

FY 2019-20 1st Quarter Report



November 19, 2019

Chief Executive Officer: Carmel J. Angelo

INTRODUCTION

"It's a pretty telling story. In the years leading up to the Great Recession, Mendocino County had less than \$6 million in all of its general fund reserves. Today Mendocino County has nearly \$24 million in those same general fund reserves. In the years leading up to the Great Recession, reserve funds outside of the general fund only totaled just over \$1 million. Today those same non-general fund reserves exceed \$13 million. Overall, Mendocino County's numerous reserves have grown from less than \$7 million in the years leading up to the Great Recession to more than \$37 million today, a growth of \$30 million in Mendocino County's various reserves.

When you combine this story with the story that Mendocino County has taken numerous steps to curtail future pension costs, eliminate its retiree healthcare costs, and secure new funding for County roads and other infrastructure, there is really no dispute that Mendocino County is in a substantially better financial position than at any other time in a generation."

~Supervisor Dan Gjerde



PRESENTATION OUTLINE

- FY 2019-20 Budget Adoption
- Board Goals and Priorities
- Legislative Update
- Local Economy
- FY 2018-19 Close Out
- Historical Carryforward
- Reserve Account
- 1st Quarter Dept. Watch List
- Urgent Funding Needs
- Public Safety Power Shutoff (PSPS) Update
- Microwave Cost Analysis
- Hiring Status
- Measure B
- Funding Options
- CEO Recommendations
- Future Budget Schedule



FY 2019-20 BUDGET ADOPTION

- Hiring Freeze with a potential \$1,000,000 savings
- Rainy day fund
- Salaries FY 2020-21 and beyond
- 6% reduction to 2000 series creating a \$2,000,000 savings
- Future efficiencies: (consolidation/reorganization)
(county population: county employee adjustments)
 - Do we have the right services today?
 - Do we have appropriate services for the public in 2020 and beyond?

BOARD GOALS AND PRIORITIES

- Fiscal Stability
 - Debt mitigation and elimination
 - New Jail additional costs unknown
 - Overall facilities improvements – Roofs
 - ADA transition plan
 - Facility energy efficiency projects
 - Information technology infrastructure
- Financial Sustainability
 - Maintain the reserve policy
 - One-time revenue will not be used for on-going expenses
 - Cannabis program sustainability
 - Juvenile Hall/Probation sustainability
- Organizational Development
 - Investing in the organization's future through the Leadership Initiative, succession planning, and recruitment/retention practices

BUDGET DEVELOPMENT PRIORITIES

- Organizational Development – Continued
 - Identify and measure departmental performance metrics, including the balancing of location-based provision of county services
 - Operational efficiencies
 - Employee salaries
 - KOFF Study
 - Criminal Justice staffing for new mandated transparency reporting
 - (SO, DA, PD, PR, JH, JA)
 - IT Master Plan
 - Facility preventative maintenance
- Investment in Roads
- Economic/Business Development
 - Support new housing development
 - Broadband
 - Grant writer program
 - Use of solar
 - Electric vehicle replacement

BUDGET DEVELOPMENT PRIORITIES

- Support for Emergency Medical Services (EMS)
 - Staffing support for Local Emergency Medical Services (LEMSA)
 - Explore Emergency Medical Services (EMS) Joint Powers Authority
- *Disaster Recovery and Resiliency*
 - Emergency preparedness
 - Emergency access routes
- Local Homeless Issues
 - Implementation of Marbut Report
- Support Community Partners
 - Fire Districts
 - Fire Safe awareness/forest management
 - Potter Valley Water Project
 - Climate Action Committee
 - County Service Area 3
 - Other special districts/agencies
 - Treasurer-Tax Collector to review County online payment fee structure

LEGISLATIVE UPDATE

- Federal and State Representatives
- State Propositions
- FY 2020-21 Legislative Session

LOCAL ECONOMY

- Regional Forecast
- California Economic Outlook
- Local Real Estate Trends

FY 2018-19 CLOSE OUT

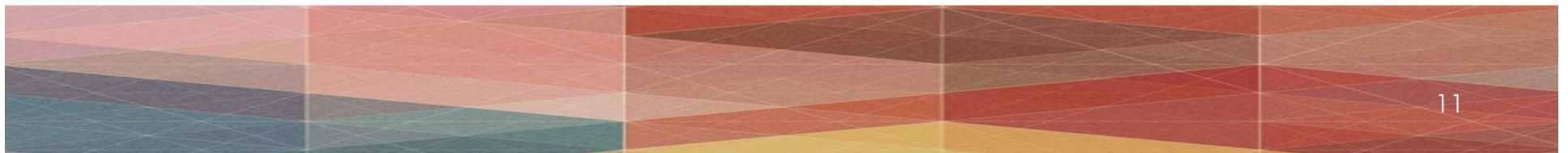
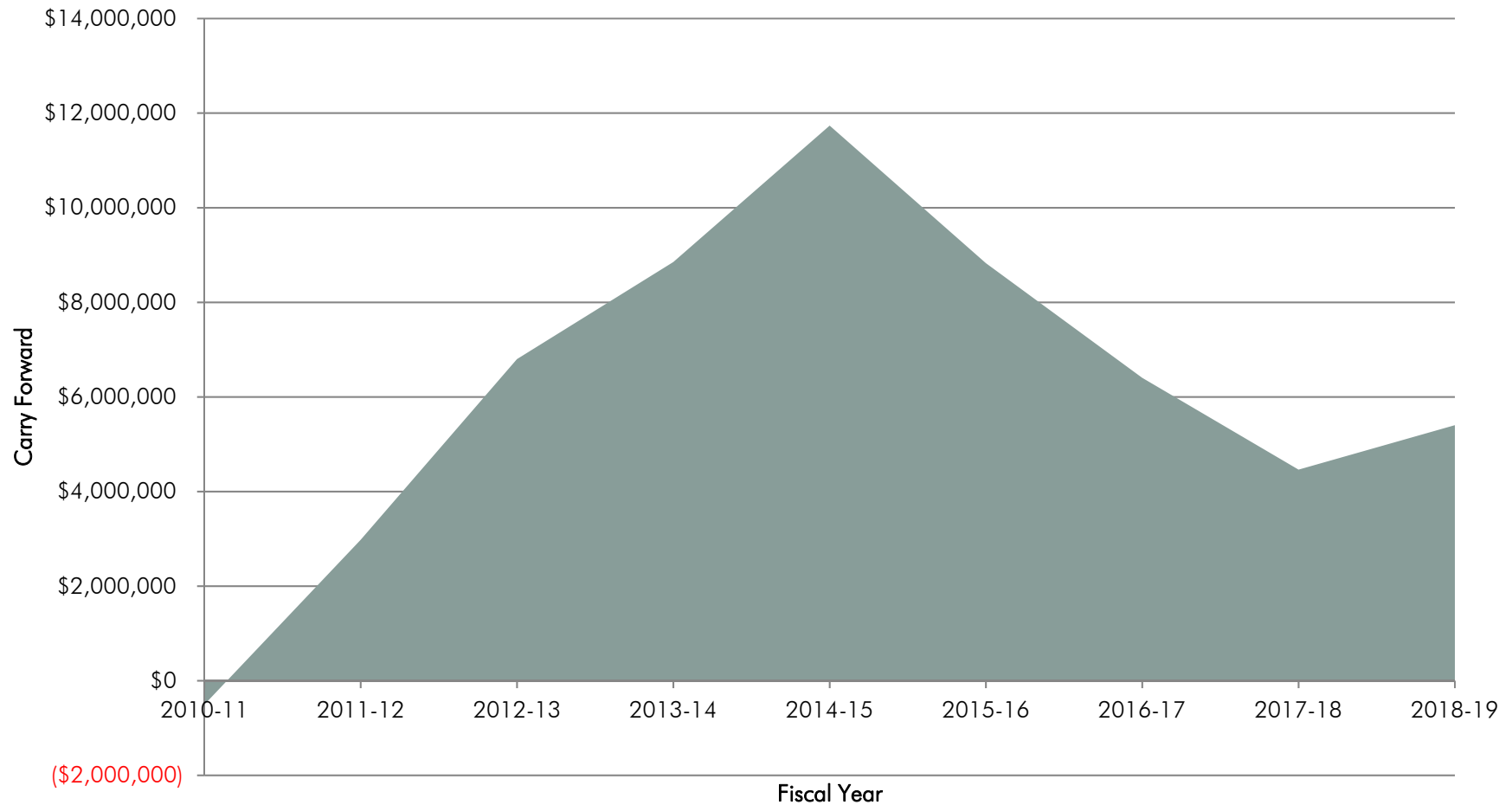
- Good News

- The final carryforward amount for FY 2018-19 is \$5,440,285
 - Cannabis Tax income exceeded the projected revenue by \$1,500,000

- Bad News

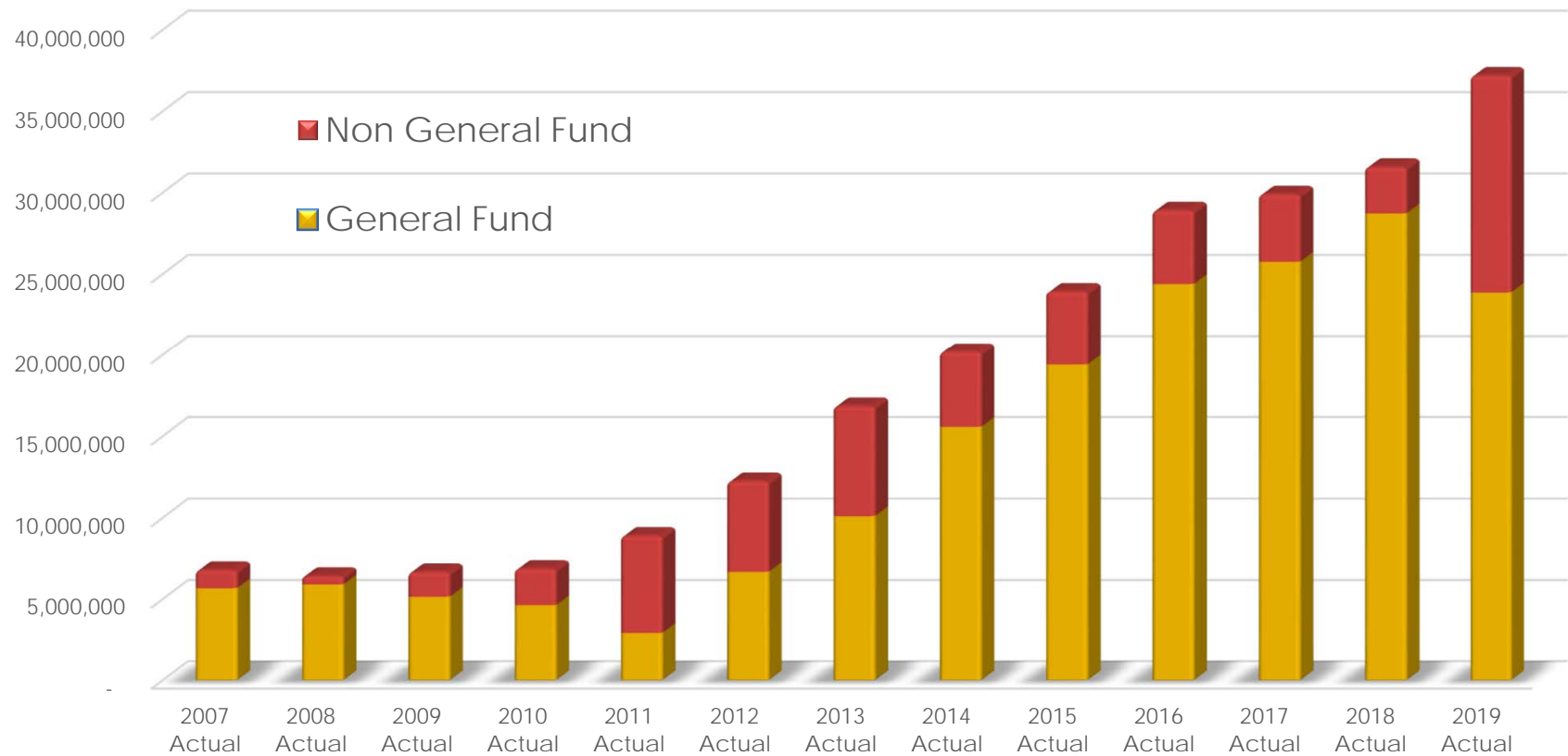
- While the County has a carryforward from FY 2018-19, full impact of implementation of the KOFF study, plus 3% wage increase over the next three years, is still not fully realized

HISTORICAL CARRY FORWARD LEVELS



ALL RESERVE ACCOUNTS

County of Mendocino Reserves



*Reserve Accounts Spreadsheet can be found in the 1st Quarter Report as Attachment D

MEASURE B

- Architectural services agreement for a three-phased approach for the design and construction of CRT, PHF, and CSU on agenda for November 19, 2019 for Board of Supervisors consideration
- Project specialist in final phases of hiring process; anticipate hiring in early December 2019

Fund Balance: \$10,400,000

1ST QUARTER DEPARTMENT WATCH LIST

Watch List General Fund Departments

- BU 1960 Information Services \$127,713
- BU 2310 Sheriff's Office \$615,295
 - Special fund budget unit clean-up
 - BU 2315 \$91,422
 - BU 2511 \$102,255
- BU 2510 Jail \$343,114
- BU 2810 Cannabis Management \$219,769

URGENT FUNDING NEEDS

- Continuation of funding for future years for employee salaries and benefits
 - Fiscal Year 20/21 will require approximately \$5,000,000
- Disaster Recovery Preparedness for public health and safety
 - PG&E Public Safety Power Shutoff
 - Critical facility generators will require approximately \$1,000,000

PUBLIC SAFETY POWER SHUTOFF (PSPS) UPDATE

- PSPS Staff hours – total of 1,200 documented hours in preparation for potential PSPS
 - Staff worked in two subgroups
 - Internal working group worked on how to keep the County open for business to better service Mendocino County residents.
 - External working group for staff serving the public
- The first PSPS event occurred during in the County's 2nd Quarter, on October 9, 2019 with Staff working a total of 300 documented hours
- **\$372,900 has been received from Cal OES for PSPS**

PUBLIC SAFETY URGENT FUNDING NEEDS

- Critical Public Safety Infrastructure



COMMUNICATION FUNDING NEEDS

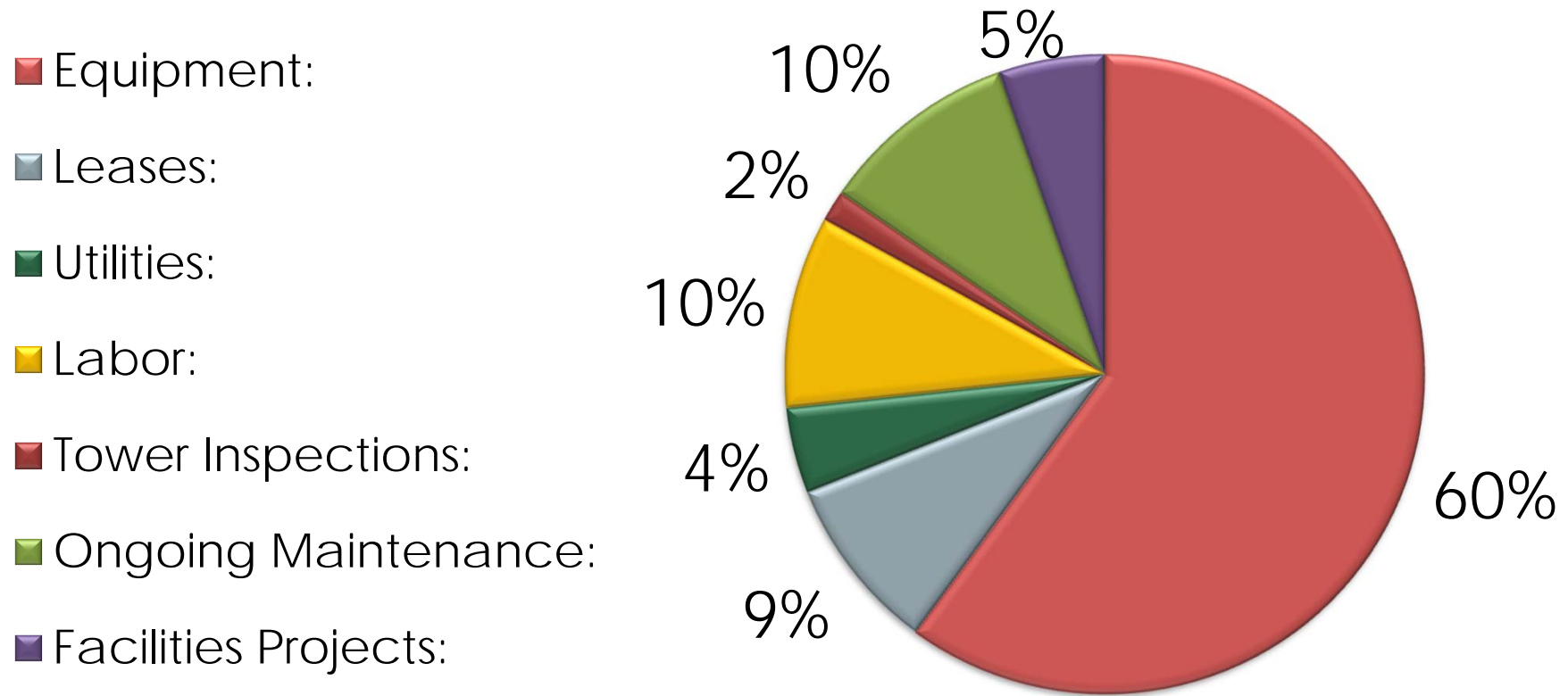
- Critical upgrades to Communication Towers and



- Deferred Maintenance



COUNTY MICROWAVE COST OF OWNERSHIP MODEL



*One-time Infrastructure Projects (\$1,800,000) detailed in October 22, 2019
Board of Supervisors presentation

COST OF OWNERSHIP MODEL BASED ON A 20 YEAR COST ANALYSIS

3% increase in costs per year included in projections

- Annual Costs
 - Leases for sites / towers
 - Building maintenance
 - Utilities
 - Labor
- 5 Year Costs
 - Antennas
 - Batteries
 - Receivers
 - Tower inspections
- 10 Year Costs
 - Microwave equipment
 - HVAC
- 20 Year Costs
 - Generators
 - Modular buildings
 - Rx/Tx Filters

20 years = Full Replacement Cycle

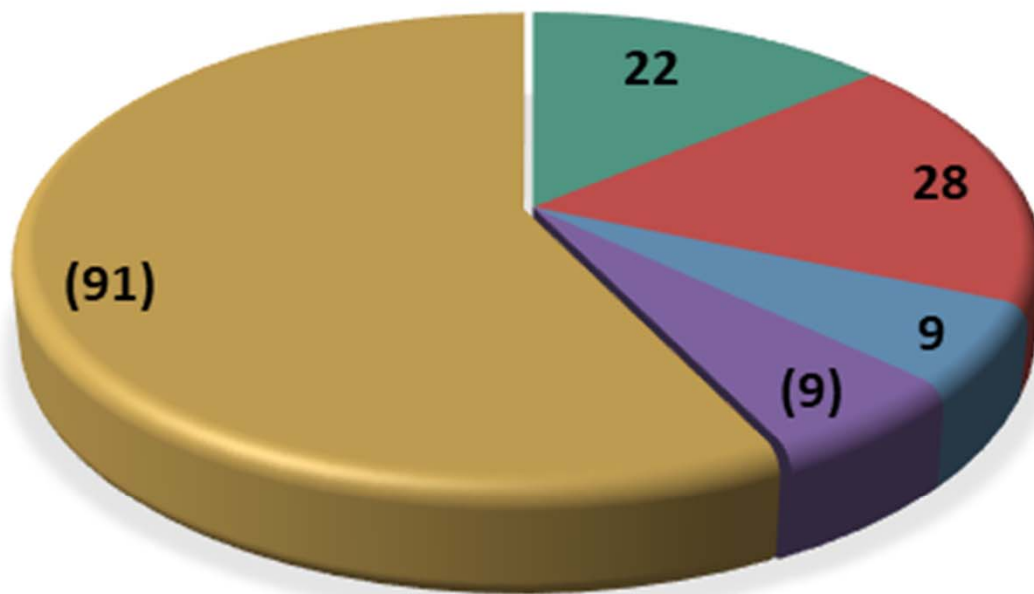
COST BREAKDOWN

- Cost per rack unit \$1,196
- 17 Radio Sites used to provide redundancy
 - Microwave equipment is nine rack units
 - 281 Data users
 - \$1,241 Data user annual cost (\$348,675 annually)
 - 11 Agencies use data network for two wire audio (\$49,633 annually)
- Radio repeaters use 15 rack units
 - 20 Agencies use radio equipment
 - 65 repeaters at an annual cost of \$17,942 per repeater (\$1,166,218 annually)

COST SUMMARY

- Radio Repeater Total Annual Cost
 - County = \$358,836
 - External agencies = \$807,381
 - Total = \$1,166,217
- 2 Wire Audio Total Annual Cost
 - County = \$26,058
 - External agencies = \$23,576
 - Total = \$49,634
- Data Network Total Annual Cost
 - County \$263, 057
 - External agencies = \$85,618
 - Total = \$348,675

HIRING FREEZE STATUS



- Mission Critical Positions
- Public Safety Positions
- Awaiting Approval/Denial
- Insufficient Justification for Filling.
- All Separations/Terminations

ONE-TIME CARRYFORWARD FY 2018-19



\$5,400,000

Board of Supervisors to determine funding priorities

CEO RECOMMENDATIONS

- Accept the FY 2019-20 1st Quarter Report
- Approve the FY 2019-20 1st Quarter Adjustments bringing the total County budgeted appropriations to \$318,000,000
- Determine spending allocation of the \$5,400,000 FY 2018-19 carryforward

FUNDING OPTIONS FY 2019-20

- Consider CEO Recommendations
 - Consider allocating carryforward for employee salaries and benefits
 - Consider funding deferred maintenance and information technology
 - Consider funding FY 2019-20 [attachment C](#)

FUTURE BUDGET SCHEDULE

- February 2020 – Mid-year Report
- April 2020 – Fee Hearing
- Spring Budget Workshops
 - Includes Zero Based Budgeting
- May 2020 – 3rd Quarter Report
- June 2020 – Budget Hearings and Adoption



1st Quarter Report

QUESTIONS?