

FY 25/26 Budget Workshop

May 6th, 2025



Chief Executive Officer Darcie Antle



FY25/26 – Budget Update/Reductions

**Current Budget Deficit
As of April 25, 2025**

\$2,189,782

**Information also included in
Attachment B – Budget Deficit Detail**

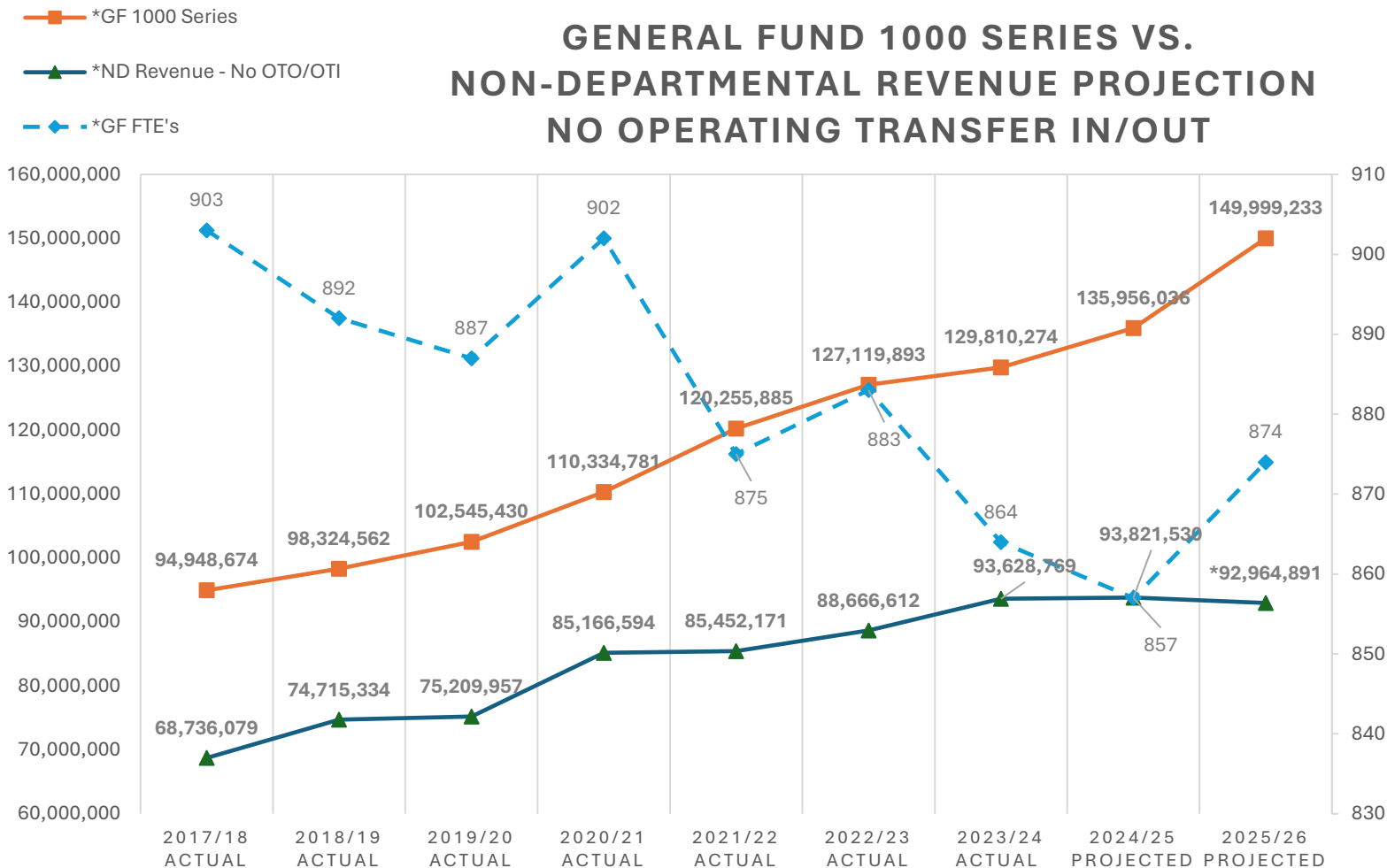
<u>NCC Reductions & Adjustments</u>		Budget Deficit	\$ 23,223,580
Additional/Low/Core	\$ (2,553,827)	ZBB Department Adjustments	
Social Services (IHSS and Calworks)	\$ (3,104,550)		
Subtotal	\$ (5,658,377)	Running Total	\$ 17,565,203
<u>Additions During 4/8 Board Meeting</u>			
Roads	\$ 1,000,000	Increased Road contribution	
Prop 172	\$ 91,000	Fire Agency shift	
Additional Fire contribution from GF	\$ 87,522	Fire	
Subtotal	\$ 1,178,522	Running Total	\$ 18,743,725
<u>Post 4/8 Adjustments</u>			
Core	\$ (624,327)	Department Adjustments	
Turnover/Hiring Freeze Savings	\$ (8,000,000)	Based on 6% rate	
A87 Invoicing (Grants and Non-GF Depts)	\$ (750,000)	Estimate - ongoing discussion	
Opioid Settlement for Naphcare costs	\$ (500,000)	Estimate - ongoing discussion	
Measure B for Naphcare costs	\$ (50,000)	Estimate - ongoing discussion	
Department Adjustments	\$ (127,489)	Vacancy removals	
Subtotal	\$ (10,051,816)	Running Total	\$ 8,691,909
<u>Post 4/22 Adjustments</u>			
Voluntary Separation Incentive Program	\$ (338,000)	Estimate - based on letters of interest	
Medication-Assisted Treatment (MAT) funds	\$ (100,000)	Estimate - to offset Naphcare costs	
Subtotal	\$ (438,000)	Running Total	\$ 8,253,909
<u>One-Time Adjustments for One-Time Expenses</u>			
Retirement Contribution Reserve	\$ (3,298,283)	Offset GF portion of POBs	
23/24 Carryforward	\$ (1,000,000)	To fund Roads	
MH Audit Reserve	\$ (1,000,000)	For Landfill (753k), Water (85k), ITSF (161,865)	
Teeter Reserve	\$ (325,844)	For ITSF, SO/JA one-time technology costs	
Subtotal	\$ (5,624,127)	Running Total	\$ 2,629,782
<u>Deferrals</u>			
ITSF	\$ (440,000)	Deferred technology maintenance	
Subtotal	\$ (440,000)	Running Total	\$ 2,189,782

Current Budget Deficit as of April 25, 2025 \$ 2,189,782



General Fund – ND to 1000 Series and FTE count

- FY25-26 FTE count increase of **1.95%** from FY24-25.
 - 857 to 874
- FY25-26 1000 Series expenses (Salaries and Benefits) increase of **9.36%** from FY24-25.
 - 135,956,036 to 149,999,233
- FY24-25 and 25-26 ND Revenue projections subject to change per Auditor updates





FY25/26 – County Prop 172 Allocations

In Fiscal Year 2017-18 the County received \$7,681,185.96 in Prop 172 Funding. Distribution was as follows:

- Cities 1.69% \$129,666.11
- County 98.31% \$7,551,519.85

As directed on April 22, staff was to determine what percentage of the total County funds equated to \$87,522.

- County $\$87,522 / 7,551,519.85 = 1.16\%$

As directed on April 22, staff was to apply calculated percentage to the agreed upon Fiscal Year (FY) 25/26 percentage for Fire Agencies of 5.46% and to reduce the District Attorney's allocation.

FY25/26 Revised Proposed Allocations

- District Attorney* 7.89%
- Sheriff Office 43.03%
- Jail 32.60%
- Probation 9.86%
- Misc (Fire) 6.62%
- FY 25/26 County Total 100.00%

* Was 10.09% prior to reduction of 1.04% and 1.16% – total financial impact \$192,495



FY25/26 – Measure AI Allocations

During the April 22nd Board Meeting, there was discussion on how to allocate Cannabis Tax Revenue to align with Measure AJ. Based on discussions, staff is recommending the following based on Fiscal Year (FY) 25/26 proposed budget:

- \$1million is budgeted for Cannabis Tax Revenue
- 49% of the budgeted Cannabis Tax Revenue be applied to MCD
- 51% of the budgeted Cannabis Tax Revenue be applied to a combination of the remaining four categories:
 - Mental Health Services for Realignment Match Requirement \$28,840
 - Fire and Medical Emergency Services for Ambulance Contracts
with Long Valley and Anderson Valley \$132,000
 - Cannabis Regulation Enforcement* \$330,000
 - Roads (with any excess cannabis tax revenue to be applied to roads) \$19,160

*Based on Projections from Fiscal Year 24/25 for Sheriff's Office Regular Hours, Code Enforcement, and County Counsel

Measure AJ (2016) advised that the majority of revenues generated from the Cannabis business tax be utilized for the following services: Cannabis Regulation Enforcement, Roads repair, Mental Health Services, and Fire and Medical Emergency Services.



April 15th Budget Listening Session

The CEO Budget Team attended a budget listening session on April 15th in Fort Bragg. Highlights from the listening session include discussions regarding,

- Animal Services
- Roads
- Economic Development
- Revenue
- Budget
- Funding for Fire Agencies

A summary of discussion topics are presented in **Attachment A – Budget Listening Session Summary**



FY25/26 – Board of Supervisors’ Budget

During the April 22nd Board Meeting, there was discussion to bring back the Fiscal Year (FY) 25/26 Board of Supervisors’ proposed budget.

Total proposed budget	\$1,035,542	2000 Series – Operating Expenses	\$146,020
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1000 Series – Salary and Benefit	\$889,522
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Included in this total is:

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| • Increase in salaries beginning 7/1/25 | \$35,532 |
| • Management Training Funds | \$7,500 |
| • Car Allowances (varies by district) | \$35,820 |
| • Telecommunications Allowance | \$8,190 |

Included in this total is:

- | | |
|---|----------|
| • General Insurance | \$22,900 |
| • Communications | \$4,500 |
| • Memberships
CSAC, RCRC, NACO, CivicWell | \$43,220 |
| • Office Supplies | \$3,000 |
| • Education/Training | \$3,500 |
| • Professional Services | \$4,330 |
| • Info Tech (Share of IT Infrastructure) | \$14,820 |
| • Special Department Expense
\$35,500 of this is Granicus/Legistar Agenda Platform | \$40,000 |
| • Transportation/Travel In County | \$1,500 |
| • Transportation/Travel Out of County | \$8,250 |



Legislation – Assembly Bill (AB) 1383 – In Progress

IF ENACTED - this bill, on and after January 1, 2026, would require a retirement system to adjust pensionable compensation limits to be consistent with a defined benefit limitation established and annually adjusted under federal law.

PEPRA requires each retirement system that offers a defined benefit plan for **safety members** of the system to use one of 3 formulas for safety members hired after January 1, 2013: 2% at age 57, 2.5% at age 57, or 2.7% at age 57. Mendocino County Adopted the 2.7% at age 57.

This bill would change the benefit formula for **safety members** for new hires on or after 1/1/26 and require employers to adjust the formula to one which is closest to the employer's current existing formula.

The new formulas would be: 2.5% at age 55, 2.7% at age 55, or 3% at age 55

Lastly, this bill would authorize an employer and employee, through the collective bargaining process, to agree to terms in a memorandum of understanding where the employer pays a portion of employee contributions. Current PEPRA requirement requires employers to pay at least 50 % of normal costs, this requirement would no longer apply.

The County Board of Supervisors could choose to take a position on this bill.



FY25/26 – Budget Recommendations

- Implement full hiring freeze. Departments to work with CEO and Board to fill critical mandated positions.
- Approve Public Health allocation of approx. \$150,000 in 91 Realignment to Environmental Health for FY25.26
 - This removes the need for a follow-up Fee Hearing for Environmental Health fees



FY25/26 – Next Steps

- Potential Use of Measure B and Opioid settlement funds to offset Naphcare services at County Jail.
 - Need additional information – estimating roughly \$650,000 in additional revenue to General Fund.
- Cost Plan charges to Special Districts and Grants.
 - Need additional information – estimating roughly \$750,000 in additional revenue to General Fund.
- Update Facility Maintenance Policy and bring back analysis of total deferred maintenance costs with cost escalation factors.



Budget Schedule

June 3-4:	Final Budget Public Hearings
June 24:	Budget Adoption

FY 25/26 Budget Workshop

May 6th, 2025



Questions and Discussion