

FY 2019-2020 Budget Workshop

April 16, 2019



Introduction

Maintaining Balance is an Ongoing Challenge

(From Governor Newsom's Budget Summary)

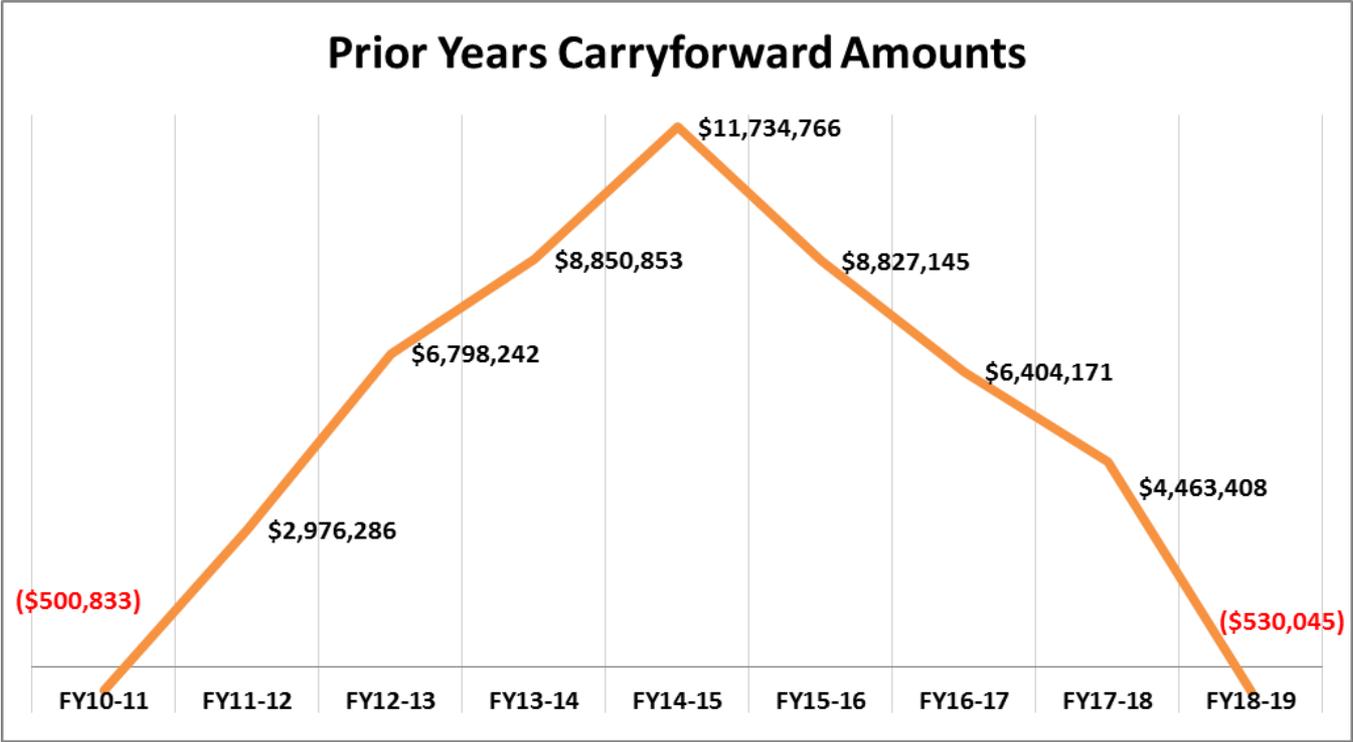
“Maintaining the fiscal health of the state is an ongoing challenge given its volatile revenue base and limited spending flexibility. The Budget demands constant attention to stay in balance.

Vigilance is especially needed this year given the length of the current economic expansion and federal uncertainty. The Budget takes a careful approach by allocating \$13.6 billion toward building more budget resiliency through paying debts and savings.”

Presentation Outline

- Purpose of this Budget Workshop
- Re-cap of Mid-Year Budget Report
- Review Goals Set on March 26, 2018
- March 26, 2018 Goals with Projected Expense
- Department Additional General Fund Requests for FY 19/20
- Areas of Risk
- Additional Funding Streams
- Board Direction

Narrowing the Gap



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)

Current Year General Fund Needs

Emerging Concerns

- Agriculture
 - Projecting over budget \$160,000
 - Integrated Wildlife Damage Management Program (IWDM) – Environmental Impact Report (EIR)
- Courthouse
 - Restroom Litigation Settlement \$200,000

Current Year General Fund Needs

Water Agency

- FY 2018-19
 - Quagga and Zebra Mussel Prevention Plan \$60,000
- FY 2019-20
 - Final payment of \$25,000 for Sonoma County Water Agency Cooperative Agreement for Mendocino County's share of USGS Model approved by Board in FY 16-17.
 - Mendocino County Membership for Russian River Watershed Association (MOU Agreement with County) \$23,000

Previous 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**

New Budget Goals

On March 26, 2018, 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**
- **Financial Sustainability**
- **Organizational Development**
- **Investment in Roads**
- **Economic/Business Development**
- **Support for Emergency Services**
 - **Disaster Recovery and Resiliency**
- **Homeless Issues**
- **Support Community Partners**

Budget Goals FY 19/20

- **Fiscal Stability**

- *Debt mitigation and elimination are a priority*

- *Orr Street Development for Sheriff Office*
 - *(Sheriff Funds plus General Fund)*
 - *New Jail Additional Costs Unknown*
 - *(\$2M General Fund plus \$25M State Funds)*
 - *Overall Facilities Improvements – Roofs (General Fund)*
 - *Facility Energy Efficiency Projects (General Fund)*
 - *Information Technology Infrastructure (General Fund)*

Budget Goals FY19/20

- **Financial Sustainability**

- *Maintain the reserve policy*

- *One-time revenue will not be used for on-going expenses*

- **Added by Board of Supervisors on March 26, 2019**

- *Cannabis Program Sustainability*

- *Juvenile Hall / Probation Sustainability*

Budget Goals FY19/20

- **Investment In County Roads**
 - *Board of Supervisors Directive to add General Fund for Corrective Maintenance*
- **Homeless Issues**
 - **Added by Board of Supervisors on March 26, 2018**
 - *Implementation of Marbut Report*

Budget Goals FY19/20

- **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*

- **Added by Board of Supervisors on March 26, 2018**

- *Operational Efficiencies – Data Driven Decisions*
- *Employee Salaries – Labor Negotiations*
- *KOFF Study*
- *ADA Transition Plan*
- *Sheriff Office Staffing for new mandated transparency reporting*
- *IT Master Plan*
- *Facility Preventative Maintenance (\$0.35 per square feet)*

Budget Goals FY19/20

- **Economic/Business Development**
 - *Support New Housing Development*
 - *Broadband*
 - *Grant Writer Program*
- **Added by Board of Supervisors on March 26, 2018**
 - *Use of Solar*
 - *Electric Vehicle Replacement*

Budget Goals FY19/20

- **Support for Emergency Services**
 - *Staffing support for Local Emergency Medical Services*
 - *Explore Emergency Medical Services Joint Powers Authority*
- **Added by Board of Supervisors on March 26, 2018**
- **Disaster Recovery and Resiliency**
 - *Emergency Preparedness*
 - *Emergency Access Routes*

Budget Goals FY19/20

- **Support Community Partners**
 - *Fire Districts*
 - *Resource Conservation District*
- **Added by Board of Supervisors on March 26, 2018**
 - *Potter Valley Water Project (FERC Project #77)*
 - *Climate Action Committee*
 - *County Service Area 3 (CSA3)*
 - *Other Special Districts/Agencies*

FY 19/20 Unfunded Budget Priorities

Financial Sustainability	\$ 3,714,100
• Cannabis Program Sustainability	\$ 800,000
• Juvenile Hall Sustainability	\$ 2,200,000
• Probation Sustainability	\$ 460,000
• Facilities - Preventative Maintenance (policy 33)	\$ 254,100
Organizational Development	\$ 9,550,000
• Operational efficiencies	- TBD -
* Data driven decisions	
• Employee Salaries & Labor Negotiations	\$ 5,000,000
* KOFF Study	
• ADA Transition Plan	\$ 400,000
• Sheriff Office - Mandate for Transparency (<i>staffing request</i>)	\$ 150,000
• IT Master Plan (<i>ongoing funding need</i>)	\$ 4,000,000
Economic/Business Development	\$ 780,000
• Solar / estimate to be covered by savings	- NET 0 -
• Electric vehicle replacement	\$ 780,000
Support for Emergency Services	\$ 3,000,000
• Local Emergency Medical Services, Staffing Support	\$ 500,000
• Disaster Recovery and Resiliency	\$ 2,500,000
* Emergency Preparedness	
* Emergency Access Routes	
Support Community Partners	\$ 445,000
• Potter Valley Water (<i>FERC project #77</i>)	\$ 150,000
• Resource Conservation District	\$ 145,000
• County Service Area 3 (<i>CSA3</i>)	\$ 150,000
Estimated Annual Cost:	\$17,489,100

Solar

- **AirCon presentation February 26, 2019**
 - *\$5,400,000 in improvements for County buildings*
 - *\$423,334 first year energy savings*
 - *Year 1 positive cash flow: \$88,802*
 - *12.4 years: payback period to recover the \$5,400,000*

Electric/Hybrid Cost Comparison

Vehicle Type	Fuel Type	Fuel Economy (City/Hwy)	Vehicle Cost Estimate	Annual Fuel Use	Annual Electricity Use	Annual Fuel/Elec Cost	Annual Operating Cost	Cost Per Mile	Annual Emmissions (lbs CO2)
Ford Focus All Electric	Electric	118/96 kWh (per 100 miles)	\$29,995	0 gal	31,505 kWh	\$5,954.00	\$8,780.00	\$0.30	17,949
Chevy Bolt All Electric	Electric	128/110 kWh (per 100 miles)	\$36,620	0 gal	35,056 kWh	\$6,625.00	\$9,451.00	\$0.32	19,972
2018 Chevrolet Volt 4cy 1.5L Automatic	Hybrid (Plug In)	43/42 mpg 29/34 kWh (per 100 miles)	\$33,220	336 gal	4,348 kWh	\$1,876.00	\$5,079.00	\$0.17	11,259
2018 Toyota Camry Hybrid LE 4cyl 2.5L Automatic (AV-S6)	Hybrid	51/53 mpg	\$27,800	567 gal	0 kWh	\$1,634.00	\$4,837.00	\$0.16	13,616
2018 Toyota Camry 4cyl 2.5L Automatic (S8)	Gasoline	29/41 mpg	\$23,495	886 gal	0 kWh	\$2,493.00	\$5,696.00	\$0.19	20,774
* Source: US Department of Energy									

FY 19/20 Department Requests

- Departments that have requested additional general fund above net county cost (NCC)

• Operational	\$2,567,000
• Facility Modifications	\$5,931,000
• Vehicle	\$1,637,000
Total	\$10,135,00

What are the areas of greatest risk?

Infrastructure Threat

- Capital Projects & Maintenance
 - Roofs, etc.
 - ADA Transition Plan
- IT Master Plan
 - County wide system failure
 - Public Safety communication failure
- Labor Negotiations
- Disaster Recovery and Resiliency
 - Public safety at risk
 - Communities unable to rebuild
 - Communities at risk of future disasters
 - County wide economic impact
- Full Cost Recovery
 - Loss of General Fund Revenue
- Mandated Core Services
 - Negative impact to community life and safety
- Potter Valley Water Project
 - Sever water shortage and economic impacts to Inland Mendocino County

What are the Desirable Service Enhancements

Enhancements

- Data Driven Decisions
- Cannabis Program
- Solar
- Electric Vehicle Replacement
- Resource Conservation District
- County Service Area 3

FY 19/20 Revenue Options for Unfunded Budget Priorities

1) Implement Cost-Cutting Measures

- * Hiring Freeze
- * No New Vehicle Purchases
- * No Funding to Outside Agencies

2) Provide Mandated Core Services Only

3) Increase Fees to Full Cost Recovery Level

4) Additional Funding Sources?

5) Use of General Reserves

Additional Funding Streams

- **Cannabis Tax**
 - Notices sent April 15th, 2019
 - Due May 31st, 2019
- **County Service Area 3 (CSA3)**
 - Special Tax
 - Property Based Fee
 - Parcel Tax
 - Special Benefit Assessment
- **Full Cost Recovery**
 - Re-visit Policy #47
- **Court Collection Fees**
- **Animal Control Fines/Citations**

Board Direction

- **What is the Board Direction for budget development?**
 - Infrastructure Risk
 - Fund identified areas of risk first
 - Mandated Services Only
 - Create Efficiencies as Funding Permits