



County of Mendocino

The Executive Office

FY 2010-2011

1st Quarter Report

November 9, 2010

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Introduction


Today we begin our quarterly budget review process for fiscal year 2010-11. Our goal is to manage the county budget by working with departments to stay within their general fund allocation and to mitigate any long-standing structural deficit still existing within specific county departments. The Executive Office modified this year's 1st Quarter Fund Balance Report due to the relatively short timeframe in the first quarter. This year's focus is on personnel expenditures such as wages, extra-help, and overtime. The expenditures in these categories should be more consistent with expenditures for the rest of the year. In prior years, the Executive Office focused on the impacts of the State budget and looked at the fund balance across all budget units. The more specific focus of this year's 1st Quarter Report will help illuminate the obstacles the County faces in order to achieve a sound and balanced budget come June 30th, 2011. Labor costs or personnel expenditures are the only solid numbers we have in the first quarter of the year.

The Importance of Structural Balance for FY 2010-11

The County's budget for FY 2010-11 utilized over \$2.2M in general and designated reserves. These funds must be paid back over the course of this fiscal year in order to maintain adequate cash reserves for effective cash management. The depletion of these reserves, even if temporary, places the utmost importance upon staying within budgeted expenditures and revenues. Departments should adhere to appropriated levels to maintain responsible financial management. Every dollar spent over Board appropriated amounts, in the absence of adequate fund reserves, will ultimately lead to compounded financial issues down the road. In light of the currently stagnant long-term economic recovery of the County, and generally poor prospects for expansion of economic development, it is advisable that these problems be dealt with earlier, rather than later. Therefore, adherence to the Board's appropriated levels of spending should be strictly enforced. Any budgetary savings departments may achieve through the remainder of FY 2010-11 will be critically important.

Labor Negotiations

Renegotiation of employee labor contracts is currently ongoing and may have some impact on the FY 2010-2011 budget, and those savings will be fully realized for the 2011-2012 fiscal year.

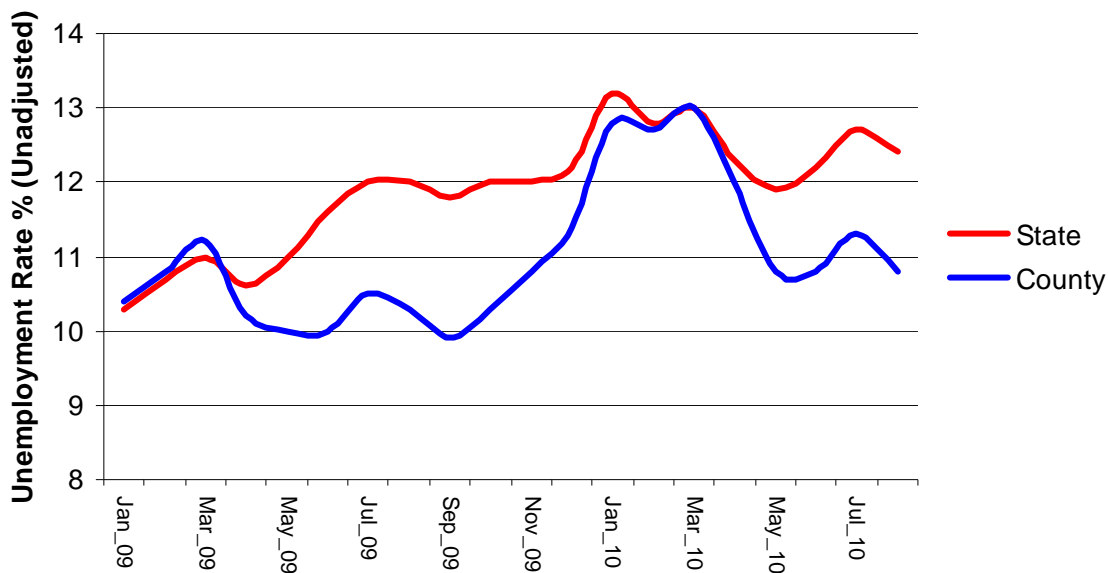
County of Mendocino				
Status of Labor Negotiation 11/1/2010				
	Bargaining Unit	Wages Negotiated	Effective Date	General Fund Savings
	Department Heads	10%	7/1/2010	\$101,357
	Unrepresented	10%	7/1/2010	\$188,498
	DSA	10%	7/25/2010	\$1,200,000
	MCLEMA	10%	9/19/2010	\$186,000
	Management	10%	10/3/2010	\$135,000
	Confidential	10%	10/31/2010	\$54,000
	MCPAA	In Negotiations	-	-
	SEIU	In Negotiations	-	-
	MCPEA	In Negotiations	-	-

Acronym definitions from Page 1:

- DSA: Deputy Sheriff's Association
- MCLEMA: Mendocino County Law Enforcement Management Association
- MCPAA: Mendocino County Public Attorneys Association
- SEIU: Service Employees' International Union, Local 1021
- MCPEA: Mendocino County Probation Employees Association

The Local Economy

Unemployment History: The Last 20 Months



Unemployment rates have continued to rise in Mendocino County and hover around the 11% mark for the fiscal year's first quarter of July, August, and September. This can be compared to the 10.2% average for the same period in 2009, and the 6.4% average for 2008. Mendocino County has strong seasonal variations in employment, however both the summer and winter seasons in 2010 show dramatic increases in unemployment when compared to the same periods in 2009. While there are some indicators of marginal improvement over the course of the 2010-11 fiscal year, there remains enough uncertainty that caution is strongly advised. Heading toward the 2011-2012 Fiscal Year, the possibility of the County experiencing prolonged 12% (or higher) unemployment is still very real. During these periods of heightened unemployment and general economic stagnancy, Mendocino County families will endure numerous financial challenges, and County government will face increased service loads and budgetary pressures.


The General Fund

Given the nature of how tightly budgeted Mendocino County's 2010-2011 spending plan is, the Executive Office is "red flagging" departments that are over their Board approved Net County Cost assignments for the 1st Quarter. The months of July, August, and September contain 5.7 payroll periods, which represent approximately 21.84% of the FY 2010-2011 budgeted funds.

The Executive Office has selected regular employee payroll, extra-help, and over-time, as the most predictive indicators of whether or not a department is on target to come in on budget by June 30th, 2011. Therefore, the 21.84% spending rate is the best marker of where a department should be, while the actual spending rate shows where the department came in for the 1st Quarter. Personnel costs consume a large proportion of the County budget, and they're updated every two weeks with payroll. The Executive Office has adjusted these figures downward in order to compensate for some of the vacation payouts that are currently on departmental books that will later be reimbursed back to the Departments in December. While many departments were removed from the "red flag" list following the adjustments, several still remain. Approximately \$531,391 dollars of spending beyond the 21.84% benchmark has occurred in payroll, extra-help, and overtime. In response to these findings, the Executive office submitted a questionnaire to the flagged departments asking the following questions:

- Why are the expenditures for the 1st Quarter of FY 2010-2011 over the 21.84% benchmark?
- How do you plan on coming in on budget for these line items, and your budget overall?
- What do you predict your total Net County Cost will amount to by June 30, 2011?

More detailed findings for each department are located on pages 6-12 along with the paraphrased responses of the departments. In most cases, departments exceeded the 21.84% benchmark due to changing labor arrangements (layoffs, concessions) that "front loaded" certain budgets, and will be corrected by mid-year or at the end of the year as the reductions balance out over time. The 21.84% benchmark cannot fit each department perfectly, however, for the most part departments came in very close, with the Executive Office only highlighting those who came in over the benchmark.

<i>Summary of Findings</i>							
1st Quarter Report: 21.84% Spending Rate Nominal							
	BU	Name	1st Quarter Actual	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
	1110	Auditor-Controller	\$145,380	\$141,238	\$138,477	-\$2,761	22.3%
	1130	Treasurer-Tax Coll.	\$81,821	\$79,756	\$78,052	-\$1,704	22.3%
	1160	GSA	\$76,033	\$75,635	\$68,236	-\$7,399	24.2%
	2010	Court Collections	\$91,533	\$91,533	\$89,711	-\$1,822	22.3%
	2070	District Attorney	\$583,007	\$579,508	\$529,865	-\$49,643	23.9%
	2085	Alternate Defender	\$92,448	\$92,448	\$85,621	-\$6,827	23.6%
	2310	Sheriff-Coroner	\$1,532,439	\$1,520,889	\$1,193,214	-\$327,675	27.8%
	2560	Probation	\$481,398	\$477,633	\$426,067	-\$51,566	24.5%
	2710	Agriculture	\$122,529	\$122,529	\$88,074	-\$34,455	30.4%
	2860	Animal control	\$86,475	\$86,475	\$78,350	-\$8,125	24.1%
	4016	EMS	\$8,770	\$8,770	\$4,502	-\$4,268	42.5%
	4510	Solid Waste	\$69,124	\$68,476	\$42,515	-\$25,961	35.0%
	7110	Museum	\$36,645	\$36,645	\$27,460	-\$9,185	29.1%
		Totals:	\$3,407,602	\$3,381,535	\$2,850,144	-\$531,391	


After receiving the responses from the flagged departments, the Executive Office was able to narrow its concern down to two Budget Units. The other eleven Budget Units identified in the report will be closely monitored. For now, those departments have adequately explained why they exceeded the benchmark for the 1st Quarter of FY 2010-2011, and based upon the data available for 1st Quarter, appear to be on track to not exceed NCC allocations.

Departments of Concern

Solid Waste (BU 4510): The Executive Office will defer to a memorandum from the Transportation Director dated October 19, 2010 and located on Pages 14-15. Solid Waste was budgeted to have a zero Net County Cost for FY 2010-2011 but the Department is now estimating a **(\$50,000)** Net County Cost, or deficit. Concern remains about attaining even that NCC level, as well as the additional stresses placed on DOT staff to keep the division operational.

Sheriff-Coroner (BU 2310): The Sheriff’s Office is now estimating its deficit for BU 2310 in FY 2010-2011 at (\$2,776,544). The Jail (BU 2510) is estimating a surplus at \$1,337,469 for FY 2010-2011. When combined, the total unbudgeted Net County Cost for Budget Units 2310 and 2510 is now estimated at **(\$1,439,075)** for FY 2010-2011. The Sheriff’s Office Net County Cost Computation for FY 2010-2011 is located on page 16. The Executive Office is concerned with this deficit given the difficult economic and revenue picture for the County. It is recommended that correction of this structural imbalance be a top priority in order to restore adequate reserves. This can be accomplished through either increased appropriation levels (that are likely to come at a cost to other departments), reductions in department spending, or a combination of both.

Overall 1st Quarter Outlook

<i>Wages, Extra-Help, and Overtime Costs Across the General Fund</i>						
1st Quarter Report: 21.84% Spending Rate Nominal						
	BU	Budgeted 2010/11 Annual	1st Quarter Target	1st Quarter Actuals	Under Benchmark Level	Spending Rate %
	1100 General Fund	\$56,435,053	\$12,325,415	\$12,171,995	\$153,420	21.6%

The 1st Quarter computation of salaries, overtime, and extra-help (including those “red flagged” in this report) came in at 21.6% or slightly under the 21.84% benchmark for the 1st Quarter.

Budget Units for the Board of Supervisors, County Elections, Planning and Building, and several others came in under the 21.84% benchmark.

Williamson Act

There may be some additional revenue that the County will see this year due to the inclusion of Williamson Act subvention funding in the FY 2010-2011 State Budget. It is not advised to

appropriate these funds at this time, as the State's financial situation is far from settled and there remains a distinct possibility that these funds could be lost when the new Governor takes office.

Revenue

The Auditor-Controller will separately report out on revenues for the 1st Quarter of FY 2010-2011 during the 1st Quarter Report on Tuesday, November 9, 2010. Attached as Exhibit D is the Auditor-Controller's Revenue Forecast for FY 2010-2011 located on page 19.

Auditor-Controller

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
1110	\$634,052	\$145,380	\$4,142	\$141,238	\$138,477	-\$2,761	22.3%
<i>Reg. Employees</i>	\$634,052	\$145,379	\$4,142	\$141,238	\$138,477	-\$2,761	22.3%
<i>Extra Help</i>	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Overtime Reg Emp</i>	\$0	\$0	\$0	\$0	\$0	\$0	

Department Comments: There was an unbudgeted vacation buyout for an SEIU employee. The Department Head will be taking a 15% cut in pay by mid-year, so that position is front-loaded. Department anticipates coming in at Net County Cost, however, revenues continue to be a volatile factor.

Executive Office Comments: EO will re-evaluate at mid-year, focusing on revenues.

The Treasurer / Tax Collector

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
1130	\$357,381	\$81,821	\$2,065	\$79,756	\$78,052	-\$1,704	22.3%
<i>Reg. Employees</i>	\$354,881	\$81,821	\$2,065	\$79,765	\$77,506	-\$2,259	22.5%
<i>Extra Help</i>	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Overtime Reg Emp</i>	\$2,500	\$0	\$0	\$0	\$546	\$546	

Department Comments: Salary reductions to Management Bargaining Unit and Department Head will occur after 1st Quarter. Expenditures will balance out through the next three Quarters and department anticipates coming in at the assigned Net County Cost.

Executive Office Comments: EO will re-evaluate at mid-year.

General Services Agency

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
1160	\$312,438	\$76,033	\$398	\$75,635	\$68,236	-\$7,399	24.2%
<i>Reg. Employees</i>	\$312,438	\$76,033	\$398	\$75,635	\$68,236	-\$7,399	24.2%
<i>Extra Help</i>	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Overtime Reg Emp</i>	\$0	\$0	\$0	\$0	\$0	\$0	

Department Comments: Department has identified an additional \$8,000 in adjustments for the 1st Quarter. Department remains concerned about declining revenues. Anticipates coming in near, or at Net County Cost when all General Services Agency (GSA) budget units are looked at in the aggregate.

Executive Office Comments: Executive Office finds GSA operating within appropriated levels for 1st Quarter. Concern remains for performance through the rest of the year, not only with revenues, but also with major service reductions and consequent affect upon other departments.

Court Collections

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
2010	\$410,766	\$91,533	\$0	\$91,533	\$89,711	-\$1,822	22.3%
<i>Reg. Employees</i>	\$410,766	\$91,533	\$0	\$91,533	\$89,711	-\$1,822	22.3%
<i>Extra Help</i>	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Overtime Reg Emp</i>	\$0	\$0	\$0	\$0	\$0	\$0	

Department Comments: The differences are due to performance longevity increases not anticipated during budget development. Costs are recoverable and department anticipates hitting \$0 Net County Cost Target by June 30, 2011.

Executive Office Comments: EO will re-evaluate at mid-year.

District Attorney

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
2070	\$2,426,120	\$583,007	\$3,499	\$579,508	\$529,865	-\$49,643	23.9%
<i>Reg. Employees</i>	\$2,426,120	\$557,624	\$3,499	\$557,624	\$529,865	-\$27,759	23.0%
<i>Extra Help</i>	\$0	\$20,915	\$0	\$20,915	\$0	-\$20,915	
<i>Overtime Reg Emp</i>	\$0	\$4,467	\$0	\$4,467	\$0	-\$4,467	

Department Comments: A Chief DDA position will be vacated in the 2nd Quarter, generating some savings. Anticipated grant funding for a portion of a DDA IV was not awarded. Extra Help will be supported by Asset Forfeiture. Overtime was unanticipated, but will be covered by savings from a Legal Secretary II being replaced by a Legal Secretary I. Department will strive to achieve Net County Cost goals.

Executive Office Comments: EO will re-evaluate at mid-year.

Alternate Defender

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
2085	\$392,039	\$92,448	\$0	\$92,448	\$85,621	\$6,827	23.6%
<i>Reg. Employees</i>	\$392,039	\$92,448	\$0	\$92,448	\$85,621	-\$6,827	23.6%
<i>Extra Help</i>	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Overtime Reg Emp</i>	\$0	\$0	\$0	\$0	\$0	\$0	

Department Comments: FY 2010-2011 budget based upon the savings generated from a retirement in the office. This will adjust the 1st Quarter overage once the retirement occurs and the department expects to be at Net County Cost by June 30, 2011.

Executive Office Comments: EO will re-evaluate at mid-year.

Sheriff-Coroner

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
2310	\$5,463,432	\$1,532,439	\$11,550	\$1,520,889	\$1,193,214	-\$327,675	27.8%
<i>Reg. Employees</i>	\$4,807,314	\$1,348,257	\$11,550	\$1,336,707	\$1,049,917	-\$286,790	27.8%
<i>Extra Help</i>	\$39,640	\$11,066	\$0	\$11,066	\$8,657	-\$2,409	27.9%
<i>Overtime Reg Emp</i>	\$616,478	\$173,116	\$0	\$173,116	\$134,639	-\$38,477	28.1%

Department Comments: Because of the dramatic discrepancy between assigned Net County Cost and the cost of maintaining the desired staffing levels, it is unrealistic to project that the Sheriff will meet Net County Costs, unless there are significant new revenues or cost reductions. When including the Jail, the deficit for FY 2010-2011 is projected at \$1,439,075. * Please see the attached departmental spreadsheet on page 16.

Executive Office Comments: The Executive Office is concerned with this deficit given the difficult economic and revenue picture for the County, and is recommending that this imbalance be corrected. This can be accomplished through either increased appropriation levels (new revenues or cuts to other departments), reductions in department spending, or a combination of both.

Probation

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
2560	\$1,950,855	\$481,398	\$3,765	\$477,633	\$426,067	-\$51,566	24.5%
<i>Reg. Employees</i>	\$1,905,855	\$476,665	\$3,765	\$472,900	\$416,239	-\$56,661	24.8%
<i>Extra Help</i>	\$40,000	\$4,170	\$0	\$4,170	\$8,736	\$4,566	
<i>Overtime Reg Emp</i>	\$5,000	\$564	\$0	\$564	\$1,092	\$528	

Department Comments: Department has identified \$51,617 in additional adjustments and anticipates coming in slightly under Net County Cost by the end of FY 2010-2011.

Executive Office Comments: EO will re-evaluate at mid-year.

Agriculture

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
2710	\$403,267	\$122,529	\$0	\$122,529	\$88,074	-\$34,455	30.4%
<i>Reg. Employees</i>	\$363,267	\$91,430	\$0	\$91,430	\$79,338	-\$12,092	25.2%
<i>Extra Help</i>	\$38,000	\$30,867	\$0	\$30,867	\$8,299	-\$22,568	81.2%
<i>Overtime Reg Emp</i>	\$2,000	\$232	\$0	\$232	\$437	\$232	

Department Comments: Department still has to enter revenue/expenditure data for Moth work of approximately \$200,000. Extra-Help expenditures are not evenly spent during the year but are focused during growing and harvest seasons. Department anticipates coming in at Net County Cost for the year.

Executive Office Comments: EO will re-evaluate at mid-year.

Animal Control

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
2860	\$358,744	\$86,475	\$0	\$86,475	\$78,350	-\$8,125	24.1%
<i>Reg. Employees</i>	\$339,209	\$77,262	\$0	\$77,262	\$74,083	-\$3,179	22.8%
<i>Extra Help</i>	\$19,535	\$6,829	\$0	\$6,829	\$4,266	-\$2,563	35.0%
<i>Overtime Reg Emp</i>	\$0	\$2,384	\$0	\$2,384	\$0	-\$2,384	

Department Comments: Additional costs related to the layoff of Fort Bragg animal shelter personnel, and will be compensated for over the next 3 quarters. Department anticipated coming in at the assigned Net County Cost.

Executive Office Comments: EO will re-evaluate at mid-year.

Emergency Medical Services

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
4016	\$20,615	\$8,770	\$0	\$8,770	\$4,502	-\$4,268	42.5%
<i>Reg. Employees</i>	\$20,615	\$8,770	\$0	\$8,770	\$4,502	-\$4,268	42.5%
<i>Extra Help</i>	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Overtime Reg Emp</i>	\$0	\$0	\$0	\$0	\$0	\$0	

Department Comments: Additional costs related to the round 3 layoff will be adjusted for over the next three quarters. Department anticipates coming in at Net County Cost with possible additional savings.

Executive Office Comments: EO will re-evaluate at mid-year.

Solid Waste

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
4510	\$194,664	\$69,124	\$648	\$68,476	\$42,515	-\$25,961	35.2%
<i>Reg. Employees</i>	\$159,264	\$60,135	\$648	\$59,487	\$34,783	-\$24,704	37.4%
<i>Extra Help</i>	\$26,200	\$1,939	\$0	\$1,939	\$5,722	\$3,783	7.4%
<i>Overtime Reg Emp</i>	\$9,200	\$7,050	\$0	\$7,050	\$2,009	-\$5,041	76.6%

Department Comments: * Please see the attached departmental memorandum on pages 14-15.

Executive Office Comments: The 2010-2011 Final Budget was adopted with a Net County Cost assignment of \$0.00 for Solid Waste. This Budget Unit is structurally imbalanced, and concern remains as to the departments ability to contain costs.

The Museum

1st Quarter Report: **21.84%** Spending Rate Nominal



BU	Budgeted 2010/11 Annual	1st Quarter Actual	Adjustment for Vacation	1st Quarter Adjusted Actual	1st Quarter Target	Over Benchmark Level	Adjusted Spend Rate %
7110	\$125,732	\$36,645	\$0	\$36,645	\$27,460	-\$9,185	29.1%
<i>Reg. Employees</i>	\$125,732	\$36,575	\$0	\$36,575	\$27,460	-\$9,115	29.1%
<i>Extra Help</i>	\$0	\$0	\$0	\$0	\$0		
<i>Overtime Reg Emp</i>	\$0	\$70	\$0	\$70	\$0	-\$70	

Department Comments: Staff layoff that included vacation payout created an uneven distribution of personnel costs throughout the year. Interim Director has not taken a 10% VTO as of 11/1/2010. Department forsees coming in at Net County Cost once Interim Director takes a 10% VTO.

Executive Office Comments: EO will re-evaluate at mid-year.

Recommendations

The overruns in Budget Units 2310 & 4510 are concerning given the difficult economic times and poor revenue outlook for Mendocino County. While overall spending for wages, extra-help, and overtime fell within budgeted amounts for the 1st Quarter, this trend may not continue. Many of the departments well under the 21.84% benchmark are expected to come in very near to Net County Cost. Savings that appear in the 1st Quarter are unlikely to appear throughout the rest of the fiscal year. With the expectation that we stay within budget all year, the Executive Office makes the following recommendations to the Board:

1. If a department is operating in a projected deficit, the department must submit a written monthly progress report on deficit mitigation activities.
2. Consistent with last year's recommendations, the Board will direct departments to identify non-mandated services that may be reduced or eliminated for the purposes of reallocating general fund dollars to higher priority areas. Additionally the CEO and departments must identify common functions and areas of operation that can be consolidated to create greater efficiencies.
3. In light of the Sheriff's projected \$1.4M deficit, and with this Board's approval, the Executive Office will work with the Human Resources Director and the Sheriff to identify fourteen (14) positions in the Sheriff's Office for elimination.

Summary

Deficits and overruns have occurred in the past. What makes this fiscal year different is that the County has no reserves to cover any excess spending. Potential revenue enhancement opportunities that existed with Measure C, or with Proposition 19, are now no longer on the table. The County continues to look at revenue enhancing measures, however, for the foreseeable future there are no opportunities that would significantly add additional funds. Therefore, our best option to balance the budget is to reduce spending.

MEMORANDUM

Mendocino County

Department of Transportation

TO: Carmel Angelo
Chief Executive Officer

DATE: October 19, 2010

FROM: Howard Dashiell, Director
Department of Transportation



SUBJECT: BU 4510 – Solid Waste Division
FY 2010/11 First Quarter Budget Review

Here are MCDoT's responses to the questions regarding why payroll expenses for BU 4510 – Solid Waste Division exceed what is expected for the first quarter of FY 2010/11:

1. Question: Why are the expenditures for the 1st Quarter of FY 2010/11 over the 21.84% benchmark?

Answer: During this period the Solid Waste Division incurred the following additional payroll expenses:

- a. \$21,059.33 of payouts for accrued vacations for 5.4 FTE permanent Solid Waste Division employees that were laid off and 1.4 FTE permanent Solid Waste Division employees that resigned from County service.
- b. The layoffs of Solid Waste Division employees approved by the Board of Supervisors on June 8, 2010 became effective on July 17, but at that time MCDoT was still responsible for all County Transfer Station operations. Consequently, MCDoT assigned the remaining Solid Waste Division employees (a Solid Waste Supervisor and Senior Solid Waste Site Operator) and several other MCDoT staff to perform duties of Refuse Site Attendant at the Transfer Stations until September 1, 2010, the date the private operator took over operations at the five Solid Waste Transfer Stations.
- c. Additional payroll costs were incurred during the 1st Quarter to cover operations at the Transfer Stations because one Refuse Site Attendant was on industrial sick leave due to a Worker's Comp injury claim, another Refuse Site Attendant was out on sick leave for three days, and the Senior Solid Waste Site Operator was out on family sick leave for three days.

2. Question: How do you plan on coming in on budget for these line items, and for your overall budget?

Answer: The FY 2010/11 budget proposed by MCDOT included layoffs of two employees (one Solid Waste Site Operator and one Solid Waste Maintenance Worker). After the Board action on June 22 and before the final budget hearings on August 30, the budget was revised to include payroll expenses to operate only the Caspar Transfer Station. However, for two months in FY 2010/11 (July and August) MCDOT continued to operate the other five Transfer Stations. In addition, the budget did not include an amount sufficient to reimburse BU 3010 for staff time spent working at Transfer Stations and on other Solid Waste Division matters. Although MCDOT will work diligently to address the shortfall by reducing overtime expenses as much as possible, it is likely that total costs will exceed revenues by approximately \$50,000. To address this shortfall, if the City of Fort Bragg will support a fee increase at the Caspar Transfer Station, MCDOT will request a fee hearing to raise gate fees.

3. Question: What do you predict your total Net County Cost will be come June 30, 2011?

Answer: Provided that Solid Waste Division employees don't take any time off during the year, the NCC will be approximately \$50,000. However, the Division is operating on a razor edge, so any form of leave taken by employees (sick leave, family sick leave, personal leave, vacation, bereavement leave) will increase payroll costs to the Division because other Solid Waste Division employees will have to work overtime to cover the time off.

If you need any additional information or have questions regarding this matter, please call me at 463-4363.

Thanks.

cc: Kyle Knopp, Executive Office
Patti Black, Deputy Director of Transportation

MENDOCINO COUNTY SHERIFF'S OFFICE
2010-11 BUDGET

<u>ASSIGNED NET COUNTY COST</u>	<u>BU 2310</u>	<u>BU 2510</u>	<u>TOTAL</u>
ORIGINAL ASSIGNED N.C.C.	\$ 9,577,382	\$ 8,473,872	\$ 18,051,254
C.E.O. ADJUSTMENT TO N.C.C. - ADDITIONAL FUNDING	\$ (74)	\$ 800,074	\$ 800,000
C.E.O. RECOMMENDED N.C.C.	\$ 9,577,308	\$ 9,273,946	\$ 18,851,254
AUDITOR ADJUSTMENT FOR CAL EMA USFS GRANT	\$ (100,000)		\$ (100,000)
CEO LINE-ITEM ADJUSTMENT	\$ 23,300	\$ (23,300)	\$ -
INSURANCE ADJUSTMENTS PER C.E.O. & AUDITOR	\$ (144,608)	\$ (74,837)	\$ (219,445)
N.C.C. PER FINAL BUDGET	<u>\$ 9,356,000</u>	<u>\$ 9,175,809</u>	<u>\$ 18,531,809</u> (A)
<u>REQUIRED NET COUNTY COST</u>			
ORIGINAL REQUESTED N.C.C.	\$ 13,275,890	\$ 9,273,946	\$ 22,549,836
SHERIFF COMMITMENT TO USE A.F. FOR OVERTIME	\$ (200,000)		\$ (200,000)
PROJECT AMT. OVER (UNDER) BUDGET-OVETIME (10-22-10)	\$ 150,000	\$ (75,000)	\$ 75,000
PROJECT AMT. OVER BUDGET-GARAGE BILLING (10-22-10)	\$ 150,000		\$ 150,000
PROJECT AMT. OVER BUDGET-AB443 REVENUE (10-22-10)	\$ (40,000)		\$ (40,000)
PROJECT AMT. OVER BUDGET-CaIMMET REVENUE (10-22-10)	\$ (44,356)		\$ (44,356)
PROJECT AMT. OVER BUDGET-ZIP-TIE REVENUE (10-22-10)	\$ (75,000)		\$ (75,000)
AUDITOR ADJUSTMENT FOR CAL EMA USFS GRANT	\$ (100,000)		\$ (100,000)
\$1 DMV FEE TO OFFSET SST'S IN JAIL		\$ (200,000)	\$ (200,000)
SCAAP GRANT IN EXCESS OF BUDGET		\$ (17,927)	\$ (17,927)
ADD 1 CORRECTIONS DEPUTY NOV. - JUN. - ESTIMATED		\$ 55,000	\$ 55,000
LESS 5 NEW 2010/11 VACANCIES - ESTIMATED		\$ (500,000)	\$ (500,000)
ATTRITION - NOV. THROUGH JUN.	\$ (80,000)	\$ (67,000)	\$ (147,000)
LESS DECREASE IN INSURANCE COSTS	\$ (144,608)	\$ (74,837)	\$ (219,445)
LESS WAGE CONCESSIONS - D.S.A.	\$ (759,382)	\$ (555,842)	\$ (1,315,224)
N.C.C. REQUIRED FOR 95/61 FUNDED POSITIONS	<u>\$ 12,132,544</u>	<u>\$ 7,838,340</u>	<u>\$ 19,970,884</u> (B)
BUDGET DEFICIT BASED ON 95/61 FUNDED POSITIONS	<u>\$ (2,776,544)</u>	<u>\$ 1,337,469</u>	<u>\$ (1,439,075)</u> (A)-(B)

JEANINE B. NADEL
COUNTY COUNSEL



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DUGLAS L. LOSAK
CHIEF DEPUTY

DEPUTY COUNTY COUNSELS

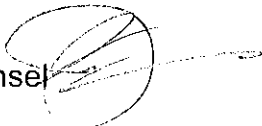
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OFFICE OF THE
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UKIAH, CALIFORNIA 95482

CYNTHIA T. MONTESONTI
LEGAL SERVICES MANAGER

August 4, 2010

TO: Department Heads

FROM: Jeanine B. Nadel, County Counsel 

RE: Budget Overruns/Personal Liability Criminal Liability
Op. #10-0715

As the County embarks upon another financially difficult year, the Board of Supervisors has asked me to remind all Department Heads of the need to keep expenditures within the budgeted amount and the provisions of law that mandate adherence to your respective budgets.

Government Code § 29120 provides as follows:

"Except as otherwise provided by law, the board and every other County or special district official and person shall be limited in the incurring or paying of obligations to the amounts of the appropriations allowed by the budget as originally adopted or thereafter revised by additions, cancellation or transfer."

Government Code § 29121 provides as follows:

"Except as otherwise provided by law, obligations incurred or paid in excess of the unencumbered balance of the amounts authorized in the budget appropriations are not the liability of the county or special district, but the official authorizing the obligation in an amount known by him to be in excess of the unencumbered balance of the appropriation against which it is drawn is liable therefore personally and upon his official bond." (Emphasis added)

Government Code § 29122 provides in pertinent part:

"The Board shall approve no claim and the auditor shall issue no warrant for any obligation in excess of that authorized therefore in the budget appropriation, except upon an order of a court of competent jurisdiction, for an emergency, or as otherwise provided by law."

* * *

Government Code § 1222 provides:

"Every willful omission to perform any duty enjoined by law upon any public officer, or person holding any public trust or employment, where no special provision is made for the punishment of such delinquency, is punishable as a misdemeanor." (Emphasis added)

As is apparent from the above, personal liability and criminal penalties attach for the willful failure to meet the above—referenced statutory responsibilities.

JBN/ctm

cc: Honorable Board of Supervisors
Carmel Angelo, CEO
Meredith Ford, Auditor-Controller
Clerk of the Board

**County of Mendocino
BU 1000 Revenue Forecast For Fiscal Year 2010/11**

	A	F	G	H	I	J	K	L
Revenue Description	2008/09 Adopted Budget	2008/09 Actual	2009/10 Adopted Budget	2009/10 Actual	2010/11 Adopted Budget	2010/11 Actual thru October	2010/11 Projected Actual	
2								
3								
4	Current Secured Property Tax	27,350,502	27,324,745	28,225,000	27,757,798	28,000,000	0	28,200,000
5	Current Unsecured Property Tax	906,120	948,616	950,000	979,806	965,000	0	965,000
6	Current Supplemental Roll Taxes	1,300,000	621,580	850,000	250,108	300,000	74,984	300,000
7	Prior Year Secured Taxes (2008/09 credit to Teeter BU)		795		0	0	0	0
8	Prior Year Unsecured Taxes	25,000	38,952	40,000	57,577	50,000	0	50,000
9	Penalties & Cost on Delinquent Taxes (same as line 7)	530,000	658,666	700,000	671,869	750,000	1,526	750,000
10	Sales and Use Tax - County 1% Share	3,700,000	3,669,166	3,600,000	3,019,149	3,200,000	554,077	3,050,000
11	Sales and Use Tax - Public Safety	6,200,000	5,511,769	5,550,000	5,449,961	5,500,000	419,033	5,500,000
12	Timber Yield Taxes	450,000	364,534	340,000	63,077	100,000	0	100,000
13	Highway Property Rentals				102	0	0	0
14	Room Occupancy Tax	3,800,000	3,732,786	3,900,000	3,256,171	3,400,000	994,805	3,400,000
15	Property Transfer Tax	500,000	313,534	400,000	298,328	320,000	82,865	250,000
16	Racehorse Tax							
17	Property Tax In Lieu of VLF Revenues	9,763,880	9,763,880	10,000,000	10,099,757	9,977,550	0	9,977,550
18	Property Tax In Lieu of Sales Tax (Triple Flip)	1,262,263	1,262,263	1,000,000	937,236	984,124	0	984,124
19	Franchise Fees	770,000	774,985	790,000	740,058	750,000	55,013	750,000
20	Forfeiture and Penalties		515	0	0	0	0	0
21	Interest Income	590,000	303,653	350,000	54,152	60,000	0	60,000
22	SB90 Reimbursement (State Mandated Cost)	0	0	0	17,955	0	0	0
23	Open Space Subvention (Williamson Act)	565,000	562,787	0	0	0	0	0
24	Homeowner's Property Tax Exemption	315,000	308,421	310,000	307,074	310,000	0	305,629
25	State Other: (State Roundabout Tax Shift)	130,000	130,000	130,000	130,000	130,000	0	130,000
26	Federal Grazing Fees	100	62	100	531	500	0	500
27	Federal Land In Lieu Taxes	236,180	382,223	357,663	360,391	330,000	325,319	325,319
28	Federal Other (Geothermal Lease)		189,550	0	1,338	1,000	0	1,000
29	Other Government Agency Revenue (County RDA return)			55,000	54,690	60,000	0	60,000
30	County Cost Plan Charges/Property Tax Admin Fee	686,015	384,670	359,350	336,373	380,000	11,321	380,000
31	Prior Year Revenue	0	487,455	0	335,508	134,054	134,104	134,054
32	Sale of Fixed Assets		15,000	13,425	0	0	0	0
33	Other Sales		0	0	125,000	300,000	150,000	300,000
34	Other Revenue	214,500	215,949	0	2,484	3,000	993	3,000
35	Other (Includes Timber Harvest Revenues-Little River)	0	0	0	0	0	0	0
36	Refund Jury & Witness Fees	1,000	1,065	1,000	30	1,000	450	1,000
37	Donations		200	100	0	0	0	0
38	Tobacco Settlement Funds	475,000	523,950	530,000	636,896	640,000	0	640,000
39	Operating Transfers In (Mental Health/DDOT A-87)	429,852	807,059	864,181	864,181	601,762	0	601,762
40								
41	Total	60,200,412	59,298,830	59,315,819	56,807,600	57,247,990	2,804,490	57,218,938

Prepared by Auditor-Controller