

# 2008-09 Proposed Budget

June 17, 2008  
Mendocino County  
Board of Supervisors  
Budget Work Session

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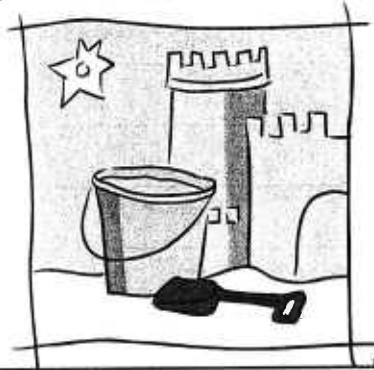
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## Building a Budget



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## Designing a Budget

- County Priorities
- Budget Guidelines
- State Budget impacts
- Wages and Benefits
- Debts and Liabilities
- Expenditure proposals

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## **Priorities 2008-09**

Continuing from 2006-07

- Justice Facilities planning
- UVAP, General Plan, Housing
- Mill Creek Dams project
- Finance System implementation
- PEG funding
- Mental Health Services to Jail
- ADA Implementation

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## **Priorities 2008-09**

Continuing from 2007-08

- Compensation commitments to staff
- Funding assistance for EMS and Fire
- Water Projects coordination
- Road construction and repair projects
- Microwave System implementation
- Economic Development/Infrastructure
- Mendocino Town Plan / LCP Updates

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## **No New Priorities !**

- No new/additional priorities are recommended at this time given the necessity of addressing ongoing priority commitments and reducing debts, and given the projection of State cuts and flat/slow growth of local revenues

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## **Budget Guidelines**

1. Review proposed budgets with 6% cut in assigned Net County Cost
2. State and Federal budget cuts will not be backfilled with County Funds – corresponding reductions to be made
3. Departments will absorb all increases in employee wage and benefit costs
4. Utilize attrition where possible before lay-offs / mandatory time off (MTO)

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## **Budget Guidelines**

5. No funding for new projects or groups – suggest new priorities need vote of Board at Final Budget Hearings
6. Use fees to recoup operational expenses whenever possible
7. Adhere to Debt Reduction Policy
8. Build Reserves to goal levels

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## **Budget Guidelines**

9. Incorporate Major Maintenance Projects and Capital Improvement Plan into budget process
10. Focus on streamlining procedures and permanent fixes, not temporary

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## **Restructuring Guidelines**

- Consider efficiencies in Courthouse transfer process:
  - complete transfers by Sept 30, 2008
  - plan to consolidate Willits operations
- Move forward with HHSA integration into Systems of Care
- Streamline Public Resources services among departments

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## **Revenue Guidelines**

- Examine all fees during fee hearing for adequacy and effectiveness
- Review TOT revenues next year
- Review overall billing for Sheriff's services to public and other entities
- Review all new revenue sources proposed by any local entity for feasibility - sales tax, parcel tax, impact fees, etc.

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## **Compensation**

- Budgeted market adjustment per salary survey results in July 2008 and COLA of 3.5% in January 2009 for SEIU and 5 other units
- Health Plan increase for January 2009 projected for planning purposes at 16%, until actuarial review is done

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## Debts and Liabilities

- In 2005, amortization schedules were set for long-term debts and liabilities.
- These schedules were adhered to in the 2005-06 and 2006-07 budgets.
- In 2007-08, direction to recalculate the amortization schedule for Teeter Plan.
- Adherence to these schedules is critical to County's annual audit and credit rating.

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## Teeter Plan

- County purchases unpaid property tax liability from other governments and gets to keep tax revenues, including penalty fees
- 1992 purchase of liability = \$5.5 million debt
- Liability now \$9 million due to using revenues for operating expenses rather than paying off debt and due to escalating interest on debt

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## Refining the Teeter Plan

- In 2007-08 Final Budget Hearing, Board gave direction to:
  1. Create separate budget unit for Teeter Plan revenue and payments
  2. In 2008-09, apply Teeter revenues to debt, rather than operating expenses
  3. In 2008-09, meet payment schedule
- BU# 1930 established
- Revise amortization schedule in 2009-10

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## Debts and Liabilities

○ Certificates of Participation	\$1,600,000
○ Pension Obligation Bonds	\$4,585,000
○ Underfunded POB Debt	\$800,000
○ Teeter Plan	\$5,100,000
○ Diverted from Teeter	- \$2,400,000
<b>TOTAL</b>	<b>\$9,710,000</b>

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## Budget Reserves

○ General Reserve	
Goal:	5% of GF appropriations (\$3 million)
Current:	\$1.9 Million
Proposed:	No change at this time
○ Contingency Fund	
Goal:	3% of GF appropriations (\$1.8 million)
Current:	\$600,000 (\$100,000 GF)
Proposed:	\$500,000 (for Mill Creek)

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## Balancing the Budget

### Budget Reductions Up Front

- 6% cut in assigned Net County Cost, majority of departments submitted at Net County Cost \$2.4 million
- Departments' absorption of increases in wages and benefits, mostly through salary savings \$4.8 million

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## Balancing the Budget



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## Balancing the Budget



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## Balancing the Budget

### Budget Tightening

- Refining projected costs of market adjustments
- Suspended Vehicle Replacement Fund for 2008-09 = \$445,925
- Held the line on capital projects and fixed assets
- Applied insurance reimbursement to Mill Creek Dams projects

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## Balancing the Budget

### Staffing Reductions

- No net new positions created
- Reducing 54 formerly funded permanent positions
- No increases in Overtime
- Researching additional reductions and/or Mandatory Time Off

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## Next Steps

- Adopt Proposed Budget on June 24, 2008
- Carefully monitor 2008-09 1<sup>st</sup> Qtr budget revenues and expenditures
- Track State budget actions
- Distribute Proposed Budget Book
- Prepare for Final Budget Hearings

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## Proposed Budget Book

- CEO staff have assembled the narratives, tables, notes, and organization charts for the Budget Book
- Formatting to Strategic Plan Framework



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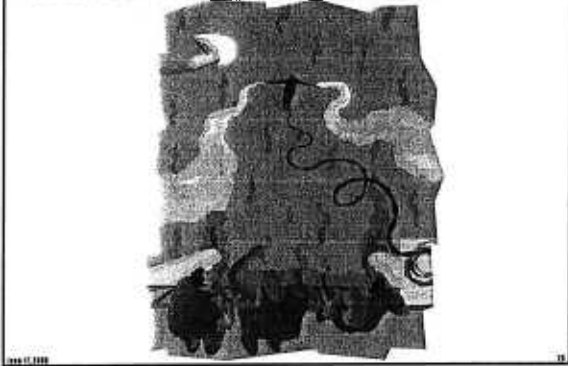
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## Bridges for Jumping



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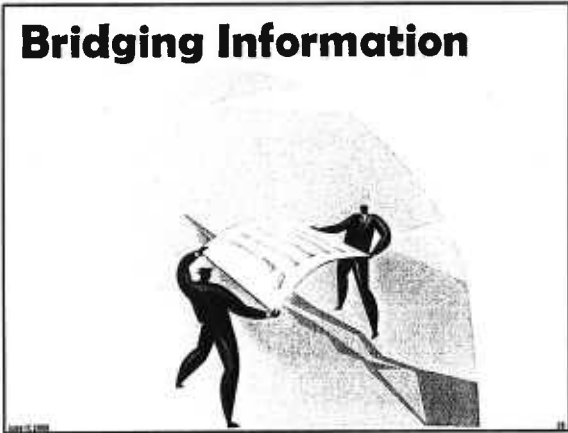
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## Bridging Information



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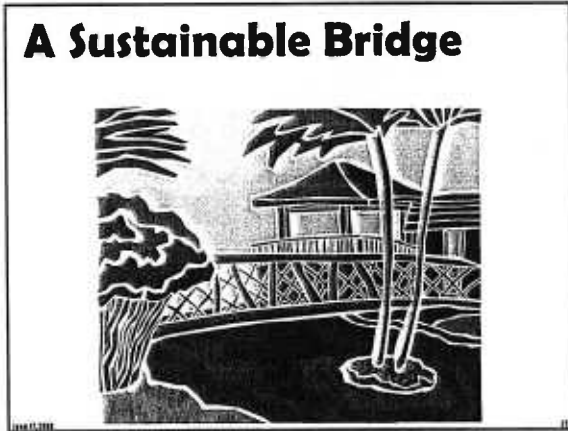
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## A Sustainable Bridge



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