

Mid Year Budget Report FY 2018-2019

March 26, 2019





Introduction

- The legal cannabis industry was projected to bring in millions in revenue to Mendocino County.
- “Experts say the current cannabis market (including unregulated sales) in California is already worth about \$8.5 billion... bigger than the current three largest agricultural markets in the state: milk and cream (\$6.1B), grapes (\$5.6B), and almonds (\$5.2B).”*
- Mendocino County’s legal cannabis program is subsidized by the General Fund. The anticipated cannabis tax dollars and fees have not yet materialized.



Presentation Outline

- FY 2018-19 Budget Goals and Priorities
- FY 2018-19 Non-Departmental Revenue Projections
- Legislative Platform Report
- Cannabis Program Update
- Human Resources
- Risk Management
- Mental Health Treatment Act (Measure B)
- FY 2018-19 Budget Planning Directives Update
- FY 2018-19 Mid – Year Departmental Review
- CEO Recommendations to the Board



Board Goals and Priorities

- Budget Goals & Priorities
 - Fiscal Stability
 - Financial Sustainability
 - Organizational Development
- Budget Development Priorities
 - Investment in Roads
 - Economic/Business Development
 - Support for Emergency Services
 - Homeless Issues
 - Support Community Partners

Non-Departmental Revenue (BU 1000) Revenue Account Description	Account	2016/17 Adopted Budget	2016/17 Actual	2017/18 Adopted Budget	2017/18 Actual	2018/19 Adopted Budget	2018/19 Actual thru 12/31/2018	2018/19 Projected Auditor
Current Secured Property Tax	821110	31,526,000	32,080,502	31,950,000	33,595,380	33,000,000	18,918,043	34,000,000
Current Unsecured Property Tax	821120	1,000,000	1,029,521	1,000,000	967,268	1,000,000	998,280	1,000,000
Current Supplemental Roll Taxes	821130	250,000	346,415	350,000	440,066	350,000	493,417	500,000
Prior Year Secured Taxes	821210	0	(8,680)	0	0	0	0	0
Prior Year Unsecured Taxes	821220	50,000	75,106	50,000	(26,094)	50,000	33,410	50,000
Penalties & Cost on Delinquent Taxes	821400	650,000	656,868	650,000	949,794	650,000	12,458	600,000
Sales and Use Tax - County 1% Share	821500	4,100,000	5,920,131	5,875,000	6,382,048	6,100,000	1,828,077	6,500,000
Sales and Use Tax - Public Safety	821510	0	0	0	0	0	0	0
Timber Yield Taxes	821600	325,000	344,086	375,000	662,781	500,000	672,477	670,000
Highway Property Rentals	821700	0	0	0	0	0	0	0
Room Occupancy Tax (TOT)	821701	4,900,000	5,152,109	5,200,000	5,682,028	5,650,000	2,192,220	5,900,000
Property Transfer Tax	821702	600,000	656,145	600,000	668,839	700,000	330,802	600,000
Property Tax In Lieu of VLF Revenues	821704	10,750,000	10,812,410	10,950,000	11,340,056	11,300,000	0	11,797,000
Property Tax In Lieu of Sales Tax (Triple Flip)	821705	0	0	0	0	0	0	0
Williamson Act Replacement Tax	821706	480,000	522,064	525,000	487,259	550,000	319,310	580,000
Cannabis Business Tax	821707	0	79,868	1,708,349	1,296,125	1,050,000	398,971	1,100,000
Franchise Fees	822210	750,000	793,287	800,000	871,804	800,000	48,475	800,000
Forfeiture and Penalties	823300	0	0	0	0	0	0	0
Interest Income	824100	110,000	403,145	200,000	807,487	500,000	139,253	800,000
Motor Vehicle In Lieu	825150	30,000	33,047	35,000	39,161	40,000	0	40,000
SB90 Reimbursement (State Mandated Cost)	825398	0	0	0	0	0	0	0
Homeowner's Property Tax Exemption	825481	300,000	286,242	300,000	282,441	320,000	0	280,000
State Other: (State Roundabout Tax Shift)	825490	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Federal Grazing Fees	825650	0	1,819	0	930	0	0	0
Federal Land In Lieu Taxes	825660	550,000	630,421	630,000	641,536	640,000	810,909	811,000
Federal Other (US Mineral/Geothermal)	825670	1,200	1,349	1,350	92	1,000	0	0
Other Govt Agency Revenue (County RDA return)	825810	0	0	0	0	0	0	0
Solid Waste Fee	826315	0	0	0	0	0	0	0
County Cost Plan Charges/Property Tax Admin Fee	826402	1,310,665	1,352,057	2,372,917	2,467,399	2,600,000	3,885	2,600,000
Prior Year Revenue	827400	0	6,408	0	816	0	0	0
Sale of Fixed Assets	827500	0	35,580	0	0	0	2,000	2,000
Other Sales	827600	0	0	0	0	0	0	0
Card Rebate Programs - Bank of America VISA	827700	55,000	87,521	75,000	92,823	80,000	24,123	90,000
Complex Fire Backfill Revenue	827700	0	0	0	0	0	0	170,000
Refund Jury & Witness Fees	827701	0	275	0	35	0	0	0
Donations	827707	0	0	0	0	0	0	0
Tobacco Settlement Funds	827715	760,000	778,697	760,000	956,820	780,000	(27,162)	800,000
Operating Transfers In (Mental Health A-87)	827802	0	0	0	0	0	0	0
Totals:		58,627,865	62,206,394	64,537,616	68,736,895	66,791,000	27,328,948	69,820,000

Prop 172 Revenue Forecast

Public Safety Sales Tax *(Prop 172 only)*

Public Safety Sales Tax (Prop 172 only)	Account	2015/16 Actual	2016/17 Adopted Budget	2016/17 Actual	2017/18 Adopted Budget	2017/18 Actual	2018/19 Adopted Budget	2018/19 Actual thru 12/31/2018	2018/19 Projected Auditor
BU 1000 Non Dept.Sales and Use Tax	821510	6,888,143	-----	-----	-----	-----	-----	-----	-----
BU 2070 DA Sales and Use Tax	821510	-----	690,109	696,926	734,082	755,152	755,053	256,013	755,053
BU 2310 Sheriff Sales and Use Tax	821510	-----	2,943,421	2,972,689	3,131,042	3,216,947	3,198,741	1,091,896	3,198,741
BU 2510 Jail Sales and Use Tax	821510	-----	2,229,131	2,251,386	2,371,277	2,436,120	2,422,492	826,922	2,422,492
BU 2560 Probation Sales and Use Tax	821510	-----	672,465	679,001	715,208	734,763	730,796	249,357	730,796
Fire Agencies Sales and Use Tax	-----	-----	398,000	398,000	398,000	408,537	398,000	135,943	398,000
Total Prop 172 Funding:		6,888,143	6,933,126	6,998,002	7,349,609	7,551,520	7,505,082	2,560,130	7,505,082




State and Federal Update

- State Fiscal Outlook
- State Budget
 - Emergency Preparedness and Response
 - Homelessness
 - Health and Human Services
 - Transportation and Housing
- Federal Budget Update

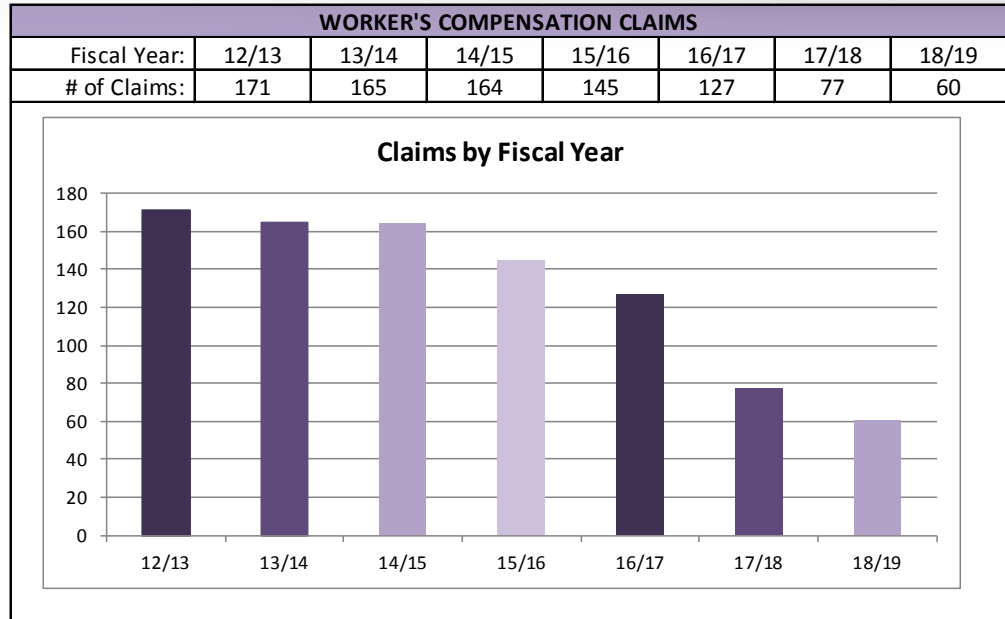
Human Resources Update

- County is in formal negotiations with Mendocino County Public Attorneys Association (MCPAA)
 - Current MCPAA Agreement expired in Dec 2018
- Deputy Sheriff's Association (DSA) has submitted formal request for information in preparation for negotiations
- County expects to begin negotiations with SEIU and Law Enforcement Mgmt (MCLEMA) imminently

County of Mendocino				
				
Status of Labor Contracts as of December 31, 2018				
Bargaining Unit	Employee Count*	Contract Status	Contract Start Date	Contract End Date
Confidential	22	Current	9/1/2017	6/30/2019
Department Heads	15	Current	9/1/2017	8/31/2019
DSA	144	Current	7/1/2017	6/30/2019
Management	53	Current	10/1/2017	9/30/2019
MCLEMA	10	Current	7/1/2017	6/30/2019
MCPAA	28	In Negotiations	1/1/2017	12/31/2018
MCPEA	40	Current	10/1/2017	9/30/2019
SEIU	754	Current	7/1/2017	6/30/2019
Unrepresented**	37	Current	9/1/2017	8/31/2019
* Does Not Include Extra Help				
** Tied to Department Heads Bargaining Group				

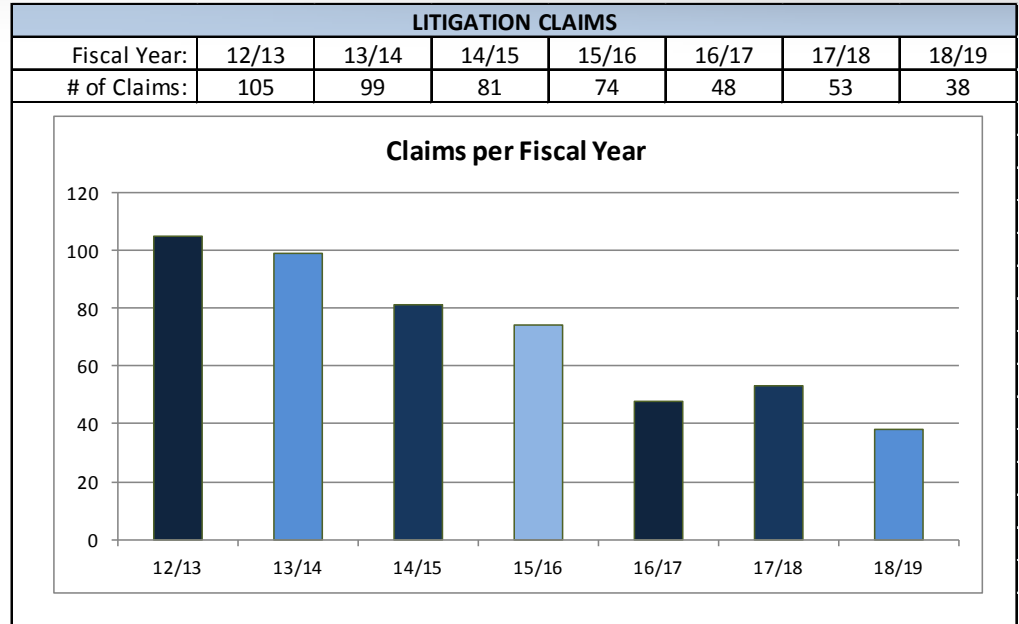
Workers Compensation

- Premium Reductions
- Loss Development Rate
- Loss Prevention Goals and Objectives



Risk Management

- Liability Premiums are on the Rise
- Claims Rate vs Amount/Claim
- Loss Prevention & Loss Control Measures





Cannabis Fiscal Summary

FY16-17 through Mid-Year FY18-19

TOTALS

- Salaries (*staff hours 76k*): \$5,750,566
- Services/Supplies: \$1,281,553
- Revenues: \$4,537,678
- **General Fund Subsidy:** **\$2,494,441**

Non-captured expenses:

- Public Record's requests – 60 per year
- AdHoc, Community, Planning Commission, BOS, and Working Group meetings
- Code Enforcement fees/fines
- Water Well Permits

Mental Health Treatment Act (Measure B)

- Board of Supervisors
Measure B
expenditures directive
- Adoption of Budget as
submitted by Measure
B Committee

2018-19 Fund 1224 Budget Unit 4052 Mental Health Act (Measure B) Recommended Budget Summary	
ACCOUNT DESCRIPTION	BUDGET
824100 Interest	-30,000
821500 Sales and Use Tax	-7,500,000
Revenue Totals	-7,530,000
862060 Communications	0
862150 Memberships	0
862170 Office Expense	2,000
862187 Education & Training	2,000
862188 Printing	1,000
862189 Prof/Spec Services	50,000
862190 Publications & Legal Notices	500
862230 Information Tech Equip	2,000
862239 Special Dept. Expense (MCSO staff)	20,000
862239 Special Dept. Expense	252,000
862253 Travel Out of County	2,000
2000 Series Totals	331,500
865802 Operating Transfers Out	1,000,000
5000 Series Totals	1,000,000
Measure B Revenue SubTotal:	-7,530,000
Measure B Salary & Expense SubTotal:	1,331,500
Measure B NET Total:	-6,198,500



FY 2018-19 Board Budget Planning Directives

- Use one-time revenue for one-time expenses
- All expenditures of Mental Health Treatment Act (Measure B) Funds must be approved by the Board
- Human Resources and County Counsel will explore the use of interns and volunteers
- Comprehensive evaluation of the County's vehicle fleet condition prior to purchasing additional vehicles
- Greater detail provided to the Board regarding facility modifications and improvements prior to approval
- Exploration of the use of solar at County facilities
- Greater evaluation of the proposed IT upgrades for a cost savings analysis
- Development of property acquisition options around the new courthouse
- Development of property liquidation options for the Willits Justice Center
- Pursuit of grant funding to generate additional County revenue
- Auditor to reflect Proposition 172 funds in the BU 1000 series table
- Executive Office develop options for an updated EMS model
- Treasurer – Tax Collector to review County online payment fee structure



Completed Directives

- Use of One-time Revenue for One-time Expenses
 - Standard Operating Procedure
- Proposition 172 funds incorporated in BU 1000
- Creation of the Cultural Services Agency
- Treasurer – Tax Collector review of County online payment fee structure
- Department Use of Interns and Volunteers

IT Master Plan

Budget & Overview

- December 2017 County began IT Master Plan Project
 - November 2018 Board approved IT Master Plan
 - Fiscal projections included \$20.7 million investment over 5 years
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IT Master Plan

Priority Projects Status

- March 2018 Board transferred \$670,364 from IT Reserves to fund priority/mission critical projects
- 13 High Risk Priority Projects Identified
 - 11 completed
 - 2 deferred until FY 18-19 due to funding
- Funding
 - Completed projects totaled \$584,600
 - Deferred projects totaled \$60,000
 - Overall 4% under budget

IT Master Plan

Completed Projects/Gains from FY 17-18

- Completed high risk projects in FY 17-18 included:
 - Replaced data center core 6513 switch with Cisco 3900
 - Upgrades to EOC including: workstations, displays, mobile server
 - MCSO data storage upgraded from 6TB to 70TB
 - Replaced 70+ batteries at all 16 County radio sites for extended capacity

IT Master Plan

Project Highlights

- November 2018 Board allocated \$1 million to IT Master Plan Projects
- 17 Initiatives, 20 projects including:
 - Desktop Computer Equipment Replacement
 - MCSO Vehicle Computer Upgrades and replacements
 - Technology enhancements and additions for EOC
 - Logging and Audit Trails for improved efficiency and Security
 - MCSO Network Firewalls for DOJ security requirements
- Recommended \$4 million investment for next fiscal year



Capital Improvement Projects

- Roofing Updates
 - Contract for jail roof – May 2019
 - EOC building roof out to bid in April 2019
 - Administration Center roof out to bid fall of 2019
- New Jail Building
- Status of Capital Improvement Projects



Facilities and Fleet

- Vehicle replacement policy
- Fleet condition analysis
- Facility modification evaluation process update
- Exploration of solar power

Solar

- AirCon presentation to Board of Supervisors on February 26, 2019
- Board Direction to proceed with facility audit and project development





Property Acquisition and Liquidation

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



EMS Model Development

- County staff working with stakeholders to review EMS models
- Board Dispatch AdHoc to renegotiate CALFire contract
- Staff to explore EMS JPA
- In competitive process for EOA ambulance provider



Grant Funding

- Water Agency
 - Groundwater Sustainability Plan
 - Storm water Management Plan
 - Trash Amendment grant application in partnership with Department of Transportation
- Recovery Grants *(see Fire Recovery slide 15)*
- Animal Care Tribal Outreach
- Economic Development
 - Friends of Liberty
 - Economic Recovery Specialist
 - EDFC, West Business Development Center



Health and Human Services Grants

HSA has applied for grants to bring valuable services to our community that the department would not be able to support otherwise. Services including but not limited to:

- Gang and Drug Prevention activities to the coastal community, especially after school activities
- Bicycle/pedestrian to support multi-modal forms of transportation
 - Program highlights the importance of sobriety no matter the mode of transportation
- SNAP-ED grant leads healthy eating activities in the community
 - Supports health events showcasing healthy recipes and 'Rethink Your Drink' campaign
- Whole Person Care Grant will provide services collaboratively with community partners to individuals with very complex health/social needs
- Medicated Assisted Treatment is a pilot project that will be implemented in the county jail and drug court
- SAMSHA grant will provide services to individuals experiencing homelessness with co-occurring disorders.



Fire Recovery

- Recovery Project Plan
- \$8,178,000 in recovery grants
- 2018 Mendocino Complex debris removal assistance
- \$2.5 Million need for a fire recovery reserve



Redwood Valley County Water District

- Fiscal management & overall Project Management is administered by the County
 - Phase 1
 - Project management, design and construction quality control will be provided by a contract with Brelje & Race Consulting Engineers (BRCE)
 - Phase 2
 - Primary construction due to begin late-2019



Roads & Transportation

- 2018 Statewide Needs Assessment Report and Pavement Condition Index
- Retrofitting and Reconstruction Projects
- State Transportation Improvement Program
- Corrective Maintenance
- Storm Damage Roads



Department Efficiencies

- Sheriff's Office
- Risk Management
- Trakit Configuration for cannabis
- Planning and Building
- Treasurer – Tax Collector
- County Counsel



Sheriff's Office

- Sheriff's Office Overtime
- Sheriff's Office Efficiencies
- County Jail Efficiencies
- Efficiencies impact on reducing the deficit in BU 2310 and 2510



Departmental Review

General Fund Departments Projected to Be Over Budget

- BU 1210 – County Counsel \$100,474
- BU 1810 – Economic Development \$74,980
- BU 2012 – Court Collections \$77,410
- BU 1320 – Human Resources \$47,630
- BU 2080 – Public Defender \$43,402
- BU 2085 – Alternate Defender \$129,075
- BU 2310 – Sheriff – Coroner \$1,347,493
- BU 2510 – County Jail \$779,342
- BU 2860 – Animal Care \$66,689

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)



Mid – Year Recommendations

- Accept the Fiscal Year 2018-19 Mid – Year Report
- Accept Adjustments as described in attachment A
- Adopt Resolution amending the current FY 2018-19 Adopted Budget

Mid Year Budget Report – FY 2018-2019

QUESTIONS?

