

# *Final Budget Deliberations*

County of Mendocino  
Board of Supervisors

Public Hearing  
August 25, 2008

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## *Budget Hearing*

- Close-out of 2007-08 Fiscal Year
  - Fund Balance Carry-over
  - Revenue Projections
- 2008-09 Budget Overview
- State Budget Proposals
- External Funding Requests
- Public Comment

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## *Budget Hearing*

SECOND ACT:

- Final 2008-09 Budget spreadsheet
- Final 2008-09 Budget deliberations
- Public comment

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***Brought to you by -***

COUNTY BUDGET TEAM

Jennifer Wyatt  
Meredith Ford  
Tom Mitchell  
Alison Glassey

All Department Heads and Fiscal Staff  
Executive Office Administrative Staff

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***This presentation:***

- Provides overview of County Budget
- Updates Fund Balance carry-over and Revenue estimates
- Describes 2008-09 policies and guidelines used to create Budget
- Reviews proposed State budget cuts
- Identifies 2008-09 priorities and balancing strategies

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***Budget for 2008-09***

- September 2007, Board adopted Final Budget for 2007-08
- January 15, 2008, Board adopted 2008 County Work Plan
- February 25, 2008, Board identified priorities for budget action and set 2008-09 process in motion

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## *Developing Budget*

- March 2008 – Budget instructions out
- April 1, 2008 – Board holds fee hearing
- April 2008 – Executive Office and Auditor analyze budget issues
- May 2008 – Budget conferences held with all Departments
- May 19, 2008 – Board fiscal workshop

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## *Designing Budget*

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

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## *From Proposed . . .*

- June 10, 2008 – Proposed Budget spreadsheet presented to Board
- June 24, 2008 – Board adopted Proposed Budget; held fee hearings
- Proposed Budget Book formatted to Strategic Plan framework



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## *... to Final Budget*

- August 25-26, 2008 – Final Budget Deliberations / Public Hearing
- September 9, 2008 – Board adopts Final Budget
- And someday there will be a State budget



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## *Budget Objectives*

- To address negotiated wage increases within current Department budget levels
- To maintain commitment to paying on ALL County debts and liabilities
- To support Departments in their critical missions
- To respond to community needs for EMS and fire protection

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## *Balancing Budget*



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## *Balancing Strategy*

- Absorb negotiated wage increases within current budget levels
- Utilize salary savings and attrition
- Augment and protect General Fund
- Review policy issues in programs
- Maintain payment schedules on debts
- Build reserves whenever possible

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## *Balancing Budget 1*

### BUDGET REDUCTIONS/DEFERMENT

- 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 Budget 2*

### BUDGET TIGHTENING

- Refined 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 water projects

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## *Balancing Budget 3*

### STAFFING REDUCTIONS

- No net new positions created
- Reduced 54 formerly funded positions
- Reduced use of Extra Help positions
- No increases in Overtime
- Researched additional position reductions and/or Mandatory Time Off

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## *Accomplishments*

### IN THE PROPOSED BUDGET

- Covered wage increases primarily through salary savings, with budget augmentations only as necessary
- Funded additional Water Agency projects
- Addressed partially community concerns for EMS and fire protection

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Balanced  
Proposed Budget  
for 2008-09



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## *Human Services*

- Getting Mental Health budget under control
- Integrated HHSA administrative structures
- Stabilizing Animal Care and Control
- Working on integrated crisis services



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## *Human Resources*

- Implemented Pre-Employment Testing
- Finalized MOU documents for SEIU
- Agreed on Health Premium approach
- Worked on labor relations
- Implemented Market adjustments



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## *Public Resources*

- Reorganization proposal for public resources agencies
- Began permit streamlining cross-training
- Began planning for Prop 42 and 1B
- Mill Creek Dams EIR completed



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## *Water and Roads*



- Water projects include research into water supply options: Scout Lake, College Reservoir, Dos Rios concept, etc.
- Road construction and repair projects includes use of Prop 42 and 1B funding.

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## *Advance Planning*



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## *Advance Planning*

- Ukiah Valley Area Plan to admin draft stage; completion by end of 2009
- General Plan Update to public draft stage; completion by mid 2009
- Completed most of 50-acre rezone
- Worked on Inclusionary Housing Ord.
- Worked on data collection for Mendocino Town Plan

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## *Justice*



- Worked with Court on facility transfer agreements for Fort Bragg, Willits, Ukiah, and Covelo
- Researching Day Treatment Center concept for potential implementation at Justice Center

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## *Justice Master Plan*



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## *Justice Planning*

- Board set three objectives in 2005:
  1. Develop Justice Master Plan
  2. Implement Pre-Trial Services
  3. Address jail repair & remodeling
- Pre-Trial Services implemented in 2007
- Justice Facilities Feasibility Study to be completed by December 2008
- Jail repair and remodeling completed

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## *Technology*



- Finance System completed by end of 2008-09, shifting from technical issues to staffing
- Microwave system implementation to be completed by 2009-10
- Deputy CEO of Technology being filled

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## *State Budget Impacts*

- Delayed State payments shift interest costs to County
- Proposed State cuts: biggest impacts in HHSA, Public Safety
- Total potential cut: \$1.5 million



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## *State Budget*

- Over 53 days late
- Williamson Act subvention threatened
- Potential change in billing for booking fees, State crime labs
- No COLAs for CalWORKs recipients
- Delayed COLAs for seniors/disabled
- ERAF imposition on Redevelopment

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## *Potential State Cuts*

- Reduced Social Services funding for Medi-Cal administration, Children's Services, In-Home Support Services
- Reduced Public Safety Subventions
- Reduced Library Subventions

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## *Priorities 2008-09*

CONTINUING FROM 2008-07

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

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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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## *Lingering Concerns*

- Teeter Plan repayment
- Contingency Fund
- Sheriff's Office budget
- Animal Care and Control budget
- Mental Health budget

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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 Guide***

- 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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## Revenue 2008-09

- Sales tax revenues projected to be slightly lower than prior year levels
- Property tax assessed value projected at 8.33% increase; prior year level was 6.3%
- Other revenues projected no growth
- Current Projection: \$60 million

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## Fund Balance



- Current projection of 2007-08 fund balance carry-over for 2008-09: \$1.3 million

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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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## *Comp Policy*

- Finalized in July 2006
- Compensation Plans  
Adopted for all bargaining units in Memoranda of Understanding with terms through Fall 2009 or mid 2010

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## *Comp Implementation*

- ① Review and revise internal equity
- ② Identify benchmark classifications
- ③ Conduct salary surveys
- ④ Implement market adjustments and COLAs per MOUs

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## ***1000 Series***

- \$112 million budgeted 2008-09
- \$106 million budgeted 2007-08
- Approximate 6% increase in budget
- Implementation of step raises, market adjustments, COLAs, premium increases expected to be approx. 11%
- Reduction in increase due to higher vacancy rates, cost saving measures

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## ***Debts & 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 and keeps tax revenues, inc. penalty fees
- 1992 purchase of liability = \$5.5 million
- Liability now \$17 million due to using revenues for operating expenses not paying off debt, escalating interest on debt, increasing rates of foreclosure

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## *Refining Teeter*

- In 2007-08 Final Budget Hearing, Board gave direction to:
  1. Create 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, adhere to payment plan
- BU# 1930 established

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## *Financial Health*

- It is critical to reduce Teeter Plan debt, in order to reduce loss of funds to interest payments on debt, to maintain acceptable credit rating, and to achieve better audit results
- Policy #32 refers to the importance of maintaining the County's credit rating

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## *Debts & Liabilities*

- Certificates of Part. \$1,625,000
- ADA Implementation \$100,000
- Finance System \$150,000
- Mill Creek Dams \$160,000
- Mental Health Jail Services \$250,000
- Pension Obligation Bonds \$4,585,000
- Underfunded POB Debt \$800,000
- Teeter Plan \$5,100,000
- Microwave System \$285,000

TOTAL \$13,045,000

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## *Debts & Liabilities*

- Certificates of Participation \$1,625,000
- Pension Obligation Bonds \$4,585,000
- Underfunded POB Debt \$800,000
- Teeter Plan \$5,100,000
- Diverted from Teeter - \$2,400,000

TOTAL \$9,735,000

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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
  - Proposed: \$345,000 (Mill Creek Ins.)

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## *Next Steps*

- Continue to track State budget actions
- Prepare Final Budget per deliberations
- Present Final Budget for adoption on September 9, 2008
- Prepare Final Budget Book

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