



COUNTY OF MENDOCINO

Executive Office

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MEMORANDUM

DATE: August 30, 2010
TO: Board of Supervisors
FROM: Executive Office
SUBJECT: Overview of FY 2010-2011 Budget Process

With declining revenue the last two years, Mendocino County has been forced to make significant cuts to department staffing levels and the services provided to our community. The availability of outside funding or additional competitive grants to assist with funding services has lessened over the years. State and Federal funding is tighter and no longer being passed down to the local governments as before. These cumulative impacts have resulted in a projected *negative* fund balance for FY 2009-10 which has reduced our available discretionary dollars in FY 2010-11. The final fund balance is a negative \$1M to 5M dollars based upon the Auditors final closeout to be submitted sometime between August 27th and August 30th.

Since January 5, 2010 fund balance projections, budget balancing strategies and mitigating action have been initiated by the CEO, Departments, and Board of Supervisors. Below is a summary of the projections and action taken:

February:	Projected General Fund Deficit	<\$7.6M>
March:	Phase 1 Layoffs	<u>2.4M</u>
March:	Revised FY 2009/2010 and FY 2010/2011 GF Deficit	<5.2M>
March:	NCC Assignments	<u>5.2M</u>
March:	Estimated FY 2009/2010 and FY 2010/2011 GF Deficit	-0-
April:	Departments submit budgets/request monies beyond funding available resulting in a deficit.	<\$11.6M>
April/May:	CEO/Department negotiations to reduce funding requests and CEO presents recommendations for BOS	<u>6.8M</u>
May:	Resulting projected deficit.	<4.8M>
September:	Phase 3 layoffs and internal borrowing*	<u>4.8M</u>
	FY 2010/2011 Budget Balance	<u>-0-</u>

*By Resolution adopted by Board, internal borrowing will be replenished upon completion of labor negotiations.

The following are the specific details regarding the FY 2010/2011 recommended budget:

BUDGET UNIT 1000 – DISCRETIONARY REVENUE

For FY 2010-11 the discretionary revenue is down, including secured taxes due to Prop 8 and BOE reductions; Supplementals, Sales Tax, Public Safety Sales Tax, Timber Tax, and Transfer Tax are also forecasted to be down due to economy. Transient Occupancy Tax is down due to loss of settlement funds and economy. Interest earnings also down. This discretionary revenue budget is projected to have an overall **decrease** in anticipated budgeted revenue **by approximately \$(3,151,745)**. The total net projected discretionary revenue to departments for county services *after* fixed costs, and third quarter projections and priorities is \$50,290,743 million.

GENERAL GOVERNMENT

Budget Unit 1020/1010 -Executive Office/COB –

- The budgets are submitted anticipating not filling the ACEO all year and 1 FTE DCEO 6 months. Funding has been included to fill 2 additional FTE DCEO positions all year and transferring the Analyst position from Promotion back to the Executive office under the integrated model. However, even with utilizing savings from the vacant Deputy COB position there is still a shortfall in funding in the aggregate for both budgets due to MTO's and VTO's deducted in the NCC assignments that were assigned and absorbing benefit increases.

Budget Unit 1110-Auditor's Office –

- Process accounts payables every other week, if not even less frequently
- Process payroll once per month
- May not be able to meet our mandated services requirements
- Revenue generated for the administration of supplemental tax rolls is down by 37.5%

Budget Unit 1210- County Counsel –

- Reduction of 1 attorney with impacts of hiring outside attorney to be able to provide the legal services that are required
- Outside legal assistance would cost the county a higher hourly
- The office will no longer provide legal services to Boards, Commissions, Advisory Bodies, Municipal Advisory Bodies, Fire, Water and Sanitation Districts or Joint Power Agreements, including MSWMA, LAFCO, Northern Health Care and MTA.

Budget Unit 1320 -Human Resources -

- The reduction in laying off 2 FTE positions are as follows: Lag time in processing merit and probation notices, performance evaluation notices and tracking personnel transactions, vacation cash outs, benefit accruals, time-sensitive Americans with Disabilities Act Requests for Accommodation in accordance with ADA/FEHA regulations, time-sensitive labor grievances, benefit programs, civil service appeals, monitoring of extra help employees and customer service to other departments in general
- Workload increase due to processing layoffs and seniority lists and administration

CEO SUMMARY:

In reviewing the Internal Support departments submitted budgets and related impacts, (Executive Office/COB, Auditor, Treasurer, County Counsel, Human Resources,); the submitted impacts to these departments were very significant.

All of these departments have already been impacted with severe cuts in staffing and services to the level that it would be impossible to continue to provide even mandated services without backfilling with staffing and outside assistance. Even though most of these departments are also revenue generating or receive revenue from property taxes, other local revenue sources, or from internal charges to other departments for services, there is no real opportunity for these departments to generate more revenue other than some fees for service to offset costs which have already been approved by the Board. These smaller departments do not have the capacity to move into other positions and backfilling vacant positions to provide the services.

Currently, an administrative consolidation plan is underway and being analyzed to review the possibility of further consolidation of administrative staff and coordination of services. It is estimated that this analysis will not be finished until some time in August. This consolidation of staff among most of the departments in this functional area and the general government functional area may have some benefits and additional cost savings associated with it but is unknown at this time.

CEO Recommendation- The CEO is recommending no additional funding cuts to be applied to these internal support department budgets due to the severe reductions in funding already taken in Phase I layoffs and prior years. **However, the CEO is recommending de-funding one vacant FTE.**

BU 1160- GSA –Central Services

Amount of Funding Requested: \$133,565

- In order to meet the NCC , impacts are to layoff 2 FTE in BU 1160 Central Services and are as follows:
 - Delays in processing offset press and copying jobs
 - Possible increase in referring copy and printing jobs to outside agencies; Print Shop closure due to staffing shortages (vacations, sick time, personal leave, etc.); GSA will need to work with Human Resources to review the various classification assignments to ensure existing classifications are sufficient for the reorganization of staff; GSA will have to monitor revenues as it is unknown what the impacts will be at this time. GSA has reduced the revenues based upon trend in the FY's budget, however, with the reduction of staff, further impacts may result.
 - Elimination of contract monitoring and tracking
 - Elimination of BID review and processing

BU 1610- GSA –Buildings and Grounds- Facilities and Fleet Division

Amount of Funding Requested: \$443,801

- In order to meet the NCC in BU 1610, impacts are to layoff 7 FTE in Facilities and Fleet Division , and are as follows:
 - Grounds keeping staff would be reduced to 3 for all parks and grounds for the entire county
 - HVAC work would be deferred to outside contractors who charge approx \$105 per hour or more. A simple filter change and inspection by an outside vendor of an average county building costs between \$500 to \$700. This same work when performed by County workforce costs approximately \$200 per building
 - GSA will continue to experience a lack of staffing resources to adequately clean facilities and to meet health and safety standards
 - Outside painting will be hired out to contractors costing the county more money
 - Routine and preventative maintenance will not be done on facilities and response time will be very limited to departments on work orders

BU 1160- GSA –Information Services

Amount of Funding Requested: \$730,330

- **In order to meet the NCC in BU 1960, impacts are to layoff 2 FTE in Information Services, and are as follows:**
 - Response time will be reduced for highly specialized requests for support for both the County’s payroll/finance system and criminal justice system.
 - GSA/Information Services Division will not be able to continue providing the same level of support for bi-weekly payroll processes, check printing processes, and bank transfer processes.
 - Will severely impact GSA/IS Division’s ability to facilitate and support the rollout of the new integrated criminal justice/public safety application when purchased with grant funds.

CEO SUMMARY:

CEO Recommendation – BU 1160 – The CEO is recommending to layoff 1 FTE in the Print Shop. GSA has done an analysis on the services provided, and this service is not cost effective, and therefore will be phased out in the future. The estimated savings by the layoff is \$76,919, and is pending the actual position effective July 1, 2010.

CEO Recommendation – BU 1610 – **The CEO is recommending the de-funding of 2 FTE.** Utility cost savings is anticipated to be lower than originally projected by \$292,646, therefore this savings will offset impacts for this budget and is the recommendation of the CEO. **The estimated savings from the de-funding is \$119,148.**

CEO Recommendation – BU 1960 – **The CEO is recommending the layoff of 2 FTE.** In review and analysis of the budget it is recommended that the Microsoft Contract renewal funding could be extended until July 2011 for a savings of \$250,000. There is some additional revenue of \$50,000 total for services reimbursed by Social Services and Sheriff’s office. Additional funding was also added for Questys program for \$30,000 for moving forward with a more efficient agenda management process. **Total savings is approximately \$139,000. The layoffs will be effective July 1, 2010 and savings is pending the actual positions which will be presented on June 8, 2010.**

Budget Unit 1120 – Assessor

Amount of Funding Requested: \$245,000

- Impacts are 4 FTE layoffs of Real Property Appraiser, Property Tax Technician, Staff Assistant II and Auditor Appraiser
- Layoffs of 3 positions would jeopardize revenue generated for this department.
- Back log of change in ownerships and new construction appraisals and discoveries of non-permitted construction in these areas will be affected.
- Will affect the Auditor-Controllers ability to collect the supplemental administrative cost fee which she uses as revenue to offset her net county costs and the County's cash flow and ability to collect interest on supplemental taxes.
- Reduction in services to public

CEO Recommendation - the CEO recommends the layoff of 1 FTE Staff Assistant which will be a savings of approximately \$47,000. The CEO also recommends utilizing fund balance held the Property Characteristics fund of \$54,000 to reduce the general fund contribution. Total savings is approximately \$101,000. This layoff will be effective July 1, 2010 and savings is pending the actual position which will be presented on June 8, 2010.

Budget Unit 1410 – Elections

Amount of Funding Requested: \$225,000

- Due to unknown state reimbursement, the county is obligated for the costs of the pending special election to be held in November 2010.
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CEO Recommendation - the CEO recommends funding in the amount of \$225,000 to offset costs based on the unpredictability of the State for reimbursement.

Budget Unit 1940 – Miscellaneous

Amount of Funding Requested: \$596,718

- This budget was submitted by the Auditor taking out “one time only” for \$33,000 Resource Conservation, \$4,000 REDI, and \$27,000 Arts Council as requested by the CEO.
- Additional \$57,783 increase in funding for required earthquake insurance this year for courts building.
- LAFCO budget is reduced to \$55,301.
- Includes \$425,639 payment on Southwest Border Patrol 2nd year.
- Interest income down.
- Impacts over NCC and are required debt service payments.
- Includes 50 % franchise fees for PEG funding \$113,000

CEO Recommendation - the CEO recommends the increased funding level of \$596,718 required for the submitted budget mostly due to interest income decline.

Budget Unit 1930 – Teeter

Amount of Funding Requested: \$796,204

This budget was submitted anticipating the payment on the Teeter Plan as approved by the Board last year based on a 20 year amortization and estimated amortized with a 3 % interest payment.

CEO Recommendation - the CEO recommends the Board approved funding schedule of payment. It should be noted that the amortization schedule was anticipating a 3 % interest payment amortized over the life of the debt, which is 20 years. The interest payment is paid by the Auditor separately and this interest is determined by the market at the time. The whole amount of \$769,204 is being applied to principle and the interest is paid based on the interest rate at the time. Therefore, the payment applied to principle only will actually pay the debt off sooner than the amortized 20 years.

HEALTH AND HUMAN SERVICES AGENCY

The following are key departments stated impacts for funding reductions as recommended:

Budget Unit 4012 – Alcohol and Drug

Amount of Funding Requested: \$ None

Community Impacts due to County General Fund Reductions within Adult Alcohol and Other Drug Programs for fiscal year 2010/11:

- Reduction of 1 Staff Assistant in Fort Bragg AOD office. The Staff Assistant will remain in Fort Bragg but will be working in Mental Health services.

CEO SUMMARY:

The CEO recommends that the use of one time only designated reserves of \$179,281 from the alcohol fund be utilized to reduce general fund contribution. There is also \$134,053 in a grant fund from a prior year that is unclaimed and is agreed by the Auditor can be utilized to offset general fund. The remainder of the \$200,000 general fund allocation will be absorbed by the agency. The total savings to the general fund is \$(522,407). The AODP total budget is \$3.5 million dollars. AOD will have full funding from other sources this year, except for approximately \$32,000. This will not require major service level reductions unless the state cuts a portion of the \$3.5 million dollar AODP budget.

Budget Unit 2860 – Animal Control

Amount of Funding Requested: \$ None

This budget was submitted transferring \$14,401 from designated reserves from the Spay and Neuter reserve. The following are related impacts to the recommendation below:

- There may be an increase to the Sheriff's BU for transportation of animals from the coast to the Ukiah facility.
- There would be additional animals housed each year at the Ukiah facility.

CEO SUMMARY:

The CEO recommends that the Board approve the closure of the FT Bragg Animal Shelter. **The CEO recommends the layoff of one FTE.** Although this closure has been previously rejected by the Board, the CEO highly recommends this closure. Animal Care Services to the coastal region could be handled in the same way as other out-lying areas of the county such as Covelo, Legget and Piercy. The County could utilize more online services for licensing, lost and found and adoption information. Much of this is already in place. The savings is estimated to be \$(83,150).

Budget Unit 5170 – Social Services IHSS

Amount of Funding Requested: \$ None

This budget was submitted with an increase in general funding of \$459,843 for IHSS provider wages:

CEO SUMMARY:

The CEO recommends the reduction to funding in this budget by \$370,162 which anticipates Federal Midi-Cal Assistance Program (FMAP) funding for a full year pending additional information as known.

PUBLIC RESOURCES

Budget Unit 0326 – Water Agency

Amount of Funding Requested: \$None

- The Water Agency is anticipating no fund balance carryover as depleted
- The impacts stated which include a general fund contribution of \$254,189 basically eliminate all water supply investigation
- Eliminate legal or technical assistance on water rights hearings for Russian River and Lake Mendocino water supply, and Potter Valley water rights for Scout Lake

CEO Recommendation - the CEO recommends that the general fund contribution be reduced in the amount of \$(**179,189**). The Executive Office **should** continue further review and options for co-location with other departments. **The agency will be fully funded through September 30th. If grant funding is not secured, may need to layoff 1-2 staff.**

Budget Unit 4510 – Dept of Transportation -Solid Waste

Amount of Funding Requested: \$None

- Pending Board approval on privatization, there would be some savings anticipated.

CEO Recommendation - the CEO recommends to reduce the funding in this budget by \$(81,796) which will then be a zero general fund contribution.

Budget Unit 2851 – Planning and Building

Amount of Funding Requested: \$684,431

- Combined Planning Team BU 2853 into this budget this year.
- This budget was submitted utilizing designated reserve of \$437,877 as submitted.
- Impacts to meet NCC is laying off 9 FTE (3 Code Enforcement Officers, 1 Building Inspector, 2 Staff Assistants, 3 Planners) Total

CEO Recommendation - CEO is recommending offsetting general fund allocation with designated reserve of \$437,877 and adding back \$10,000 for MACs. The CEO is recommending no additional cuts or layoffs due to reduced staffing levels. Currently there are 15 vacant positions or a 36 % reduction to staffing. The funding level is required to be able continue to provide the current level of services within the department and to be able to complete Board priority planning projects.

RECREATION AND CULTURE

Budget Unit 7110 – Museum

Amount of Funding Requested: \$37,957

- Impacts are VTO offered by Director
- Reducing special department expense for a contract for collections assistance
- Reducing office supplies and travel expenses

CEO Recommendation - the CEO recommends reducing funding for the amount requested to the assigned NCC which includes the 10 % reduction in funding as assigned for \$37,957.

CRIMINAL JUSTICE

Budget Unit 2310 and Budget Unit 2510 – Sheriff and Jail

Amount of Funding Requested: \$4,498,582

Justification: To maintain the current levels of service for law enforcement and corrections.

- As stated by the Sheriff's office- their office has already reduced overtime and travel costs in the submission of their budgets, and currently have 24 vacant positions, out of 183 allocated.

- As stated by the Sheriff's office - The Sheriff's Office is requesting funding for providing the desired level of service.

CEO SUMMARY:

The CEO cannot recommend the Sheriff's requested increase in funding levels as compared to the Adopted FY 2009-10 Sheriff's baseline budget. The Sheriff's office is requesting a 12 % increase or \$2.5 million dollar increase in funding over last year's budget. If you compare the Sheriff's request for funding to the 10 % reduced FY 2010-11 Net County Cost assignment, (aggregate \$18,051,254), the Sheriff's office is requesting a 25 % increase for his budget in the amount of \$22,549,836, or an increase of \$4.5 million dollars in the aggregate for both budgets for a *desired level of service*.

CEO Recommendation - the CEO recommends that the Board of Supervisors reduce the amount of funding in the Sheriff and Jail budgets in the aggregate pursuant to Government Code Section 25303 and pursuant to the Board's budgetary authority. The funding level recommended for FY 2010-11 is \$18,851,254 which 10 % less than FY 2009-10 plus an additional \$800,000 based on the Sheriff's projected shortfall for FY 2009-10. The CEO is also recommending that the Sheriff consider utilizing the legal use of asset forfeiture as stated in the federal guidelines for sheriff operations for overtime or other sheriff operational expenditures.

Budget Unit 2070 – District Attorney

Amount of Funding Requested: NCC \$730,002

- Equivalent to all DA Office staff members would have to take a 10% reduction in pay
- Would also require the layoff of 3 positions compromising public safety and the mandated requirement to provide prosecution.

CEO SUMMARY:

The District Attorney's office submitted their budget over the Net County Cost by \$730,002. Although the District Attorney has worked hard to secure additional funding sources to maintain the same level of service that historically has been provided for prosecution, unfortunately, the funding reductions assigned to departments due to downturn in discretionary revenue is unavoidable and necessary. The county can no longer provide funding for the same services. Therefore, the CEO cannot recommend the DA's requested level of funding to provide the same level of service as requested.

CEO Recommendation- The CEO is recommending to reduce funding to the 10 % assigned Net County Cost for \$(730,002) pursuant to Government Code Section 25303 and pursuant to the Board's budgetary authority. The funding level recommended is \$3,419,765.

Budget Unit 2080 – Public Defender

Amount of Funding Requested: \$256,763

- 3 attorney positions would have to be laid off
- Declaring unavailability for all traffic cases, many of the more serious misdemeanor matters, including domestic violence and drug offenses. The cost to the County, should the Public Defender have to declare unavailability in so many cases, would far exceed what is asked for in order to

maintain the status quo.

- Unable to continue handling the LPS conservatorship cases, many 1210.1 matters, and possibly any complex marijuana cases as we would not have the man/woman power to cover those cases and yet handle our felony and juvenile delinquency caseloads.
- The rate of pay for private attorneys accepting misdemeanors and civil matters, (LPS cases), is \$65.00 per hour.
- The office at this present time has 379 active misdemeanor cases, including violations of probation. If those cases went out to the private bar, the cost at a minimum would be approximately \$123,000
- Services would be reduced to indigent defendants

CEO Recommendation- Public Defender - The CEO is recommending the funding requested by the Public Defender's office. If this department has to declare unavailability then county costs rise with private attorneys as stated above, and no savings is ultimately achieved. Also caseloads have increased as stated above. This department recently laid off the Chief PD investigator position and the Assistant Public Defender is vacant.

Budget Unit 2085 –Alternate Defender

Amount of Funding Requested: \$72,498

- For a small department like the Alternate Defender's Office (ADO), meeting the Net County Cost (NCC) assignment requires significant reduction to staff.
- Elimination of half-time attorney position, thus generating additional cost savings
- Increase in private counsel to act as public defenders with costs increases significant with less county control over the costs
- \$200,000 to \$600,000 in cost savings by having the alternate defender
- Mandated services and sole mission
- Increase caseloads

CEO Recommendation- Alternate Defender - The CEO is recommending that the Alternate Defenders office appoint a Deputy Alternate Defender as Interim Alternate Defender for the remaining of the fiscal year pending the retirement of the incumbent in March 2011, and pending further review of this management position and restructure. This would be a cost savings of \$(44,669). The CEO is not recommending the layoff of one half time attorney position, but rather not hiring an Alternate Defender.

Budget Unit 2560 – Probation

Amount of Funding Requested: \$200,000

- Layoff of 2.5 FTEs
- Increase the vacancy level to 21%
- No services in outlying areas
- No field supervision services
- No court representation in Fort Bragg
- No Juvenile Traffic/Citation Hearings
- No participation in the Student Attendance Review Boards (SARB)
- No partnerships with local agencies without funding

- No training budget, seriously handicapping our ability to meet State training mandates for our Probation and Juvenile Hall staff
- Repeat recidivism
- Service levels for substance abuse counseling has been reduced resulting in needs for higher supervision needed
- Caseload increase of 40 %

CEO Recommendation- The CEO is recommending reducing the Probation's budget by **\$100,000 rather than \$200,000. The \$100,000 will secure services on the coast.**

Budget Unit 2550 – Juvenile Hall

Amount of Funding Requested: \$250,000

- Layoff of 3.5 FTEs
- Increase vacancy level to 23%
- Jeopardize child supervision to staff ratio mandates pursuant to Title 15 of the California Code of Regulations
- Jeopardize the safety and security of the staff and the incarcerated children
- Impact ability to provide programs at an adequate level to incarcerated children
- Increase in the use of overtime and extra help hours to adequately staff the facility
- No training budget, seriously handicapping our ability to meet State training mandates for our Juvenile Hall staff
- Caseload increase of 33%

CEO Recommendation- The CEO is recommending no funding cuts be applied to this budget due to mandated requirements to provide services and supervision to juvenile offenders under Title 15.

SUMMARY

The Executive office has discussed and reviewed all requests for funding by departments. The Executive Office has considered the associated impacts and justification for the funding requests by departments utilizing the guidelines that were previously presented and approved by the Board on March 22, 2010. The CEO has made recommendations for the FY 2010-11 Recommended Budget as presented today for departmental funding allocations and is requesting that the Board accept all of the presentations today.

In the Board's binders, are summary outlines on various department consolidations that the CEO has requested various departments to review. Departments are present today to provide an update to the Board of Supervisors on these consolidation efforts.