

COUNTY OF MENDOCINO

MAY BUDGET WORKSHOP

FISCAL YEAR
17-18



WORKSHOP OVERVIEW

- FY 2016-17 3rd Quarter Report
- Legislative Update
 - Transportation Funding
 - Governor's May Revised Budget
- FY 2017-18 Proposed Budget Update
- Pension Update
- TOT Revenue/Campgrounds
- Fire & EMS funding
- Cannabis Resources
- CDBG Update
- Capital Improvement Plan update
- Wrap-up & Recommendations

FISCAL YEAR
17-18



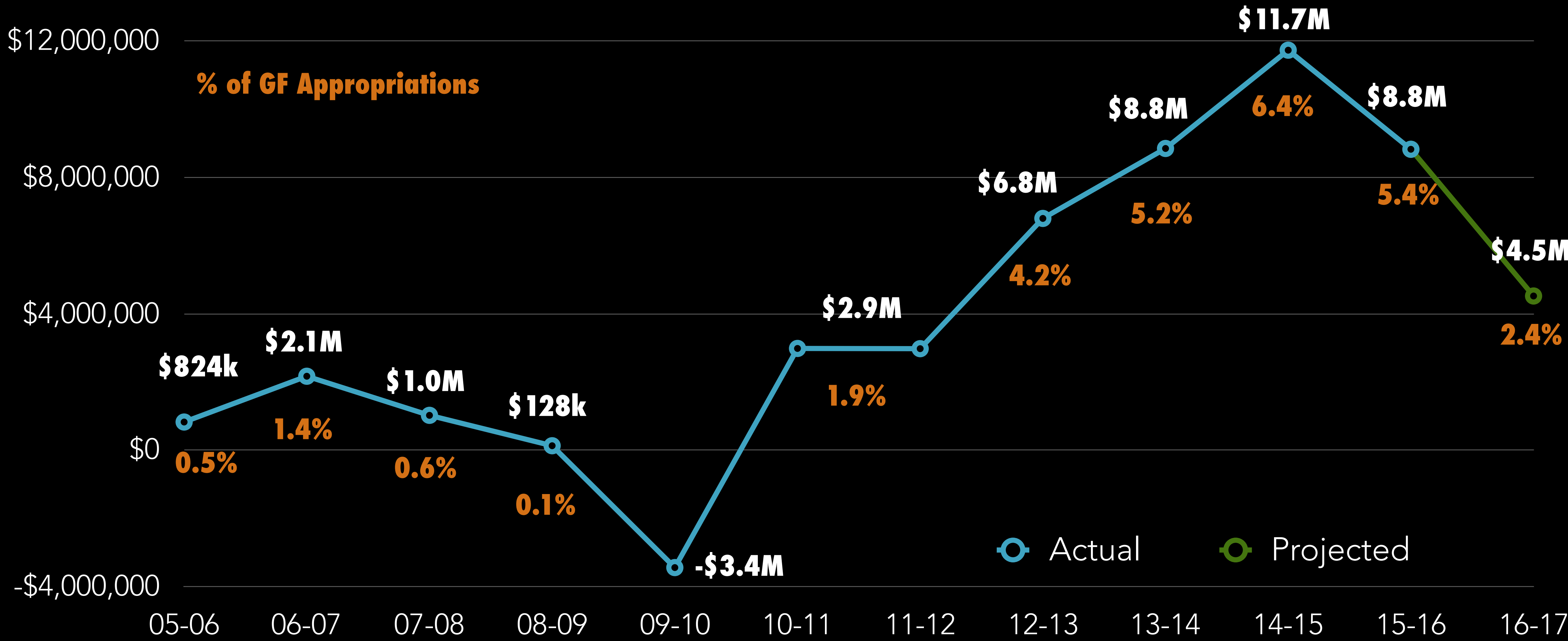
3RD QUARTER REPORT

- 3rd Quarter Projections
 - Departments Estimates - information available at the time
 - Projected number used to build FY 2017-18 budget
 - Projected carry forward amount - **\$4,522,038**



Revenue Description		2012/13 Adopted Budget	2012/13 Actual	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 thru 03/31/2017	2016/17 Projected Auditor
Current Secured Property Tax	821110	28,450,000	28,021,871	28,500,000	28,470,016	28,980,000	29,763,529	30,500,000	30,730,136	31,526,000	17,592,069	31,750,000
Current Unsecured Property Tax	821120	1,027,000	990,837	960,000	1,036,384	1,020,000	961,540	960,000	1,005,803	1,000,000	995,371	1,025,000
Current Supplemental Roll Taxes	821130	0	(141,357)	0	126,805	128,000	249,292	250,000	327,276	250,000	253,914	300,000
Prior Year Secured Taxes	821210	0	1,548,638	0	142,883	140,000	(12,096)	0	(2,731)	0	2,711	2,711
Prior Year Unsecured Taxes	821220	100,000	60,659	80,000	28,573	25,000	65,483	50,000	44,674	50,000	22,429	50,000
Penalties & Cost on Delinquent Taxes	821400	660,000	617,764	600,000	751,558	650,000	729,599	600,000	696,543	650,000	61,583	650,000
Sales and Use Tax - County 1% Share	821500	3,500,000	3,605,583	3,750,000	3,917,219	4,200,000	4,491,936	4,700,000	5,325,470	4,100,000	3,514,706	5,500,000
Sales and Use Tax - Public Safety	821510	6,000,000	6,368,096	6,700,000	6,558,646	6,700,000	7,049,260	7,200,000	6,888,143	0	0	0
Timber Yield Taxes	821600	250,000	262,473	210,000	240,504	250,000	334,076	300,000	381,912	325,000	297,861	350,000
Highway Property Rentals	821700	0	3,475	0	2,239	0	0	0	0	0	0	0
Room Occupancy Tax	821701	3,600,000	3,617,553	3,700,000	3,855,504	3,900,000	4,491,130	4,400,000	4,944,101	4,900,000	3,194,351	5,100,000
Property Transfer Tax	821702	400,000	395,302	420,000	446,610	450,000	521,472	500,000	791,430	600,000	455,315	600,000
Property Tax In Lieu of VLF Revenues	821704	9,882,962	9,882,962	10,007,487	10,007,487	10,180,000	10,203,634	10,517,000	10,516,886	10,750,000	5,406,205	10,812,410
Property Tax In Lieu of Sales Tax (Triple Flip)	821705	1,239,977	1,239,977	1,233,601	1,233,601	1,234,000	1,423,231	554,200	554,203	0	0	0
Williamson Act Replacement Tax	821706	500,000	455,051	460,000	442,987	440,000	458,533	450,000	487,555	480,000	287,558	500,000
Franchise Fees	822210	730,000	722,223	725,000	744,938	725,000	757,841	750,000	777,701	750,000	102,217	775,000
Forfeiture and Penalties	823300	0	0	0	41,518	0	2,221	0	0	0	0	0
Interest Income	824100	130,000	201,618	175,000	161,387	200,000	123,905	100,000	218,285	110,000	133,468	200,000
Motor Vehicle In Lieu	825150	0	39,189	0	32,434	30,000	31,306	30,000	29,876	30,000	33,047	33,037
SB90 Reimbursement (State Mandated Cost)	825398	0	250	0	1,502	347,070	347,070	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	305,000	306,713	307,000	300,233	300,000	303,601	300,000	295,028	300,000	143,121	286,242
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	118	0	116	0	1,138	0	1,421	0	0	0
Federal Land In Lieu Taxes	825660	489,300	489,299	535,879	535,879	591,815	591,815	558,500	606,453	550,000	630,421	630,421
Federal Other	825670	1,000	1,338	1,000	1,278	1,200	1,337	1,300	1,301	1,200	1,349	1,349
Other Gov't Agency Revenue (County RDA return)	825810	70,000	39,890	65,000	168,553		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	730,802	664,276	518,000	599,630	720,000	882,488	1,067,800	1,025,867	1,310,665	951,724	1,310,665
Prior Year Revenue	827400	0	0	0	0	0	2,678,496	223,000	264,979	0	4,428	5,000
Sale of Fixed Assets	827500	0	45,196	5,104	82,104		33,679		45,034	0	27,320	27,320
Other Sales	827600	0	0	0	0	0	0	0	0	0	0	0
Card Rebate Programs - US Bank & B. of America	827700	4,000	7,707	4,000	23,485	35,000	59,093	56,700	58,322	55,000	43,814	70,000
Refund Jury & Witness Fees	827701	0	15	0	34	0	15	0	45	0	275	275
Donations	827707	0	0	0	0	0	0	0	0	0	0	0
Tobacco Settlement Funds	827715	780,000	1,176,569	780,000	773,492	770,000	765,727	765,700	757,118	760,000	0	760,000
Operating Transfers In (Mental Health A-87)	827802	402,693	402,857	453,000	448,033	386,558	205,525	138,100	138,190	0	0	0
Total		59,382,734	61,156,139	60,320,071	61,305,633	62,533,643	67,645,875	65,102,300	67,041,020	58,627,865	34,285,258	60,869,430

FUND BALANCE CARRYOVER



3RD QUARTER REPORT

General Fund - Departmental Review

- BU 2310 Sheriff-Coroner (page #10)
- BU 2510 Jail (page #10)
- BU 2550 Juvenile Hall (page #10)
- BU 2710 Agriculture (page #11)
- BU 2851 Planning & Building (page #11)
- BU 5010 Social Services Administration (page #15)

Non General Fund - Departmental Review

- BU 4050 Mental Health (page #21)



LEGISLATIVE UPDATE

- Economic Outlook - Governor's *May* Revise
 - Modest improved fiscal outlook from January, but still down from 2016 outlook
 - Reverse some of State cuts proposed in January
 - Must prepare for tough budget times/recession ahead
 - Limit permanent spending increases
 - Assumes continuation of existing federal funding policy



LEGISLATIVE UPDATE

- Transportation
 - Beall - Frazier (SB1 & ACA5)
 - Stabilize existing funding
 - New funding - \$4.9 million avg. over 10 yrs.
 - Constitutional protection - 2018 election
- IHSS Funding
 - May Revise includes \$592.2 million to backfill \$623 million reduction
 - Long-term State commitment to IHSS cost share



BUDGET PREPARATION UPDATE

- Budget Conferences - April 3rd thru April 7th
- 3rd Qtr. Report - Establish projected fund balance for FY 17-18
- Add'l Board direction - May 15th
- Key Issues
 - Requests for additional GF dollars - \$13.4 million (25.4% over NCC Assignments)
 - Road funding
 - Cannabis program support & funding
 - Capital projects & fixed assets

FISCAL YEAR
17-18



BOARD GOALS & PRIORITIES

Budget Development Guidelines

- Maintain Current Levels of Service
- Invest in County Infrastructure
- Focus on Financial Sustainability and Identify Cost Savings Whenever Possible



BOARD GOALS & PRIORITIES

Board of Supervisors' Goals

- Fiscal Stability
 - One-time revenue will not be used for on-going expenses
- Financial Sustainability
 - Debt mitigation & elimination
 - Maintain reserve policy
- Organizational Development
 - Investing in our employees and 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

FISCAL YEAR
17-18



BOARD GOALS & PRIORITIES

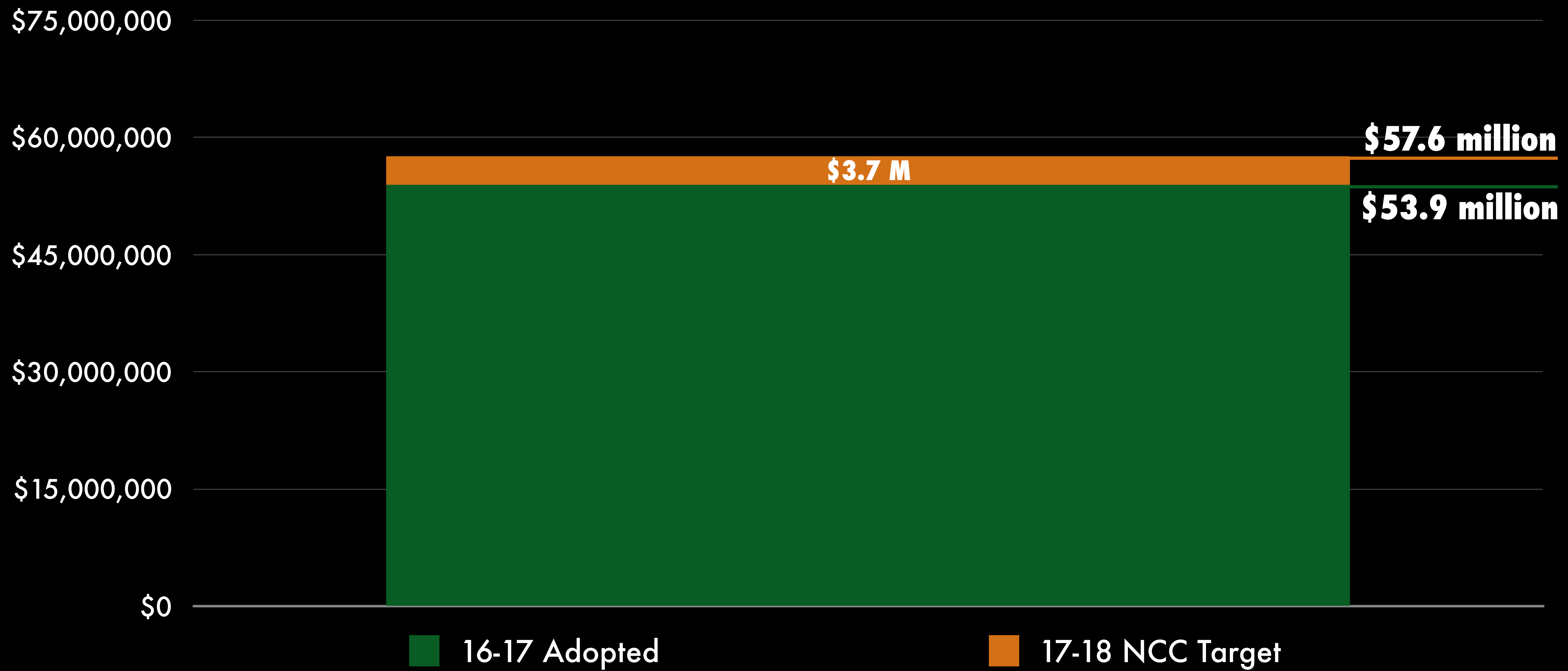
Board Budget Priorities

- 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

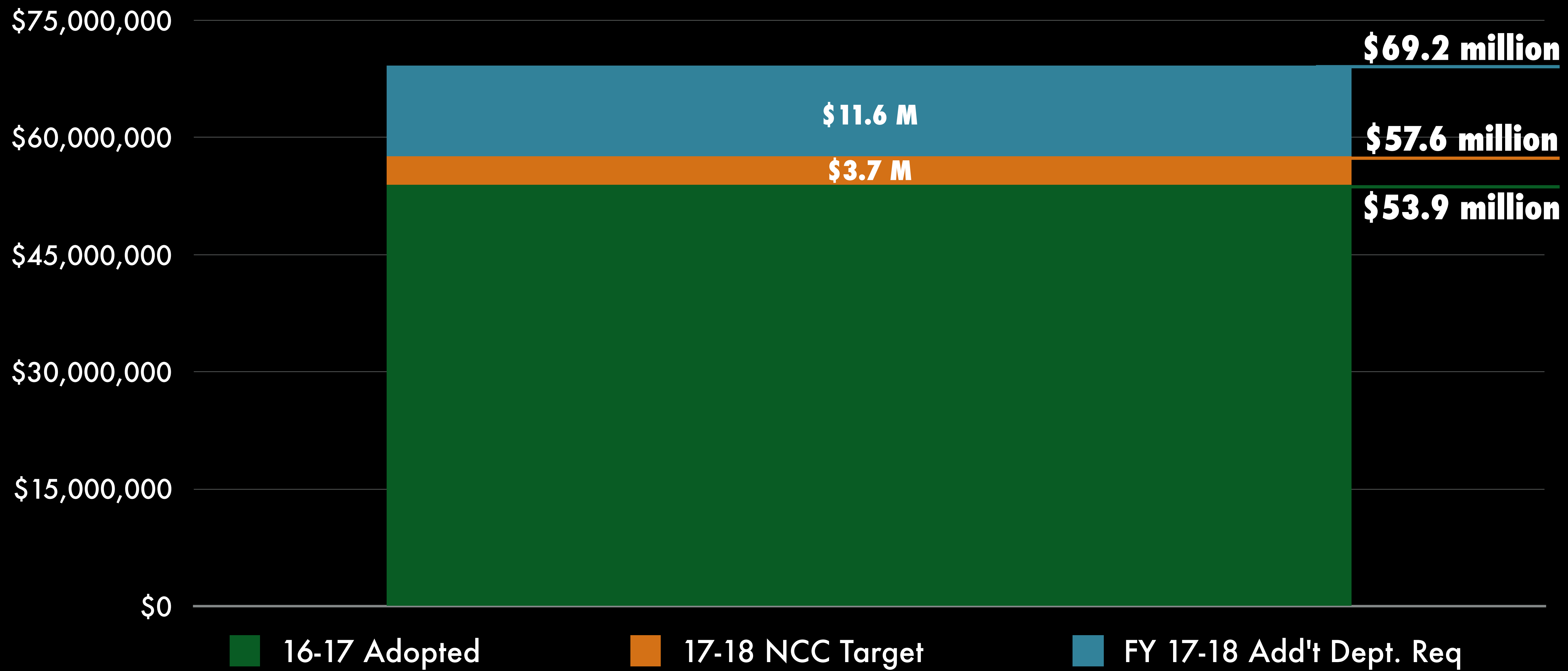
FISCAL YEAR
17-18



NCC ASSIGNMENTS & REQUESTS



NCC ASSIGNMENTS & REQUESTS



PENSION MATH

MCERA Cash Flow Analysis (\$,000)

Additions:		2016
Employer Contributions		19,174
Employee Contributions		5,719
Subtotal		24,893
Deductions:		
Benefit Payments		31,059
Administrative Expenses		1,185
Subtotal		32,244
Net Simplified Cash Flow		-7,350

PENSION MATH

MCERA Cash Flow Analysis (\$,000)

	2016
Additions:	24,893
Deductions:	32,244
Net Simplified Cash Flow	-7,350

PENSION MATH

MCERA Cash Flow Analysis (\$,000)

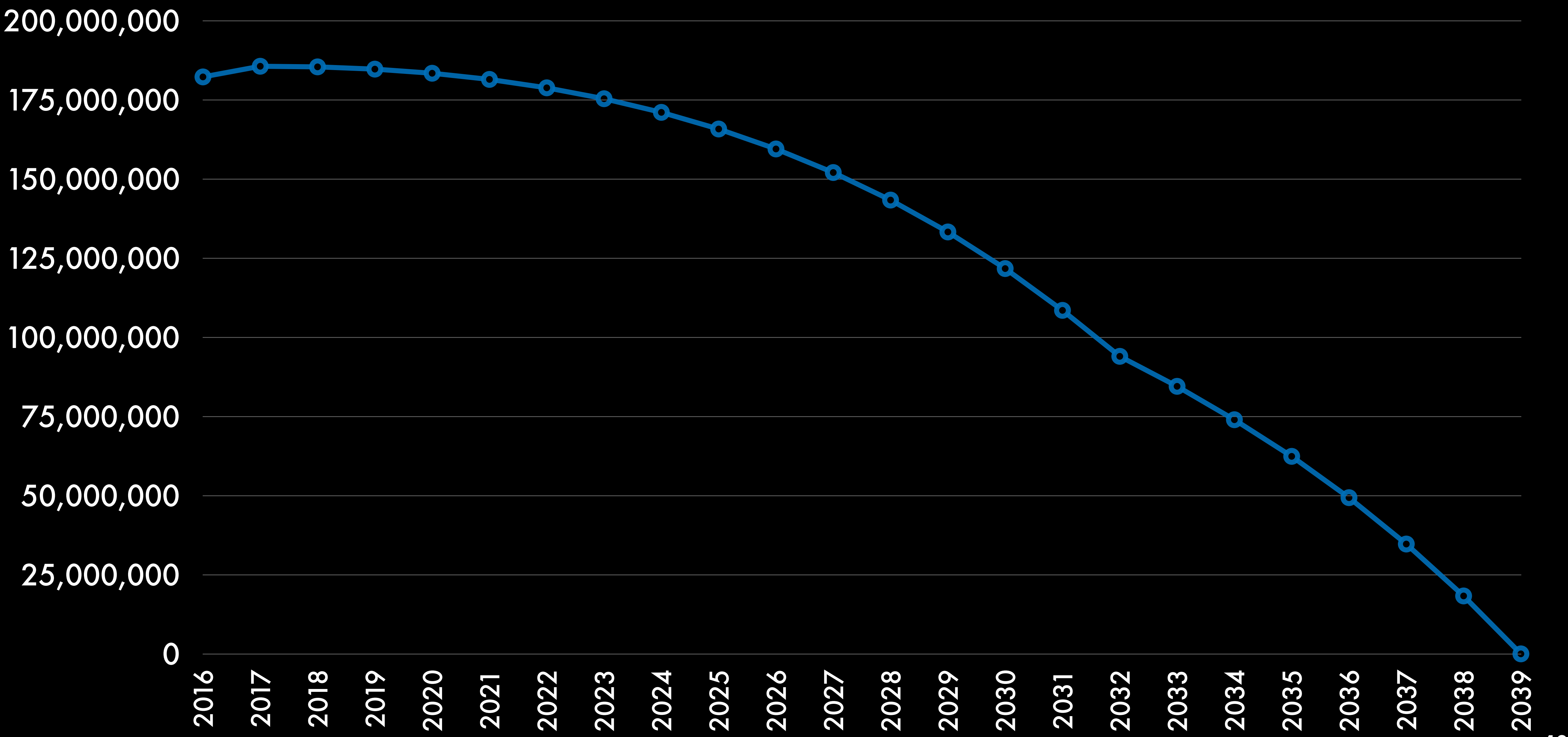
	2016
Additions:	24,893
Deductions:	32,244
Net Simplified Cash Flow	-7,350
Assets	426,223

PENSION MATH

MCERA Cash Flow Analysis (\$,000)

	2016
Additions:	24,893
Deductions:	32,244
Net Simplified Cash Flow	-7,350
Assets	426,223
Years (Assets/Simplified Cash Flow)	58.0

PROJECTED UAAL



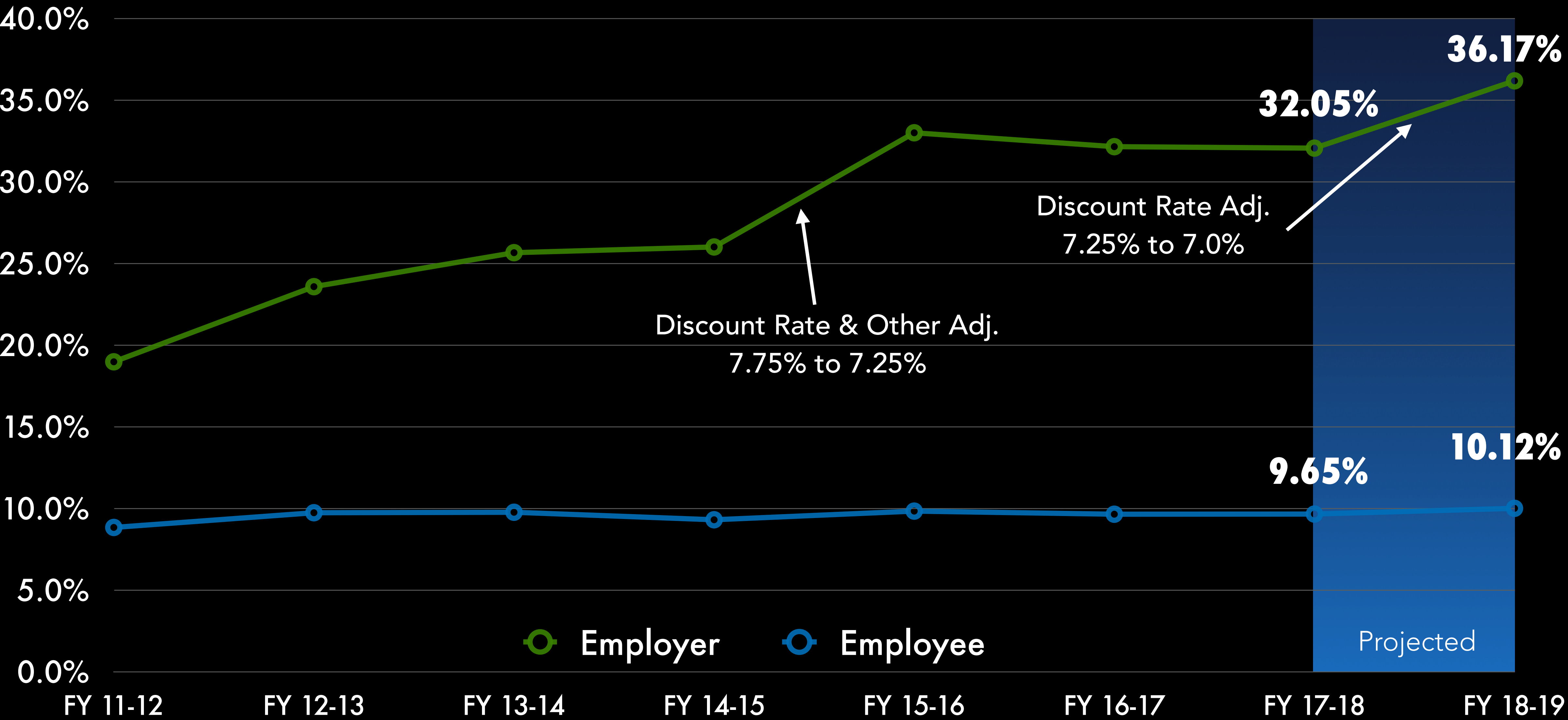
PENSION UPDATE

- Board of Retirement - 3-yr. Experience Study complete, adopted April 19th
- Key recommendations
 - Reduction of inflation rate from 3.25% to 3.0%
 - Reduction of assumed rate of return from 7.25% to 7.0%
 - Reduction of assumed “across the board” salary increases from 3.75% to 3.5%
- Impacts
 - Increase in UAAL of \$27.2 million
 - Increase in employer/employee contribution rates for FY 18-19

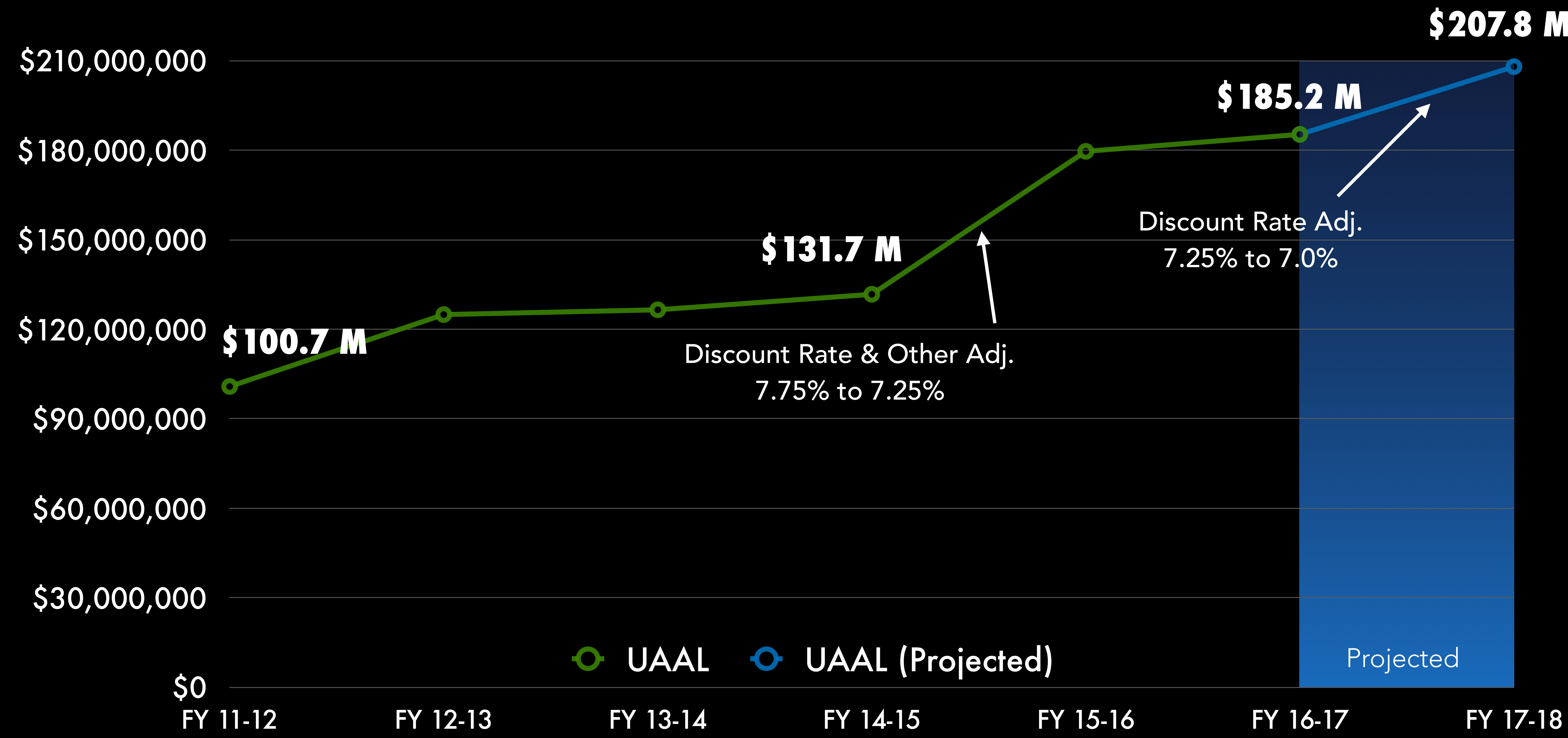
PENSION UPDATE

	FY 17-18		FY 18-19	
	Avg. Rate	\$	Avg. Rate	\$
Employer Contributions	32.05%	\$19,621,000	36.70%	\$22,099,870
Increase (from prior year)	-0.09%	-\$52,000	4.16%	\$2,478,870
Employee Contributions	9.65%	\$5,910,000	10.12%	\$6,183,320
Increase (from prior year)	0.01%	\$6,000	0.47%	\$273,320
Assumed Rate of Return	7.25%		7.00%	
Inflation Rate	3.25%		3.00%	
Avg. Real Rate of Return	4.65%		4.88%	
Expense Adjustment	-0.35%		-0.40%	
Risk Adjustment	-0.30%		-0.48%	

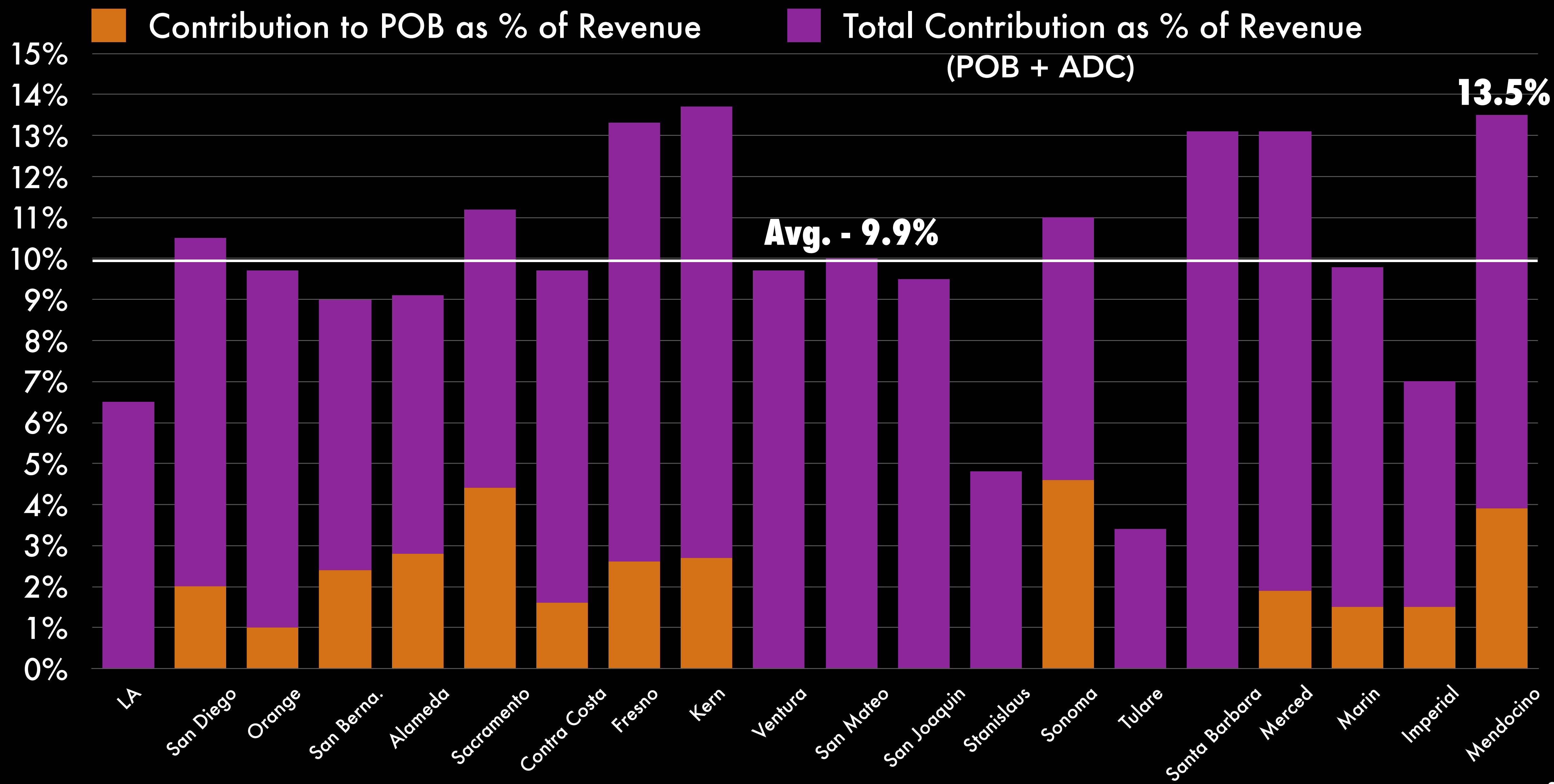
CONTRIBUTION RATE HISTORY



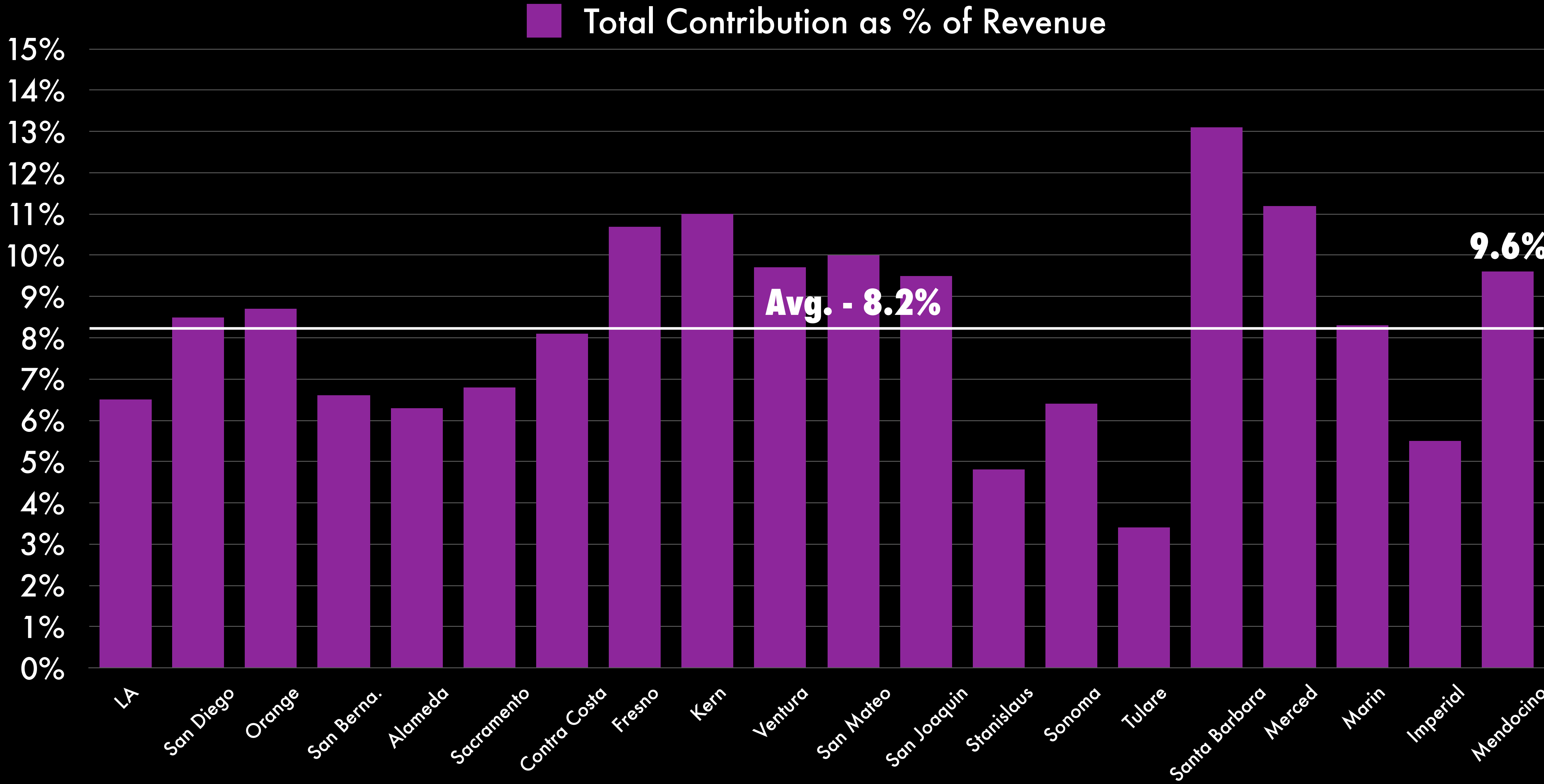
UNFUNDED LIABILITY - UAAL



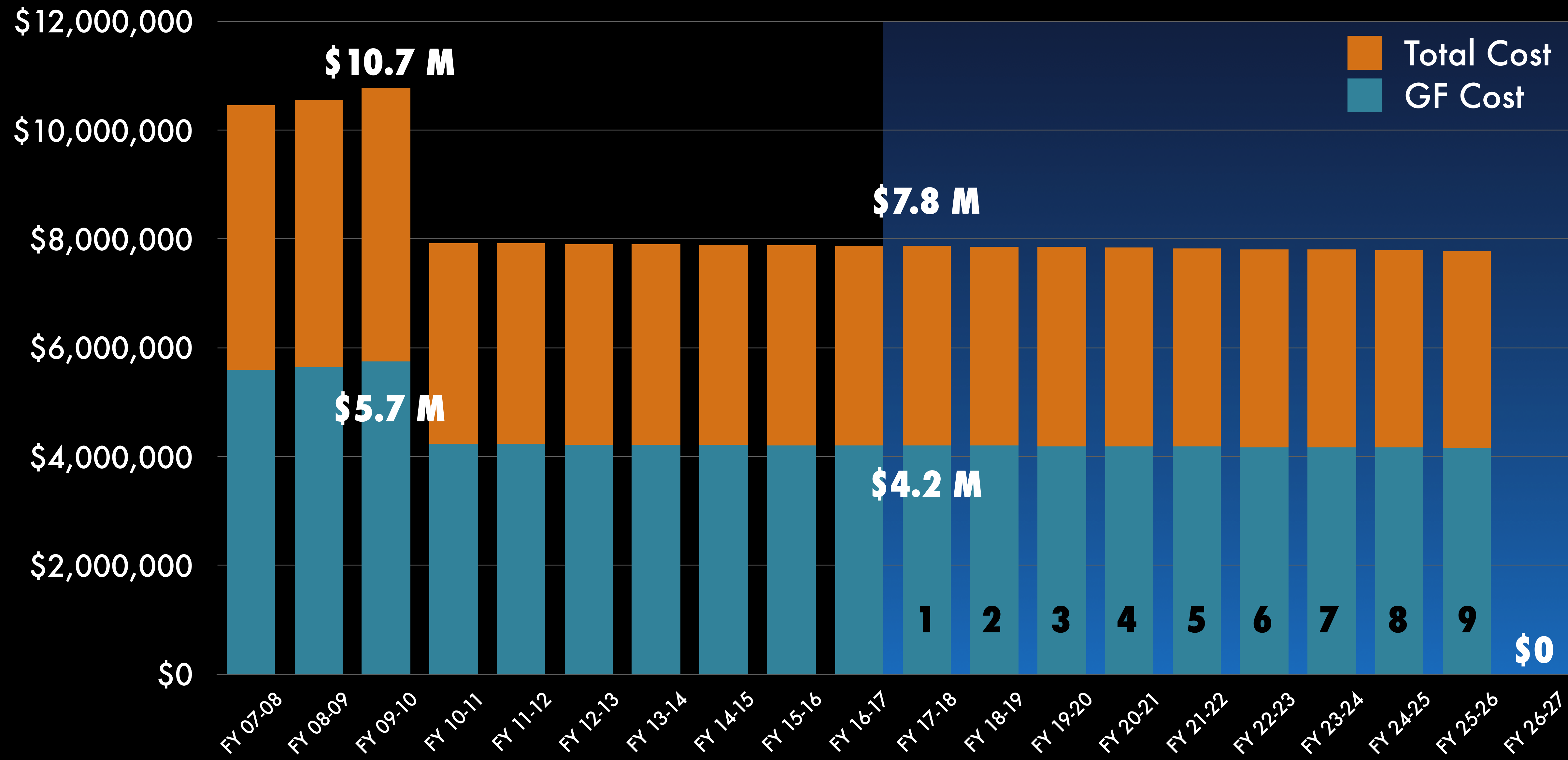
PENSION CONTRIBUTIONS - 1937 ACT



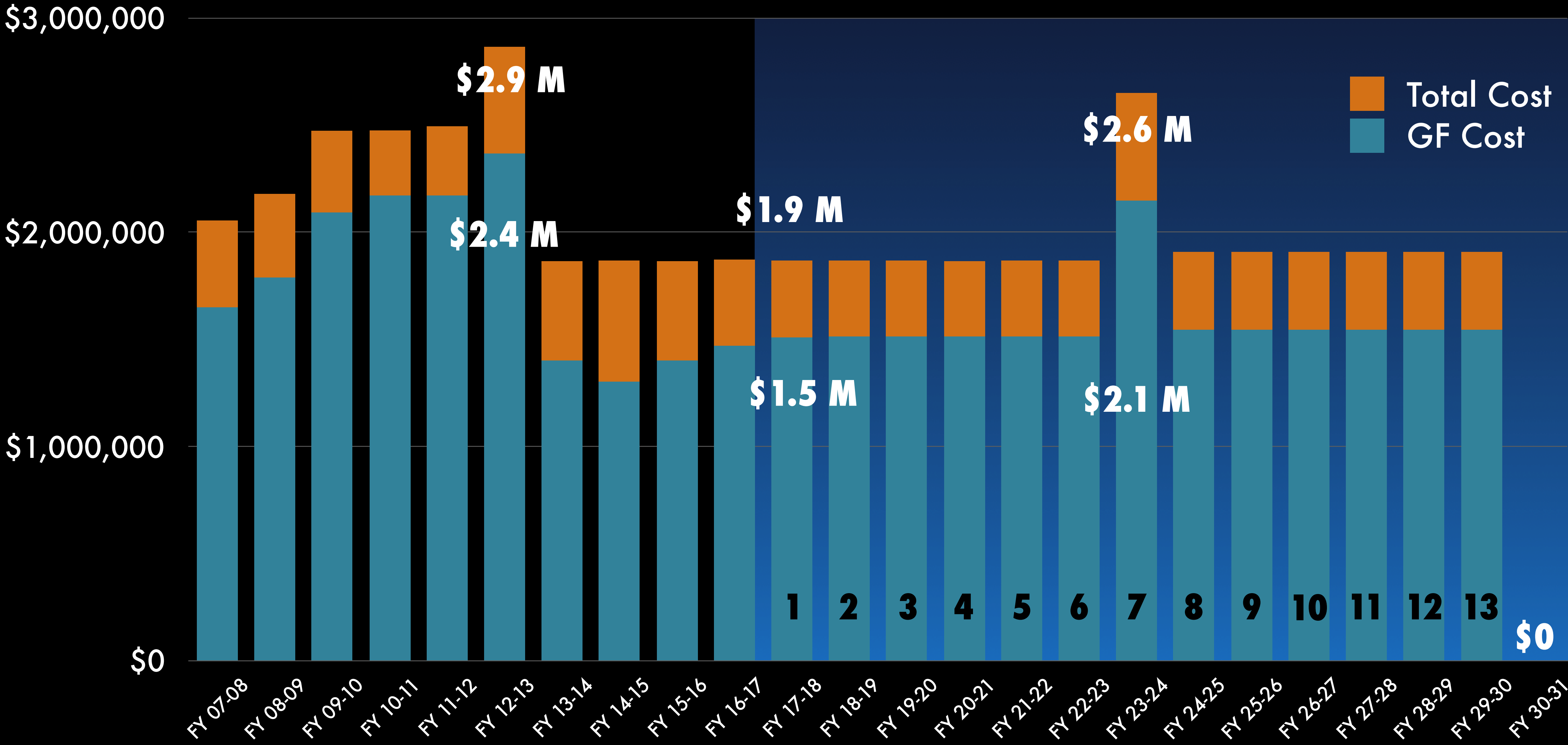
PENSION CONTRIBUTIONS - 1937 ACT



PENSION OBLIGATION BONDS



GENERAL OBLIGATION DEBT - COP



TOT REVENUE COMPLIANCE

- Short term rentals - *Host Compliance*
- Campgrounds - 27 private
 - Cabins/structures - approx. 130 private
 - Campsites - approx. 400 private sites
 - RV sites - approx. 1,050 private sites
- Collection of TOT for campsites/RV sites requires voter approval



TOT REVENUE COMPLIANCE

	Tent Sites	Avg. Tent Price*	RV Sites	Avg. RV Price*
Private Campsites	400	\$45.14	1,050	\$47.36
Public Campsites	350	\$27.27	280	\$29.29

* Price only includes the base price for private sites, and does not include additional optional charges.



FIRE & EMS FUNDING

- FY 2016-17 Budget Fire Agency Support
 - County pays cost of Fire/EMS dispatch contract (\$648,130)
 - \$398,000 additional direct support
 - \$175,000 GF
 - \$223,000 projected savings from dispatch contract (Prop. 172)
 - Agency payments ranged from \$8,000 to \$72,000
 - YTD dispatch costs higher than projected - True-up in FY 17-18 payments
 - Annual agreements



FIRE & EMS FUNDING

- Board Direction on FY 17-18 Funding
 - Fire Agency Support
 - Standing Committee recommendation - April 8, 2017
 - Maintain current level of direct support - \$398,000
 - Funded with Proposition 172 funds (based on a % of most recent year of actual receipts)
 - Direct Fire Agency Support - \$398,000
 - Fire Dispatch Contract Costs (56.1% of calls) - \$363,601
 - Total County Fire Agency Support FY 17-18 - \$761,601

FISCAL YEAR
17-18

PROPOSITION 172

	FY 16-17 Allocation	FY 16-17 %	FY 17-18 Allocation	FY 17-18 %
Sheriff	2,943,421	41.46%	3,018,660	42.52%
Jail	2,229,131	31.40%	2,286,175	32.20%
District Attorney	690,109	9.72%	707,695	9.97%
Probation	672,465	9.47%	689,470	9.71%
Fire Agency Support	564,874	7.96%	398,000	5.61%
Totals	7,100,00	100.00%	7,100,000	100.00%

FIRE & EMS FUNDING

- Board Direction
 - Standing Committee Recommendations
 - Advanced Life Support (ALS) grants

FISCAL YEAR
17-18



CANNABIS TAX

- Business Tax
 - Effective on cultivation May 2017
 - Cultivation - 2.5% Gross Receipts per cycle/minimum \$1,250 to \$5,000
 - Dispensaries - 5% Gross Receipts
 - Other businesses - \$2,500 flat amount
- Board Priorities for Use of Funds
 - Roads
 - Cannabis Enforcement
 - Mental Health
 - Fire/EMS Support
 - Public Awareness of Cannabis Impacts



CANNABIS TAX PROJECTIONS

- Cultivation Receipts Variables/Assumptions
 - # of permits
 - Type of permits (Type 1, Type 2, Type 3)
 - # for each permit type (CDFA Survey)
 - Yield (lbs. per plant and # of cycles)
 - Value (CA average values)
 - Projected Range - \$2.6 million to \$7.3 million
 - Minimum based on 600 permittees - \$2.1 million



CANNABIS TAX PROJECTIONS

- Dispensaries
 - Very limited current information
 - 12 existing dispensaries (11 remitting tax as of May 1st)
 - Projection - approx. \$300,000 to \$500,000
- Other Businesses
 - Minimal impact
 - Projection - \$250,000 upon ordinance adoption
- Total Projections
 - Minimum - \$2.5 million annually (600 permittees/12 dispensaries)



CANNABIS TAX PROJECTIONS

- FY 2017-18 Funding Priorities
 - Enforcement start-up costs - \$600,000 to \$700,000
 - Code Enforcement
 - County Counsel
 - Human Resources
 - Public Health
 - Roads funding - \$500,000 to \$1 million
 - Recommend no additional immediate financial commitments for cannabis tax



CDBG STATUS UPDATE

- PBS, with assistance from Community Development Service (CDS), is preparing Amendment No. 3 to the Standard Agreement with Housing and Community Development (HCD) to extend the grant period to September 2018 and update scopes of work with budget adjustments.
- The County has 14 activities to complete that have been approved by the Board and HCD; most require updated agreements to allow drawdown of Program Income on hand and open grant new monies.
- Progress has been delayed due to rule changes by HCD regarding how Program Income is to be expended before new grant monies can be requested.



BOARD APPROVED CDBG PROJECTS

Original Grant Funded Activities

1. Microenterprise Technical Assistance – WEST Company
2. Microenterprise TA- Activity Delivery – WEST Company
3. Direct Homebuyer Assistance (DHA) - CDC
4. DHA - Activity Delivery - CDC
5. Planning Study – Housing – CDC/CSU
6. Planning Study – Economic Development – CDC/CSU
7. General Administration – CDC/PBS

Supplemental Activities

8. Homeless Community Center-Acquisition of Land - RCS
9. Homeless Center- Building Rehabilitation - RCS
- 10.Sun House Senior Living Facility- Public Improvements - PEP
- 11.Pelican Bluff Coastal Access Trail - MLT
- 12.Town of Mendocino ADA Ramp - MCDOT
- 13.Willits Veterans Hall ADA Improvements – Facilities
- 14.Mill Creek Dam Fishing Platform – Facilities



CDBG PROJECT UPDATE

1. Microenterprise Technical Assistance

- WEST Company has been continuing their training and support for qualifying individuals for business training and business expansion

2. Microenterprise TA - Activity Delivery

- Administrative costs for providing training for the microenterprise program

3. CDC Direct Homeowner Assistance (DHA)

- Amend Sub-recipient Agreement to continue until end of grant period
- 4 loans completed with 1 to 2 more possible with remaining funding

4. CDC DHA - Activity Delivery

- Administrative costs of loan processing and marketing of DHA activities

5. Housing Condition Survey

- Completed and ready to present report to Board

6. Removing Barriers to Local Economic Development

- Completed and ready to present report to Board

7. General Administration

- Staff costs to administer the CDBG grant, complete requires reports, and support subrecipients and contractors

FISCAL YEAR
17-18



CDBG PROJECT UPDATE

8.RCS Homeless Community Center - Acquisition of Land

- New Agreement being written due to change of location and scope of work

9.RCS Homeless Center - Building Rehabilitation

- New Agreement being written due to change of location and scope of work

10.Sun House Senior Living Facility - Public Improvements

- NEPA completed, Release of Funds, Labor Standards approved by HCD and ready to payout once curb/gutter/sidewalk finished

11.Pelican Bluff Coastal Access Trail with ADA Accessibility

- Building Permits applied for by Mendocino Land Trust with work anticipated this summer through the California Conservation Corps

12.Town of Mendocino ADA Ramp

- Work completed, finalizing forms with DOT

13.Willits Veterans Hall ADA Improvements

- Work to begin this summer through contractor with Facilities

14.Mill Creek Dam Fishing Platform

- Work to begin this summer through contractors with Facilities

FISCAL YEAR
17-18



CAPITAL IMPROVEMENT PLAN

- Initial 5-yr CIP adopted in 2013
- FY 2017-18 Budget to include a new 5-yr CIP (2018-2022)
- CIP to also include:
 - Outstanding Deferred Maintenance Projects
 - Roads & Bridges
 - Major IT infrastructure
- Review of Draft 2018-2022 CIP
- CIP Adoption with FY 2017-18 Budget in June



COUNTY OF MENDOCINO

MAY BUDGET WORKSHOP

FISCAL YEAR
17-18

