

**COUNTY OF MENDOCINO EXECUTIVE OFFICE**

**EXECUTIVE SUMMARY BRIEF OUTLINE**

On September 16, 2008, the Board of Supervisors adopted the Mendocino County 2008-09 Final Budget. The Board of Supervisors requested the Executive Office research and report back on December 9, 2008, with several budget-related items.

The following is a brief outline and staff report on exhibits included in the Board of Supervisors' supplemental document binder that have been provided for Board review:

**EXHIBIT A**

Exhibit A is a worksheet detailing revenue projections have been revised for 2008-09 for BU 1000 discretionary revenue as follows:

*(Please refer to Exhibit A worksheet on revised revenue projections for FY 2008-09)*

- Reductions to initial revenue estimates are:
  - Current Supplemental Roll Taxes.....\$ 300K
  - Sales & Use Tax 1% .....\$ 200K
  - Public Safety Sales Tax .....\$ 100K
  - Timber Yield Tax.....\$ 15K
  - Room Occupancy Tax.....\$ 300K
  - Property Transfer Tax.....\$ 100K
  - Interest Income.....\$ 140K
  
- Increases to initial revenue estimates are:
  - Current Secured Property Tax .....\$ 71K
  - Federal Land in Lieu Tax.....\$ 143K
  - Prior Year Revenue (Mill Creek reimbursement)\$ 889K
  
- Methodology for reductions:
  - Auditor compared year-to-date 2008-09 receipts to same period for 2007/08 and used that percentage to come to a revised estimate.
  
- Reasons for increases:
  - **Current Secured:** Final allocation factors were not available at the time budget was completed.
  - **Federal Land in Lieu (PILT):** Pursuant to Emergency Economic Stabilization Act of 2008, the County is to receive payments comparable to the full entitlement level through 2012. Since 1994 we have only been receiving a portion of our entitlement.
  - **Prior Year Revenue (Mill Creek reimbursement):** Insurance reimbursement finalized.
  - **Other Revenue (Geothermal Lease):** Unanticipated one-time revenue from US Department of Interior for new non-producing (as of yet) geothermal lease.

## EXECUTIVE SUMMARY BRIEF OUTLINE

December 9, 2008

Page 2 of 5

### Summary

If the Board upholds its previous direction relative to the Mill Creek insurance reimbursement as first receipt of unanticipated revenue, then there will be a gap in revenue for FY 2008-09 in the amount of \$835K. Pending State budget actions, the Williamson Act funds could possibly be cut, and therefore, an additional \$565K would be added to the 2008-09 shortfall. The shortfall for Mendocino County for the FY 2008-09 Budget would then be a total of \$1.4 million.

### EXHIBIT B

During the Final Budget deliberations on September 16, 2008, the Board of Supervisors directed the Executive Office to report back with a cost benefit analysis of the Willits Integration Service Center (WISC) on December 9, 2008.

*(Please refer to the Exhibit B of the Executive Summary Staff Report)*

The staff report provided in Exhibit B, details five key factors analyzed to determine if there is a cost benefit to keeping the Willits Integrated Service Center (WISC) open.

- Rental costs would have been paid in the amount of \$220,705 for this year if the WISC had not ever been co-located. \$112,852 is the current actual cost for rent of the building annually. Utilities and maintenance on the building costs would not be effected and are assumed to be net zero impact. The difference is \$107,853 in savings. Additionally, it will cost \$194,808 annually to house staff in Ukiah, based on a square footage rate of \$1.35 a square foot, with a one time only moving cost of \$85,520. **This is a total impact of approximately \$302,661 in additional ongoing costs with one time only costs of \$85,520 for relocation back to Ukiah.**
- Travel costs for staff relocated to Ukiah would be \$89,622 and additional costs of staff time of approximately \$65,316. **This is a total impact of \$154,938.**
- Travel costs for clients would increase by \$82,042 for mileage, and \$16,446 for child care. **This is a total impact to clients of approximately \$98,488.**
- Other impacts for travel unknown at this time are increased costs for vehicle replacement and reduced participation, as well as impacts to the other partners and agencies that would have to secure separate space to continue to provide services in this area.
- Sheriff staff time would increase due to CPS requirements and a deputy would have to be on call and present at the hospital to transport clients, and this would be a cost of approximately 75 to 100 hours which would impact responses to other calls. **The estimated cost in down time would be approximately \$5,000.**
- The cost impacts are unknown if the WISC was closed for 3,918 AODP clients served. Increased law enforcement and probation staff costs, as well as transportation

## EXECUTIVE SUMMARY BRIEF OUTLINE

December 9, 2008

Page 3 of 5

- costs, vehicle use and incarceration costs for clients who would potentially fail probation.
- The community impacts are highlighted in the staff report and cost analysis with various impacts to services currently being provided.
  - Staff retention and loss of qualified dedicated employees would occur with an unknown cost at this time but could be an estimated cost of salary, training and education of approximately \$75,000 per FTE lost.

### Summary

The total estimated known hard dollar costs to close the WISC would be approximately **\$561,087** in ongoing operational costs, with a one time only moving cost of **\$85,520 which total \$646,607 in increased costs as compared to current costs of \$112,852**. This does not include additional unknown costs, and costs associated with impacts to the community, clients served, and partnering agencies unknown at this time. With all of these factors considered, the Executive Office is recommending that the WISC remain open and that operations continue as they are currently.

### EXHIBIT C

The graph provided in Exhibit C represents the total general fund net county cost (NCC) appropriation per FTE. This graph depicts the larger departments separately with the General Government departments and Health and Human Services Agency divisions combined into one category. This graph shows the general fund contribution, or NCC, as a comparison to total FTE positions for each department. As you can see, public safety departments receive the highest general fund contribution for every FTE. Departments with no revenue offset, such as Alternate Defender budget as an example, shows the third highest NCC per FTE due to 91% being salaries with no revenue offset. Although, when the private bar was handling conflict cases, it was twice the cost. Combined General Government, and the larger Public Resources departments are next highest, then AODP is shown separately because it is the one HHSA department that has mostly general fund contribution. The Health and Human Services Agency divisions have the lowest general fund contribution per FTE. This is primarily due to State and Federal dollars are primarily the source of funds and very little dollars are contributed from the general fund. Data used for the Library and DOT is the general fund contribution only as mandated, including excess general fund support for purposes of this graph.

### EXHIBIT D

A copy of Health and Human Services Agency Voluntary Time Off implementation forms and related correspondence has been provided for information purposes pending Board direction on Budget cost savings options or tools that will be reported to the Board during the presentation.

## EXECUTIVE SUMMARY BRIEF OUTLINE

December 9, 2008

Page 4 of 5

### **EXHIBIT E**

A vacancy report of positions has been provided for informational purposes for review in Exhibit E. Most of these positions that are vacant have been considered and reviewed during the 2008-09 budget process as a strategy to help assist in balancing the 2008-09 budget.

### **EXHIBIT F**

A detailed report on year-to-date overtime expenditures by department has been provided in Exhibit F.

- Overtime - Most of the overtime is due to backfill on vacant positions or medical leave. Also, as reported for first quarter, some departments did not budget for overtime, but due to unanticipated turnover, have had to backfill for vacant positions and therefore may be over budget in overtime YTD.
- CTO - Comp time is not paid as part of the budget. This report is included for informational purposes to show that departments are utilizing this paid benefit and what the liability is as of November 30, 2008. \$328,843 has been paid YTD in comp time. The report also reflects that the County has a liability of \$350,739 in time off to be paid to employees for hours earned. The difference between what historical time-off was and is currently as a benefit, is that through negotiations CTO was used in lieu of overtime for line staff. Now CTO is being used as an additional benefit for managers who did not have this option before. However, managers are paid this as straight time. This benefit may be reviewed during upcoming negotiations. The Sheriff's Office, for example, also has experienced increased costs due to backfilling for staff utilizing CTO, which in turn drives up overtime. To date, there has been \$1,089,798 paid in overtime for general fund departments. \$809,227 has been spent in overtime of which 74% is related to Sheriff and Jail budgets. Social Services has paid \$124,750 in overtime or 11%.
- Extra Help - Extra help is also provided in a report for review. As part of a budget strategy, departments were requested to utilize vacant positions where possible to assist in balancing the budget. Extra help has increased due to not filling vacant positions, and in some cases, is more cost effective than filling a vacant position if backfilling is temporary. It can be a useful tool to keep overtime costs down.

### **EXHIBIT G**

A detailed report on year-to-date travel expenditures for in and out of county travel by department has been provided in Exhibit G. Note: Some travel is also offset with revenue or reimbursement and management training not reflected in these reports. Currently, the Executive Office reviews all departmental travel requests per Policy 18 for out of county travel over \$1,000. This does not account for more than one participant that may go from a

EXECUTIVE SUMMARY BRIEF OUTLINE

December 9, 2008

Page 5 of 5

department if it is less than \$1,000 or for whether or not it is paid for with management training or outside funds. The Executive Office will be reporting options to tighten these guidelines on travel in a separate report to the Board with this presentation.

**EXHIBIT H**

An Economic Downturn Budget Survey was done and reported to CSAC to assist in advocacy efforts to the legislature regarding the State budget crisis. It has been provided as an informational tool for the Board.

///