



COUNTY OF MENDOCINO

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Chief Executive Officer's 2008-2009 PROPOSED BUDGET MESSAGE

The County of Mendocino, Board of Supervisors has faced many fiscal challenges over the last several years and this year is no exception. The Proposed Budget for Fiscal Year 08-09 represents the third year of declining rate of growth in revenues and increased costs. To the casual observer the County budget appears to be balanced with no layoffs of permanent employees. The reality is that the County has not been keeping pace with its debt obligations and the cost of doing business has increased every year. The continued increase in personnel costs is a result of previous negotiations with the various employee bargaining units, which were both necessary and needed to pay a competitive salary and have a well trained, talented workforce.

The Proposed Budget is balanced with a combination of reductions in staffing, delaying vehicle purchases, and other one time reductions. The "gap" in funding has been temporarily resolved by not making the complete teeter debt payment. The Executive Office will be pursuing balancing actions through ongoing monitoring of expenditures and labor negotiations prior to the Final Budget.

There is very little good news for this budget and in all probability it will get worse once the State of California completes its budget process. There are rumors that the State of California will be out of cash by September, 2008 and that the State budget will be balanced by increased debt, reductions in funding to both cities and counties, and delayed payments to local agencies. There are many proposed reductions to law enforcement and social programs at the State level that may require a reassessment of the County's planned expenditures by Final Budget.

In order to prepare for the eventual reductions in State funding, the County must prepare a sustainable budget without additional resources. Many counties in California are already experiencing a reduction in property tax revenues due to re-evaluations of housing values brought about from a troubled national economy.

The Chief Executive Officer will be working on the following projects to assist in stabilization of General Fund expenditures:

- Reviewing TOT revenues and collection efforts.
- Working with local law enforcement and the District Attorney to determine potential cost savings.
- Review the current staffing plan and appropriate personnel classifications in the Water Agency.
- Increase automation efforts and online access to program materials by the public.
- Review potential revenues from developer impact fees.
- Continue discussions with Ambulance providers and Fire Districts with a goal of providing a stable funding source.
- Reduce the General Fund Subsidy to the Solid Waste Division.
- Explore opportunities for regionalization of services and new partnerships with local cities.
- Review status of Courts facilities in Willits for possible closure.

Although County departments were asked to prepare for a 6% reduction in their budgets, not all Departments could absorb these cuts without affecting their current service levels to the public or other County departments. Most departments have already been reduced to “bare bone budgets” and could not further reduce their budget requests. The Executive Office has been able to fund library programs, Public Defender, and law enforcement at current levels. Although there are still some funding concerns for the Sheriff’s Office and the Mendocino County Jail, County staff has been working together toward an understanding of the points of differences in levels of service and their basic needs. The proposed funding will include money for all allocated positions, less a vacancy factor, and no layoffs are recommended for the current fiscal year.

And finally the Executive Office would like to recognize the contributions, both financially and professionally of County Departments and their staff in assisting in the preparation of the Proposed Budget. The process has been difficult and does not represent anyone’s ideal budget; however it does maintain core services to the public.

In order to prevent further reductions in both service programs and staffing in the near future, the County needs to develop a new business model that will provide stable funding for all General Fund departments that are part of the essential business functions provided to the public. A balanced approach to new long term revenue sources and development of the local economy will be needed to allow the County to move forward with a sound fiscal plan to improve its fiscal health, independent of the State of California’s financial impacts.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Tom Mitchell", with a horizontal line extending to the left.

Tom Mitchell
Chief Executive Officer