,000	Revised Budget Authority
1100	EL	1410	Elections	862231	Election Sup & services	80,000	Revised Budget Authority
1100	EL	1410	Elections	861012	Extra Help	25,000	Extra Help needed for COVID staffing during the election
1100	EL	1410	Elections	826140	Election Services	(25,000)	CARES act reimbursement for Extra Help
1100	EL	1410	Elections	862231	Election Sup & services	80,000	Additional supplies needs for COVID Election period
1100	EL	1410	Elections	826140	Election Services	(80,000)	CARES Act Reimbursement for Additional Election Supplies
1100	AG	2710	Agriculture	825490	State Other	(40,000)	New State Grant Revenue Agreement - Noxious Weed
1100	AG	2710	Agriculture	862189	Prof & Spec Svcs-Other	35,000	New service agreement for contract work on the Noxious Weed Grant
1100	AG	2710	Agriculture	862250	Transportation & Travel	2,500	Requesting reduction in Travel to off set Technology Equip for Teleworking
1100	AG	2710	Agriculture	862230	Information Technology Equipment	2,500	For 2 Laptops purchased for Staff to work via Telework and through PSPS
1100	LI	1910	Transportation	826273	INTERFUND REVENUE	(43,067)	Previous 3060 contractor now 1910 XH Employee. Cost apply from 3060.
1100	LI	1910	Transportation	861012	EXTRA HELP	43,067	Previous 3060 contractor now 1910 XH Employee. Cost apply from 3060.
1100	RV	3050	Transportation	862184	ARCHITECTURAL, ENGINEERING & PLANNING SVCS	49,334	Contract higher than budgeted. 100% grant to cover cost.
1100	RV	3050	Transportation	862193	CONSTRUCTION CONTRACTS	103,500	Contract higher than budgeted. 100% grant to cover cost.
1100	RV	3050	Transportation	825670	FEDERAL OTHER REVENUE	(180,127)	100% Federal grant received to cover higher than budgeted contracts and state match portion.
1100	RV	3050	Transportation	825490	STATE OTHER REVENUE	27,293	100% Federal grant received. No state match required.
1100	PD	2080	Public Defender	864370	Equipment	6,755	Revised Budget Authority
1100	PD	2080	Public Defender	864370	Equipment	(6,755)	Equipment costs were included in our budget under our 2000 series. We are requesting an adjustment be made so that we do not have a 4000 series.
1100	PD	2080	Public Defender	862170	Office Expense	6,755	Equipment costs were included in our budget under our 2000 series. We are requesting an adjustment be made so that we do not have a 4000 series.
1100	PHOTS	4010	Public Health - Office of Traffic Safety	862189	Prof & Spec. Svcs.	70,875	Revised Budget Authority
1100	PHOTS	4010	Public Health - Office of Traffic Safety	862239	Prof & Spec. Svcs.	4,125	Revised Budget Authority
1100	PHOTS	4010	Public Health - Office of Traffic Safety	862189	Prof & Spec. Svcs.	70,875	New grant funding

**1st Quarter Department Net Zero Adjustments
ATTACHMENT A**

FUND	Org	BU	Dept.	Account	Account Name	Adjust Request	Justification
1100	PHOTS	4010	Public Health - Office of Traffic Safety	862239	Prof & Spec. Svcs.	4,125	New grant funding
1100	PHOTS	4010	Public Health - Office of Traffic Safety	827801	Grant Revenue	(75,000)	New grant funding
1200	RO	3010	Transportation	821501	TRANSPORTATION FUNDS	(12,000)	Solar Powered Radar Speed Feedback Signs 100% reimbursable by MCOG.
1200	RO	3010	Transportation	864370	FIXED ASSETS-EQUIPMENT	12,000	Dept. needs 2 Solar Powered Radar Speed Feedback Signs (Est total \$12K)
1200	RO	3010	Transportation		From Fund Balance	(13,900)	Existing Fund balance used to partially pay for Baily Bridge
1200	RO	3010	Transportation			(139,000)	Federal Highway Grant reimbursement for Bailey Bridge
1200	RO	3010	Transportation	864370	FIXED ASSETS-EQUIPMENT	152,900	Baily Bridge cost to enact Board of Supervisor's Resolution 19-395
		TBD	Public Health	862060	Communications	50,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862090	Household Expense	50,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862101	Insurance General	100,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862109	Insurance Other	50,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862120	Maintenance - Equipment	60,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862130	Maint. - Structure/Grounds	87,500	New Program - transitional housing-Initial budget
		TBD	Public Health	862170	Office Expense	1,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862189	Professional & Spec Svcs	29,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862190	Publication & Legal Notices	7,500	New Program - transitional housing-Initial budget
		TBD	Public Health	862230	Info Tech Equip	5,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862239	Special Dept. Expense	150,000	New Program - transitional housing-Initial budget
		TBD	Public Health	862250	Transportation & Travel	10,000	New Program - transitional housing-Initial budget
		TBD	Public Health	827801	Grant Revenue	(600,000)	New Program - transitional housing-Initial budget
4970	WO	0497	Cannabis-Equity	827802	Operating Transfer In	(100,000)	BOS resolution 20-020 \$100,000 grant match included in Funding needs
4970	WO	0497	Cannabis-Equity	862189	PROF & SPEC SVCS-OTHR	(1,683,776)	Correct line items to correlate with Grant
4970	WO	0497	Cannabis-Equity	862230	INFO TECH EQUIP	(45,000)	Correct line items to correlate with Grant
4970	WO	0497	Cannabis-Equity	862239	SPEC DEPT EXP	1,828,776	Correct line items to correlate with Grant
Total of all requested adjustments:						-	

1st Quarter Fixed Asset Request
ATTACHMENT B

FUND	Org	BU	Dept.	Account	Account Name	Requested Adjustment	Current Budget	New Total	Change in Account	Justification	Mitigation Plan
1100	RO	3010		864		12,000				Radar Speed Sign x 2	
						152,900				Bailey Bridge County Local Match	
1100	GA	1620		862		20,000				Garage compressor	
						10,000				Garage Lift	
					Total of all requested Fixed Assets:	194,900					

ATTACHMENT C

Funding Needs FY 2020-21

		CEO Recommendation	Deferred
Fiscal Stability	\$ 3,569,250	\$ 669,250	\$ -
• 230 KVA Generator to Sheriff Administration Building	\$ 300,000		
• Mount San Hedrin Power Line Repair	\$ 190,000	\$ 190,000	\$ -
• Public Safety Communications Microwave Facility Repair	\$ 200,000	\$ 200,000	\$ -
• Administration Center Roof and HVAC Project - Phase 3	\$ 2,000,000		
• Continuous Maintenance, Repair and Upgrades			
* Unanticipated Capital Projects	\$ 50,000	\$ 50,000	\$ -
* Exterior Maintenance & Finishing Replacements	\$ 20,000	\$ 20,000	\$ -
* Panel Replacement for Hazardous Zinsco Panels	\$ 30,000	\$ 30,000	\$ -
* HVAC System Repair and Upgrades	\$ 50,000	\$ 50,000	\$ -
* Roof Repairs and Re-Coating - Various Locations	\$ 50,000	\$ 50,000	\$ -
* Hazardous Tree Removal	\$ 20,000	\$ 20,000	\$ -
* Parking Lot Sealing and Re-striping	\$ 30,000	\$ 30,000	\$ -
• Jail Expansion Heat Pump HVAC System	\$ 250,000		
• Granicus Contract - Board Meetings Capturing Service	\$ 29,250	\$ 29,250	\$ -
• Compressor and Lift for Garage	\$ 30,000		
• Administration Center Security Doors	\$ 120,000		
• Site Improvement for Jail Expansion Project	\$ 200,000		
Financial Sustainability	\$ 270,000	\$ 270,000	\$ -
• Cannabis Program Sustainability (County wide impact)			
* Increase 2000 Series - TrackIt Reporting System	\$ 120,000	\$ 120,000	\$ -
• Cannabis Equity Program - Local Match	\$ 100,000	\$ 100,000	\$ -
• Munis Upgrade for Salary Projections and Payroll	\$ 50,000	\$ 50,000	\$ -
Organizational Development	\$ 7,990,734	\$ 4,090,734	\$ -
• Alternate Care Site roof and related improvements	\$ 2,500,000		
• Justware Replacement	\$ 1,000,000		
• Salary & Benefits Increase for FY 20-21 and FY 21-22	\$ 1,800,000	\$ 1,800,000	
• Salary Compaction and Alignment Correction	\$ 500,000	\$ 500,000	\$ -
• Health Plan General Fund Impact FY 20-21 (6 months)	\$ 1,140,734	\$ 1,140,734	\$ -
• Employee Relations Ad Hoc Recommendation for Bargaining Unit Side Letter	\$ 500,000	\$ 500,000	\$ -
• ADA Transition Plan Update - Current Year Funding	\$ 100,000		
• County Wide Strategic Plan	\$ 100,000	\$ 100,000	\$ -
• Parks Needs Assessment	\$ 50,000	\$ 50,000	\$ -
• Parks Hazard Mitigations only			
* Bower Park Spillway Repair	\$ 95,000		
* Low Gap Amphitheater Removal	\$ 55,000		
* Bower Park Dead & Dying Trees - 75@2000	\$ 150,000		
Support for Emergency Services	\$ 2,200,000	\$ 310,000	\$ 1,890,000
• Hardened Building to Relocate 911 equipment	\$ 2,100,000	\$ 210,000	\$ 1,890,000
• Replace Main Service Fire Suppression System	\$ 100,000	\$ 100,000	\$ -
Disaster Recovery and Resiliency	\$ 675,000	\$ 325,000	\$ -
• Administration Building Backup Generator - Local Match	\$ 350,000		
• Fire Mitigation Grant - Local Match	\$ 75,000	\$ 75,000	\$ -
• 2020 Oak and August Fire Debris Removal - 25 % Cost Share *	\$ 250,000	\$ 250,000	\$ -
Total Estimated Annual Cost:	\$ 14,704,984	\$ 5,664,984	\$ 1,890,000
* Total estimate of cost share is not available at this time	Remaining:	\$ 462,205	



STAFF REPORT

DATE: November 17, 2020
TO: The Honorable Board of Supervisors
FROM: Cody Snider, Information Services Division Manager
RE: Draft Public Safety Microwave Radio Communications Network Cost of Ownership Model

Introduction

As instructed by the Board of Supervisors during the October 22, 2019 meeting, Executive Office/Information Services Division staff have developed a draft total cost of ownership model for the Public Safety Microwave Radio Communications Network. This network serves County Sheriff, Countywide EMS and ambulance services, countywide fire departments, County Department of Transportation and various state and federal agencies.

The Board of Supervisors directed staff to develop a cost model that would summarize expected costs and then allocate those costs to agencies utilizing the service in an equitable manner. Staff met with the Board of Supervisor's IT Ad Hoc committee on several occasions, with the draft of the findings associated with a potential cost recovery model being presented today for Board of Supervisors consideration and direction.

Cost Model Description

To determine costs associated with running Mendocino County's radio and microwave equipment, staff first developed a standard unit of measure that would accurately reflect resource utilization. The primary function of the microwave is to provide data, whereas the radio equipment provides audio. The most compelling common denominator between the microware and radio is the amount of space the equipment consumes, measured by Rack Units (RU). Each radio repeater takes up approximately 15RU and each microwave data connection takes up 9RU.

Once a costing methodology was developed, staff summed the total costs of operating the equipment. Those costs are comprised of equipment, site leases, utilities, labor (from both Executive Office/Information Services and Facilities Division staff), tower inspections, facilities related capital equipment and ongoing maintenance. The costs were then calculated over a 20-year span to match the longest equipment life cycle. The 20-year total cost of ownership was then used to calculate an annual cost.

Equipment: For equipment costs, staff considered the replacement cycle for site equipment, calculated an estimated \$25.72M outlay for equipment costs over the 20-year span.

Real Property: The County currently pays \$152,000 for site leases and receives \$6,300 in reimbursements in the form of sub-leases, for a total outlay of \$145,700 annually. These costs were then forecasted over the next 20 years, including applying a 3% increase per year to account for inflation and applied an average to the base model for a total of \$3.92M.

Utilities: In order to calculate utility costs, the average cost per site over the past three years was reviewed. At the Ukiah Low Gap, Courthouse Annex, Willits Justice Center and Fort Bragg Justice Center facilities, the utilities are not broken out from the entire location. For those locations, the average from the other sites was used to estimate a utility cost. The same 20-year forecast was applied to the utility costs for a 20-year total of \$1.42M.

County Workforce/Labor: For labor (Executive Office/Information Services and Facilities Division staff), staff used an average of the past seven years' project and labor tracking. An assumption of a 3% COLA over the 20-year span brought the calculated total to \$9.83M for 20 years.

Inspections: The radio towers are required to be periodically inspected. Staff allocated \$687k for tower inspections based on a five-year inspection cycle at a cost of \$16,000 per inspection for each of the eight sites where the tower is county owned.

Preventative Maintenance: \$4.43M was added for ongoing site maintenance. These costs are for site maintenance, such as tree trimming, paint, and miscellaneous repairs. Staff allocated \$13k per site per year for fifteen sites where site maintenance is not part of the lease.

\$2.36M has also been included for the one-time facilities related projects that are needed to bring existing sites up to workable conditions. These project costs were presented to the board in the October 22, 2019 presentation.

Total costs: The 20-year total costs associated with running Mendocino County's radio and microwave equipment is \$48.4M, which equates to a \$1.8M starting annual cost. Due to the estimated annual 3% COLA, that cost adjusts to \$3.15M by the end of the 20-year forecast.

Cost Allocation Methodology

Staff considered three different cost recovery models. The first model (Model 1) was calculated by dividing the total cost by the total number of rack units available in all sites. This resulted in a low cost per rack unit (-\$922/yr.). When calculating how much was used, potential recovery was determined to be approximately 64%, mostly due to the unused rack space and the market rate reduction for data costs. Market rate is determined by current industry costs to provide equivalent services.

In the next model (Model 2), staff utilized costs for the racks that are currently in use. The cost per rack unit year was calculated to be \$1,222.85. This resulted in the potential recovered cost being approximately 84% with the primary difference being the market rate adjustment for data.

Staff also considered a total cost recovery model that recovered all costs (Model 3). This cost model was prepared by adding the 16% that was not recovered in the second model and adjusting the costs of the radio repeaters. While this method resulted in the potential recovery of 100% of the costs, it greatly increased the costs for two wire audio and radio repeater users, resulting in costs being above market rate.

After reviewing the alternatives in detail, the Board of Supervisor's IT Ad Hoc and staff are recommending cost Model 2. Staff and the IT Ad-Hoc further recommend that the County not pursue cost recovery associated with volunteer fire departments use of the system.

	<u>Model 1</u> Cost based on Total Rack Units	<u>Model 2</u> Cost based on Used Rack Units	<u>Model 3</u> Total Recovery
Repeater Cost Recovery	\$1,029,294	\$1,394,054	\$1,654,668
Audio Cost Recovery	\$42,250	\$57,222	\$65,154
Data Cost Recovery *Based on market rate analysis	\$77,524	\$77,511	\$81,442
Total Cost Recovery	\$1,149,067	\$1,528,787	\$1,801,264
Difference (Costs vs Recovery)	\$652,197	\$272,477	\$(0)
Percentage Recovered	64%	84%	100%

Formula: Each radio repeater requires 15RU space for a total annual cost of \$18,342.81. The primary purpose of the microwave system is for public safety radio, data delivery is an ancillary function of the system. Since microwave data is not the primary function of the radio system, the totals were adjusted to 20% of the calculated cost to keep the costs from being substantially different than current market rates. The individual cost per user per year for data is \$294.72.

Cost Recovery by Funding Source

External	Annual Cost
Anderson Valley Fire	\$18,342.81
Bureau of Land Management	\$2,661.51
CALFIRE (State)	\$353,836.41
California Highway Patrol	\$2,661.51
Dept. of Fish & Wildlife	\$2,661.51
Dept. of Parks and Recreation	\$2,661.51
Fire and EMS Dispatch for County	\$209,755.43
Ft Bragg Police	\$21,004.32
Redwood Coast Fire	\$18,342.81
Sonoma Control Medical/Fire Tac	\$110,056.86
Sonoma County Sheriff	\$110,056.86
Sonoma REDCOM Fire/Medical Dispatch	\$36,685.62
South Coast Fire	\$18,342.81
Ukiah Police	\$76,032.75
US Forest Service Fire/Law/Admin	\$55,028.43
USAF Auxiliary Civil Air Patrol	\$18,342.81
City of Willits	\$13,262.40
Little Lake Fire District	\$1,178.88
Willits Police Dept	\$5,599.68
Subtotal	\$1,076,514.90

DRAFT PUBLIC SAFETY MICROWAVE RADIO COMMUNICATIONS NETWORK
COST OF OWNERSHIP MODEL

County	Annual Cost
General Fund	
Mendocino County Sheriff	\$320,081.97
Adult Probation	\$1,473.60
Agriculture	\$294.72
Animal Care	\$294.72
District Attorney	\$2,063.04
Museum	\$884.16
Planning & Building	\$3,831.36
Public Defender	\$294.72
Subtotal	\$329,218.29
Non-General Fund	
Task Force	\$294.72
Transportation	\$81,498.61
Library	\$5,894.40
Public Health	\$4,420.80
Social Services	\$30,945.60
Subtotal	\$123,034.13
Grand Total	\$1,528,787.32

Costs will not be recovered from General Fund departments directly, however, an ongoing General Fund commitment will be needed to fund these costs.

Summary

The Information Technology Master Plan adopted by the Board on November 22, 2018, recommended the development of a Sustainability Plan for network infrastructure, microwave radio and other critical county systems. The above cost analysis outlines the costs, spread over twenty years, to sustain the Public Safety Microwave Radio System. Staff have allocated the annualized cost of the Public Safety Microwave/Radio System to users of the system based on common denominators that fairly represent use.

Staff requests that the Board, if it so desires:

- 1) Approve cost recovery model 2 as recommended by the IT Ad-Hoc.
- 2) Provide direction to staff on agencies the County will not pursue cost recovery associated with use of the system.
- 3) Provide direction to staff in order to develop a plan to communicate potential cost allocations and rationale for doing so with County Departments, external agencies and other interested parties.