

# County of Mendocino

EXECUTIVE OFFICE



## BUDGET WORKSHOP

MAY 25, 2010



# Morning Session

- State Budget Impacts – Governor’s May Revise
- Third Quarter Update FY 2009-10 – Projected Fund Balance
- Auditor’s forecast on Discretionary Revenue for FY 2010-11 Budget
- Recommendations / Results of FY 2010-11 Department Budgets
- Summary of Recommendations

# Morning Session

- Department Presentations / Consolidation
  - ✓ **General Government** - CEO/COB consolidation
  - ✓ **HHSA** - HR/HHSA SR consolidation feasibility study
  - ✓ **HHSA** - EH/Planning feasibility study
  - ✓ **HHSA & Internal Support** - HHSA Facilities/GSA Facilities
  - ✓ **Internal Support** - Administrative Services Consolidation
  - ✓ **Recreation and Culture** - Museum and Library

# Afternoon Session

- Departmental Updates
  - ✓ General Government
  - ✓ HHSA
  - ✓ Internal Support
  - ✓ Public Resources
  - ✓ Recreation and Culture
  - ✓ Criminal Justice

# Afternoon Session

- Conclusion

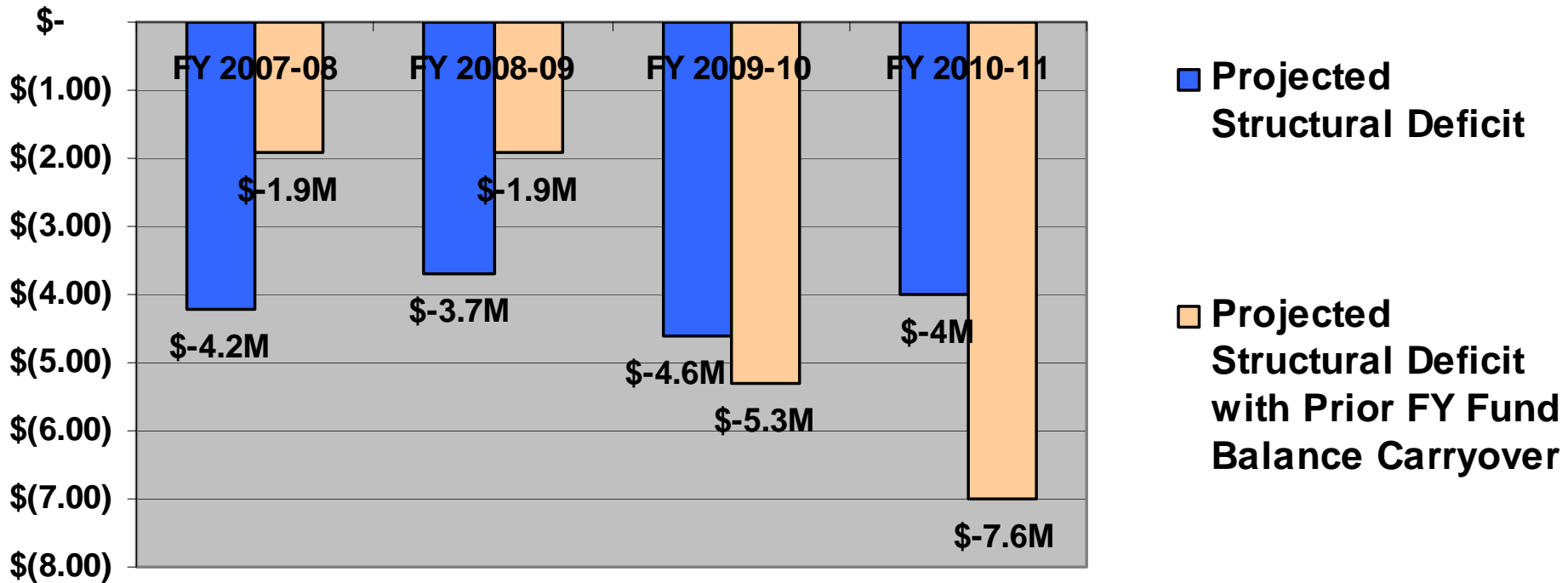
- ✓ Public Comment
- ✓ Closing Summary CEO
- ✓ **June 8, 2010** Next Budget Session
- ✓ Chairs Closing Remarks
- ✓ Matters from Staff
- ✓ Other Business

# Budget History



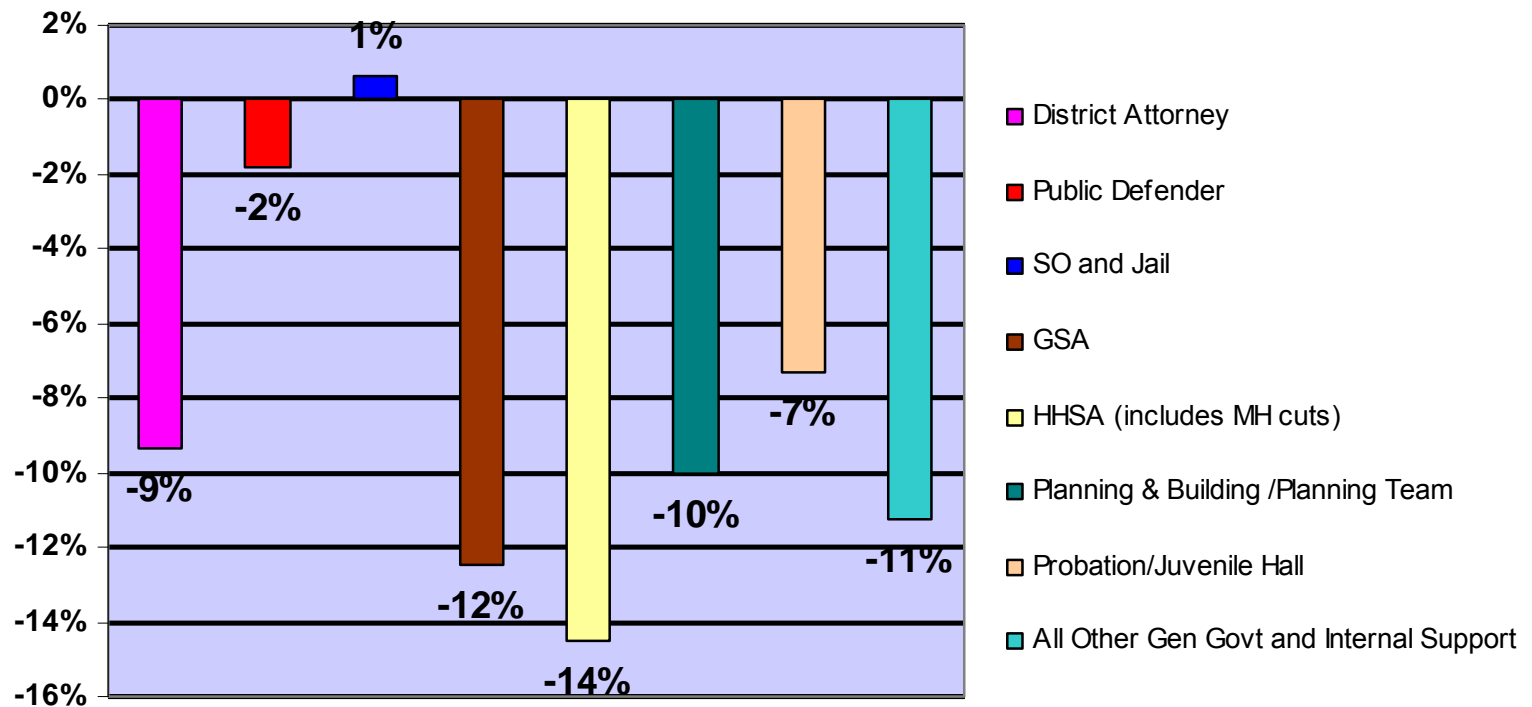
# PRIOR YEAR'S RECOMMENDED BUDGET COMPARATIVE STRUCTURAL DEFICITS

## 3 Year Projected Comparison History of Structural Deficits at Recommended Budget (in millions)



# FY 2009-10 COMPARATIVE PERCENTAGE CUTS TO DEPARTMENTS

General Fund Comparative Percentage Cuts



BOARD ACTIONS TO MITIGATE \$7.6M PROJECTED DEFICIT  
FY 2009-10 – FY 2010-11

- **December 8, 2009**
  - Board approved first quarter report for 2009-10
  - Board directed staff to work on mitigation plan for departments over budget for FY 2009-10
- **January 5, 2010**
  - Board approves Budget presentation on \$7.6 million dollar projected deficit
  - Board adopts Resolution #10-004 to designate the official(s) responsible for the submission and monitoring of the Recommended Budget, including adoption of the uniform accounting standards and procedures as prescribed by the State Controller per GC 29000-29144 and 30200
- **February 2, 2010**
  - Adoption of Resolution #10-017- 5-part balancing strategy and Budget policy guidelines
  - Board approved mitigation plan for Human Resources and Mental Health
  - Board directed staff to work with Sheriff's Office to implement staff's recommendation for FY 09-10 and FY 10-11 budget years, providing there be no layoffs of field deputies or correctional deputies (reduce management and develop workforce reduction plan for 2010-11)

# BOARD ACTIONS TO MITIGATE \$7.6 MILLION DOLLAR PROJECTED DEFICIT

- **February 23, 2010**

- Board approved second quarter report for FY 2009-10
- Board directed staff to continue to work with Departments to review consolidation including defined staffing ratios
- Board direction staff to investigate parcel tax, sales tax, TOT tax, or other revenue sources and bring back to the Board within an expedited timeframe for consideration of potential next steps

- **March 16, 2010**

- Executive Office presented next steps for revenue enhancement (i.e. conducting a poll for possible ballot measures)- Board did not approve

- **March 22, 2010**

- Board approves the Four Phase layoff plan (100 employees)

- **April 6, 2010**

- Board approves Phase I positions (25 employees) for layoff

## BUDGET ASSUMPTIONS FROM FEBRUARY 3

- Reducing a structural deficit requires long-term planning and action
- “Business as usual” is a thing of the past
- Mendocino County cannot continue to provide the same level of services as in the past
- All departments will participate in reducing the revenue shortfall
- Even under adverse conditions, Mendocino County can still remain a strong organization

# MARCH 22nd GUIDELINES

- ✓ Effective and efficient county operations
- ✓ Review management to staff positions and establish reasonable ratios
- ✓ Move forward with consolidation efforts where possible
- ✓ Department Directors and Management positions to remain vacant mitigating additional layoffs
- ✓ Workforce reduction starts with Department heads and management before line staff
- ✓ Revenue generating positions reduced only if necessary
- ✓ Minimize layoffs of staff providing mandated services
- ✓ Reduce management in Criminal Justice while keeping deputies in the field
- ✓ General Fund will not be used for state funding cuts to county programs

# EXECUTIVE OFFICE RECOMMENDATIONS FOR 09-10

*Recommended on February 23, 2010*

## **FY 09-10**

I.	Eliminate non-mandated services (26 FTE's)	\$357,123
II.	Negotiate 10% MTO	<u>\$405,333</u>
	<b>Total:</b>	<b>\$762,456</b>

- All other cost-cutting measures to be continued, including hiring freeze and determining feasibility of using grant funds to pay for existing staff, rather than filling grant-funded positions.
- If no wage concessions for MTO, then workforce reduction to meet \$405,333.
- The remaining deficit of \$2.8M to be mitigated by FY 10-11 actions.

# RECOMMENDED STRATEGY FOR FY 2010-11

*Recommended on February 23, 2010*

■ Continue the elimination of non-mandated services	\$1.4M
■ Department consolidation, where it makes sense	\$0.5M
■ Implement defined staffing ratios (supervisors : frontline staff)	\$0.5M
■ 10% reduction in General Fund NCC for all departments	\$5.0M
■ Wage concessions (2%)	\$1.0M
■ Safety subsidy (Public Safety) *	<u>\$0.6M</u>
<b>Total:</b>	<b>\$9.0M</b>

*\* Other retirement system reduction strategies being reviewed*

# ORGANIZATIONAL RESTRUCTURE THROUGH CONSOLIDATION

*Recommended on February 23, 2010*

<u>Departments</u>	<u>Consolidation Effort</u>	<u>Annual Savings</u>	<u>Benefits</u>
Museum & Library	Administrative consolidation (reduce administration by 2 FTE's)	\$150,000	Keeps both facilities open, with reduced hours

*This is an example of consolidation. Further exploration is needed by Department Heads and Executive Office to fully analyze any consolidation effort.*

# Options for Deficit Reduction



# WORK WEEK REDUCTION

Departments	Reduction	Proposed Action	Funding Source	Estimated General Fund Savings FY 10-11
All	Countywide staff reduction utilizing MTO	10% continuation of MTO <b>pending meet and confer</b>	General Fund	Approx \$1.1M
All	Countywide staff work week reduction	Reduce work week to 32 hours <b>pending meet and confer</b>	General Fund	\$7,176,000
All	Countywide staff work week reduction	Reduce work week to 36 hours <b>pending meet and confer</b>	General Fund	\$3,588,000
All	Countywide staff work week reduction	Reduce work week to 37.5 hours <b>pending meet and confer</b>	General Fund	\$2,244,000

**Based on Auditor's projections (estimated pending actual salaries and positions)**

# WAGE REDUCTION BY BARGAINING UNIT

## Salary Reduction for 26 Pay Periods General Fund only (1 year)

Bargaining Unit	5%	10%	15%
SEIU	\$852,423	\$1,704,842	\$2,557,265
DSA (with overtime)	\$659,622	\$1,319,240	\$1,978,862
DDIT	\$50,768	\$101,532	\$152,300
MCLEMA	\$80,188	\$160,373	\$240,561
Management	\$146,962	\$293,921	\$440,883
Confidential	\$44,592	\$89,182	\$133,774
Department Head	\$44,007	\$88,010	\$132,017
Elected	\$42,335	\$84,667	\$127,002
Unrepresented	\$116,017	\$232,032	\$348,049
MCPEA	\$178,318	\$356,633	\$534,951
MCPAA	\$155,233	\$310,465	\$465,698
<b>Total</b>	<b>\$2,370,465</b>	<b>\$4,740,897</b>	<b>\$7,111,362</b>

# LAYOFF PLAN TIMELINES

In order to limit disruption to county services, a 4-Phase Plan was recommended and approved by the Board:

- May 1, 2010-25 employees laid off
- July 1, 2010-25 employees laid off
- October 1, 2010-25 employees laid off
- January 1, 2011-25 employees laid off

\* Layoff numbers and timelines could be mitigated depending on the outcome of labor negotiations

# Today's Deficit



## Tracking the Deficit

Projected Deficit February 23, 2010	7.6m
Phase 1 Layoffs March 22, 2010	\$(2.4m)
Projected Deficit	\$5.2m
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NCC Assignments with 10 % Cut March 10, 2010	(\$5.2m)
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Projected Deficit	\$ -0-
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Department Submitted Budget Funding Requests April 19, 2010 (Desired level of funding)	\$11.6m
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CEO Recommendations (Response to April 19th Department funding requests)	\$(6.5m)
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Net Projected Deficit Balance May 25, 2010	\$5.0m
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# CLOSING THE GAP

<b>Net Projected Deficit Balance May 25, 2010</b>	<b>\$5.0 M</b>
<b>*Temporary “Stop Gap” Internal Borrowing</b>	<b>(\$3.1M)</b>
<b>Phase III layoffs effective July 1, 2010</b>	<b><u>\$( 1.9)</u></b>
<b>= Balanced FY 2010-11 Recommended Budget</b>	<b>\$-0-</b>

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

# General Fund Choices

<b>Sheriff and Jail Budgets</b>			
Request Over Assigned Share	<b>4,500,000</b>		
		Vets Services	<b>(200,000)</b>
		Farm Advisor	<b>(300,000)</b>
<b><u>500,000</u></b>	←	←	<b><u>\$ (500,000)</u></b>
		Library	<b>(1,000,000)</b>
<b><u>1,500,000</u></b>	←	←	<b><u>\$ (1,000,000)</u></b>
		Coast Animal Shelter	<b>(100,000)</b>
		AAA Services	<b>(100,000)</b>
		Museum	<b>(350,000)</b>
<b><u>2,050,000</u></b>	←	←	<b><u>\$ (550,000)</u></b>
		Planning and Building	<b>(1,500,000)</b>
<b><u>3,550,000</u></b>	←	←	<b><u>\$ (1,500,000)</u></b>
		Water Agency	<b>(250,000)</b>
		Agriculture	<b>(300,000)</b>
		General Assistance	<b>(780,000)</b>
<b><u>✓4,880,000</u></b>	←	←	<b><u>\$ (1,330,000)</u></b>

# SUMMARY

- The Executive Office is requesting that the Board accept the presentations for the Governor's May Revise, the 3<sup>rd</sup> Quarter FY 2009-10 Budget Report, and the FY 2010-11 Recommended Budget presentation
- A Phase II layoff list will be presented on June 8, 2010 based on the recommendations presented today and will be effective July 1, 2010
- A resolution will be presented on June 8, 2010 for Board adoption to temporarily borrow internal reserves