

# Budget Workshop

## FY 2018-2019

April 24, 2018



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# Introduction

“Desperate Times Call  
for Desperate Measures”

-Mendocino County 2007-2012-

“The Financial Fate of  
Mendocino County ”

-???-


# Workshop Goals



- Update Board Goals and Priorities
  - Identify New Long-term Operational Expenditures
  - Prioritize Emerging Expenses
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# Presentation Outline



- Board Goals and Priorities
  - Emerging Expenses
  - FY 18-19 Revenue Projections
  - Planning for FY 2018-19
  - Staff Recommendations
  - Budget Schedule
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# Board Goals and Priorities

- Fiscal Stability
  - Debt mitigation and elimination are a priority
- Financial Sustainability
  - Maintain the reserve policy (6.35% of General Fund)
  - 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.



# Budget Development Priorities

- Investment in Roads
- Economic/Business Development
  - Broadband
  - Permit Fee Waiver Program
  - Support New Housing Development
  - Grant Writer Program
- Support for Emergency Medical Services
- Homeless Issues
- Support Community Partners
- Employee Compensation

# Planning for Emerging Expenses



- Fire Recovery
  - IT Master Plan
  - Cannabis
  - Facilities Improvements
  - Fleet Replacement
  - Jail Expansion Project
  - Property Acquisition
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# Fire Recovery FY 2017-18

- Estimated Total Budget Impact  
\$13,500,000
  - Initial Damages
  - Non Reimbursable Costs for Staff and Materials
  - Local Cost Share for Debris Clean Up
  - Tax Loss
- Grant Funding



# Fire Recovery FY 2018-19

- Expected Reimbursement from FEMA Public Assistance
  - Audit Preparation
- Grant Opportunities
- Tax Loss

# IT Master Plan

- Department needs Assessment
- Preliminary Plan
  - Business Process Improvement Initiatives:
    - Cannabis Program
    - Budget Development Process
- FY 17-18
  - \$1,274,302 total dedicated in IT Reserve this Fiscal Year for high priority/risk initiatives
- Five Year Plan Anticipated Funding
  - (Current Estimate \$17.5 million)

# Cannabis

- Cannabis Business Tax Projects
  - Adopted: \$1,708,849
  - Actuals: \$766,109 (as of 4/18/18)
- Cannabis Cultivation Program Fee Revenue
  - Adopted: \$1,079,750
  - Actuals: \$325,012 (as of 4/18/18)
- Business Process Development

# Cannabis Cultivation Permit Applications

Received	876	
Issued	118	
Approved	55	
Issued + Approved	173	19.7%
Withdrawn	30	3.4%
Denied	16	1.8%
Under Review	478	54.7%
In Queue	179	20.4%

# Cannabis Cultivation Permits By Type

	Issued	Approved	Total	%
Large Mix Light	46	26	72	41.6
Large Outdoor	32	12	44	25.5
Nursery	12	10	22	12.7
Cottage Outdoor	12	4	16	9.2
Medium Outdoor	6	0	6	3.5
Medium Mix Light	7	1	8	4.6
Cottage Mix Light	3	2	5	2.9

# Cannabis Cultivation Applications by Zone

Zoning	Applications	Issued/Approved	Withdrawn	Denied	Under Review	In Queue
Range	262	36	15	13	157	41
Upland	246	55	6	1	119	65
Rural	112	21	7	0	58	26
Agricultural	109	50	0	1	36	22
Timber	72	0	2	0	58	12
Forest	58	6	0	1	41	10
Industrial	12	4	0	0	7	1
Suburban	5	1	0	0	2	2



# Cannabis Program Updates



- Working Groups
  - Outreach and Events
  - Program Improvements
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# Facilities Improvements

- Roof Replacement & Repairs:
  - FY 17-18 Carry Forward: \$2,596,200
  - GF New: \$1,715,000
  - Non-GF: \$2,050,000
  - Total: **\$6,361,200**
- Capital Facilities Maintenance & Compliance:
  - FY 17-18 Carry Forward: \$403,854
  - GF New: \$1,340,000
  - Non-GF: \$555,000
  - Total: **\$2,298,854**

# Facilities Improvements Continued

- Major Projects/Capital Improvements:
  - FY 17-18 Carry Forward: \$368,500
  - GF New: \$1,412,500
  - Non-GF: \$1,045,000
  - Total: **\$2,826,000**
- Fire-Life-Safety/Modernization of Aging Facilities:
  - FY 17-18 Carry Forward: \$150,000
  - GF New: \$705,000
  - Non-GF: \$1,081,000
  - Total: **\$1,936,000**
- Energy Efficiency Retrofitting & Upgrades:
  - FY 17-18 Carry Forward: \$270,000
  - GF New: \$410,000
  - Non-GF: \$130,000
  - Total: **\$810,000**

# Fleet Replacement

- New GF:       \*\$828,000
- Non-GF:       \$290,000
- Total:           **\$1,118,000**

\*\$600,000 – vehicles for the Sherriff's Office

# Jail Expansion Project



- County Required Additional Investment:
    - \$1 Million in General Fund Revenue
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# Property Acquisition

- Orr Street Training Center/Patrol Unit:  
\$840,000+
- Court House Properties
- Measure B Mental Health Facility



# FY 2017-18 Discretionary Revenue Projections

## COUNTY OF MENDOCINO BY-1000 Revenue Forecast For Fiscal Year 2017-18

Revenue Description	Object	2013/14 Adopted Budget	2013/14 Actual	2014/15 Adopted Budget	2014/15 Actual	2015/16 Adopted Budget	2015/16 Actual	2016/17 Adopted Budget	2016/17 Actual	2017/18 Adopted Budget	2017/18 Actual thru 12/31/2017	2017/18 Projected Auditor
Current Secured Property Tax	821110	28,500,000	28,470,016	28,980,000	29,763,529	30,500,000	30,730,136	31,526,000	32,080,502	31,950,000	18,387,836	32,500,000
Current Unsecured Property Tax	821120	960,000	1,036,384	1,020,000	961,540	960,000	1,005,803	1,000,000	1,029,521	1,000,000	941,865	975,000
Current Supplemental Roll Taxes	821130	0	126,805	128,000	249,292	250,000	327,276	250,000	346,415	350,000	280,818	350,000
Prior Year Secured Taxes	821210	0	142,883	140,000	(12,096)	0	(2,731)	0	(8,680)	0	0	0
Prior Year Unsecured Taxes	821220	80,000	28,573	25,000	65,483	50,000	44,674	50,000	75,106	50,000	13,389	50,000
Penalties & Cost on Delinquent Taxes	821400	600,000	751,558	650,000	729,599	600,000	696,543	650,000	656,868	650,000	14,140	500,000
Sales and Use Tax - County 1% Share	821500	3,750,000	3,917,219	4,200,000	4,491,936	4,700,000	5,325,470	4,100,000	5,920,131	5,875,000	2,317,888	6,100,000
Sales and Use Tax - Public Safety	821510	6,700,000	6,558,646	6,700,000	7,049,260	7,200,000	6,888,143	0	0	0	0	0
Timber Yield Taxes	821600	210,000	240,504	250,000	334,076	300,000	381,912	325,000	344,086	375,000	494,337	500,000
Highway Property Rentals	821700	0	2,239	0	0	0	0	0	0	0	0	0
Room Occupancy Tax	821701	3,700,000	3,855,504	3,900,000	4,491,130	4,400,000	4,944,101	4,900,000	5,152,109	5,200,000	2,069,542	5,550,000
Property Transfer Tax	821702	420,000	446,610	450,000	521,472	500,000	791,430	600,000	656,145	600,000	360,857	700,000
Property Tax In Lieu of VLF Revenues	821704	10,007,487	10,007,487	10,180,000	10,203,634	10,517,000	10,516,886	10,750,000	10,812,410	10,950,000	0	11,300,000
Property Tax In Lieu of Sales Tax (Triple Flip)	821705	1,233,601	1,233,601	1,234,000	1,423,231	554,200	554,203	0	0	0	0	0
Williamson Act Replacement Tax	821706	460,000	442,987	440,000	458,533	450,000	487,555	480,000	522,064	525,000	267,992	500,000
Cannabis Business Tax	821707	0	0	0	0	0	0	0	79,868	1,708,349	388,815	850,000
Franchise Fees	822210	725,000	744,938	725,000	757,841	750,000	777,701	750,000	793,287	800,000	52,417	800,000
Forfeiture and Penalties	823300	0	41,518	0	2,221	0	0	0	0	0	0	0
Interest Income	824100	175,000	161,387	200,000	123,905	100,000	218,285	110,000	403,145	200,000	103,812	500,000
Motor Vehicle In Lieu	825150	0	32,434	30,000	31,306	30,000	29,876	30,000	33,047	35,000	0	35,000
SB90 Reimbursement (State Mandated Cost)	825398	0	1,502	347,070	347,070	0	0	0	0	0	0	0
Open Space Subvention (Williamson Act)	825454	0	0	0	0	0	0	0	0	0	0	0
Homeowner's Property Tax Exemption	825481	307,000	300,233	300,000	303,601	300,000	295,028	300,000	286,242	300,000	0	300,000
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	130,000
Federal Grazing Fees	825650	0	116	0	1,138	0	1,421	0	1,819	0	0	0
Federal Land In Lieu Taxes	825660	535,879	535,879	591,815	591,815	558,500	606,453	550,000	630,421	630,000	641,536	642,000
Federal Other	825670	1,000	1,278	1,200	1,337	1,300	1,301	1,200	1,349	1,350	92	1,000
Other Government Agency Revenue (County RDA return)	825810	65,000	168,553	0	0	0	0	0	0	0	0	0
Solid Waste Fee	826315	0	0	0	0	0	0	0	0	0	0	0
County Cost Plan Charges/Property Tax Admin Fee	826402	518,000	599,630	720,000	882,488	1,067,800	1,025,867	1,310,665	1,352,057	2,372,917	0	2,300,000
Prior Year Revenue	827400	0	0	0	2,678,496	223,000	264,979	0	6,408	0	0	0
Sale of Fixed Assets	827500	5,104	82,104	0	33,679	0	45,034	0	35,580	0	0	0
Other Sales	827600	0	0	0	0	0	0	0	0	0	0	0
Card Rebate Programs - Bank of America VISA	827700	4,000	23,485	35,000	59,093	56,700	58,322	55,000	87,521	75,000	20,187	80,000
Refund Jury & Witness Fees	827701	0	34	0	15	0	45	0	275	0	0	0
Donations	827707	0	0	0	0	0	0	0	0	0	0	0
Tobacco Settlement Funds	827715	780,000	773,492	770,000	765,727	765,700	757,118	760,000	778,697	760,000	0	760,000
Operating Transfers In (Mental Health A-87)	827802	453,000	448,033	386,558	205,525	138,100	138,190	0	0	0	0	0
<b>Total</b>		<b>60,320,071</b>	<b>61,305,633</b>	<b>62,533,643</b>	<b>67,645,875</b>	<b>65,102,300</b>	<b>67,041,020</b>	<b>58,627,865</b>	<b>62,206,394</b>	<b>64,537,616</b>	<b>26,485,523</b>	<b>65,423,000</b>

Prepared by Auditor-Controller

# Planning for FY 2018-19



- Operational Expenses
  - Employee Compensation
  - Emerging Expenses
  - Pension Costs
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# Organizational Strategies



- Consolidation
  - Enterprise Development
  - Regional Approaches
  - Privatization
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# Employee Compensation



- Labor Agreements
  - County-wide Employee Compensation Study
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# Financing Options

- Expenditure Reduction
- Reserve Utilization
- Debt Financing
- Road Tax
- Enterprise Development
- Grants

# Recommendations

- Direct Departments to Identify and Apply for Grants to Fund Projects
- Dedicate Discretionary Revenue to New Long-term Operational Expenditures:
  - County Disaster Recovery and Resiliency Planning
  - IT Master Plan



# Budget Schedule

- May 22 – Budget Workshop and 3<sup>rd</sup> Quarter Report
- June 5 & 6 – Budget Hearings
- June 19 – Budget Adoption

# Budget Workshop – FY 2018-19

## QUESTIONS?

