

Mid-Year Budget Report FY 2019-2020

March 10, 2020



Introduction

- In Fiscal Year 2018-19, the Auditor-Controller was able to project additional discretionary revenue at each quarter. This fiscal year the County is not seeing that continued trend at the end of 2nd quarter.
- As noted, in more detail within this report, the economy is stable but showing little growth. At the end of 2nd quarter all Koff and COLA's for FY 2019-20 had been implemented; however, there has not been enough experience with the increase and a study of the compaction issues has not been completed.
- At Mid-Year FY 2019-20 the Budget team notes, while most departments are doing well and are managing their 2000 series (operational expenses), several smaller departments are in need of additional funds.

Presentation Outline

- FY 2019-20 Budget Goals and Priorities
- FY 2019-20 Non-Departmental Revenue Projections
- Health Plan Update
- Risk Management
- Mental Health Treatment Act (Measure B)
- IT Master Plan
- Capital Improvement Projects
- Facilities
- Fire Recovery
- Redwood Valley County Water District
- FY 2019-20 Mid – Year Departmental Review
- **CEO Recommendations to the Board**

Board Goals and Priorities

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

For Non-Departmental Revenues, See Exhibit A

Employee Health Plan Update

- Over the last 6 years:

- 2014- 3% increase
- 2015- no increase
- 2016- no increase
- 2017- no increase
- 2018- no increase
- 2019- no increase

- Past 6 years of medical and prescription drugs paid claims are the following:

- 2014: \$10,148,643
- 2015: \$8,170,625
- 2016: \$9,875,025
- 2017: \$10,005,357
- 2018: \$11,263,737
- 2019: \$12,018,856

Employee Health Plan Update - Continued

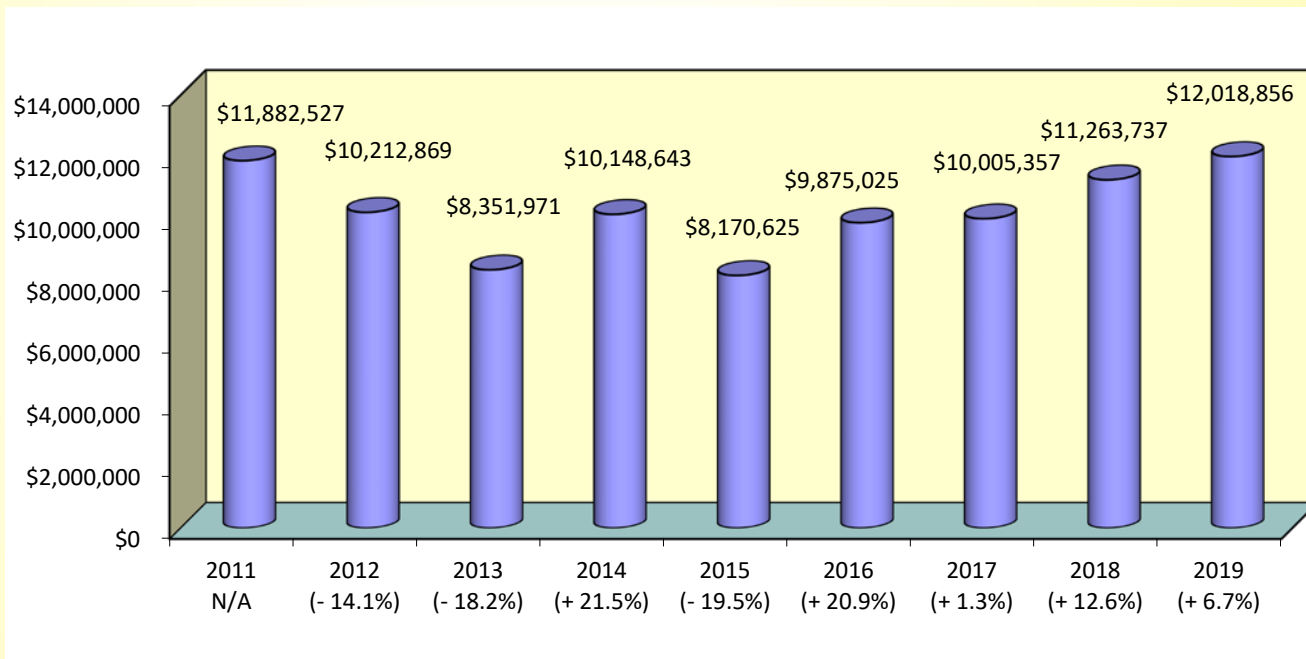
The County is proposing a 3% renewal increase to the Health Plan premium in the 2020 calendar year effective the first full pay period after the March 10, 2020 board meeting if approval received from the Board. The 3% increase is to account for the following:

- Possible ongoing large claimant expenses
- Medical and prescription drugs inflationary cost increase
- Administrative expenses such as Delta Health Systems and Anthem PPO network fees
- Health Plan reserve and meet the Board directed reserve requirement

The below table shows the estimated cost to the County and employee after the proposed 3% increase to the Health Plan premiums.

	2019	2020	Increase
County Cost	\$ 9,939,483	\$ 10,187,970	\$ 248,487
Employee Cost	3,313,161	3,395,990	82,829
	\$ 13,252,644	\$ 13,583,960	\$ 331,316

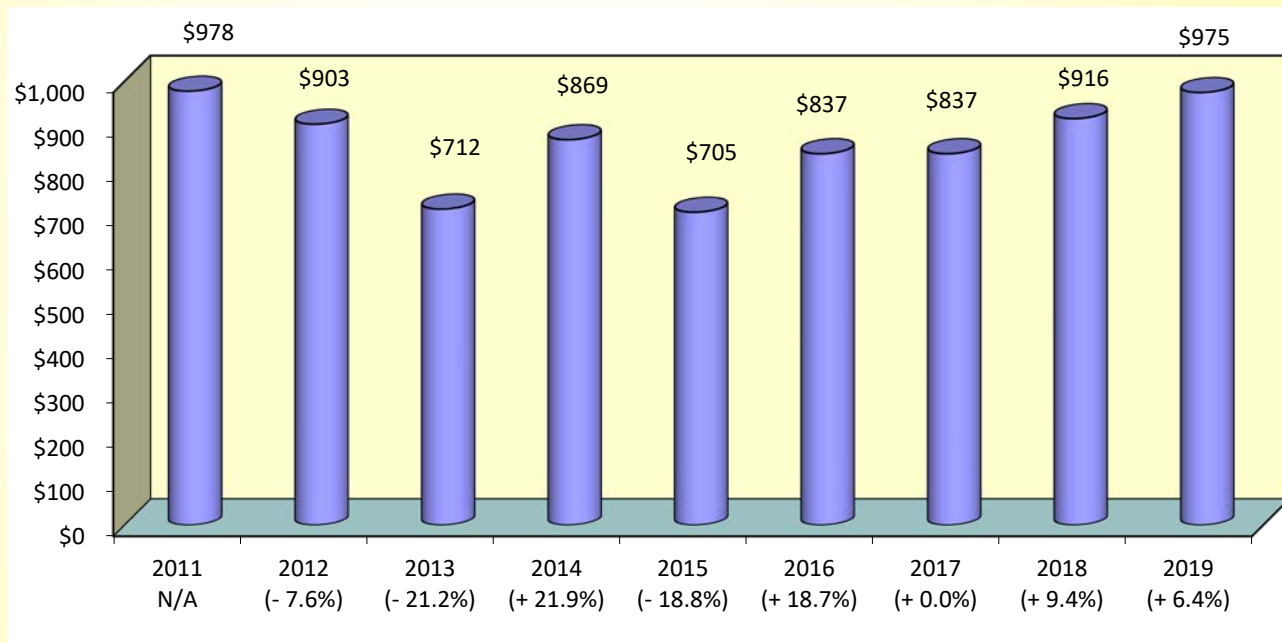
Total Paid Claims for Medical and Prescription Drugs



Yearly Change

(In 2013, Anthem JAA Network and KPPC Rx plans were implemented)

Average Paid Claims for Medical and Prescription Drugs

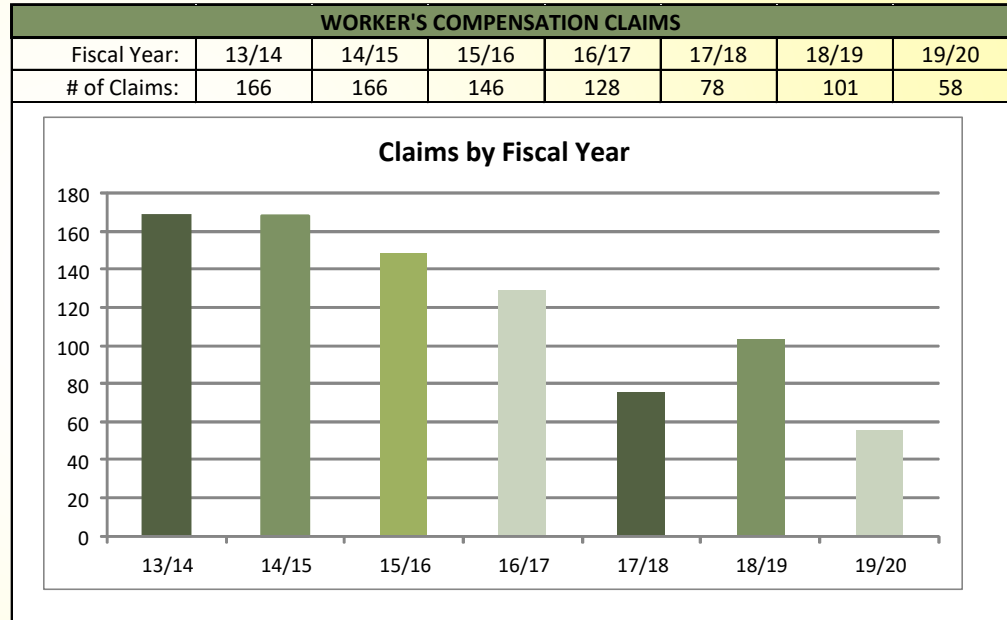


Yearly Change

(In 2013, Anthem JAA Network and KPPC Rx plans were implemented)

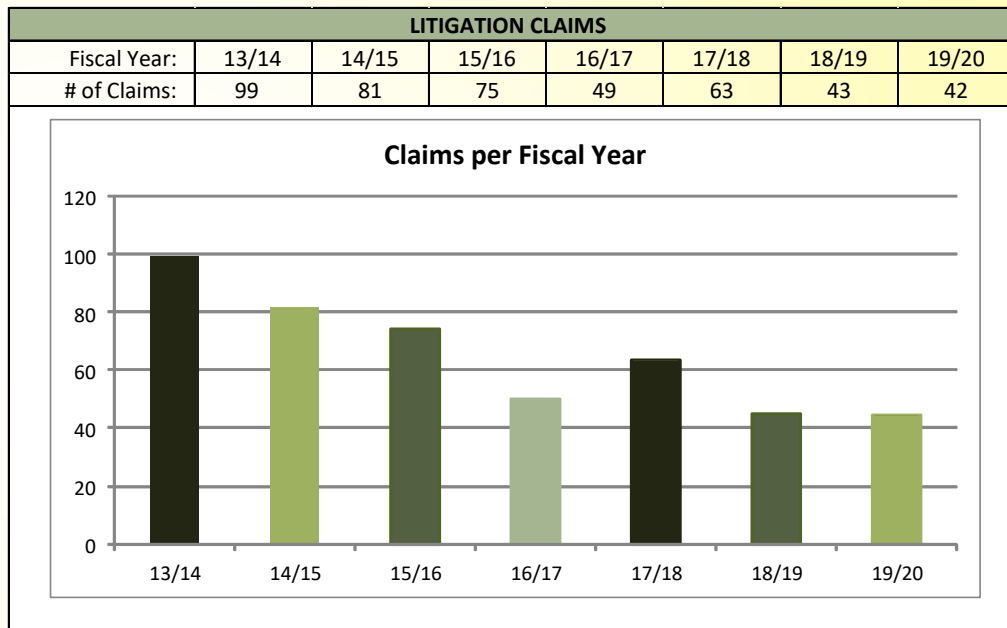
Workers Compensation

- 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



Mental Health Treatment Act (Measure B)

- Architectural Services Status
- Measure B Staff Unit
- County of Mendocino Regional Behavioral Health
Training Center

IT Master Plan - Budget & Overview

- Adopted by Board of Supervisors November 2018
 - 99 initiatives and \$20.7 million potential investment
- Total investment to date = \$5,929,474
- Fiscal Year 19-20 Projects include:
 - Microwave Phase 1 Repeater Replacement
 - Point Arena Radar Ring Expansion
 - Aumentum – Property Tax System Replacement Project
 - Munis Gap Analysis and Cannabis Reporting
 - Artificial Intelligence Based Security Monitoring
 - Staff Security Awareness Training
 - Next Generation Security Upgrades and Email Archiving
 - Computer Replacement and Office Software Upgrades
 - Wireless Network Phase II
 - Video Conferencing
 - Tyler Content Manager User Training

Capital Improvement Projects

- Administration Roof replacement, bids due April
- Replacement of an obsolete electrical panel at the Sheriff's Office - **Urgent Need**
- Electrical intersects out to bid for Admin Center PSPS preparations
- Treasurer-Tax Collector project completed this spring
- New jail

Facilities

- Securing 911 communications equipment facility will be a new project request
- Planning under way for permanent backup generator at Administration Center
- County of Mendocino Regional Behavioral Health Training Center, Redwood Valley Substation

Fire Recovery

- Over Excavation Remediation Mission
- Sonoma Clean Power - Residence Emergency Disaster Assistance - Checks issued:
 - 27 Building Materials/ Construction
 - 1 Engineer Plans
 - 37 Permanent and Temporary power pole installation
 - 5 Septic Restoration
 - 3 Water Tank Replacement
 - 44 Rent for two months or up to \$2,500
 - 11 Mortgage Payments
 - 1 Partial Manufactured Home Cost
- Community Evacuation Planning Pilot Project
- Hazardous Tree Removal
- Activities Next Quarter

Redwood Valley County Water District

- The project is in two phases:
- Phase I – Planning, Engineering, & Design
 - BRCE develops , in collaboration with Mendocino and Redwood Valley
- Phase II – Primary Construction
 - Expected to begin in early 2020
- Schedule for some design services have been delayed as a result of complications with Right of Way access to private property. Construction is planned to begin early 2020 and be completed in 2021 at cost of approximately \$6.25 million. Costs to the county are expected to be reimbursed at 100%. As with the engineering consultant contract; the construction contract will be administered by the County using grant funds or district funds as necessary.

Departmental Review

General Fund Departments Projected to Be Over Budget

➤ BU 2086 – Conflict Defender	\$114,600
➤ BU 2080 – Public Defender	\$107,777
➤ BU 1210 – County Counsel	\$91,893
➤ BU 2310 – Sheriff – Coroner	\$792,375
➤ BU 2510 – County Jail	\$677,422
➤ BU 2560 – Probation	\$166,485
➤ BU 2550 – Juvenile Hall	\$128,620
➤ BU 1710 – Capital Improvement	\$233,346
➤ BU 1610 – Facilities	\$116,955
➤ BU 2860 – Animal Care	\$230,767

Mid-Year Funding Requests

Financial Sustainability	
• Inland Water and Power Commission-Potter Valley Project Relicensing	\$ 25,000
• Publications and Online Research needs for County Council	\$ 16,893
• Sheriff Office Administration Electrical - Upgrade	\$ 233,346
• Goodin, MacBride, Squeri & Day Agreement - CPUC	\$ 75,000
Total Estimated Annual Cost:	
\$ 350,239	

Mid – Year Recommendations

- Accept the FY 2019-20 Mid – Year Report
- Accept Adjustments as described in Attachment A, B & C
- Adopt Resolution amending the current FY 2019-20 Adopted Budget



Questions?
Mid-Year Budget Review
FY 2019-2020