The Mendocino County Board of Supervisors met for a Board Workshop on May 22, 2006, at 10:10 a.m., Ukiah Valley Conference Center, 200 South School Street, Ukiah, California with the following members present: Michael Delbar, Jim R. Wattenburger, Hal Wagenet, Kendall Smith, and J. David Colfax. Chairman Colfax presiding.

Also Present: Ms. Kristi Furman, Clerk of the Board; Mr. John Ball, Chief Executive Officer; Ms. Alison Glassey, Chief Operating Officer; Ms. Jeanine B. Nadel, County Counsel; Ms. Meredith Ford, Assistant Auditor/Controller; Mr. Pete Halstad, General Services Director; Mr. Tim Garrison, Buildings and Grounds Manager; and Mr. Vern Barber, Director, Shared Business Services.

Others Present: Departmental support staff, members of the media, and members of the public were also present throughout the workshop.

AGENDA ITEM NO. 1 – OPEN WORKSHOP

OVERVIEW OF MAY 22, 2006, AGENDA

Presenter/s: Mr. John Ball, Chief Executive Officer, Ms. Alison Glassey, Chief Operating Officer.

Mr. Ball provided introductory remarks noting that today's presentation is the latest in the 365-day/budget process; the workshop layout will provide the Board with a snapshot of where the organization is today - transitioning into the next fiscal year. Staff will present priorities, challenges, and issue areas in looking at the upcoming budget. Mr. Ball also invited Board members to provide input to staff regarding their priorities throughout the discussion. Mr. Ball then requested Ms. Glassey proceed with the scheduled presentation.

Staff reported that today’s Board Workshop is intended to:

- Provide the Third Quarter Fiscal Report
- Preview the State Budget for 2006/2007
- Review the Compensation Action Steps
- Preview the Retirement/Health Benefits
- Present the Capital Improvement Plan
- Review Major Budget Issues
- Review Debts and Liabilities

Ms. Glassey performed a PowerPoint Presentation entitled “Budgeting with Integrity,” which contained an overview of the topics for today’s Board workshop.

Highlights of the presentation included:

- Budget Development/Year-Round
- Fiscal Workshops (held and scheduled in 2006)
  - The series of workshops on specific fiscal topics
  - The series of workshops on coordinated program topics
• Proposed Budget Process to Date
• Specific Budget Instructions
  o NCC assignments to departments were reduced by 6.5% as a starting point
  o Departments were also directed to absorb the cost of doing business increases (equivalent to 3%)
• The 3rd Quarter Report
• Proposed Budget Process from Here
  o June 6: Proposed Budget Workshop (department by department)
  o June 20: Board adoption of the 2006/2007 Proposed Budget
• Mechanics of the Proposed Budget
• Working with Departments
• 2006/2007 Budget Challenges
  o Increases in “Costs of Doing Business”
  o Increased Pressure on General Fund to Address Policy Priorities and Internal Services
• Budget Balancing Strategies for 2006/2007
  o Augment and protect General Fund
  o Look for Permanent Fixes/Not Temporary Cuts
  o Streamline Organizational Structures and Consolidate Departments
  o Identify Policy Issues Regarding Elimination of Programs
  o Utilize Attrition Where Possible and Lay-Offs Where Necessary
• 3rd Quarter Fiscal Report
• Potential State Budget Impacts
• Compensation Plan Action Steps
• Retirement and Health Benefits
• Capital Improvement Plan
• A-87 Reimbursement
• Mill Creek Dams
• Planning Team
• Criminal Justice Master Plan
• Debts and Liabilities ($10,036,735)
• Next Steps

Board Action: No action taken.

AGENDA ITEM NO. 2 – THIRD QUARTER FISCAL REPORT
Presenter/s: Ms. Alison Glassey, Chief Operating Officer; Mr. John Ball, Chief Executive Officer; Ms. Meredith Ford, Assistant Auditor/Controller.

Ms. Glassey referenced resource materials previously provided to the Board, highlighting various items of relevance/importance to Mendocino County in the coming Fiscal Year. Staff’s budget projections indicate the overall total Net County Cost for Fiscal Year 2005/2006 is anticipated to come in under the budgeted Net County Cost by approximately $186,549. Staff proceeded to review highlights of the various functional areas of government including Criminal Justice and internal support services.

Following staff’s presentation, Board member inquiry included:
• The status of the agreement between the County and the Courts (adopted in 2002), and the loss of revenue to the County due to recent Administrative Office of the Courts (AOC) directives, and a proposed “equity adjustment” and the Maintenance of Effort (MOE);
• Departmental budget scenarios, specifically the District Attorney’s Office. As a result of the projected budget overage in the District Attorney’s Office, the County Executive Office is no longer approving requests to fill vacancies in the District Attorney’s Office;
• Budgeting for the Criminal Justice Master Plan (contained in the 2006/2007 Budget);
• Budgeting for Animal Care and Control (Fort Bragg Shelter improvements and coastal road improvements are included in the 2006/2007 budget);
• Mental Health Department budget, enterprise budgeting, and the Mental Health Services Act (interest exists in a more uniform and more integrated budget and billing process).

Board Directive: Supervisor Wagenet requested staff return with further information pertaining to the Teeter Plan.

Board Directive: Supervisor Delbar requested an explanation of the Air Quality Management District’s projected budget overage of approximately $70,000.

Board Directive: Supervisor Wagenet expressed interest in the County Executive Office looking at a direct savings strategy with regard to the Mental Health Department Enterprise Fund deficit: How is the integration strategy going to help the enterprise fund deficit?

Mr. Ball responded by reflecting on the integration of services at the staff level which is anticipated to realize relevant benefits.

Supervisor Wagenet proceeded to describe the evolution of the organization and integration of services, referencing the Board’s policy direction to staff. Interest exists in greater information sharing with the Board with regard to staff’s program recommendations to achieve the Board policies, and the Board’s interest in considering policy/program decisions that can be supported.

Supervisor Wagenet stated that lacking in the transition is the last piece: Directives to restructure have not translated all the way back to the service/programs that the Board will or will not support. He further articulated that the Board cannot make policy decisions in the absence of the program review. He is hopeful that the Executive Office will incorporate the Board directives, including coming all the way back to the Board to look at the service model after these changes have been made. A clear picture is not known after the dust settles; things have started but have not come back to the Board, including how employees and the public feel about these changes.

Mr. Ball reported that staff intends to present to the Board, at the September workshop, a “first look” at program review including executive, managerial, line, and public review.

Supervisor Wattenburger commented that changes throughout the organization are not just looking at cost savings but the improved delivery of services to the citizens.

Public Comment: Mr. Vern Barber, Director, Shared Business Services; Mr. Tim Garrison, Buildings and Grounds Manager.

Board Action: No action taken.
AGENDA ITEM NO. 3 – STATE BUDGET
• REVIEW OF MAY REVISE
Presenter/s: Ms. Glassey then presented an overview of the state budget impacts on Mendocino County. Highlights of the Governor’s May Revise reflect:
• Possible payment toward SB claims;
• Booking fees;
• Full funding of Proposition No. 42;
• COPS and Rural Law Enforcement funds will be maintained;
• Proposed cuts in CALWORKS.

Board Action: No action taken.

AGENDA ITEM NO. 4 – COMPENSATION PHILOSOPHY
• REVIEW OF ACTION STEPS FROM APRIL 24, 2006, WORKSHOP
Presenter/s: Ms. Glassy then addressed progress to date on the April 24, 2006, action steps reporting that the Workforce Strategy Team continues to meet and work on the various action steps. Staff estimates returning to the Board in the next few months, alongside the Final Budget process. Next steps include:
• Development of a Compensation Philosophy
• Compensation Plan
• Classification Plan
• Classification Benchmarking
• Salary Surveying
• Health and Retirement Benefits
• Labor Relations
• 2006/2007 Budget

Board Action: No action taken.

AGENDA ITEM NO. 5 – RETIREMENT AND HEALTH BENEFITS
• REVIEW OF BUDGET PROJECTIONS FOR 2006/2007
Presenter/s: Ms. Glassey briefly reviewed the current County contribution rates for employee retirement benefits and health benefits, including:
• 2006/2007 County Contribution to Retirement: $13,505,000
• Total of All Funds: $15,846,000
• Employer Contribution Rate: 10.96%
• 2006/2007 County Contribution to Health Insurance: $7,709,782

Board Directive: Supervisor Wagenet suggested staff consider partnerships with local educational institutions with regard to researching measures to control employee benefit costs if applicable.

Board Action: No action taken.

AGENDA ITEM NO. 6 – CAPITAL IMPROVEMENT PLAN
Presenter/s: Mr. Pete Halstad, General Services Director; Mr. Tim Garrison, Buildings and Grounds Manager.
Mr. Halstad directed the Board’s attention to the *Mendocino County Capital Improvement Plan 2006*, reporting that the Capital Improvement Plan/Facility Needs Assessment (CIP) is updated periodically by the Department of General Services and presented to the Board of Supervisors for its consideration. The update is intended to provide the Board with an understanding of the overall condition of the County’s capital facilities, a progress report of capital projects under development or in progress, and an insight into the County’s unmet facility needs. It should be used by the Board, along with various facility master plans, to make decisions about capital maintenance, expansion, acquisition, development, reuse and disposition of County facilities.

Mr. Halstad reported that capital facility decisions are far-reaching and long-term. They represent a significant short and long term investment, and have an impact on service delivery and budget planning far into the future. They can also have an impact on the community in which new facilities are built. An example of this is the County’s development, over the past thirty years, of various facilities in Willits, including a Museum, Library, Justice Center, Exhibition & Learning Center, and Health & Human Services Center. Several of those facilities were constructed on land provided by the City of Willits, and, in every case, their development was encouraged by the City Council. Also referenced was the Board’s previous Facilities Ad-Hoc Committee, whose members provided valuable information to staff in the development of the plan and the prioritization of worthy projects.

Staff performed a PowerPoint presentation entitled *Mendocino County Capital Improvement Plan 2006*, sharing information associated with “first priorities” as well as other capital improvement/facility needs. The update was developed based upon information from a variety of sources, including professional planning documents, department heads’ comments about their respective facility needs, and input from the County Buildings & Grounds Manager. Also referenced was staff’s intent to provide a summary of responses to the Board at a future date for informational purposes.

Following staff’s presentation, Supervisor Smith acknowledged the generous contribution of approximately $450,000 from the Friends of the Library towards the Fort Bragg Library remodel.

Supervisor Wattenburger suggested a correction in referring to the “40 acre site” in regard to the Criminal Justice Master Plan, to which Mr. Halstad concurred, reporting that the issue of where the facilities are to be sited has not been determined.

Supervisor Delbar commented on the recommendations contained within the resource materials, cautioning staff against the urge to construct new facilities without considering other viable alternatives.

Supervisor Wagenet also referenced the reimbursement to the County for expenses associated with the removal of underground storage tanks, to which Mr. Halstad provided clarification as to the level of reimbursement for which the County may be eligible.

Mr. Halstad proceeded to review highlights of the various capital improvement projects under the County’s jurisdiction.

Supervisor Colfax also recognized the Friends of the Point Arena Library, acknowledging their expertise with regard to fundraising and volunteerism, referencing the highly effective community coordination.
Also referenced were additional source documents including:
- Mendocino County Health & Human Services Facility Master Plan (March 10, 1999)
- Mendocino County Criminal Justice Master Plan (March 10, 1999)
- Mendocino County Jail Needs Assessment and Criminal Justice Master Plan Update (March, 2006)
- Superior Courts of California County of Mendocino Facilities Master Plan (September 26, 2002)
- 2003 Capital Improvement Plan Update

**LUNCH RECESS: 12:12 – 1:00 P.M.**

**AGENDA ITEM NO. 6 – CAPITAL IMPROVEMENT PLAN – CONTINUED**

**Presenter/s:** Board members expressed appreciation to Mr. Halstad for providing the Board with such a comprehensive resource document, both as a retrospective and prospective resource, also expressing interest in the detailed summary of the Departmental submissions once compiled. Also of interest to the Board are possible green design standards for consideration in future discussions.

Board members concluded by expressing their appreciation of Mr. Halstad’s service to the County, reflecting on his tenure with the organization in view of his upcoming retirement.

Mr. Halstad expressed his appreciation for the opportunity to serve the County for the past 26 years.

**Board Action:** No action taken.

**AGENDA ITEM NO. 7 – MAJOR BUDGET ISSUES**

- A-87 Reappropriations
- Mill Creek Dams
- Planning Team
- Criminal Justice Master Plan

**Presenter/s:** Ms. Glassey directed the Board’s attention to “major budget issues” in the coming budget cycle, including:
- A-87 Reimbursement (There is a “disconnect” between claiming and funding, which is not currently directed back to the internal support departments)
- Mill Creek Dams
- Criminal Justice Master Plan
- Planning Team

Mr. Ball described his interest in working toward a balance of “zero” in the budgetary process; to give a clearer view of the proper balance of the costs for “service” departments and the “support” departments. Historical budgetary practices do not provide for a clear view of how the support costs are paid and spread across the programs. Staff will continue to work towards clarification of allocation of General Fund assets to help support State and Federally funded activities, including identification of what is needed to run the general support functions.

Mr. Ball proceeded to describe past program decisions to not charge/allocate administrative costs in the effort to fund direct services. Staff hopes to show where the indirect costs should be charged and where they are charged to provide the Board with information for decision
making in the allocation of General Fund dollars. A comprehensive implementation of this philosophy will await the implementation of the new County Finance System.

Staff also reported that the responsibility for the Mill Creek Dams will be transferred to the Mendocino County Water Agency as of June 1, 2006. Shared Business Services, Transportation, and County Counsel will continue to operate in supporting roles.

In response to staff’s comments, Supervisor Delbar inquired as to the status of the EIR questioning the relevancy/need for the EIR based upon on the absence of scientific need.

Also referenced was the establishment of a new Budget Unit (2853) that has been created for the Planning Team and the modest office space remodel expenses which are being allocated in the 2005/2006 Fiscal Year budget.

**Board Action:** No action taken.

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**AGENDA ITEM NO. 8 – DEBTS AND LIABILITIES**

- **REVIEW OF 2005/2006 PROGRESS**
- **PROJECTIONS FOR 2006/2007**

Presenter/s: Ms. Glassey distributed a *Summary Chart of Long-Term Debt and Obligations - May 22, 2006*, proceeding to describe staff’s proposed funding levels for the individual areas of debt (18 funding categories identified).

Staff summarized each of the key funding recommendations, describing the rationale associated with the level of funding for each component.

**Board Directive:** Supervisor Wagenet requested the County Executive Office provide the Board with a monthly fiscal report associated with the Mental Health Department budget projections.

Supervisor Smith also referenced the importance of the County’s Microwave Replacement System, suggesting that the County begin to take steps to prioritize this internally, rather than just making a recommendation for federal funding consideration, to which Ms. Glassey and Mr. Ball responded by describing internal efforts that are underway to address this need.

**Board Directive:** Supervisor Smith requested staff bring to the Board, an update and detailed schematic of the County Executive Office internal approach to the County’s Microwave Replacement System, to which Mr. Ball suggested staff could present a status report as part of the upcoming budget discussion.

**Board Directive:** Supervisor Smith also referenced a modification to the debt form to account for “total liabilities” whether or not action is scheduled; staff agreed to break out the requested information for informational purposes.

Board members reflected on the amount of debt, expressing concern with same while recognizing that these fiscal decisions were made prior to the current administration and Board.

**Public Comment:** Mr. Tom Drumm, SEIU Local 707, inquired as to the projected expenses associated with the Planning Team.
Board Action: No action taken.

AGENDA ITEM NO. 9 – CONCLUSION

PREVIEW OF NEXT BOARD WORKSHOP ON JUNE 6, 2006

Presenter/s: Ms. Glassey concluded the presentation by stating staff’s goal, which is to build Board policy direction into an accurate and balanced budget.

Supervisor Wagenet stated he is pleased to see the detailed pyramid, however, left out from his perspective is policy discussion relating to the budgetary needs of the individual Supervisorial Districts. He described the breadth of issues needing attention, the large geographic districts, and the associated driving expenses. He also referenced the value and the support needs of Municipal Advisory Councils such as the Laytonville MAC (LMAC) which is embryonic and deserving of support staff, supervisorial participation, and general staff follow up. He suggested “little MACs should be all over the place,” describing that they are an important factor and their development does not happen by osmosis.

Board Directive: Supervisor Wagenet requested an enhancement for Supervisor budgets, as individuals, based upon the degree of travel and varied interests, including creation of Municipal Advisory Councils.

Mr. Ball responded by describing various areas of activity: Bringing in extra-help in June which will begin the discussion with the Board to “amp up” direct Board support on direct constituent issues; the Executive Office is also looking at Board/District Budgets and funding increases to support direct activities; also describing the value in helping the community understand what the Board members do. He also referenced the need to determine a simplified and adequate method of Board member budgeting.

Supervisor Smith responded to the dialogue recommending review of three areas of compensation:

• Direct Compensation: Salary – and other ways it could be looked at;
• Support Services to the Board: How the Board could obtain funding to get part-time assistance for each Supervisor/provide maximum flexibility to utilize resources;
• Travel: Interest in potential modification to County Code language and maximum flexibility for each Supervisor.

Supervisor Smith referenced her intent to present a simple and flexible manner in which to accomplish the budgetary objectives as stated.

Board Action: No action taken.

AGENDA ITEM NO. 10 – OTHER BUSINESS

PUBLIC EXPRESSION

MATTERS FROM STAFF

OTHER BUSINESS

Presenter/s: Chairman Colfax expressed appreciation for staff’s efforts in coordinating today’s workshop presentation.

Board Action: No action taken.
THERE BEING NOTHING FURTHER TO COME BEFORE THE BOARD, THE MENDOCINO COUNTY BOARD OF SUPERVISOR’S WORKSHOP ADJOURNED AT 1:55 P.M.

J. DAVID COLFAKX, Chairman

Attest: KRISTI FURMAN
Clerk of the Board

NOTICE: PUBLISHED MINUTES OF THE MENDOCINO COUNTY BOARD OF SUPERVISORS MEETINGS

• Effective January 2003, the Mendocino County Clerk of the Board will publish summary/action minutes of Board of Supervisors meetings
• These published summaries are considered draft until adopted/approved by the Board of Supervisors
• The Board of Supervisors’ summary/action minutes are also posted on the County of Mendocino website at: www.co.mendocino.ca.us/bos
• To request an official record of a meeting of the Mendocino County Board of Supervisors, please contact the Clerk of the Board at (707) 463-4221.

CLERK OF THE BOARD - PUBLIC OFFICE HOURS
(MONDAY-THURSDAY, 8:00 A.M. - 5:00 P.M.)

• Please reference the departmental website to obtain additional resource information for the Board of Supervisors and Clerk of the Board: www.co.mendocino.ca.us/bos

Thank you for your interest in the proceedings of the Mendocino County Board of Supervisors