



FY 2023-24 1st QUARTER REPORT

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EXECUTIVE OFFICE: FISCAL UNIT

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Exhibits

BU 1000 Non-Departmental Revenue Forecast	Exhibit A
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Attachments:

FY 2023-24 3 rd Quarter Budget Net Zero Adjustments and Administrative Clean Up	Attachment A
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FY 2022-23 Budget Unit 1000 FY 2022-23	Attachment C
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INTRODUCTION

Purpose

With this document, the County begins the Budget Reporting process to the Board of Supervisors for Fiscal Year (FY) 2023-24. The First Quarter Report covers July 1, 2023, through September 30, 2023, and provides typically detailed information projecting how the County's prior year budget status is likely to end on June 30, 2024. As with quarterly reports presented to the Board of Supervisors in the past, this report examines the Net County Cost (NCC) projections of departments across the County system. The NCC for a department is identified by taking the annual expenditures of a department and subtracting the annual revenues derived by that department. Most departments cannot operate or maintain services without infusions of discretionary general fund dollars. These revenue infusions are financed primarily by property tax, sales tax, and transient occupancy tax revenues. The pool from which the County provides these monies is limited and is annually adopted in the County's budget as Budget Unit 1000. First quarter does not typically project additional funding from current fiscal year departmental projections. Funding for first quarter is from one-time carryforward/fund balance money from the prior fiscal year; however, as of the publishing of this report, the status of carryforward/fund balance from FY 2022-23 is unknown. One-time funds are not to be used for ongoing expenses. Ongoing expenses should be allocated from identified revenue projections.

California Government Code § 29009 requires the County to produce a balanced budget, and the quarterly reporting is an important step in the process of fulfilling this legal requirement of the County's financial management. Every year, the County strives to produce a budget that is balanced between the community's needs and the revenue reality that is presented. All decisions and policies in this matter are solely the responsibility of the Board of Supervisors. The Chief Executive Officer serves as the administrative officer designated by the Board to advise and administer Board direction in fulfilling the requirements of GC § 29009.

STRATEGIC PLAN 2022-2027

The Board of Supervisors, in May 2022, adopted the County's first Strategic Plan in over 30 years. The plan will help guide the critical decisions the Mendocino County Board of Supervisors will face over the next five years to improve the quality of life for county residents. County leadership engaged in conversations with over 1,000 county residents to explore the challenges the county faces and identify solutions that will result in a more effective county government organization, a thriving economy, and a county that is safe, healthy, resilient, and prepared for future uncertainties. The County is grateful to the many constituents who voiced their opinions about what's important to them, their families, and the county's future.

The County has identified ambitious goals with specific objectives that will enable achievable and positive results. Accomplishing these goals will depend on allocating sufficient County staff to implement key tasks; designating resources via the budget process within the context of the County's mandated funding commitments; close collaboration with community members, businesses, nonprofits, and local government organizations; and finally, the Board of Supervisors' commitment and leadership.

The Strategic Planning Task Force and consultants gathered input over an eight-month process through the following sources:

- Individual interviews with the 5 members of the County's Board of Supervisors
- Individual interviews with the County's Chief Executive Officer (CEO)
- Group meetings with all Department Heads
- Group meeting with staff from the CEO's office
- 3 virtual Town Halls, attended by 206 County residents

- 6 community focus groups, averaging 8 community leaders per group, representing the following sectors:
 - Cities & towns in the County
 - Community-based organizations
 - Businesses
 - Public safety
 - Healthcare
 - Latino community service providers
- Individual interviews with Mendocino County Tribal Council Leaders
- One-on-one interviews and 6 focus groups with 41 County staff leaders
- Survey responses from 432 County employees
- 330 comments received via email from County residents
- Documents from existing County planning efforts, including the following, among others:
 - MOVE2030: Community Economic Action Plan
 - Mendocino County Homeless Services Continuum of Care Strategic Plan to Address Homelessness
 - Mendocino County Public Health Department's 6 Priorities
 - Priorities of the Mendocino County Climate Action and Advisory Committee, the Grassroots Institute, and Climate Action Mendocino

Strategic Priorities

The strategic plan consists of 17 goals under these 4 priority areas:

- An Effective County Government Organization
- A Safe and Healthy County
- A Thriving Economy
- A Prepared and Resilient County



These priorities and goals are supported by specific, actionable objectives for County staff to implement. The first priority, of an effective County organization, is critical to the implementation of the other three priorities. A strong internal organization, with a healthy culture, participative leadership, clear communication channels, and departments fully staffed with qualified individuals, will make it possible for the County to achieve results in the additional three priority areas.

Priorities, Goals & Objectives

An Effective County Government Organization

- Define clear roles, responsibilities, and processes for government leadership
- Create a thriving organizational culture
- Implement new approaches to demonstrate our commitment to Diversity, Equity, and Inclusion (DEI)
- Improve operational efficiency by streamlining processes and implementing technology-based solutions
- Increase transparency in government operations to build trust with employees, communities, and partners
- Assure financial sustainability of the County

A Safe and Healthy County

- Provide a person-centered approach to help under-resourced individuals and families thrive
- Deliver culturally relevant public health services that focus on prevention and are guided by social determinants of health
- Increase access to behavioral health services
- Help people feel safe in their communities
- Implement practices that support a sustainable environment and responsible stewardship of natural resources

A Thriving Economy

- Support a vibrant economy
- Support increased housing stock at a range of affordability levels
- Ensure that affordable and reliable broadband communications is available to all County residents

A Prepared and Resilient County

- Increase disaster/emergency preparedness and resiliency
- Ensure access to rural fire protection and emergency medical services
- Improve and maintain transportation and road systems/access routes

In prior budget cycles, the Board of Supervisors identified budget goals and priorities as focus areas in the development and implementation of the County budget. The County's adoption of a Strategic Plan in May of 2022 has led to a change in the approach to how priorities are defined.

STATE AND FEDERAL WATCH LIST

State Budget Watch List

- September 14 - Last day for each house to pass bills. Interim recess begins upon adjournment
- October 14 - Last day for Governor to sign or veto bills passed by the Legislature on or before September 14 and in the Governor's possession on or after September 14
- January 1 - Statutes take effect (Art.IV, Sec.8(c))
- January 3 - Legislature reconvenes (J.R. 51(a)(4))
- January 10 - Governor releases proposed budget for upcoming fiscal year
- February 16 - Last day for bills to be introduced (J.R. 61(b)(4), J.R. 54(a))
- March 21 - Spring Recess begins upon adjournment (J.R. 51(b)(1))
- April 1 - Legislature reconvenes from Spring Recess (J.R. 51(b)(1))
- April 26 - Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house (J.R. 61(b)(5))

- May 3 - Last day for policy committees to hear and report to the Floor nonfiscal bills introduced in their house (J.R. 61(b)(6))
- May 10 - Last day for policy committees to meet prior to May 28 (J.R. 61(b)(7))
- May 14 - Governor releases the "May Revision", an updated & revised budget for upcoming fiscal year. Legislative Analyst Office releases their "May Revise" Analysis
- May 20-24 - Floor session only. No committee may meet for any purpose except for Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(10))
- May 28 - Committee meetings may resume (J.R. 61(b)(12))
- June 2 - Last day for each house to pass bills introduced in that house
- June 15 - Budget Bill must be passed by midnight (Art. IV, Sec. 12(c))
- June 27 - Last day for a legislative measure to qualify for the Nov. 5 General Election ballot (Elections Code Sec. 9040)
- July 1 - New fiscal year begins
- July 3 - Last day for policy committees to meet and report bills (J.R. 61(b)(13)). Summer Recess begins upon adjournment, provided Budget Bill has been passed (J.R. 51 (b)(2))

Federal Budget Watch List

- October 1 - Fiscal year begins
- December 14 - last in session day for the House in 2023
- December 15 - last in session day for the Senate in 2023
- First Monday in February (2/5) - President submits budget (statement of Administration policy and priorities for upcoming fiscal year and beginning of congressional budget cycle)
- February 15 - Congressional Budget Office submits report on the economic and budget outlook to Budget Committees
- March 4 - Committees submit views and estimates to Budget Committees
- April 1 - Senate Budget Committee reports concurrent resolution on the budget
- April 15 - Congress completes action on the concurrent resolution on the budget
- May 15 - Annual appropriations bills may be considered in the House
- June 10 - House Appropriations Committee reports last annual appropriation bill
- June 15 - Congress completes action on reconciliation legislation
- June 30 - House completes action on annual appropriation bills
- July 15 - President submits mid-session review updating budget estimates

EXECUTIVE SUMMARY

The Executive Office Fiscal Unit is following the Board of Supervisors' Strategic Plan, focusing on an effective county government, a safe & healthy county, a thriving economy, and a prepared & resilient county. As the general cost of providing the County's core services continues to rise, including the cost of salaries, benefits and pensions, and public safety, departments must seek new ways to reduce costs and increase revenues while providing mandated services. Fiscal Year 2023-24, similar to the prior fiscal year, is a year of declining revenue growth. The Fiscal Team began the process of reviewing all fees within the County, seeking full cost recovery for services, as directed by the Board of Supervisors. The fee hearing is set for December and will be the most comprehensive fee update performed by the county in over a decade.

Fiscal Year 2023-24's budget is relying on over \$7 million in one-time funding, to cover increased costs in salaries & benefits, and general expenses for supplies and services. This is not a sustainable approach to any future budgeting for the County. The Executive Office continues to work with department heads and elected officials to seek ways to reduce waste, and expenses while improving efficiency. The County's fiscal health requires building resiliency into the budget for support of employees, strategic communication infrastructure, strengthening readiness, emergency preparedness and mitigation, and normalization of

disasters. Improved efficiencies, found through initiatives like the Golden Gate Bridge Initiative, are needed to create a fiscally stable county that does not rely on one-time monies to balance the budget.

The final carryforward/fund balance amount from FY 2022-23, to be used as one-time expenditures, is unknown at this time. In previous years, the carryforward/fund balance amounts were:

- FY 2021-22 amount was \$3,390,644
- FY 2016-17 to 2020-21 were between \$3,965,190 and \$6,404,170
- FY 2011-12 to FY 2015-16 were between \$2,976,286 and \$11,734,766

The Executive Office Fiscal Team relies on departments to provide accurate quarterly budget information, and the Auditor-Controller's Office for revenue estimates, month-end and year-end closings, which are the basis of developing the County's budget. The Fiscal Team is aware of numerous factors that can affect this preliminary estimate of the year-end outcome, including unanticipated expenses, under-realized or over-realized revenues, vacancy factors, as well as other unforeseen circumstances. The Executive Office continues to provide budget trainings, with the goal to improve the estimation of future expenditures and revenues through increased awareness and knowledge of county fiscal staff. The County will continue to experience increases in operating costs, with the biggest impacts expected to be salary and benefit-related costs and infrastructure. The 1st Quarter Report provides an overview of the estimated current budget and recommended budget adjustments.

LOCAL ECONOMY

Economic Summary

The economy of Mendocino County, like the California and national economy is experiencing what economists called a sluggish economy. We have not slipped into a recession, but continue to be impacted by inflation, high fuel costs, and relatively stagnant labor markets as illustrated by the indicators below. Specific to Mendocino County, we see the continued trend that most households are unable to afford buying a home in this county, and the cost of living is high compared to real wage earnings.

The challenges presented by these indicators are clear; efforts by government should be focused on combating further economic decline by supporting housing accessibility, living wage job creation, and fighting inflation.

Economic Indicators

- As of 2023 Q1, total employment for Mendocino County, California was 35,380, with a total labor force of 37,070, and 1,690 unemployed individuals
- The unemployment rate for Mendocino County, California was 4.6% as of August 2023. One year earlier, in August 2022, the unemployment rate in Mendocino County, California was 3.4%. Unemployment has increased by 1.2% in the last year
- Since August 2022, goods producing jobs have increased by roughly .25%, private service providing jobs have held steady, and government jobs have fallen by roughly .5%
- Non-farm jobs in Mendocino County saw almost no growth between August 2022 and August 2023
- Since last year, wage growth (or real wage growth) in California has increased, yet it is still below 0%, which indicates that wage earners still experience the impacts of inflation
- The median hourly wage for the north coast is \$21.90, which is an increase from 2022 of \$21.50
- The median price of existing homes in 2022 in Mendocino County was \$537,500 and is forecasted to drop 2.4% from August 2023 and August 2024

- As of 2022, the median household income was \$65,520
- Population in the County in 2021 was 91,601; economists project we will see the population hold steady or decline in the coming years

Sources:

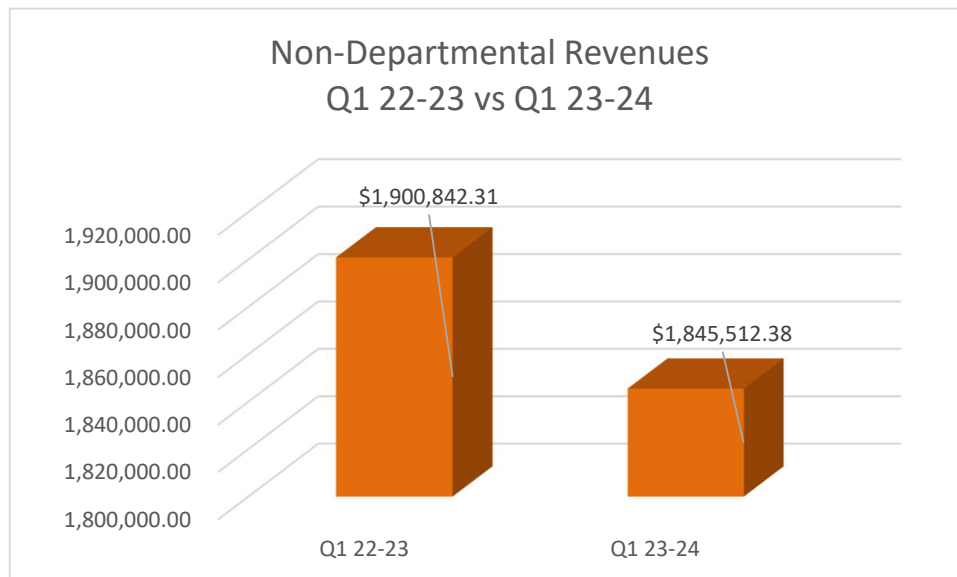
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https://data.census.gov/profile/Mendocino_County,_California?g=050XX00US06045
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DISCRETIONARY REVENUES

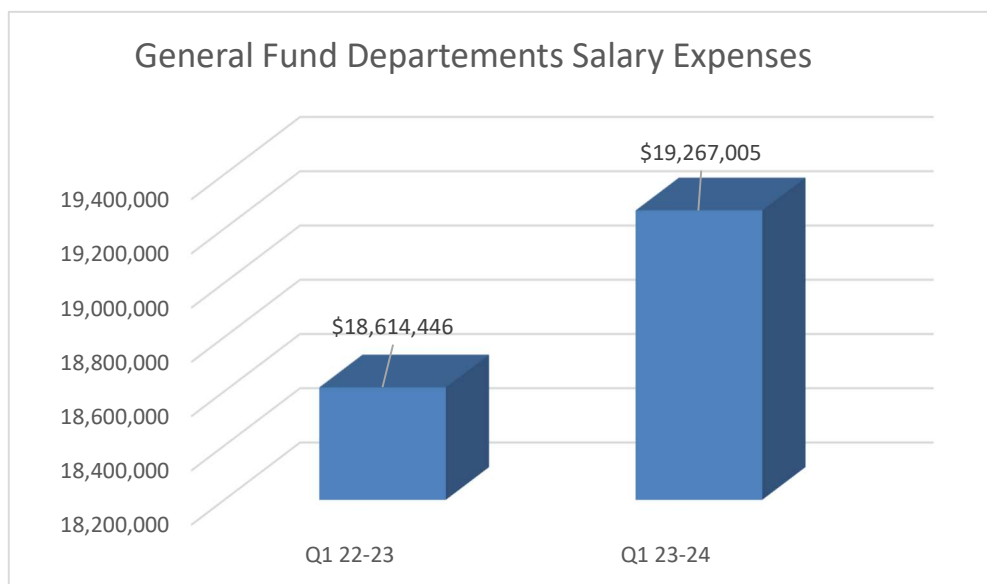
There is a limited amount of information regarding discretionary revenues, with this 1st Quarter update. The largest portion of discretionary revenue is secured property tax, and the first payment of secured property tax revenue is not due until December 10, 2023. More detailed information on all revenues from Budget Unit 1000 will be available as a part of the mid-year report.

Trending Revenue and Expenses

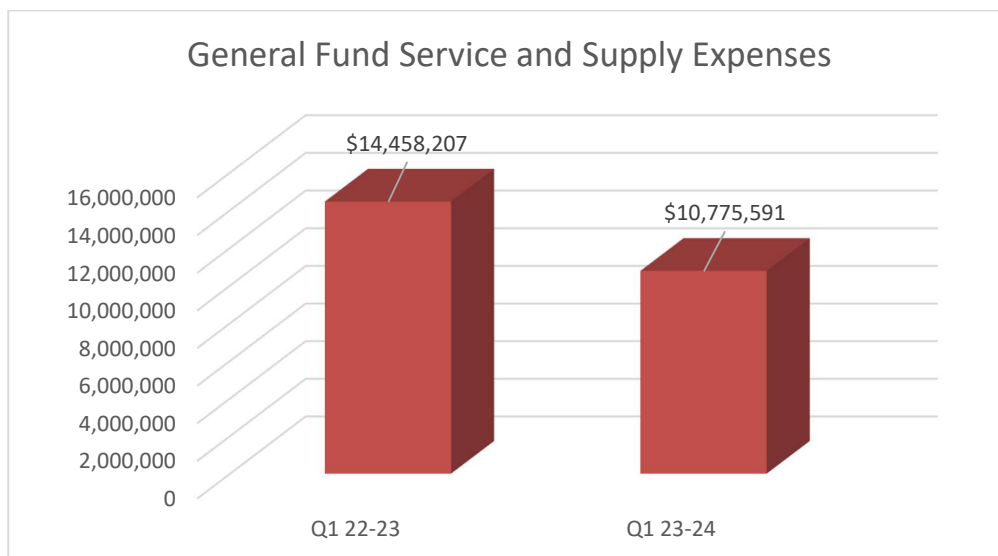
At the time of publication, FY 23-24 revenues for the Non-Departmental General fund are trending in 7% lower than what was received in FY 22-23, showing declines in Sales Tax, Property Transfer Tax, and Cannabis Business Tax. With no months closed in FY 23-24, it is possible that when all receipts and journal entries have been completed for the 1st Quarter, the revenues may increase.



Salary expenses for General Fund by departments projected are up by approximately \$650k from 1st Quarter FY 22-23, with most of these increases being seen in Facilities and Public Safety salaries. For FY 23-24 all payroll transactions for 1st quarter have been completed by the time of publication.



Expenses for services and supplies, for General Fund departments, appears to be down by \$3.6 million as compared to 1st Quarter expenses in the prior year. As with the revenues, all transactions will not be completed till the first three months are closed in Munis. It is expected that this apparent reduction will not be as great a difference from the FY 2022-23 Q1 actuals, when July through September are closed in FY 2023-24.



Once July through September, 2023, have been closed in the County's accounting system, Munis, a more accurate report may be provided to the Board of Supervisors and the public. Until then, internal projections from departments are used for budgetary planning. Those projections currently estimate, for General Fund departments, that the County will come in approximately \$1 million over budget in FY 23-24. As reliable reporting becomes available, a more accurate projection will be developed and presented with the Mid-Year report in March 2024.

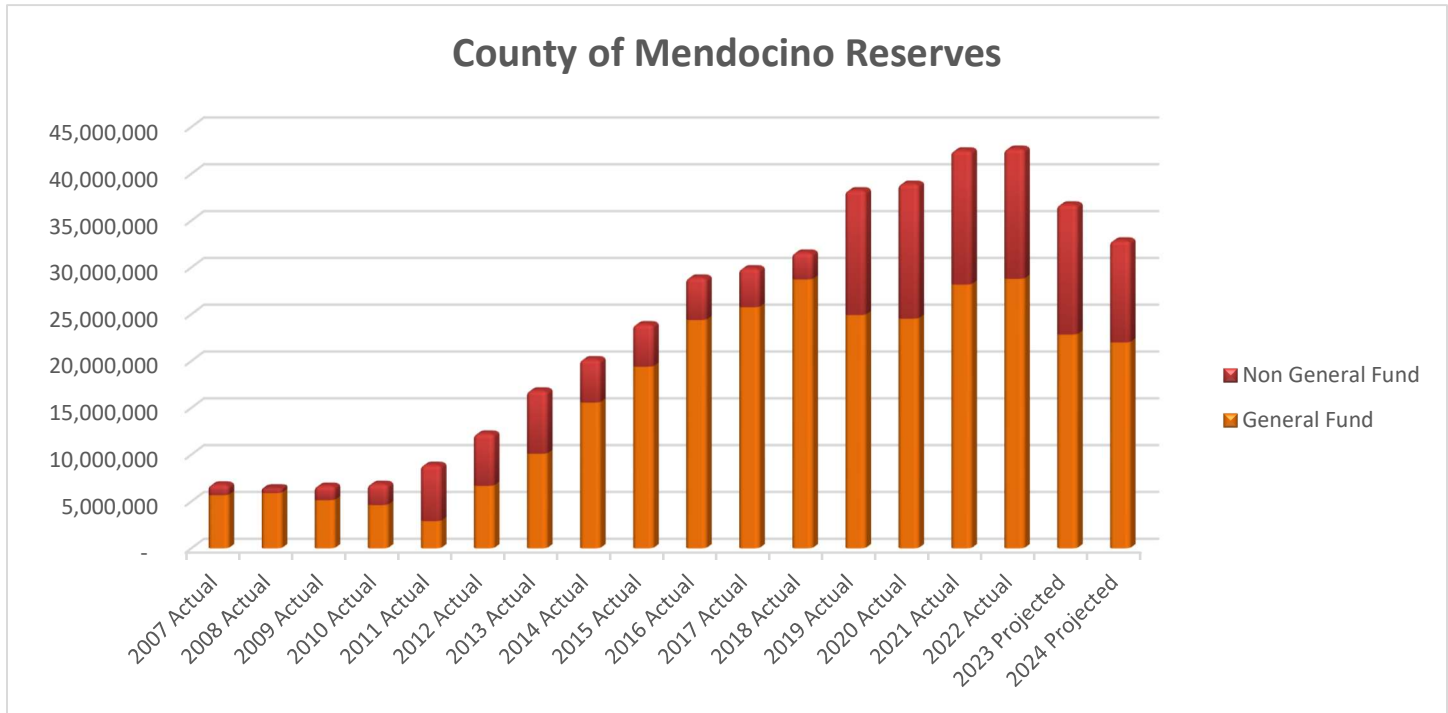
FY 2022-23 CLOSE OUT

The Board adopted the FY 2023-24 budget in a multi-step process by holding budget hearings, on June 6, 2023, and approving the final budget on June 20, 2023. Due to this timeline, the Budget was adopted prior to the final close out of the previous fiscal year. The Auditor/Controller, in the past, has utilized a 60-day accrual period and closes the previous year's books on August 31st. Due to various factors in the Auditor/Controller-Treasurer Tax Collector's Office, close of FY 2022-23 has not taken place at the time of publication of this report. Fiscal 2022-23 year-to-date revenues, as of October 20, 2023, can be seen on "Attachment C - Budget Unit 1000 FY 2022-23 YTD Report". When the Board adopted the FY 2023-24 budget in June, the final numbers for FY 2022-23 were estimated using each department's 3rd quarter projections, that were supplied at the May 9, 2023 budget presentation, on the 3rd Quarter.

ONE-TIME FUNDING AND RESERVE ACCOUNTS

During Budget Hearings for the adoption of the Fiscal year 2023-24 budget, the Board of Supervisors allocated over \$7,000,000 in one-time funds to balance the budget. Approximately \$3.2 million of American Rescue Plan (ARPA) funding, \$1 million of the Local Assistance and Tribal Consistency Fund (LATCF), \$500k in supplemental property tax backlog, \$1.2 million of PG&E settlement funds, \$600k of an information technology internal service fund holiday, use of \$325k from the Teeter Reserve, and \$500k of the General Reserve to fund staffing, training, and support of property tax assessments. The use of one-time funding is needed due to the disproportionate growth of revenues to expenses. Salaries and benefits are projected to grow by 8.78%. General expenses, including utilities and fuel, are projected to grow by 22.56% (PG&E recently submitted a proposed 12% utility increase to the California Public Utilities Commission). Revenues are only projected to grow by 1.27% in FY 2023-24.

Reserve Accounts



COUNTY WIDE HEALTH PLAN

The Executive Office manages the Mendocino County Employee Health Benefits Plan. The medical and pharmacy benefits are fully funded through the PRISMHealth program. The dental benefits are self-funded through a Delta Dental plan, and vision benefits are fully insured through Vision Service Plan. The dental and vision benefit rates are negotiated and supported by the PRISMHealth program.

The Employee Health Insurance budget also includes the Employee Assistance Program (EAP), a Wellness program, Life and Accidental Death and Dismemberment Insurance, and a Section 125 Plan (tax-deferred, flexible spending cafeteria plan).

On January 1, 2023, the Mendocino County Employee Health Benefits Plan became a member of PRISMHealth, the PRISM Employee Health Benefits Pool. Membership in the pool provides all members with better premium rates as the pool is able to negotiate with carriers based on a large number of covered lives.

GENERAL SERVICES/INTERNAL SUPPORT UPDATE

Vehicle Replacement

In keeping with Board direction, General Services continues to analyze options associated with the County's vehicle replacement program. Since presenting the Enterprise Fleet Management (EFM) fleet program, staff have been meeting with Enterprise Fleet Management (EFM) and their fleet management services team monthly to determine integration opportunities between current fleet operations and EFM. Fleet has commenced the purchase and installation of Advanced Vehicle Telematics Devices. To date seventy-four (74) devices have been purchased and received with twenty-seven (27) devices already installed in vehicles in the County's Pool Fleet as well as Maintenance vehicles assigned to Facilities. Fleet will continue the

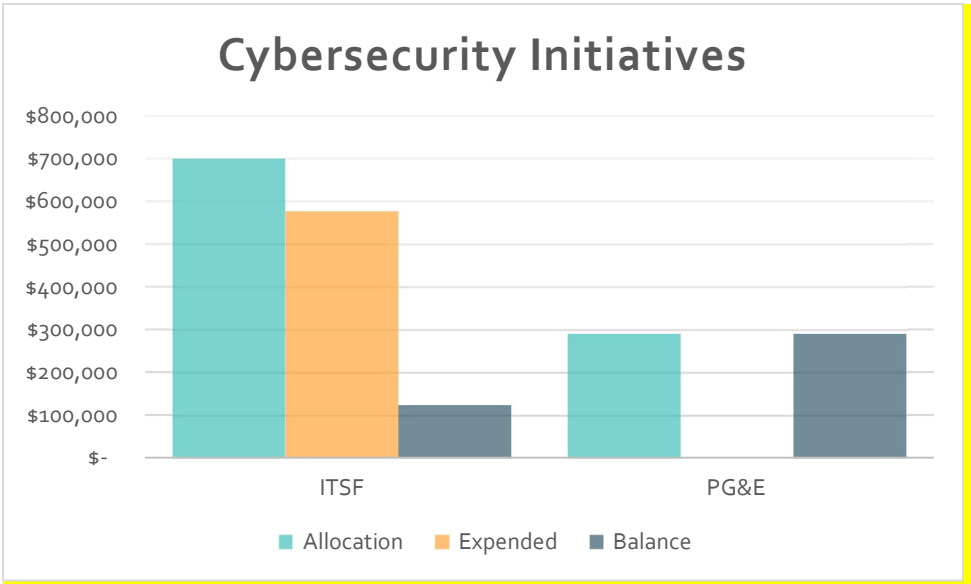
installation process with the fleet vehicles located in general administrative complex area and continue until all qualifying fleet vehicles have a unit installed. Although direction has been given to proceed with the leasing program, vehicle replacement was not funded in FY 2023/24, which has delayed the lease progress. As vehicle needs are identified by departments, GSA staff will address each request on a case-by-case basis and work with the Executive Office on potential funding options.

In Q1 Fleet has completed the surplus process on 7 fleet vehicles with two more entering the process. The Fleet division continues to work with departments that have underutilized vehicles to either move them to a department in need or surplus to help continue to lower the fleets carbon footprint.

INFORMATION TECHNOLOGY DIVISION UPDATE

Cybersecurity Update

The world of cybersecurity changes every day. To stay current with security best practices and secure County systems, the CEO-IT Division identified key areas of focus. The graph below identifies funds allocated toward these focus areas. Initial expenditures completed in FY 2022-23 utilized ITSF fund balance and will be reimbursed by funding collected for this program.



Public Safety Communications Update

Public Safety Communications Microwave Radio System Simulcast Repeater Upgrade Project Update (Phase I)

The Board of Supervisors allocated PG&E Disaster Settlement funds to Phase 1B of the Simulcast Repeater Upgrade Project. The materials required to complete this phase were purchased in FY 2022-23. Information Technology staff are finishing installations at remaining locations and project activity is anticipated to be complete by the end of calendar year 2023. Remaining fund balance from this project will be reallocated to the phase III radio system simulcast radio replacement project.

Public Safety Communications Microwave Radio System MPLS Project Update (Phase II)

The Public Safety Communications Microwave Radio System MPLS project activity was completed during first quarter 2023. Final invoicing and project closeout is anticipated to be completed in October 2023. Remaining fund balance from this project will be reallocated to phase III radio system simulcast radio replacement project.

Public Safety Communications Microwave Radio System Simulcast Radio Replacement Project Update (Phase III)

This project consists of upgrading equipment which provides radio communications and microwave data transfer for all areas of Mendocino County. Upgrading the facilities proposed will also increase the network connectivity, speed, and bandwidth at all Public Safety Communications Microwave Radio sites. The funding secured for this project will be from several sources, including PG&E Disaster Settlement funds, Microwave Cost Recovery, and Community Development Block Grant-Mitigation funds. Contract documents are being finalized for Board approval, and kick-off is scheduled for mid-November 2023.

OFFICE OF EMERGENCY SERVICES

During the last quarter, the County Office of Emergency Services (OES) has focused on community engagement, preparedness outreach, and coordination with operational area partners. OES has also worked diligently to prepare the Emergency Operations Center for emergencies, transition Emergency Medical Services (EMS) oversight to OES, and participated in and led several drills and exercises.

Community Outreach and Engagement

County OES maintained an active presence at both the Redwood Empire Fair and the Ukiah Pumpkinfest to educate the public on emergency preparedness, sign residents up for the emergency alert and warning system, and support the strategic goal of a prepared and resilient County. OES participated in meetings organized by the Community Foundation with the goal of establishing "Community Organizations Assisting in Disasters" (COAD) for the communities of Caspar and Willits. The goal of these COADs is to enhance and promote local resilience in more remote areas of the County where emergency and disaster assistance can take longer to arrive. OES also presented to the Comptche Disaster Preparedness group by invitation and collaborated with the Prevention, Recovery, Resiliency, and Mitigation (PRRM) Division, to organize a series of Community Outreach and Listening Sessions as part of the Prepare California Grant Initiative. Prepare California seeks to further strengthen local resilience in underserved areas of California facing severe natural disaster and social vulnerability threats by providing local matching funds for grants that will build resilience. In addition to in-person public outreach and meetings, OES has begun producing a series of commercials that will help to inform the public on preparedness and resilience.

Operational Area Partners

OES participated in and organized several meetings with operational area partners. OES participated in bimonthly meetings of the Mendocino County Fire Chief's Association and the Mendocino County Voluntary Organizations Assisting in Disasters (VOAD). OES also organized a Fire Season Coordination Meeting with operational area partners, convened the County Disaster Council Meeting, participated in the Regional Disaster Ready Summit organized by CalOES in Santa Rosa, and organized and led an Emergency Operations Center (EOC) Activation exercise to test the readiness of staff and the EOC.

Additionally, OES met with and toured the facilities of the Piercy Fire Protection District and Little Lake Fire Protection District, conducted emergency assessments of the infrastructure of the Anchor Bay Wastewater Treatment District, participated in a HazMat Decontamination Drill Evaluation at Adventist Health Ukiah Valley, participated in the Cybersecurity and Infrastructure Security Agency (CISA) Active Shooter webinar and participated in a series of meetings to streamline and plan for the transition of the Local Emergency Medical Services Agency (LEMSA)

In the next quarter, OES will host a Winter Weather Coordination Meeting with operational area partners, continue the transition process for EMS, produce a Request for Proposal to provide LEMSAs services and bring the new call center at the EOC online.

PREVENTION, RECOVERY, RESILIENCY, AND MITIGATION (PRRM)

The Prevention, Recovery, Resiliency, and Mitigation (PRRM) Division staff were heavily focused on recovery from two major winter storms in the first half of 2023. Beginning in late December 2022 and continuing until January 31, 2023, a series of atmospheric rivers battered coastal California and caused extensive damage in Mendocino County. A second series of severe storms that began mid-February and continued into March 2023 brought unseasonably low-elevation snow that primarily impacted the northern areas of Mendocino County.

These storms caused extensive damage throughout the County, and PRRM staff worked very closely with State and Federal partners to plan, establish, and manage multiple Disaster Recovery Centers (DRC) and Mobile Intake Registration Centers (MRIC) established in Point Arena, Willits, Laytonville, Leggett, Piercy, and Whale Gulch. Impacted residents were able to register for disaster assistance at the DRCs and MRICs to assist in their recovery process.

As part of ongoing efforts to foster improved community resiliency and preparedness, PRRM staff have continued building connections with our community partners and COADs, non-profit partners, Municipal Area Councils (MACs), and operational area partners to better understand and support the needs of residents in unincorporated areas of the County. To that end, PRRM organized a series of public listening sessions around Mendocino County in August and September to gather community input that will help the County identify gaps in local resilience and apply for grants to address them. These meetings were organized and funded as part of the County's successful Prepare California "Jumpstart" grant awarded by The California Governor's Office of Emergency Services (CalOES) in late 2022. Meetings were held in Hopland, Caspar, Ukiah, Redwood Valley-Calpella, Willits, Anderson Valley, Covelo, and Leggett. Additional information was gathered at informal meetings in Comptche and Gualala.

PRRM, in cooperation with the Mendocino County Fire Safe Council, drafted and filed a Notice of Exemption (NOE) for the Implementation of Defensible Space for Homes and Access Routes. This categorical exemption for the California Environmental Quality Act (CEQA) will streamline the implementation of critical fuel reduction projects across the county and ensure that communities are better prepared for and more resilient to disaster. This NOE was based upon an existing NOE that was successfully implemented by the County of Humboldt.

GRANTS UNIT

The County of Mendocino assisted with \$109,058,566 in grants to support the community during the first quarter of FY 23/24

- \$994,300 - Regional Climate Collaborative, Strategic Growth Council. After meeting with a sampling of key community partners and finding overwhelming support for a county-wide climate resiliency collaborative, the County submitted a pre-proposal to the Strategic Growth Council Regional Climate Collaboratives grant program on 9/6. The proposal would fund the creation of a Mendocino County Climate Collaborative to unify county-wide climate efforts under one deciding body of public, nonprofit, and academic partners. Committed to finding sustainable and equitable solutions to climate change, the Collaborative would aim to leverage local voices and foster healthy, more resilient communities. The project would provide the necessary framework to facilitate climate projects and programming throughout Mendocino County. While the County—along with various community groups and local agencies—already prioritizes climate resiliency and has pursued numerous projects over the years, this project will fill the gap for implementing and tracking projects on a county-wide scale.
- \$50,383,900 - NOAA Climate Resilient Regional Challenge. The County joined a multi-county collaborative led by the Sonoma Mendocino Economic Development District (SMEDD) to submit a Letter of Intent to the NOAA Climate Resilience Regional Challenge on 8/29 for the California North Coast Regional Resiliency Collaborative Project. Targets climate impacts posed by warming waters,

rising seas, drought, and increased flooding through protection, restoration, and propagation of kelp forests, building economic resilience and supporting a just transition to a new climate reality, mitigation of estuarine flooding through enhanced ecosystem services and adaptation of critical harbor infrastructure and public access to rising seas, inspiring future generations of coastal stewards and facilitating cultural access for Tribal members.

- \$ 50,116,590 - Wildfire Community Resilience Project - FEMA. Wildfire mitigation project involving approximately 750 residential home retrofits using ignition-resistant construction materials, defensible space establishment, and hazardous fuels reduction to build community resiliency in the Sherwood Corridor. Match covered by the County's PrepareCA grant.
- \$5,907,296 - Rural EVCS Deployment Project, US Dept. of Transportation. Proposes installation of up to sixteen (16) dual-port Level 2 EVCS and up to twenty (20) Level 3 DCFC EVCS at ten sites to fill existing gaps in the current distribution of EVCS infrastructure in Mendocino County.
- \$ 328,570 - Multi-Jurisdiction Hazard Mitigation Plan, CalOES. The project will result in a FEMA-approved update of the County's Multi-Jurisdiction Hazard Mitigation Plan, which was last approved in 2021 and is due for an update in 2026. Match covered by the County's PrepareCA grant.

The Grants Unit also provided assistance and support to several departments during the first quarter

- The Grants Unit is currently assisting the General Services Agency (GSA) to identify appropriate funding for fuels reduction work at county-owned facilities. Grants also connected GSA with the Ukiah Valley Fire Chief to plan Ukiah's CWDG grant activities on County-owned property.
- The Grants Unit also provided assistance to the Cannabis Department with their recent Local Equity Entrepreneur Program (LEEP) Grant program audit, equity eligibility audit, and budget amendments. Grants also provided significant assistance with the Cannabis Department's Local Jurisdiction Assistance Program (LJAGP) Grant biannual report, program audit, program manual updates, and budget amendments.
- The Department of Transportation and GSA are receiving grant concept development and application support for a possible United States Forest Service Community Wildfire Defense Grant application to reduce wildfire hazards along County roadways and on County-owned properties.

Grant Management

- The Executive Office is working closely with Planning and Building Services to migrate management of identified CDBG grants to Executive Office staff.
- The Amplifund project team is conducting process mapping interviews to survey a sampling of current department grant management processes to understand how the new grants management software can best be configured to meet the needs of the County's departments, along with identifying potential grant project needs and grant management training needs. The team is led by Kelly Hansen of Grants Division and Trey Henson of IT. Meetings have been successfully held with the Department of Agriculture, Animal Care, Cannabis Department, Child Support Services, Cultural Services Agency, District Attorney, General Service Agency, Planning & Building, Probation Department, and Department of Transportation.

Training

- The Executive Office is committed to investing in its staff. Staff trainings attended:
- Public Meeting Law - the Brown Act & the Public Records Act - Liebert Cassidy Whitmore 9/6/23
- Grant Seeking & Proposal Writing Seminar - Community Foundation of Mendocino County 9/7/23
- Attended the CA Association for Local Economic Development Seminar 9/16/23.

- CERF Redwood Region RISE Training 9/20/23
- State of the Redwood Coast Region Economic Development Summit 9/21-9/22/23

For further information on the Grants Unit, please see Attachment D.

CONTRACT UNIT

Improvements

The Contract Unit worked with the CEO and County Counsel to consolidate the County's contract amendment templates. Previously, there were three separate versions, one for each of the signatory authorities outlined in Policy 1. After revisions, language for amendments is similar for all signatory authorities with only the signature page remaining specific for each. This change simplifies aspects of the drafting process that were confusing and will prevent potential review/approval delays related to incorrectly drafted amendments. The change will also allow more efficient management of automated template generation in Cobblestone, the County's contract management software system.

With this update, all County contract and amendment templates have been reviewed and updated as similar revisions for the County's boilerplate contract templates were implemented prior.

Trainings

The Contract Unit developed a training plan and scheduled trainings through the end of the 2023 calendar year with two goals in mind:

- Provide trainings specific to staff who are new to the County's contracting process. These trainings began in September and will continue every other month on an ongoing basis. Topics will include an overview of contract review and approval requirements along with an introduction to Cobblestone, the County's contract management software system.
- Provide ongoing training on topics relevant to all staff involved in drafting and routing contracts. These trainings alternate with new user trainings every other month and will cover topics such as: best practices, County process changes, Cobblestone process changes, and other areas related to improving efficiency.

The schedule of trainings through December, with the number of staff registered to date, is outlined below:

- Tuesday, September 19, 11 am: Cobblestone New User Training (16 staff registered)
- Thursday, October 19, 2 pm: Contract Training - General Updates (56 staff registered)
- Wednesday, November 15, 11 a.m.: Cobblestone New User Training (23 staff registered)
- Wednesday, December 13, 11 a.m.: Contract and Amendments Drafting Training, in collaboration with County Counsel (50 staff registered)

FY 2023-24 FUNDING

Staff, as well as Board members, are all seeking sources of revenue to fill the funding gap. Department heads and elected officials will need to continue to be mindful of potential increases in services and supplies and salary expenses. Funding sources have been identified in four Social Services budget units. Budget unit 5010-Social Services, and budget unit 5020-HHSA Administration, have the funding to pay full A-87 Cost Plan charges, increasing General Fund revenues by \$1.2 million. In budget unit 5130-CalWorks and budget unit 5170-In-Home Support Services, have funding to cover the costs of their Maintenance of Effort (MOE) support through revenues, realignment, and reserves, decreasing the impact to the General Fund by \$2.5 million for a total of \$3.7 million.

The Executive Office's continues to search for unused funds, and has determined that, \$2 million of funding from PG&E settlement, for carbon reduction and Emergency Medical Services (EMS), remain unobligated and it is strongly recommended that these monies be placed into a General Fund designated reserve. The Mental Health Audit Reserve,

of \$1 million, was created in 2014 and is not needed for future audits. This reserve should be transferred to the same designated reserve as the \$2 million, for future use in the County's fiscal needs.

Use of Carryforward/Fund Balance

Carryforward/fund balance from FY 22-23 is unknown at the time of publication. A few departments have identified ongoing needs in their departmental projections. Those cost increases that have been identified are still developing and will be reported on at the Mid-Year report in March of 2024.

FIRST QUARTER RECOMMENDATIONS

Recommended Budget Adjustments and Journal Entries

All of the recommended adjustments are included in Attachment A (FY 2023-24 1st Quarter Budget Net Zero Adjustments and Administrative Clean Up) including the creation of a designated General Fund Reserve.

CEO Recommended Actions

1. Accept the Fiscal Year 2023-24 First Quarter Report as presented
2. Approve the 1st Quarter Department Net Zero Adjustments and Administrative Clean Up (Attachment A)
3. Approve any Funded Fixed Assets on the Fiscal Year 2023-24 1st Quarter Fixed Assets Requests (Attachment B)
4. Direct the Auditor/Controller/Treasurer-Tax Collectors Office to Charge Social Services and all Eligible Departments Full A-87 Cost Plan Charges
5. Direct Social Services to Fund the Maintenance of Effort (MOE) Agreements, Leveraging State Dollars to Fund Budget Unit 5130 (CalWorks), and Budget Unit 5170 (In-Home Support Services) in the Amounts Designated in Attachment A
6. Direct that Unobligated PG&E Settlement Funds of \$1 million from Emergency Medical Services (EMS) and \$1 million from Carbon Reduction, be Transferred to a General Fund Designated Reserve
7. Direct that the Mental Health Audit Adjustment Reserve be Transferred to a General Fund Designated Reserve