

# FY 2019-2020 Budget Workshop

March 26, 2019



# Presentation Outline

- Purpose of this budget workshop
- Mid-Year Summary
- Review Prior Fiscal Goals
- Fiscal Year 18/19 Funding Priorities
- Fiscal Year 19/20 Funding Priorities
- Fiscal Year 19/20 Emerging Expenses
- Fiscal Year 19/20 Ongoing Initiatives & Priorities
- Developing FY 2019-2020 Goals and Priorities

# Budget Goals

In 2016, the Board of Supervisors identified budget goals and priorities, as focus areas in the development and implementation of the County budget. The goals and priorities include:

- **Fiscal Stability**
  - *Debt mitigation and elimination are a priority*
- **Financial Sustainability**
  - *Maintain the reserve policy*
  - *One-time revenue will not be used for on-going expenses*
- **Organizational Development**
  - *Investing in the Organization's future through the Leadership Initiative, succession planning, and recruitment and retention practices.*
  - *Identify and measure departmental performance metrics, including the balancing of location-based provision of county services*
- **Investment in Roads**
- **Economic/Business Development**
  - *Broadband*
  - *Permit Fee Waiver Program*
  - *Support New Housing Development*
  - *Grant Writer Program*
- **Support for Emergency Services**
- **Homeless Issues**
- **Support Community Partners**

# Mid Year Summary

FY2018-19 End of Year Projections

Budget Unit 1000 Surplus vs Top 10 Over-budget Departments/Programs

Budget Unit	Description/Department Name	2018-19 Revised Budget	2018-19 Quarter 2 Actuals	2018-19 End of Year Projections	Variance
1000	Non-departmental Revenue Total	(56,085,467)	(16,623,415)	(59,114,467)	3,029,000
1930	Teeter Plan Total	(1,500,000)	(142,353)	0	(1,500,000)
2310	Sheriff-Coroner Total	14,213,485	8,234,944	15,560,978	(1,347,493)
2510	Jail Total	9,939,126	5,672,590	10,512,452	(573,326)
2085	Alternate Defender Total	787,300	549,744	916,375	(129,075)
1210	County Counsel Total	628,984	787,196	748,628	(119,644)
2012	Court Collections - AB 233 Total	(714,500)	98,145	(637,090)	(77,410)
1810	Economic Development Total	572,414	237,485	646,980	(74,566)
2860	Animal Care Total	605,849	645,601	672,538	(66,689)
1320	Human Resources Total	1,227,532	1,042,514	1,275,162	(47,630)
2080	Public Defender Total	2,408,089	1,151,523	2,451,491	(43,402)

Total of Major Variances: (950,235)

Unallocated FY17-18 Carryforward: 420,190

SubTotal of All Variances: (530,045)

# Fiscal Year 18/19 Funding Priorities

- Sheriff's Office and Jail
- Juvenile Hall
- County Capital Improvement – Roofs
- IT Master Plan



# Sheriff's Office & Jail

- Department efficiencies:
  - New Professional Standards Bureau Manager was hired and Corrections Deputy moved into Professional Standards Bureau (PSB) to assist with the background processing.
    - RESULT: Reduced background investigation times & minimized need for outside (contracted) investigators.
  - Sheriff's focused on hiring of new Field/Corrections Deputy's
    - RESULT: Reduce overtime expenses due to minimum staffing
  - Sheriff utilized competitive bid process to obtain new vehicle vendor for patrol car builds
    - RESULT: No reduction in overall expenditures, but lower per vehicle cost will provide department more replacement patrol units at the same cost. Projected decreases to annual maintenance costs due to accelerated replacement schedule

# Juvenile Hall

- FY18-19 the department was allocated a NCC assignment of \$1 million
- At budget adoption, the Board of Supervisors allocated an additional \$1.2 million
  - Total of \$2.2 million for FY18-19
- For FY19-20 JH has been given a NCC assignment of \$1 million with the task to look for additional efficiencies and cost savings
- In November 2018 the Board directed fully funding JH. If additional cost savings cannot be found, the Board will re-direct general funds to JH

# Capital Projects

- Administration Center
  - Phase II of the Administration Center roof replacement will be put out to bid in the fall of 2019, with the roof replacement expected to begin in spring, 2020. The roof will be patched prior to next year's rainy season
- Jail
  - The Jail Programs/EOC building roof replacement will be put out to bid April 12 with a contract before the Board in June 2019
  - This roof replacement project is expected to be completed in the Fall-Winter 2019



# IT Master Plan

The IT Master Plan has identified the need for many critical infrastructure improvements/replacements as well as areas of improvement to increase efficiencies

- Sustainability
- Business process improvement initiatives
- Overall success is dependent upon the continued investment of the IT Master Plan.
  - **Recommended investment for FY19-20 is \$4,000,000**

# Fiscal Year 19/20 Funding Priorities

- Salary Increases – Labor Negotiations
- Real Property Acquisitions
- ADA Transition Plan
- Fire Recovery and Resiliency
  - Local Match
- Point Arena Veterans Hall



# Labor Negotiations

- With one exception, **ALL** current labor contracts with Mendocino County employee bargaining units are set to expire in calendar year 2019
- MOU between the County and the Mendocino County Public Attorneys Association (MCPAA) was set to expire on 12/31/2018
  - The MOU remains in effect while county is in active negotiation with MCPAA.

Bargaining Unit	Unit #	Employee Count*	Contract Status	Contract Start Date	Contract End Date
Confidential	404	22	Current	9/1/2017	6/30/2019
Department Heads	611	15	Current	9/1/2017	8/31/2019
DSA	202, 212	144	Current	7/1/2017	6/30/2019
Management	303	53	Current	10/1/2017	9/30/2019
MCLEMA	232	10	Current	7/1/2017	6/30/2019
MCPAA	715	28	In Negotiations	1/1/2017	12/31/2018
MCPEA	714	40	Current	10/1/2017	9/30/2019
SEIU	101	754	Current	7/1/2017	6/30/2019
Unrepresented**	631	37	Current	9/1/2017	8/31/2019
* Does Not Include Extra Help					
** Tied to Department Heads Bargaining Group					

# Property Acquisition and Liquidation

---

- New court house property acquisition
- Orr Street for Sheriff Substation
- Orchard Ave. for potential MHS
- Point Arena Veterans Hall

# ADA Transition Plan

Changes to the code as well as changes in the occupancy and use of many of the County buildings dictate the need to re-evaluate the County's ADA Transition plan

- Estimated cost: \$400,000

# Fire Recovery and Resiliency

## Grant Local Match

Hazard Mitigation Grants require 25% local match

- Early Warning Alert and Fuel Reduction
  - 6 Cameras
  - 14 Sirens
  - Fuel Reduction projects
- General Fund Match: \$500,000

# Fiscal Year 19/20 Emerging Expenses

- Climate Change



# Climate Change

- Formation and Structure of Climate action Advisory Committee
- Explore Funding Sources
- Initiate discussion with Mendocino County Resource Conservation District



# Fiscal Year 19/20 Ongoing Initiatives & Priorities

- Mental Health Treatment Act- Measure B
- Planning & Building Services
  - Directives & Priorities
- Future Investment into Cannabis Program
- Full Cost Recovery
- Potter Valley Water Project
- Labor / KOFF Study



# Mental Health Treatment Act Measure B

- Research options including design, bid and/or build potential properties and facilities locations
  - Crisis Residential Unit(s)
  - Crisis Stabilization Unit(s)
  - 24 Hour Psychiatric Health Facility

# Planning & Building Services

## BOS Directives & Priorities Change Request

- BOS Directive to review Cannabis 50 ft property line setback measuring from easement crossing private property (Request removal as addressed through Administrative Permit and Variance applications)
- BOS Directive to present “Special Circumstance” Fee Waivers (Request removal and maintenance of current BOS policy)
- BOS Directive to prepare report on how PBS fees developed (Discuss with BOS during 2019 budget presentation)
- BOS Priority to amend Inland/Coastal Vacation Home Rental Ordinances (Request deferral for one year)
- BOS Priority to Formalize previous BOS commitment that new construction at former Masonite site be exempt from property tax and retail sales tax for 10 years from date of construction
  - defer and consider when new development proposals are submitted for exemptions and require all economic assistance be justified through proforma analysis

# Planning & Building Services

## FY2019-20 Goals

- Integration of Cannabis Permitting Division in PBS Department
  - Reduce inefficiencies, barriers to permit issuance, and focus on eliminating fiscal deficit
- Oversee completion of Vineyard Crossing EIR
- Identify barriers to Gardens Gate development project
- Complete Housing Element and propose measures to reduce barriers to housing production
- Work with City of Ukiah to complete Ukiah Airport Comprehensive Land Use Plan
- Complete Cannabis Cultivation and Facilities Ordinance for Coastal Zone
- Complete Oak Woodlands Protection Ordinance
- Complete Coastal Accessory Dwelling Unit Ordinance
- Economic Development: Focus on fire recovery efforts and projects that will result in job creation and economic value

# Cannabis Program Transition

- Effective April 1, 2019 Cannabis Management will move out of the Dept. of Agriculture and become a division of Planning & Building Services
  - This will allow PBS to serve as a “one stop shop for inquiries and processing of all cannabis related permits and licenses”
  - A top-down analysis of Implementation of the cannabis accommodation district, looking forward to the Phase I re-opening, and Phase III opening the County has identified the need to change the cannabis management structure to increase efficiencies
  - Details for the re-opening of Phase I will be released soon by the Cannabis Program Unit regarding changes to the application process

# Cannabis Program Cost Summary

## Expenses not captured:

- Annual PRAs - 60 per year
- AdHoc meetings
- Community meetings
- Planning Commission meetings
- Board of Supervisors meetings
- Website management
- Well/water use permits
- Code enforcement fees/fines
- Workgroup meetings

Revenues	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 (Projected)
Ag/Cannabis Fees		\$ 1,247,718.00	\$ 383,258.00	\$ 364,095.10
PBS Fees	\$ 103,935.00	\$ 207,114.00	\$ 146,071.97	\$ 138,768.37
Tax Revenue		\$ 1,390,148.89	\$ 949,401.10	\$ 901,931.05
CDFA Contract		\$ 101,762.31	\$ 133,000.00	
Impact on court collection revenue			\$ (124,731.00)	
EH Fees	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues:</b>	<b>\$ 103,935.00</b>	<b>\$ 2,946,743.20</b>	<b>\$ 1,487,000.07</b>	<b>\$ 1,404,794.52</b>
Salaries & Employee Benefits	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 (Projected)
Agriculture	\$ 834,411.68	\$ 1,595,720.96	\$ 853,209.44	\$ -
Cannabis Unit				\$ 1,002,547.20
County Counsel	\$ 1,963.80	\$ 51,058.80	\$ 50,491.48	\$ 50,491.48
Executive Office	\$ 31,008.00	\$ 39,199.28	\$ 29,638.48	\$ 29,638.48
Human Resources	\$ 3,200.52	\$ 3,266.51	\$ 65.99	\$ 65.99
Planning & Building Services	\$ 498,717.00	\$ 799,825.00	\$ 540,906.00	\$ 524,678.82
Public Health/EH	-	\$ 47,971.10	\$ 37,495.92	\$ 37,495.92
Treasurer - Tax Collector	\$ 55,787.36	\$ 160,679.58	\$ 115,949.64	\$ 115,949.64
<b>Total Salaries &amp; Benefits:</b>	<b>\$ 1,425,088.35</b>	<b>\$ 2,697,721.23</b>	<b>\$ 1,627,756.95</b>	<b>\$ 1,760,867.53</b>
<i>Approximate staff hours</i>	<i>16,175</i>	<i>36,159</i>	<i>23,450</i>	<i>-----</i>
Services & Supplies	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 (Projected)
Agriculture				
Prof/Secp Svs - Other		\$ 45,000.00	\$ 9,000.00	\$ -
Tran/Travel				
Cannabis Unit				
Prof/Secp Svs - Other				\$ 25,000.00
County Counsel				
Executive Office				
Prof/Secp Svs - Other	\$ 86,333.33	\$ 19,500.83	\$ 126,615.83	\$ 150,000.00
Human Resources				
Planning & Building Services				
Tran/Travel	\$ 15,505.00	\$ 17,433.00	\$ 9,544.00	\$ 9,066.80
Office Expenses	\$ 27,974.80	\$ 25,373.54	\$ 41,342.21	\$ 39,275.10
Prof/Secp Svs - Other	\$ 177,807.00	\$ 331,078.00	\$ 215,806.00	\$ 177,000.00
Public Health				
Prof/Secp Svs - Other			\$ 50,000.00	\$ 50,000.00
Treasurer - Tax Collector				
Prof/Secp Svs - Other	\$ 83,240.00			
<b>Total Services &amp; Supplies</b>	<b>\$ 390,860.13</b>	<b>\$ 438,385.37</b>	<b>\$ 452,308.04</b>	<b>\$ 450,341.90</b>
Fixed Assets	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 (Projected)
Equipment - Vehicles	\$ 323,417.95			
<b>Revenues SubTotal:</b>	<b>\$ 103,935.00</b>	<b>\$ 2,946,743.20</b>	<b>\$ 1,487,000.07</b>	<b>\$ 1,404,794.52</b>
<b>Expenses SubTotal:</b>	<b>\$ 1,815,948.48</b>	<b>\$ 3,136,106.60</b>	<b>\$ 2,080,064.99</b>	<b>\$ 2,211,209.42</b>
<b>Total Net County Cost:</b>	<b>\$ 1,712,013.48</b>	<b>\$ 189,363.40</b>	<b>\$ 593,064.92</b>	<b>\$ 806,414.91</b>

# Full Cost Recovery

- Board gave direction on April 6, 2010 for staff to begin consider full cost recovery for County Services
- At December 4, 2018 Fee Hearing the Budget Team presented Full Cost Recovery for three departments
- While the Board accepted several of the Full Cost Recovery fee increases, several fees were reduced or rejected
- Staff was provided direction to prepare a future agenda item regarding Full Cost Recovery

# Full Cost Recovery (cont.)

- Budget Team is working with both CEO & COB to present an agenda item for review
- County Policy #47, Master Fee Schedule Policy does not define “Full Cost Recovery”
  - Policy last revised in 2010 and is in need of an update
- Full Cost Recovery (FCR) Definition:
  - FCR is the sum of direct costs plus departmental overhead costs plus external indirect costs calculated pursuant to the federal Office of Management and Budget Circular A-87 cost plan for the County.



# Potter Valley Water Project

- Board of Supervisor Action
- The County recognizes that the project is an important segment of our water supply infrastructure
- The County has committed to actively participate in the hydropower re-licensing process administered by the Federal Energy Regulatory Commission
- The County supports the Mendocino County Inland Water and Power Commission's desire to acquire the Potter Valley Project from PG&E.
- The County supports regional fisheries restoration efforts

# Labor / KOFF Study

- Comparison between the County's current Classification and Compensation system (Slavin) and a "Whole Job" system
- Comparison of Mendocino County's total compensation to other Counties
  - Internal Equity
  - Other Salary Adjustments
  - On going impact to the County's Budget

# Budget Goals

## Are the goals and priorities set for FY 18/19 still valid for FY 19/20?

- Fiscal Stability
  - *Debt mitigation and elimination are a priority*
- Financial Sustainability
  - *Maintain the reserve policy*
  - *One-time revenue will not be used for on-going expenses*
- Organizational Development
  - *Investing in the Organization's future through the Leadership Initiative, succession planning, and recruitment and retention practices.*
  - *Identify and measure departmental performance metrics, including the balancing of location-based provision of county services*
- Investment in Roads
- Economic/Business Development
  - *Broadband*
  - *Permit Fee Waiver Program*
  - *Support New Housing Development*
  - *Grant Writer Program*
- Support for Emergency Services
- Homeless Issues
- Support Community Partners

# FY 2019-2020 – Budget Workshop

## QUESTIONS?

