



3rd Quarter Budget Report FY 2019-2020

May 5, 2020

Introduction

- The first 2 Quarters of FY 2019-20 started with a strong growth trend in Sales Tax receipts.
 - 2nd Quarter 2019 receipts reflect a growth of 6.8% above 2018
- The COVID-19 supply chain disruption is impacting 3rd Quarter and will impact 4th Quarter
- Economic impacts from social distancing and home confinement may last longer with steepest declines expected in hospitality/restaurants, travel/transportation and brick-and-mortar businesses.
- At 3rd Quarter FY 2019-20 the Budget team is reporting a deficit of \$1.5 million plus additional estimated COVID expenses greater than \$3 million

Work Continues

- ◉ Despite COVID-19 the County continues to serve the Community.
- ◉ 453,225 hours non-COVID related
- ◉ No reduction in fleet miles as the high mile users continue to work in the field
 - ◉ Sheriff Office
 - ◉ Health and Human Service Agency
- ◉ PSPS Preparation

For Non-Departmental Revenues, See Exhibit A

Lloyd Weer, Auditor Controller

FY 2019-20 End of Year Projections
Budget Unit 1000 Surplus vs Top 14 Over-budget Departments/Programs

Budget Unit	Description / Department Name	2019-20 Revised Budget	2019-20 End of Year Projections	Variance
1000	Non-Discretionary Revenue Totals	(59,271,334)	(57,271,334)	(2,000,000)
1930	Teeter Plan Total	-	2,000,000	(2,000,000)
2510	Jail Total	9,891,058	10,627,678	(736,620)
2310	Sheriff-Coroner Total	15,243,952	15,826,327	(582,375)
2086	Conflict Defender Total	109,400	450,000	(340,600)
2860	Animal Care & Control Total	647,621	863,095	(215,474)
2080	Public Defender Total	2,404,150	2,597,000	(192,850)
2560	Probation Total	1,235,178	1,389,121	(153,943)
1210	County Counsel Total	875,671	723,183	152,488
1010	Clerk of the Board Total	594,041	389,922	204,119
2851	Planning & Building Services Total	1,917,566	1,703,914	213,652
1320	Human Resources Total	1,235,444	932,915	302,529
2710	Agriculture Total	621,045	205,927	415,118
1940	Miscellaneous Total	6,245,424	3,245,424	3,000,000 *

* KOFF Study

Projected Deficit Summary

● KOFF & COLA Set Aside:	\$2,000,000
● Total All Dept. Deficits:	(1,524,495)
● Estimated COVID-19 FY 2019-20 Impact:	(2,250,000)
FY 2019-20 Fund Balance Remaining	(\$1,774,495)

COVID-19 FEMA Public Assistant Project

COVID-19 Expense

Department/Item	Amount
EOC Operational Costs (including but not limited to)	2,025,500
• Equipment & Supply Costs	
• Homeless Encampment Costs	
• Safety Costs	
Altnerate Care Site	672,408
• Facility & Operational Costs	
Motel/Roomkey Costs	300,000
TOTAL COSTS	2,997,908
• Other projects (cost to be determined)	-
• Emergency Food	TBD
• Enforcement	TBD
• Testing	TBD

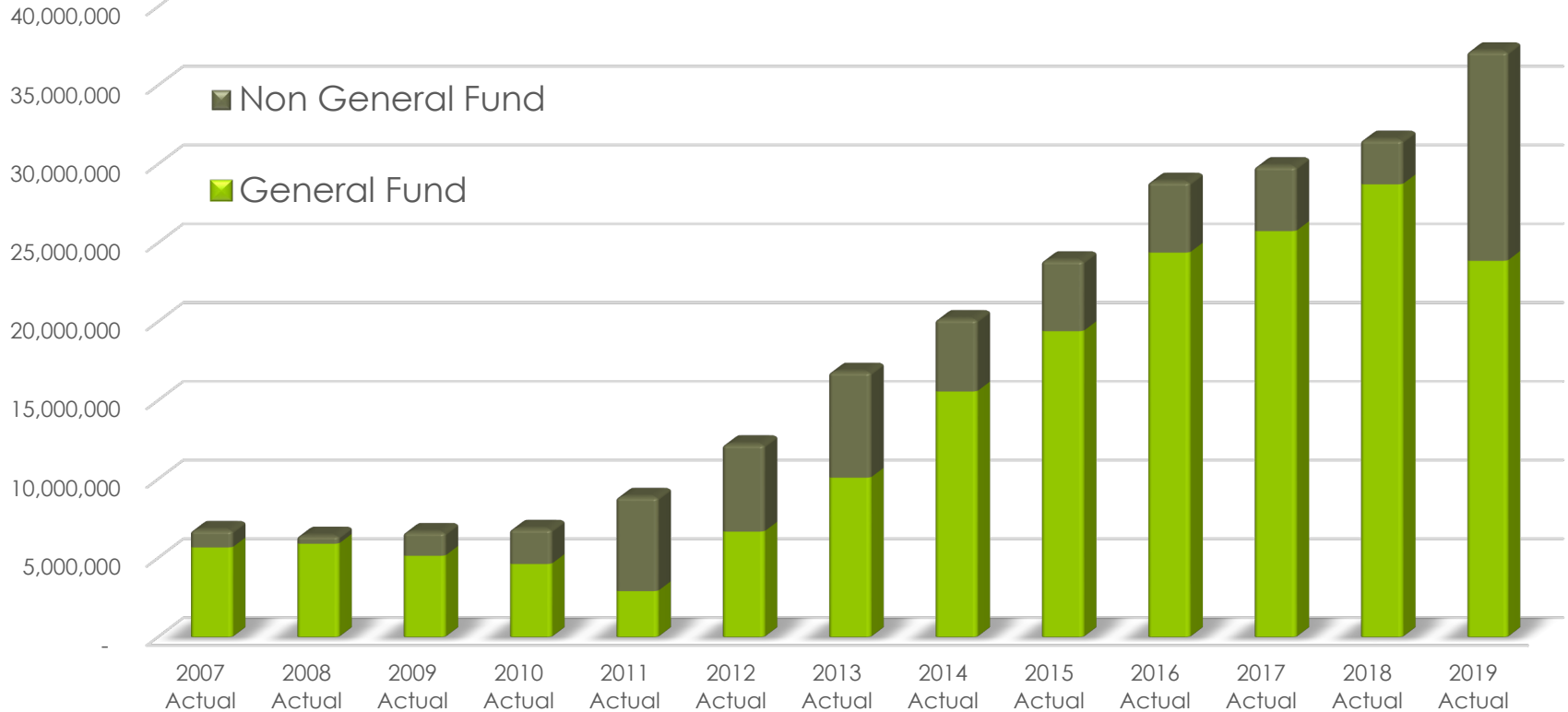
Presentation Outline

- FY 2019-20 Budget Goals and Priorities
- FY 2019-20 Non-Departmental Revenue Projections
- Reserve Accounts
- Mendocino County Expenses
- General Fund Actuals vs. Reserves
- Mental Health Treatment Act (Measure B)
- Human Resources Update
- COVID-19 Update
- COVID-19 Impacts
- COVID-19 Fiscal Outlook
- 3rd Quarter Spending Reductions
- CEO Recommendations to the Board

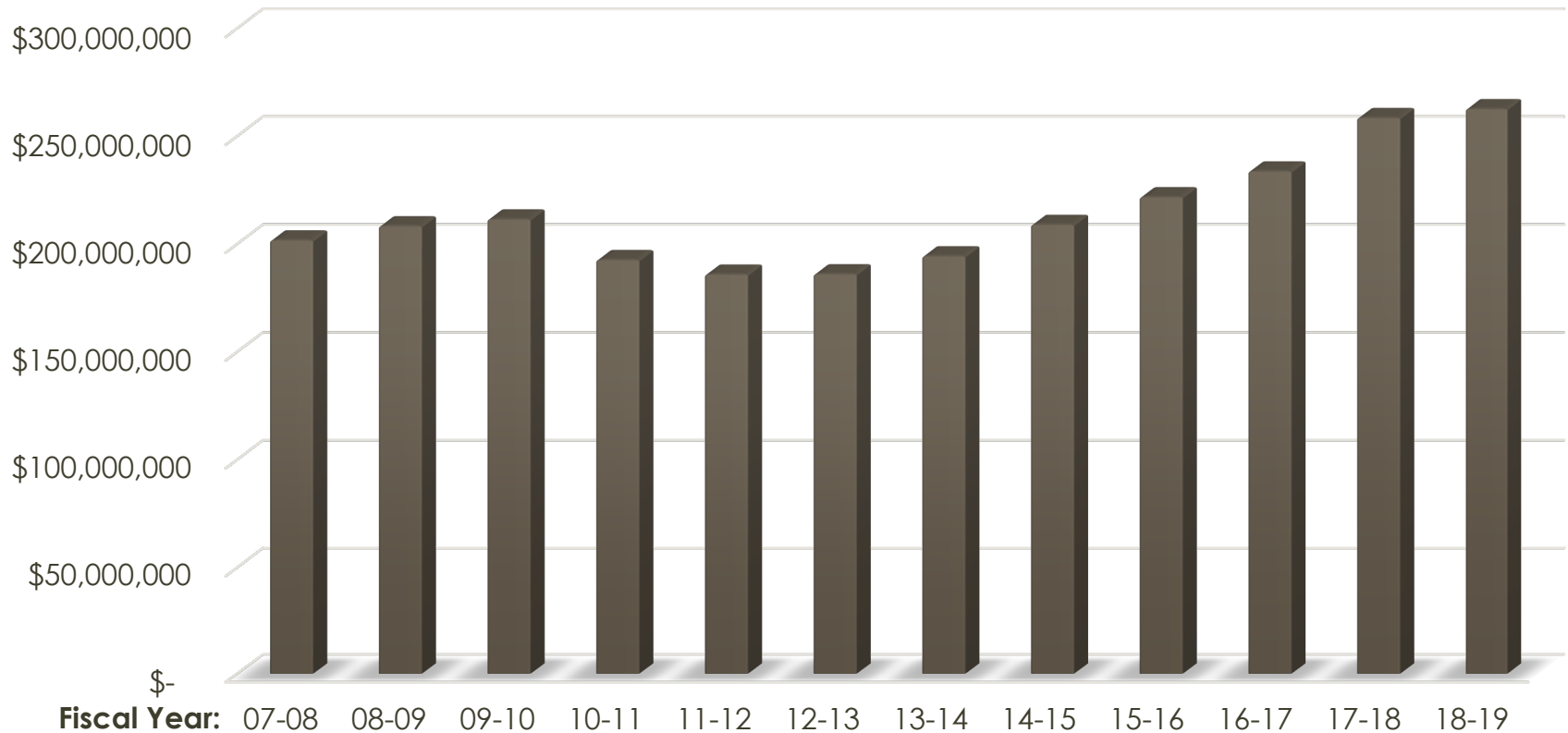
Board Goals and Priorities

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

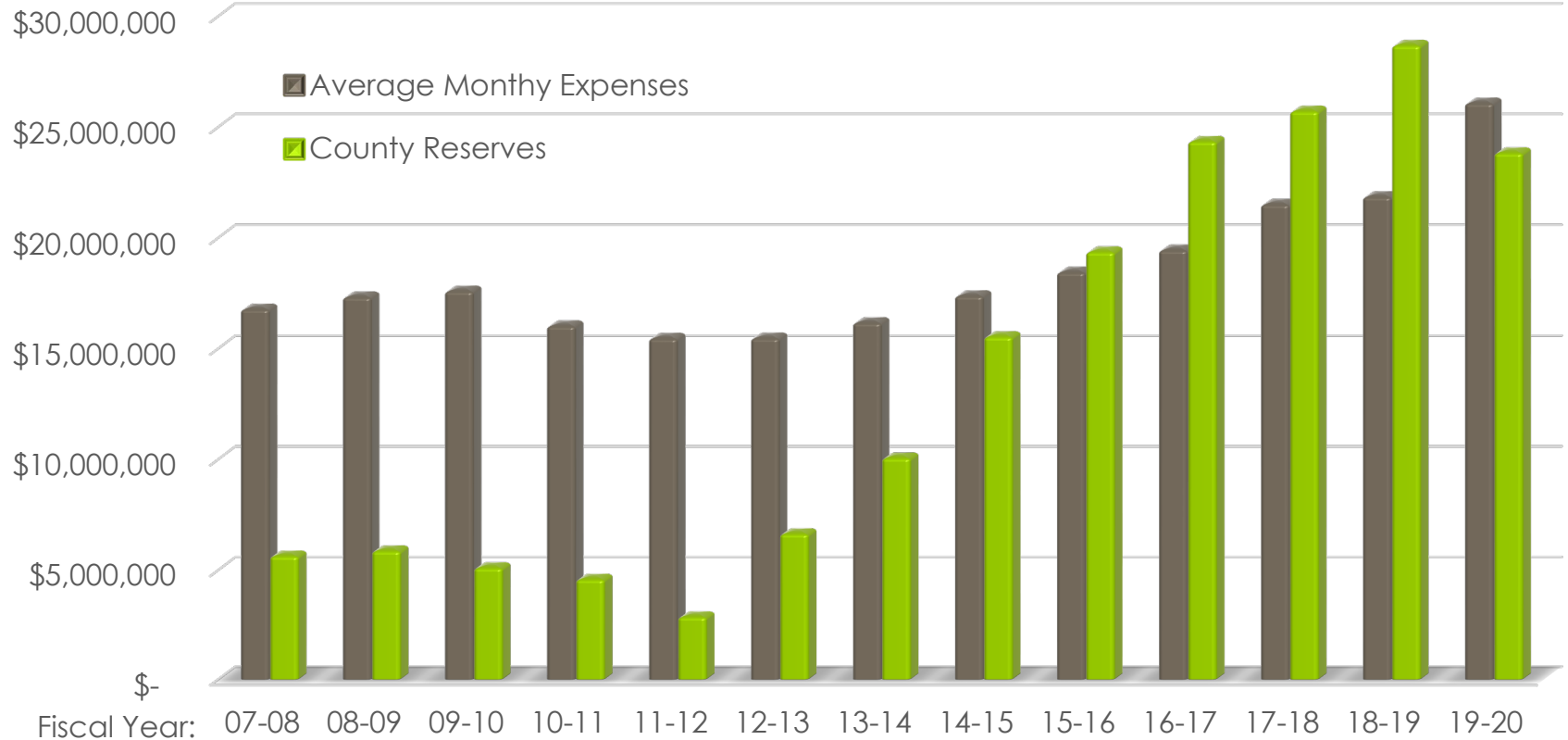
Reserve Accounts



Mendocino County Expense



General Fund Actuals vs. Reserves



Monthly Expense-\$27,000,000

Reserves do not cover 2 months Expenses

Mental Health Treatment Act (Measure B)

- Mental Health Treatment Act Administration under Behavioral Health
- Architectural Services Status
- Mendocino Regional Behavioral Health Training Center

Human Resources Update

- Created Webpage and Employee Resources for the COVID-19 Pandemic
 - Developed procedures, protocols, forms and guidelines
 - Worked with bargaining units on expanding benefits such as catastrophic leave for COVID-19 related reasons, emergency vacation cash outs, and increased flexible time off accrual caps.
- Developed and introduced three (3) temporary policies which were adopted by the Board of Supervisors on April 7, 2020:
 - #53 COVID-19 Advanced Sick Leave Program,
 - #54 Implementation of FFCRA Temporary Policy,
 - #55 Temporary Telework Program Policy.

COVID-19 Update

- On March 4, 2020 Chief Executive Officer/Director of Emergency Services Carmel Angelo declared COVID-19 a Local Emergency and Interim County Health Officer Noemi Doohan declared a Local Health Emergency--both ratified by the Board of Supervisors on March 10, 2020.
- President Trump declared the COVID-19 Pandemic in California a major disaster on March 22, 2020 allowing for Public Assistance for emergency protective measures.
- In early April, 2020 the County's Finance Team filed 3, Emergency Protective Measure projects for Public Assistance with FEMA for approximately \$ 3 million. Public Assistance will reimburse the County up to 75% of eligible cost.
- On April 13, 2020, FEMA obligated \$753,937 on 1 of 3 Public Assistance projects. As we await the payment, the EOC Finance team continues to work with our grant writers at LACO Associates to aggressively pursue grants to leverage costs.

COVID-19 **Revenue** Impacts to General Fund

- Estimated Reductions

- Sales and Use Tax \$500,000
- Room Occupancy Tax \$2,000,000

-
- Prop. 172 \$399,800

Revenue Impact Current FY 2019-20

\$2,899,800

Positive Tax Projections

- Estimated Gain
 - Cannabis Tax Revenue \$1,000,000
 - Other Revenue \$470,000
- Based on the above additional revenue
- Total Discretionary Revenue impact (\$2,000,000)**

COVID-19 FEMA Fiscal Outlook

Financial Sustainability	
<ul style="list-style-type: none">Estimated 90 day Expenditure on 3 projects 3 additional projects (cost to be determined)	\$3,000,000
<ul style="list-style-type: none">Estimated FEMA Reimbursement - 75% of Eligible costs County Match 25% (first 3 filed projects)	\$2,250,000
<ul style="list-style-type: none">Obligation Letters to date through expedited lane on 1 project	\$750,000
Estimated Impact to General Fund FY 2019-20	\$2,250,000

3rd Quarter Spending Reduction Options

Financial Sustainability	
<ul style="list-style-type: none">Freeze all non-COVID related expenditures 2000 series and a 5% reduction in all contracts	\$1,000,000
<ul style="list-style-type: none">File order against Cities to pay for Animal Control	\$300,000
<ul style="list-style-type: none">Hiring Freeze (if held at current level)	\$600,000
Total Estimated General Funds Savings:	\$1,900,000

3rd Quarter Recommendations

- Accept the FY 2019-20 3rd Quarter Report
- Hold 2000 (Expenditures) Series (\$1M savings)
 - Supplies and Services
 - Freeze all New Contracts
 - Freeze all non-COVID related expenditures
 - Implement a 5% Reduction on All Existing Contracts
- Freeze Hiring at Current FTE Level (\$600,000 savings)
- Take Action, per Board of Supervisors direction to collect service fees for Animal Care Services (\$300,000 revenue)
- Accept Adjustments as described in Attachment A and B (net zero impact)
- Adopt Resolution amending the current FY 2019-20 Adopted Budget



Questions?

3rd Quarter Budget Report FY 2019-20