

Slides to be updated with  
final fiscal information  
at presentation on  
Tuesday  
February 24, 2009

# BUDGET WORKSHOP

Mendocino County  
Board of Supervisors

February 24, 2009

## FACING TOWARD FY 2009-10

- Review Budget Guidelines for 2009-10
- Establish County Budget Priorities
- Frame 2009-10 County Budget
  - Provide direction on potential Fees
  - Provide direction on potential re-engineering opportunities

## INVOLVING POLICY-MAKERS

- Weekly Reports from Deputy CEO
- Budget Workshop in February
  - Review Budget Guidelines
  - Set County Budget Priorities
  - Establish framework for Budget
  - Propose Service Fees for analysis
- Binders to store work materials

## INVOLVING POLICY-MAKERS

- Fee Hearings in April
  - Review analysis of potential Fees
  - Approve Service Fees
- Budget Workshop in May
  - Receive 2008-09 3<sup>rd</sup> Quarter Report with updated revenue projections
  - Review County budget framework per Board Priorities for 2009-10
  - Focus on re-engineering opportunities

## INVOLVING POLICY-MAKERS

- Proposed Budget Work Day in June
  - Finalize Revenue Projections to be used in Proposed Budget
  - Review Proposed Budget by Department
  - Review and approve re-engineering projects
- Adoption of Proposed Budget in June
  - Adopt 2009-10 Proposed Budget

## INVOLVING DEPT HEADS

- Weekly Budget Leadership Team
  - Give input to process and decisions
  - Review latest info and actions
- **Individual** meetings with CEO and Executive Office budget staff
- Budget Conferences in April to review department budget proposals
- Attendance encouraged at workshops

## INVOLVING EMPLOYEES

- Monthly meetings with representatives of all bargaining units to share information and cost saving ideas
- Periodic Budget Message from Executive Office via email
- Videos of Board Workshops on intranet
- Budget materials on CEO website

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## INVOLVING THE COMMUNITY

- All Budget Workshops broadcast live
- Videos of Board Budget Workshops on Internet
- Budget materials posted on website
- 2008-09 Final Budget on website
- Press Releases

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## BUDGET CALENDAR

- Feb 24: Budget Kick-off/2<sup>nd</sup> Qtr Report
- April 7: Budget Update/Fee Hearings
- May 19: Budget Workshop/3<sup>rd</sup> Qtr Rept
- June 9: Proposed Budget Presentation
- Jun 23: Proposed Budget adopted
- Aug 31: Public Hearings/Final Budget
- Sep 15: Final Budget adopted

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## BUDGET ACTIVITIES

- March 2008
  - Budget instructions issued
- April 2008
  - Departments prepare budget materials
  - Budget Team analyzes budget
- May 2008
  - Budget conferences held
  - Proposed Budget developed

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## BUDGET COMPONENTS

- Revenue Projections
- State Budget Impacts
- Compensation/Wages & Benefits
- Major Projects
- Debts and Liabilities
- Budget Reserves

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## REVENUES FY 2009-10

- Sales tax revenues projected to remain below prior year
- Property tax revenues projected to remain below prior year
- Positive interest income projected to remain below prior year
- Zero fund balance carry-over from FY 2008-09

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## STATE BUDGET FY 2009-10

- Continued deferral of State payments to County
- Potential release of State prisoners or halt in State receiving prisoners from County
- No COLAs for CalWORKs and SSI recipients

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## COMPENSATION POLICY

- Compensation Philosophy
  - Finalized by Board in July 2006
- Compensation Plans
  - Board Priority placed on market equity and competitiveness
  - Adopted Memoranda of Understanding with terms through Fall 2009 or mid-2010 with all bargaining units

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## COMPENSATION FY 2009-10

- COLAs granted mid-year or later in FY 2008-09 to be budgeted for full year in FY 2009-10
- January 2009 Health Plan premium increase to be budgeted for full year in FY 2009-10
- Health Plan premium increase for January 2010 to be projected for budget planning purposes at 16%
- External audit of County Health Plan

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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 amortization schedule for Teeter Plan
- Adherence to schedules is critical to **County's annual audit & credit rating**

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## TEETER PLAN

- County purchases unpaid property tax liability from other governments; keeps tax revenues, penalties & fees
- Initial purchase of liability in 1992 was \$5,500,000
- Liability increased due to diverting Teeter revenues to County operating expenses and not paying off debt, leading to escalating principal and interest on debt

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## TAKING ON TEETER

- In 2007-08 Final Budget Hearing, Board gave direction to:
  - Create separate budget unit for Teeter Plan revenue and payments
  - Apply Teeter revenues to Teeter debt, rather than to operating expenses
  - Adhere to payment schedule; consider updating amortization
- BU# 1930 established in 2008

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## TEETER BUDGET 2008-09

- Teeter Debt/7-1-08
- Teeter Liability/FY08-09
- Teeter Revenues/FY08-09
- Teeter GF Payment
- Interest on Teeter
- Teeter Debt/6-30-09

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## BUDGET RESERVES 2008-09

- **General Reserve**
  - Policy: 5% of GF appropriations  
\$3,000,00
  - Current: \$1,900,000
- **Contingency Fund**
  - Policy: 3% of GF appropriations  
\$1,800,000
  - Current: \$ 522,000 *To be used for shortfall*

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## TACKLING THE BUDGET

- Budget Guidelines
- County Priorities
  - Re-engineering opportunities
  - Revenue opportunities

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## REVENUE GUIDELINES

- Examine all fees during Fee Hearing for adequacy and effectiveness
- Propose changes in collection of TOT
- Review overall billing for Sheriff's services to public and other entities
- Hold Board Workshop in July on new revenue sources – sales tax, parcel tax, development/impact fees, etc.

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## COMPENSATION GUIDELINES

- Depending on outcome of Proposed Budget, cost savings in the form of Mandatory Time Off may need to be negotiated for next fiscal year
- MOUs for five of the nine bargaining units expire by the end of September 2009 and renewals will need to be negotiated

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## RE-ENGINEERING GUIDELINES

- Advocate use of video arraignment, criminal filing in Ukiah, closure of outlying courts, streamlined court procedures
- Review options for Mental Health Counseling Services
- Staff Planning & Building Services to match current construction activity
- Work with Courts to increase Collections revenues

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## BUDGET GUIDELINES

- Review proposed budgets with cut in assigned Net County Cost
- State and Federal budget cuts will not be backfilled with County Funds
- **Departments** will absorb all increases in employee wage and benefit costs
- Utilize attrition where possible before lay-offs / mandatory time off (MTO)

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## BUDGET GUIDELINES

- No funding for new projects or groups – new priorities need vote of Board at Final Budget Hearings
- **Use** fees to recoup operational expenses whenever possible
- Adhere to Debt Reduction Policy
- Set interim targets to building General Reserve and Contingency Reserve to policy levels

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## BUDGET GUIDELINES

- Review all current and proposed budget policies and special funds
- Incorporate development and funding of Major Maintenance Projects and Capital Improvement Plan into budget process

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## BOARD PRIORITIES 2009-10

### CONTINUING FROM 2006-07

- Debts and Liabilities, including Teeter
- Justice Facilities Planning
- General Plan, Housing Element, UVAP
- Mill Creek Dams project
- Finance System implementation
- Public Television/PEG Access funding
- Mental Health Budget and Services

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## BOARD PRIORITIES 2009-10

### CONTINUING FROM 2007-08

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

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## BOARD PRIORITIES 2009-10

### CONTINUING FROM 2008-09

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## **BOARD PRIORITIES 2009-10**

### **NO NEW/ADDITIONAL PRIORITIES ARE RECOMMENDED**

- Given the necessity of addressing ongoing priority commitments and reducing debts, and
- Given the projected loss of local revenues and proposed State cuts

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## **NEXT STEPS FOR 2008-09**

- Carefully monitor 2008-09 budget
- Work with individual departments
- Implement results of meet & confer
- Prepare 3<sup>rd</sup> Quarter Report

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## **NEXT STEPS FOR 2009-10**

- Work on 2009-10 Budget framework
  - Revenue projections
  - State cuts
  - Major projects - continued only
- Incorporate Board Priorities
- Analyze and propose Service Fees
- Analyze and propose Re-Engineering for July 1, 2009 action

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