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Exhibits

BU 1000 Revenue Forecast for Fiscal Year 2022-23	Exhibit A
10 Year Revenue Trends by Major Revenue Sources	Exhibit B

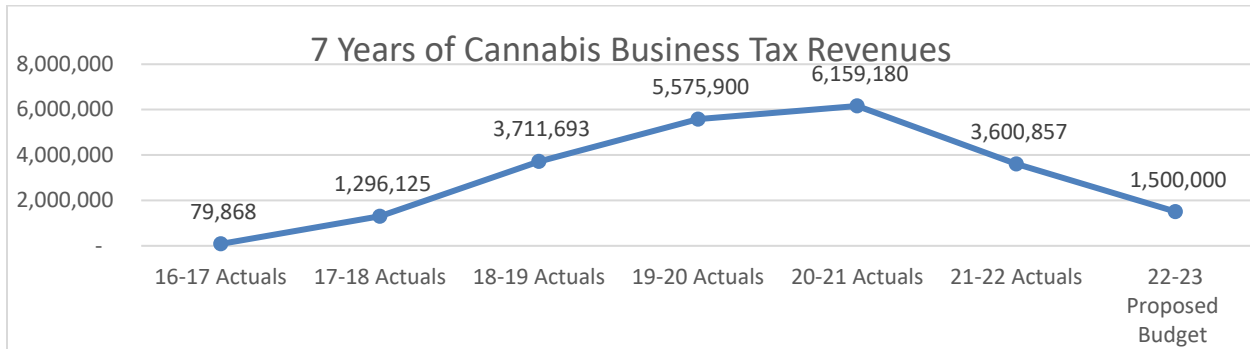
Attachments

FY 2022-23 Mid-Year Budget Net Zero Adjustments	Attachment A
FY 2022-23 Mid-Year Fixed Asset Request	Attachment B
HdL Mendocino County Sales Tax Update 3Q 2022 (July-September).....	Attachment C
GSA Recommended Critical Projects	Attachment D

INTRODUCTION

Purpose

With this document, we begin the Mid-Year Budget Reporting process to the Board of Supervisors for Fiscal Year (FY) 2022-23. The Mid-Year Report covers the first two quarters of the budget year, from July 1, 2022, through December 31, 2022, and provides detailed information projecting how the County budget status is likely to end on June 30, 2023. As with mid-year 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 operate at a loss and require infusions of discretionary general fund dollars to be able to maintain services. These infusions of revenue, referred to as NCC, are financed primarily by property tax, sales tax, cannabis 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. An update on these funds is represented in **Exhibit A** of this document. The General Fund departments and offices are projected to be on budget for FY 2022-23. Department and project funding needs are outlined in Attachments A and B.



California Government Code § 29009 requires the County to produce a balanced budget and the Mid-Year Report is an important step in the process of fulfilling this legal requirement of the County's financial management. **Every year we hope to produce a budget that is balanced between the needs of our community and revenue reality that is presented to us.** All decisions and policy 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 so 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

Additional information regarding public input provided and the complete plan is found on the Mendocino County website: [Mendocino County Strategic Plan 2022 - 2027 | Mendocino County, CA](#)

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. The guidelines, goals, and priorities used in prior reports can be found in at this link: [Fiscal Year 2022-23 Budget Goals and Priorities](#)

BUDGET CALENDAR

Date	Event
March 6, 2023	3 rd Quarter Reporting Instructions Transmitted
March 9, 2023	Budget Kick – Off Meeting
March 14, 2023	Mid-Year Report and Budget Workshop
March 14, 2023	Initial Fiscal Year 2023-24 Budget Introduction
March 16, 2023	Munis Budget Training*-Bring Budgets
March 20, 2023	Narrative Template Distributed
March 23-24, 2023	Budget Entered In Munis
March 24, 2023	Completed Proposed Budget, Facility Modifications, Vehicle Request, & Fixed Asset Forms due to Executive Office
April 3, 2023	3 rd Quarter Budget Projection Report Due Fiscal Year 2022-23
April 5-April 7, 2023	Budget Conferences for Fiscal Year 2023-24
April 11, 2023	Fiscal Year 2023-24 Workshop
April 25, 2023	Fee Hearing
May 2, 2023	AM: 3 rd Quarter Report Presented to BOS & PM: Budget Workshop
May 5, 2023	Narratives Due for Fiscal Year 2023-24
June 6-7, 2023	Final Budget Public Hearing for Fiscal Year 2023-24
June 20, 2023	Resolution for Approval on Final 2023-24 Budget
June 20, 2023	Final Budget Adoption for Fiscal Year 2023-24

EXECUTIVE SUMMARY

Overview

Going into the Mid-Year of Fiscal Year 2022-23, projections of stagnant and declining revenues, paired with high inflation, have presented challenges to staff in planning labor, energy, and the material costs required for operations. The Board of Supervisor's goals and directives continue to guide staff on the County's priorities, including facility upgrades to ensure employees and the community remain safe, carbon reduction planning, public safety communications, deferred maintenance, disaster recovery and resiliency, and to seek new funding sources.

Long-term fiscal stability remains a priority for the County. The General Fund and other major funds require continual attention to maintain a stable, healthy fund balance. The first step in the annual budget preparation process is to assess the needs of the County's most valuable resources, the employees, who make Mendocino County function on a daily basis and through disasters. The cost of salaries, benefits, pensions, staffing shortages, public safety, emergencies, and natural disasters all impact the ability of the County to provide core services. As a result, the County must continue to follow the Board's Strategic Plan while ensuring one-time revenue is not used for ongoing expenses. Additionally, the County must remain cautious in its approach to spending and look for innovative methods in providing core services and options to increase revenue, such as the Grants Unit, dedicating staff to acquiring new revenues.

CEO Budget Team Update

The Executive Office (CEO) Budget Team relies on departments to provide accurate quarterly budget information, which is the basis of developing this Mid-Year Report. The budget team is aware that numerous factors can affect the preliminary estimate of the year-end outcome, including unanticipated expenses, under-realized or over-realized revenues, vacancy factors, as well as other unforeseen circumstances, disasters, PSPS events, and other emergencies.

Fiscal Unit

The Fiscal Unit now performs Accounts Payable (A/P) and Payroll time entry duties for over eighteen budget units within the County, processing over 5,000 A/P invoices in the first half of this fiscal year. The Fiscal Unit team members are not solely tasked with entry duties. As part of the Executive Office, special projects have been assigned, and gladly engaged, by Fiscal Team members. Support with the Legislative Platform, support with grants, the Munis enterprise resource planning system, and providing technical assistance to districts and divisions facing staffing challenges are just a few examples. Each project is approached with an eye toward providing customer support, with departments being viewed as customer-divisions.

In the second quarter of FY 2022-23, the Fiscal Unit began management of the County's payroll, in order to relieve resources in the Auditor-Controller-Treasurer-Tax Collector's Office. Due to staffing turnover prior to the transfer of management, much institutional knowledge was lost, presenting challenges during the onboarding process. New, enthusiastic, and knowledgeable staff have joined the County along with the remaining, and highly dedicated, payroll staff. The primary focus of the Payroll Unit is to first, stabilize the payroll process, and second-to document and cross-train all staff, increasing the depth and coverage for this important activity.

The Contracts team, within the Fiscal Unit, continues to be well received by all departments that have had the pleasure of interacting with this group. By Mid-Year, the Contracts team had entered and assisted in excess of 247 contracts. General contract and Cobblestone training sessions have been provided to all divisions and offices with several trainings having been conducted towards the special

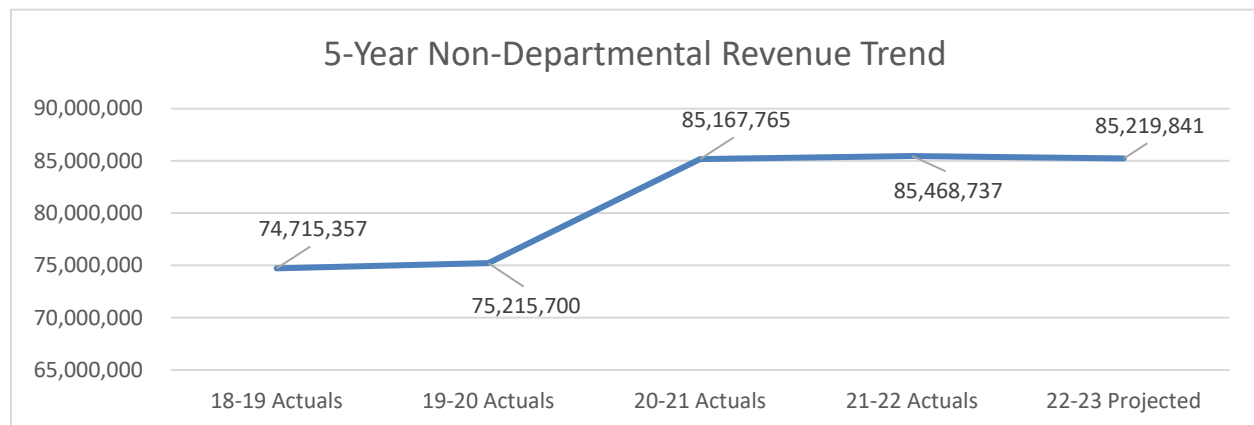
needs of some of the County’s divisions, such as Social Services and Public Health. The team has also been working with General Service Agency on expanding Cobblestone’s functionality by incorporating lease contract management and exceptions to bid.

The CEO Fiscal Team works closely with the Auditor-Controller’s Office to prepare and report on the County’s financials. It looks to the Auditor-Controller throughout the year for numerous projections and estimates on non-departmental revenues and expenses. The Auditor-Controller’s office is the only office with the authority to perform projections for non-departmental revenues and expenses. With the staffing strains facing all departments, and as the County transitions to a combined Auditor-Controller, Treasury-Tax Collector model, the Executive Office Fiscal Unit has been providing the staffing needed to produce these projections.

Non-Departmental Revenues – BU 1000

After an analysis of Budget Unit 1000 – Non-Departmental Revenue is projected to come in with a decrease of \$200K. A detailed revenue breakdown for BU 1000 revenue forecasts are provided in *Exhibit A*. Outlined below are the top factors relating to the projected change.

- Current Supplemental Roll Taxes – projected to **decrease** by \$311K
- Sales Tax – projected to **decrease** by \$125K
- Interest Income – projected to increase by \$240K



HUMAN RESOURCES

Recruitment Summary

Between July 1, 2022, and December 31, 2022, Human Resources received 472 staffing requisitions, conducted 276 recruitments, received, and screened 2,639 applications, conducted 224 examinations, and prepared 284 certifications. During this time period, the County hired 124 new employees (98 regular, 26 extra-help) and had 105 (93 regular, 12 extra-help) employment terminations.

As of December 31, 2022, there were 408 vacant positions, with active recruitments to fill 252 positions. Based on positions being actively recruited, the countywide recruitment rate is 43.9%, while the overall vacancy rate is 27.3%. The majority of positions in the recruitment process are in Social Services (67), Public Health (27), and Transportation (14).

Health & Wellness

550 County employees participated in on-site health screenings and 532 completed a Health Risk Assessment in 2022. A total of 439 employees completed the program requirements for the wellness incentive program, which qualifies them for discounts in 2023 on their health care premiums. A total of 89 employees participated in health coaching sessions and 732 employees engaged with the VirginPulse wellness portal.

County-Wide Training Program

There were **295** training seats filled by County employees across **99** trainings between July 1, 2022, and December 31, 2022. A breakdown of participation between learning categories is listed below:

Professional Skills Development: **50** County Employees - **73** Training Seats

Courses included: Cultivating Workplace Civility in your Work Environment, Navigating Common Legal Risks for the Front-Line Supervisor, Managing Compassion Fatigue in the Helping Role, Difficult Conversations, Strategies for Resolving Workplace Conflict, Overcoming Stress & Burnout, Managers Guide to Supervising Remote Employees, Quick Stress Busters and Hacks, Maximizing Performance through Documentation, Evaluation & Corrective Action, and Thriving in a Multi-Generational Workforce.

Supervisor/Manager Academy: **40** County Supervisors/Managers completed the High Performance Organization (HPO) training in July 2022.

On-Demand Learning: **37** County Employees – **182** Training Seats

Professional/Technical Skills Development and Leadership courses included the following:

Technical Skills courses: Adobe Acrobat, Email Management, Microsoft Excel (Project Management, Creating Dashboards, Power Functions), Mastering Excel: Basic to Advanced, Office 365 Essentials, What's New in Office 2019 and more...

Professional Skills courses: Anger/Violence/Conflict in the Workplace, Better Business Writing, Collaborative Communication Series, Conflict Resolution, Customer Service, Effective Presentation Skills, Everyone is a Leader, Communicating Up, Career Growth, Get Smarter with Goals, Essential Skills of Communication Series, Giving Feedback that Gets Results and many more...

Leadership courses: An Effective Leader's Guide to Time Management, Appraising Performance, A Leader's Guide to Decision Making, Basics of Leadership Series, Building Leadership Capability, Developing Your Leadership Style, Essential Skills of Leadership Series, Leadership Skills Business Series, and many more...

Leadership Initiative

A total of **91** employees participated in the Leadership Initiative Book Club from July-September 2022 which discussed the book "Think Again: The Power of Knowing What You Don't Know".

Labor Chart

Bargaining Unit	Contract Status	Contract Start Date	Contract End Date
Confidential	Current	7/1/2022	6/30/2023
Department Head	Current	9/1/2022	8/31/2023
DSA	Current	7/1/2022	6/30/2023

Management	Current	10/1/2022	9/30/2023
MCLEMA	Current	7/19/2022	6/30/2023
MCPAA	Current	7/19/2022	6/30/2023
MCPEA	Current	10/1/2022	9/30/2023
SEIU	Current	7/1/2022	6/30/2023
SEIU 2015	In negotiations	12/10/19	12/31/22
Unrepresented**			

** Tied to Department Head Bargaining Group

Acronym Definitions:

DSA – Deputy Sheriff’s Association

MCLEMA – Mendocino County Law Enforcement Association

MCPAA - Mendocino County Public Attorneys Association

MCPEA - Mendocino County Probation Employees Association

SEIU 1021 – Service Employees’ International Union, Local 1021

COUNTY FINANCIAL OUTLOOK

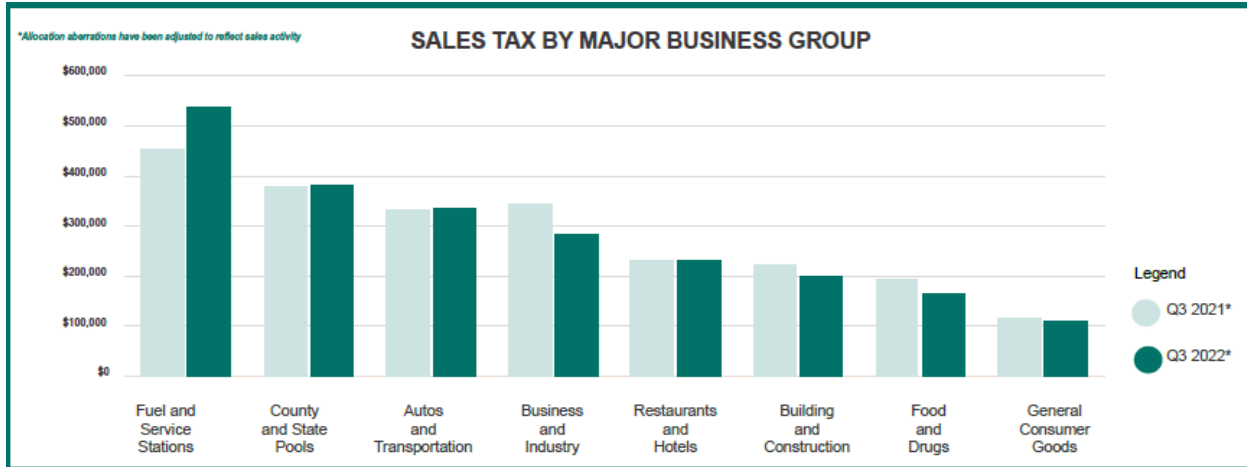
Summary

Mendocino County’s economic performance continues to be challenged in the areas of a limited workforce, limited connectivity, housing availability, a decrease in the cannabis market, inflation, natural disasters, unfunded State and Federal mandates, major enterprise software updates, and deferred maintenance. Local indications show a decrease in consumer spending and sales tax for Mendocino County. The negative economic impacts are compounded with the higher-than-expected inflation rate, the instability of the housing and property markets, and bleak projections not only in the cannabis market, but as well as in Sales Tax and Secured Property Taxes. The remaining months of FY 2022-23, as well as future years, the County needs to be conscious of fiscal sustainability.

The following statistics are from the County’s most recent sales tax report, provided by HDL Companies (Attachment C), for Jul-Sept 2022, when compared to the same timeframe last year (Jul-Sept 2021)¹.

- Mendocino County’s overall sales were **down** 5.2%, excluding all reporting aberrations
- Fuel and service stations increased by 7.3%, mostly due to the rising prices at the pumps
- Grocery Store **decreased** by 7.1%
- Casual dining restaurants **decreased** 4.3%
- Contractors **decreased** by 7.3%
- Garden and Agricultural supplies **decreased** 42.1%, due in part to the decline in the Cannabis industry
- Hotels and Motels increased 6.3%
- Building Materials **decreased** 7.7%
- Wineries **decreased** 13.6%
- Quick-Service Restaurants **decreased** 4.8%
- Light Industrial and Printers **decreased** 14.1%

Below is a recap of sales tax by major businesses groups within Mendocino County for calendar year Q3 2022 when compared to calendar year Q3 2021.



¹ HDL Companies

STATE BUDGET UPDATE

State Budget

On January 10, 2023, Governor Gavin Newsom introduced the proposed 2022-23 State budget.

Governor Newsom provided his initial overview of his 2022-23 budget proposals, emphasizing both the strength of California's economy and what he called the five existential threats facing the State. California's economic strength is resulting in higher state tax revenues, which the Governor proposes to spend largely to address those threats.

Revenue Estimates

The revenue forecast in the Governor's Budget proposal is anticipated to exceed \$276 billion in total (\$210.2 billion General Fund and about \$66 billion Special Fund). In comparison, the 2022-23 enacted budget totaled \$307.9 billion (about \$234.4 billion General Fund and \$69.1 billion special fund) - a decrease of about 11 percent year-over-year. The Governor's Budget revenue assumes continued, but slow economic growth without an economic recession. As the Governor's Budget proposal cautions that even a moderate recession could result in significant revenue declines below the Budget forecast.

Key Issues for Counties

Of particular interest to counties, the Governor is proposing the following new investments:

- Deferring \$550 million for Broadband for the California Public Utilities Commission (CPUC) for last-mile infrastructure grants from 2023-24 to future years.
- Sustaining commitment to CalAIM funding, including \$6.1 billion over five years for the Behavioral Health Community-Based Continuum Demonstration.
- \$215 million annually for CARE Act implementation.
- \$2.7 billion to advance critical investments in forest health and fire prevention.
- \$202 million in new investments for flood infrastructure, including \$25 million for Central Valley flood protection.
- Nearly \$116 million allocated for illegal cannabis enforcement.
- \$1.4 billion maintained in 2023-24 for Homeless Housing, Assistance and Prevention, and Encampment Resolution Funding programs.

- Funding for housing and transportation programs remain at approximately 85% to 90% of the allocations made in the 2022 Budget Act. No reductions are being made to the following housing focused programs:
 - Infill Infrastructure Grant Program
 - State Excess Sites Development
 - Adaptive Reuse
 - Portfolio Reinvestment Program
 - Manufactured Housing Opportunity and Revitalization Program

Housing/Homelessness

The Governor's January budget proposal includes \$2.5B in homelessness funding over two years. The below proposals are designed to complement homelessness funding in the 2022-23 proposed Budget, and aid in California's response to the ongoing homelessness crisis.

HHAP Program

The Governor's Budget proposal includes \$1 billion for a fifth round of HHAP grants in 2023-24. However, the proposal would also make the funding contingent on the enactment of statutory changes to improve outcomes and increase accountability on local HHAP spending. The Administration will pursue statutory changes to the program to focus on reducing the unsheltered homeless population. These proposed changes would prioritize HHAP spending on activities such as encampment resolution, Homekey operating sustainability, CARE Act housing supports, and, potentially, expanded housing streamlining provisions.

CalAIM Transitional Rent Waiver Amendment

The Governor's Budget proposal includes \$17.9 million in 2025-26, increasing to \$116.6 million at full implementation, to allow up to six months of rent or temporary housing to eligible individuals experiencing homelessness or at risk of homelessness and transitioning out of institutional levels of care, correctional facilities, or the foster care system and who are at risk of inpatient hospitalization or emergency department visits.

Behavioral Health Bridge Housing Program

The Governor's Budget proposal delays \$250 million of the total \$1.6 billion for the Behavioral Health Bridge Housing Program to 2024-25. The proposed budget maintains \$1 billion in 2022- 23 and \$250 million in 2023-24 for the program.

Housing and Land Use

The Governor's Budget proposal states that even with these reductions, funding for these housing programs remains at approximately 88 percent of the allocations made in 2022-23 and proposed for 2023-24 (\$2.85 billion). If there is sufficient General Fund in January 2024, these reductions will be restored.

Dream For All

The 2022 Budget Act included a \$500 million one-time General Fund to the California Housing Finance Agency for the Dream for All program, to provide shared-appreciation loans to help low-and moderate-income first-time homebuyers achieve homeownership. The Governor's Budget proposes to revert \$200 million of the \$500 million one-time General Fund in 2023-24.

CalHome

The 2022 Budget Act included a \$350 million one-time General Fund (\$250 million in the 2022 Budget Act and \$100 million committed for 2023-24) for the Department of Housing and Community Development's (HCD) CalHome program, to provide local agencies and nonprofits grants to assist low- and very-low-income first-time homebuyers with housing assistance, counseling and technical assistance. The Governor's Budget proposal proposes to remove a \$100 million one-time General Fund in 2023-24.

Accessory Dwelling Unit Program

The 2022 Budget Act included a \$50 million one-time General Fund for the California Housing Finance Agency's Accessory Dwelling Unit program. The Governor's Budget proposes to eliminate the \$50 million in General Fund for the program in 2022-23.

Seismic Retrofitting Program for Soft Story Multifamily Housing

SB 189 (Chapter 48, Statutes of 2022) established the Seismic Retrofitting Program for Soft Story Multifamily Housing and included legislative intent to appropriate \$250 million for this program in the 2023-24 budget. The Administration is proposing to eliminate this funding in the 2023-24 budget. If there is sufficient General Fund in January 2024, this reduction will be restored.

Emergency Response and Preparedness

Wildfire and Forest Resilience

The Governor's Budget proposes \$2.7 billion in funding to advance critical investments in forest health and fire prevention to continue to reduce the risk of catastrophic wildfires, as well as resources for fire protection in the state's wildfire response. This is a 3 percent reduction from last year's budget, partly due to actual and anticipated reimbursements from the federal government for costs associated with the state's response to recent wildfires and the pandemic. Budget reductions include:

- Climate Catalyst Fund—A reduction of \$10 million General Fund in 2020-21 and \$31 million in 2021-22, representing an 84 percent reduction. \$8 million remains to support the Climate Catalyst Fund.
- Stewardship of State-Owned Lands—A reduction of \$10 million General Fund in 2022-23 and \$15 million in 2023-24, representing an 8 percent reduction. Approximately \$280 million remains for resilient forests and landscapes on state-owned lands.
- Defensible Space Inspections—A reduction of \$5 million General Fund in 2023-24, representing a 20 percent reduction. This maintains approximately \$20 million to support defensible space inspections.
- Monitoring and Research—A reduction of \$5 million General Fund in 2023-24, representing a 13 percent reduction. This maintains approximately \$33 million to support monitoring and research.
- Workforce Training—A reduction of \$15 million General Fund in 2023-24, representing a 2 percent reduction, partially offset by dedicating \$14 million of Proposition 98 funding for similar purposes. This maintains approximately \$53 million to support workforce training. The increase of \$14 million one-time Proposition 98 General Fund supports the Administration of workforce training grants in collaboration with the California Department of Forestry and Fire Protection.

Drought and Flood

In response to the winter storms California has been facing, the proposed Budget does include new investments to support the state's drought response, accelerate the implementation of the state's water supply strategy, and increase flood preparedness. New investments include:

- Urban Flood Risk Reduction—\$135.5 million General Fund over two years to support local agencies working to reduce urban flood risk.
- Delta Levees—\$40.6 million General Fund for ongoing Delta projects that reduce the risk of levee failure and flooding, provide habitat benefits, and reduce the risk of saltwater intrusion contaminating water supplies.
- Central Valley Flood Protection—\$25 million General Fund to support projects that will reduce the risk of flooding for Central Valley communities while contributing to ecosystem restoration and agricultural sustainability.
- 2023 Drought Contingency—\$125 million General Fund one-time as a drought contingency set-aside to be allocated as part of the spring budget process, when additional water data will be available to inform future drought needs.
- Planning and Permitting for New Water Supplies—\$4.7 million Waste Discharge Permit Fund in 2023-24, and \$5.7 million Waste Discharge Permit Fund and \$408,000 Safe Drinking Water Account ongoing to support planning and permitting for projects that produce new water supplies.
- San Joaquin River Basin Groundwater Recharge: Water Availability Analysis and Technical Assistance—\$4.9 million General Fund over five years to continue to provide local water districts methodologies and tools to conduct water availability analyses, which will help facilitate groundwater recharge, one of the core pillars of the Water Supply Strategy.
- Stream Gages—\$4.7 million General Fund over two years to begin reactivation of historical stream gages, consistent with the SB 19 Stream Gaging Prioritization Plan and as called for in the Water Supply Strategy.

Climate Health

The 2022 Budget allocated \$346 million General Fund over multiple years for investments to address the health impacts of climate change. The Governor's Budget proposal maintains \$321 million (93 percent) of these investments in recognition of the continuing statewide goal of mitigating the health impacts of climate change. If there is sufficient General Fund in January 2024, the reduction noted below will be restored.

- Community Health Workers Program—Delays \$130 million General Fund in 2023-24 for the California 25x25 Initiative (Community Health Worker Initiative Grants in Health Care Access and Information). This program remains fully funded, but the funds would be provided later than initially anticipated, including \$65 million in both 2024-25 and 2025-26.
- Climate and Health Resilience Planning—A reduction of \$25 million General Fund in 2022-23 for Climate and Health Resilience Planning Grants, which eliminates funding for this purpose.

Local Public Safety Division of Juvenile Justice (DJJ) Realignment

The DJJ ceased intake of youth on July 1, 2021, and is set for full closure on June 30, 2023. The state estimates that roughly 360 youth will remain at the time of closure and will be transferred to the probation department within their county of commitment. As such, the Governor's Budget proposal reflects a decrease of \$95.8 million ongoing (\$93 million General Fund and \$2.8 various funds) associated with the closure of DJJ.

Health and Human Services

The Governor's Budget proposal includes about \$230 billion (\$71.5 billion General Fund – nearly 32 percent of the state's overall General Fund budget expenditures) for all health and human services programs in 2023-24. Significant investments have been made in health and human services programs in the last few years, with a focus on the state's most vulnerable communities, to expand access to care and benefits; advance health care affordability and the master plan for aging; and strengthen the behavioral health continuum, health and human services workforce, and public health infrastructure. The Governor's Budget proposal maintains most of the critical investments made in recent years with a proposed reduction and delay in one-time investments in workforce development and climate health.

Local Public Health Infrastructure Funding

The Governor's Budget proposal maintains the \$200 million in ongoing General Fund to local health jurisdictions that is critically needed to address vital public health priorities such as 7 PAGE 3 modernizing local public health infrastructure and bolstering public health staffing. An additional \$100 million in ongoing General Fund is also maintained to support increased state public health capacity in foundational areas such as emergency preparedness and response and workforce development and training.

California Advancing and Innovating Medi-Cal (CalAIM)

The Governor's Budget proposal maintains the approximately \$10 billion (total funds) commitment to continue transforming the healthcare delivery system through CalAIM.

California's Behavioral Health Community-Based Continuum Demonstration

The Governor's Budget proposal includes \$6.1 billion (\$314 million General Fund, \$175 million Mental Health Services Fund, \$2.1 billion Medi-Cal County Behavioral Health Fund, and \$3.5 billion federal funds) over five years for the Department of Health Care Services and the Department of Social Services to implement the Behavioral Health Community-Based Continuum Demonstration, effective January 1, 2024. The Demonstration includes statewide and county opt-in components to expand behavioral health services and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with serious mental illness and serious emotional disturbance, including federal financial participation for short-term stays in Institutions for Mental Diseases (IMD), with a focus on children and youth, individuals experiencing or at risk of homelessness, and justice-involved individuals.

The Demonstration will additionally allow counties to cover certain community-based services, such as supportive employment and rent and temporary housing for up to six months for certain high-need beneficiaries. The Governor's Budget proposal includes \$17.9 million (\$6.3 million General Fund) in 2025-26 increasing to \$116.6 million (\$40.8 million General Fund) at full implementation for this purpose.

Behavioral Health Payment Reform Funding

While not specifically called out in the budget summary documents, the Administration has indicated the Governor's Budget proposal includes \$375 million General Fund one-time for behavioral health payment reform activities in 2023-24 to fund the counties' non-federal share of costs of this transition. Additionally, there will be proposed budget trailer bill language associated with this initiative.

Behavioral Health Continuum Infrastructure Program (BHCIP) Funding

The Governor's Budget proposal delays the last round of behavioral health continuum capacity funding of \$480.7 million General Fund appropriated in the 2022 Budget Act for 2022-23 to \$240.4 million in 2024-25 and \$240.3 million in 2025-26. A total of \$1.2 billion has been awarded to date, and the Governor's Budget proposal maintains \$480 million General Fund for crisis and behavioral health continuum grant funding to be awarded in 2022-23.

Federal Budget Update

The Federal budget was signed into law by President Joe Biden on December 29, 2022.

The Consolidated Appropriations Act, 2023 (H.R. 2617) is a \$1.7 trillion omnibus spending bill funding the U.S. federal government for the 2023 fiscal year. It includes funding for a range of domestic and foreign policy priorities, including support for Ukraine, defense spending, and aid for regions affected by natural disasters. It also includes provisions related to health care and electoral reform.

The final bill also provides nearly \$4B for rural development programs, including to build sustainable rural infrastructure. Highlights include:

- \$455M for the expansion of broadband services, including \$348M for the ReConnect program. These funds are in addition to the \$2B provided by the Infrastructure Investment and Jobs Act.
- \$1.47B for rural water and water program loans and over \$500M in water and waste grants for clean and reliable drinking water systems and waste disposal systems.

Conclusion/Next Steps

Mendocino County Executive Office staff will continue to work with its state lobbyists and monitor federal legislative and budget developments to stay informed of proposed changes. Certain budget items inevitably greatly affect Mendocino County and its residents, and others are less felt. County staff is committed to keeping a firm hold on information resources to be able to allow the Board to act proactively when needed.

FY 2022-23 PRIORITIES UPDATES

Project Homekey

The second phase of renovation at Project Homekey - Live Oak Apartments - began in mid-August 2022 and was completed in mid-November. All units in the apartment building now have kitchenettes, new flooring, and new paint. Upgrades have also been completed to the fire alarm and the WiFi systems. Project staff immediately began inviting new homeless households to move into the building upon completion of the renovation process. As of the end of January 2023, 80% of units were filled. We expect to reach full occupancy by the end of April. At present, 73 individuals are housed at Live Oak Apartments, including 28 children and 1 pregnancy.

The County maintains a strong and stable property management agreement with Rural Communities Housing Development Corporation, and Public Health and Social Services staff provide programmatic oversight and significant on-site support to residents. No County General Fund revenue is used to support this project. Since April 2021, the project has provided stable housing to over 100 persons,

including over 40 children. To date, more than 90% of the exits from Live Oak Apartments have been to permanent housing elsewhere. Live Oak Apartments maintains a dedication to supporting households in their own efforts to transform their lives and permanently recover from homelessness. The project continues to exceed expectations.

Public Health – Substance Use Disorder Treatment (SUDT)

Recent review of fiscal management of Substance Use Disorder Treatment (SUDT) funding within Budget Unit 4012 has highlighted some needed changes. Budget Unit 4012 is under the General Fund and is subject to having unspent revenues swept at the end of a fiscal year. To better align the Organizational Code with Behavioral Health funding, it is being requested that a new fund be established, beginning July 1, 2023, and will be part of the County’s budget starting in Fiscal Year 2023-24. This new fund would help to prevent funding from being swept into the General Fund at the close of future fiscal year.

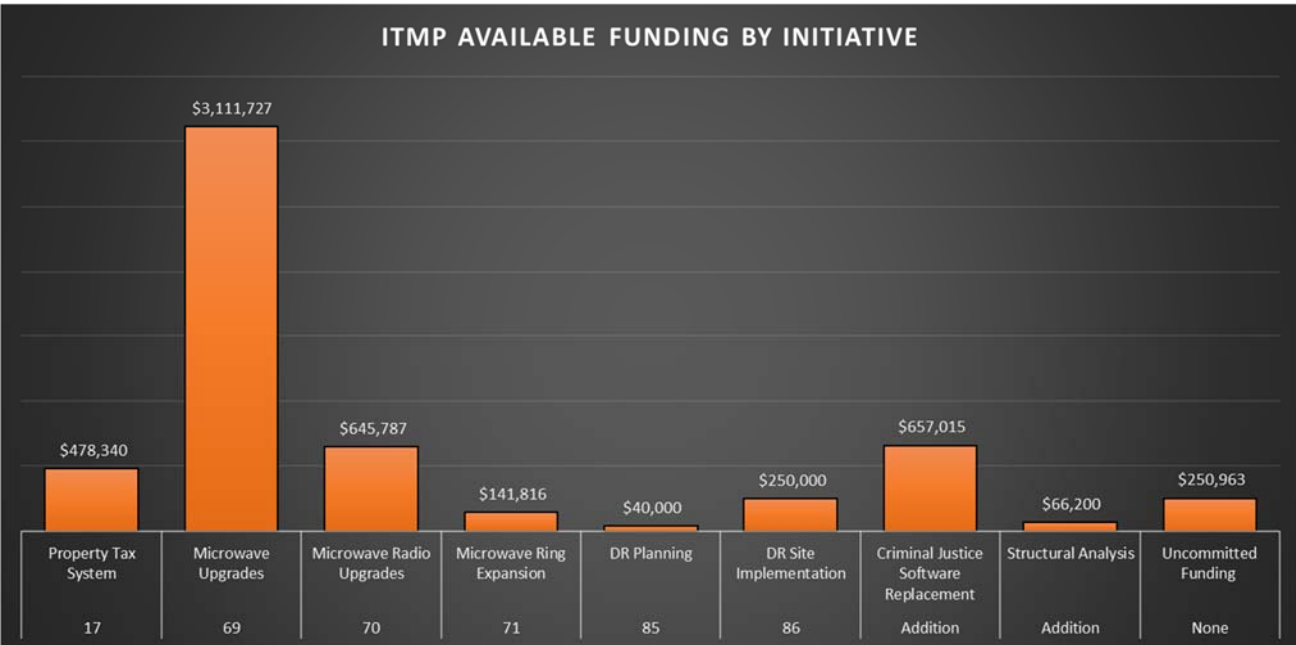
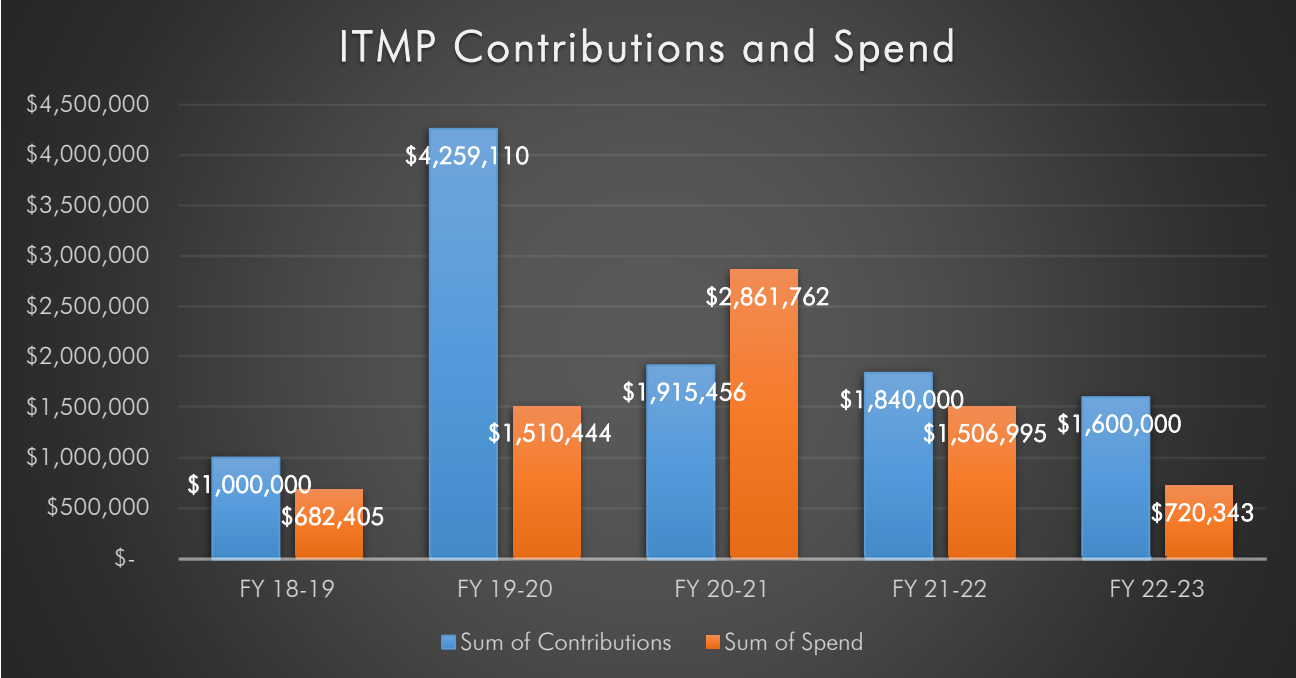
Information Technology

The Technology Reserve was established in FY 2000-01 to provide one-time funding commitments for major technology initiatives and computer replacements. The three major programs within the Technology Reserve include the Information Technology Master Plan (ITMP), outlining major County IT initiatives, including Network and Application Infrastructure, Operations, Security, and Best Practices, the Enterprise Internal Service Fund (ISF) comprised of annual recurring expenses and equipment replacement based on the replacement cycles for County Enterprise systems, and the Public Safety Microwave/Radio Communications Cost Recovery (MCRM) which accounts for the annual cost share of departments and agencies utilizing the Radio communication system.

Information Technology Master Plan (ITMP)

The County’s 5-year Information Technology Master Plan (ITMP), originally adopted by the Board of Supervisors in November 2018, identified 99 initiatives with a potential initial investment of \$20.7 million over five years. ITMP initiatives include sections for Best Practices, Departmental Applications and Systems, Gov 2.0 and Smart Counties, IT Infrastructure, IT Operations, IT Security, GIS, Telecommunications, and IT Staffing.

Information Technology staff is currently revising the ITMP to facilitate ongoing governance practices and alignment to County strategic plan, including annual evaluation and review, initiative onboarding/offboarding, budget projections, and project planning. Available funding includes County allocations, PG&E Disaster Settlement Fund, and anticipated CDBG Mitigation and Resilience grant funding awarded for the Microwave Phase III project.



Property Tax Software System/Aumentum

Information Technology continues to push forward with the implementation of the Aumentum Property Tax System. On January 10th, 2023, the Board of Supervisors approved a Letter of Authorization to use an additional \$250,000 for professional services with Aumentum Technologies. In addition to professional services, this agreement will fund an initiative to expedite the processing and issuance of supplemental, corrections, and escapes that have been delayed for several years, potentially resulting in significant revenue.

Public Safety Communications – Phase 1b and III

Microwave Phase 1b is a project to replace and upgrade Mendocino County’s obsolete radio repeaters at the remaining repeater sites to improve public safety communications and disaster recovery capability. The project was allocated \$500,000 from the PG&E Disaster Settlement Fund. Spend to date totals \$257,544.

Microwave Phase III is a project to replace Mendocino County’s aging public safety microwave radio communications systems while improving the available bandwidth across the microwave system. The project is funded through the CDBG Mitigation and Resilience grant (\$1,161,696), PG&E Disaster Settlement Fund (\$900,000), and by County match (\$438,304). A prerequisite for the grant funding requires environmental studies to be performed. The completion of the environmental studies, CEQA and NEPA, are pending. Work has already begun on the radio frequency coordination and engineering portion of the project (\$25k), as it has no environmental impact.

Enterprise Internal Service Fund (ISF)

Ongoing upkeep and maintenance of County applications and supporting infrastructure is critical to the effective operation of County Departments and functions. In 2021, the Information Technology Division, in consultation with the Auditor and County Budget Team, developed an internal service fund (ISF) for countywide enterprise systems to properly allocate costs to departments and recover costs for maintaining and upgrading these systems. The ISF also addresses ongoing funding commitment needs for several initiatives identified in the ITMP by establishing sustainable funding based on recommended replacement/upgrade cycles.

Allocations for all departments in FY 2022-23 included: wide area network, licensing and annual maintenance, software, network equipment, data center equipment, audiovisual equipment, computer replacement, and voice over IP (VOIP) telecommunications.

Program	Sum of Available Fund Balance	Sum of Current FY Revenue	Sum of Current FY Spend
AV Equipment	\$ (61,495)	\$ (31,586)	\$ -
Network Equipment	\$ (821,826)	\$ (422,109)	\$ 13,921
PC Replacement	\$ (406,004)	\$ (461,616)	\$ 191,972
Software Licensing	\$ (664,965)	\$ (1,136,229)	\$ 464,936
VOIP	\$ (65,605)	\$ (65,605)	\$ -
WAN	\$ (51,836)	\$ (98,331)	\$ 43,822
Systems Equipment & Support	\$ (509,172)	\$ (383,830)	\$ 97,928
Grand Total	\$ (2,580,903)	\$ (2,599,306)	\$ 812,578

Finance System Upgrades and Improvements

There are currently several initiatives underway to improve the capabilities of the County’s Finance System to allow for more efficient budget management, employee resources, process improvements, and reporting. FY 2022-23 budget includes contract commitments in the amount of \$129,990 (ClientFirst Consulting) and \$138,345 (Tyler) for third-party services required for enterprise system improvements. Estimated additional funding needed for future improvements over the next three fiscal years totals \$1.2 million and will be broken down on an annual basis in the enterprise internal service fund budget allocations.

Finance System upgrades and improvements include, but are not limited to the following items:

- Ongoing upgrades
- Purchasing and Invoicing improvements
- People Management
- Payroll and Timekeeping improvements
- Salary budgeting
- Process review and improvements
- Identify Management

In December of 2022, the Munis Employee Self Service (ESS) companion to the Munis Enterprise Resource Planning applications was implemented Countywide. ESS is a tool that allows employees to view and update important information concerning their employment at the County of Mendocino. Employees can see their check stubs, address information, information concerning their dependents, and emergency contacts. Additionally, employees can view their W-2 tax forms as soon as they are printed. Employees can expect more services to come online in the last half of FY2022-23.

Information Technology is planning an important upgrade to our Munis Enterprise Resource Planning application. This effort is expected to be covered by our existing Munis Support agreement, and therefore no additional impact to the budget.

Network Switch Replacement

The County enterprise network switching infrastructure is composed of over 100 Cisco network switches. Many of these switches are end-of-life and end-of-service. ISF allocations include lifecycle replacement and maintenance costs. Replacements will be conducted in phases and will include improvements to the County's network resiliency, physical location evaluations, and general improvements. Phase I of the Network Switch replacement project includes the replacement of 35 network switches that make up core networking infrastructure. Projected cost for Phase I is \$350,000. Information Technology staff is preparing competitive bidding documentation in preparation for procurement of this equipment.

Cybersecurity

Information Technology is currently reviewing additional security solutions to better respond to an ever-increasing cybersecurity threat landscape. These solutions will help identify and remediate potentially nefarious activity across County computers and devices. Costs are estimated at \$400,000 over three years.

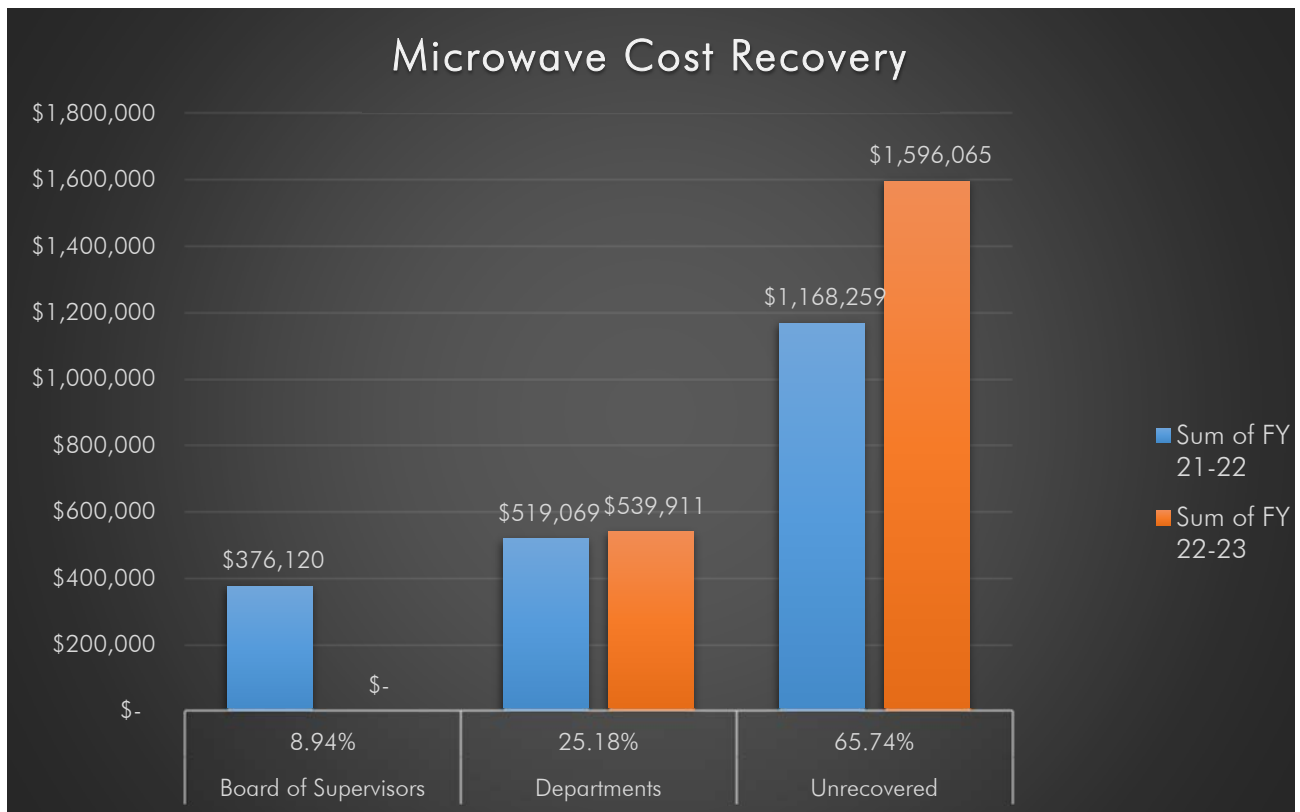
Cybersecurity SLCGP Grant

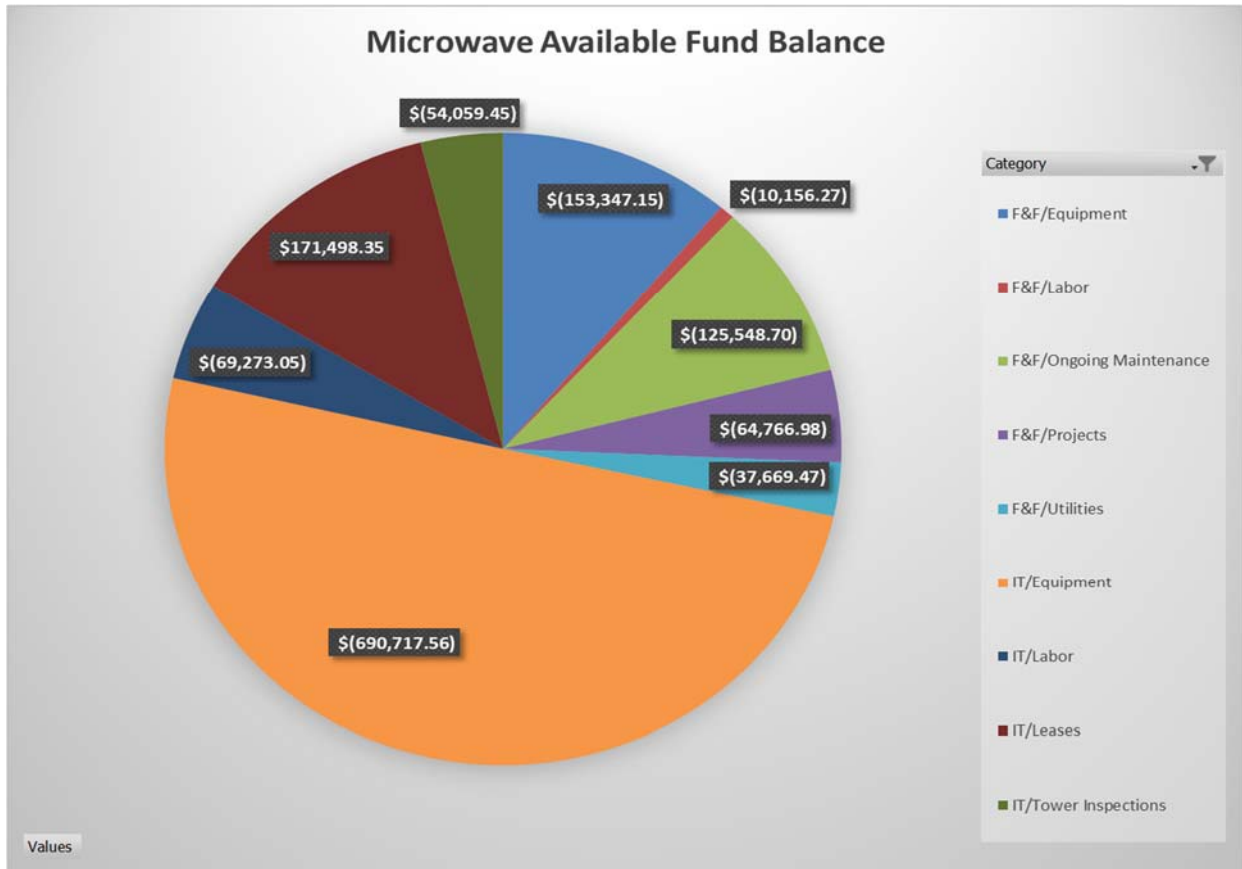
The SLCGP is a \$1.2B federal funding initiative designed to improve cybersecurity at the local government level over multiple years. The program is designed for each state to have a designated state administrative agency (SAA) who will submit for funding. In California, CAL OES is the SAA and the first-year funding available to the state is \$7.9M. They have submitted the application to FEMA on November 14, 2022. Mendocino County had submitted to CAL OES to be included in the grant program and have been added to the Cybersecurity Investment Planning Subcommittee (CIPS). The CA-CIPS has until September 2023 to put together a unified plan to present to FEMA as part of the grant package. No funds will be disbursed until the plan is put in place.

Microwave Cost Recovery (MCRM)

The Microwave Cost Recovery model identifies total cost of ownership for the Public Safety Microwave/Radio Communications System and allocates costs to the agencies utilizing this system. Phase I implementation in FY 2021-22 included County Department allocations and an annual commitment approved by the Board of Supervisors to include annual cost recovery difference and allocations for volunteer fire districts. FY 2022-23 recovery did not include the annual allocation from the Board of Supervisors. Total recovered to date is approximately 34%, with the remaining 66% being unrecovered.

Source	FY 21-22	FY 22-23	% of total
Board of Supervisors	\$ 376,120	\$ -	9%
Departments	\$ 519,069	\$ 539,911	25%
Unrecovered	\$ 1,168,259	\$ 1,596,065	66%
Grand Total	\$ 2,063,448	\$ 2,135,976	100%





County-Wide Health Plan

The County provides health benefits to its employees and their dependents, which are currently self-insured and administered by the Executive Office. The plan provides medical, dental, vision, prescription drugs, basic life, accidental death and dismemberment insurance (AD&D), and an Employee Assistance and Wellness Program. The Plan is 75% funded by the County and 25% by employee contributions.

The Executive office is currently reviewing the Health Plan deficit from FY 2020-21 to identify what resources may be available to cover the deficit. Additional information will be provided at a future date, as it becomes available.

The County contracted with PRISM Health for a fully funded plan effective January 1, 2023. For the 2023 calendar year, the County will not be changing benefits the employees currently receive. The advantage in joining the PRISM pool is that there are 41,000 other lives in the pool (increased buying power), the County will maintain financial stability with this plan, and notifications of increases or decreases are provided by July 1 of each year, allowing ample opportunity to plan for the next calendar year. With leaving self-insured health plan, potentially changing and/or adding cost savings plans, the forecast for the plan looks encouraging and manageable.

There will be no increase to the employee health plan premiums during the period of January 1 – June 30, 2023. The County absorbed the difference between the self-insured and the fully funded PRISM premium for the six months of the calendar year, totaling approximately \$685,000.

General Services/Internal Support Update

Facilities Planning and Assessments

As reported previously, the most recent Five-Year Capital Improvement Plan (CIP) was 2017 through 2022. General Services/Facilities Division staff have engaged in many planning and strategic processes related to the County's owned and leased real property, including: Space Utilization Analysis (presented/completed in September 2022), ADA Plan update, 20-year system life cycle cost of ownership model for all County owned real property, Energy Efficiency, Generator/Epower, Facility Condition Analysis (update being presented on May 14, 2023). The next phase of these facilities planning efforts include a new Five-Year CIP for the period of 2023-2027 and will incorporate the results of the above-referenced planning and strategic processes.

General Services Agency submitted the list of Critical Projects (refer to Attachment D) during the Proposed Budget hearings with no projects approved for funding. As the Board is aware, the result of more than fifteen years of deferred preventative maintenance, coupled with an unstable funding stream, has resulted in a CIP that is increasing annually and resulting in County staff having to perform more and more emergency work and/or repairs. Staff has been sharing various funding models, along with the findings from the various planning tools referenced above in anticipation of moving the county toward a more proactive facilities planning model.

Facilities Planning and Assessments

As noted in the table below, facilities staff is currently prioritizing work on previously funded projects and those with substantial outside funding to improve the reliability and resilience of public safety and county operations.

As the County's facilities and the systems and equipment that serve them continue to age, system failures will elevate specific projects to critical requiring access to existing funding options within the Capital Improvement Fund. Historically, the General Services Agency has maintained funding for unanticipated capital projects divided in categories that allows staff to expedite completion of these projects as they arise. Below is the updated unanticipated capital funding categories with funds carried forward from prior years.

2022-23 Proposed Unanticipated Project Funding	Needed per CIP	Budgeted Carry Forward	Funding Source
Small Deferred Maintenance Projects	100,000	50,000	General Fund
Unanticipated Capital Projects	200,000	150,000	General Fund
Parking lot maintenance & rebuild - Various locations	120,000	120,000	General Fund
County Wide Tree Removal Program	50,000	72,104	General Fund
Painting and Exterior Maintenance - Various locations	120,000	50,000	General Fund
Flooring and Interior Maintenance - Various locations	50,000	-	General Fund
Roof Repairs - Various locations	200,000	202,453	General Fund
HVAC System Upgrades & Replacement	300,000	300,000	General Fund
Hazardous Electrical Panel Replacement (Zinsco Panels)	50,000	30,000	General Fund
ADA Improvements - ADA Only Projects	50,000	50,000	General Fund
Underground Storage Tanks Monitoring and Wells Covelo & Willits Yards	30,000	32,757	General Fund
Unanticipated Capital Projects Totals	1,270,000	1,057,314	

2022-23 Projects in Progress - Carry Forward	Proposed Budget	Updated Budget	Funding Source
New Shelter to Relocate 911 & MCSO Communications & Servers	4,102,597	4,102,597	CDBG & General Fund
Admin Center Server Room Cooling and Fire Suppression	215,000	305,919	General Fund
Redwood Valley Substation Water Damage Repairs	56,000	51,184	Risk & ARPA
Sanhedrin Repeater Site Tower & Shelter Replacement	554,087	554,087	CDBG & PG&E & General Fund
Sanel Mountain Microwave Site Hardening	160,000	335,620	CDBG & PG&E
Sanhedrin Underground Power Line Evaluation and Testing	163,000	163,000	PG&E
Parks Hazard Mitigation - Remaining from Bower Park Trees	97,000	97,000	PG&E
Administration Center Roof and HVAC Replacement Phase 3	142,941	2,650,000	Bond Financing & General Fund
County Facility Condition, Space Needs Assessment & ADA Transition Plan	200,000	175,725	General Fund
Fort Bragg Justice Center HVAC Replacement	400,000	1,706,374	Bond Financing & Courts & General Fund
Pre-Trial Release Program Facility	335,000	550,000	Probation Grant & General Fund
Juvenile Hall Secure Track Changes & Facilities Grant projects	25,000	25,000	Probation Grant
Museum Mold Remediation	40,000	40,000	General Fund
Museum ADA Entry and Restrooms	175,000	175,000	General Fund

Seal and Paint Jail Building II Exterior Block	200,000	200,000	General Fund
Information Technology Small Conference Room Doors	15,000	15,000	General Fund
Mendocino County Sheriff Office - Remove Modular	25,000	25,000	General Fund
Mendocino County Sheriff Office - Fallen Officers Monument Site Work	62,000	62,000	ARPA
Probation Card Readers	40,000	70,000	ARPA
Funded Project Totals	7,007,625	11,303,506	
Transportation Transfers In			
DOT - Video Security Ft. Bragg Yard - Building 9 *CF	30,000	30,000	Transportation
DOT - Video Security Booneville Yard - Building 1 *CF	30,000	30,000	Transportation
Total Transportation	60,000	60,000	
Public Health Transfer In Projects			
Emergency Preparedness Trailer PH Nursing Admin	124,000	124,000	Public Health
Total Public Health	124,000	124,000	
Social Services Transfer In Projects			
Hirsch Card Readers for Avila Gates	30,000	30,000	Social Services
Fiber Cable from Fort Bragg Justice Center to Avila Data Room	20,000	20,000	Social Services
Avila Center Electric Strikes at Interview Booths	26,000	26,000	Social Services
Avila Center 7B HVAC System Replacement	100,000	100,000	Social Services
Yokayo Center Fencing & Children's Patio Enclosure	100,000	100,000	Social Services
Children & Family Services Roof Recoating	80,000	80,000	Social Services
Veterans Services Landscaping	30,000	30,000	Social Services
Children & Family Services Interior Painting	15,000	15,000	Social Services
WISC Shower and Laundry Room	90,000	90,000	Social Services
HHSA Unanticipated Capital Projects - Various Locations	40,000	40,000	Social Services
Total Social Services OTI	531,000	531,000	
New Projects	Anticipated Budget		
HMPG Generators for Critical Facilities		830,000	HMPG & General Fund
Electric Vehicle Charging Stations Administration Center & Yokayo		820,000	CEC Grant & General Fund
Mill Creek Park Vault Toilets - Parks Grant		496,892	Per Capita Grant & General Fund
Willits Library Roof, Solar and Back-up Power Grant Project		494,080	State Library Grant & Library

Agriculture Roof Replacement	300,000	Bond Financing
Total New Projects	2,940,972	

Fiscal Year 2022-23 Key Completed Projects

Also of noteworthy reporting are Facilities completed projects for Fiscal Year 2022-23. These represent the capital projects completed. In addition, there are many maintenance projects that are completed via the County's work order system which are funded via the operating budget within Facilities BU 1610:

Title	Description	Cost/Estimate
Fiscal Year 2022-23 Completed Projects		
Priority Roof - Point Arena Air Force Base Re-coating	Re-coat of the Point Arena Airforce Base Microwave Repeater Site Building	123,640
Priority Roof - Ukiah Veterans Hall Roof Repair	Repair of flat roof portion of the Ukiah Veterans Hall Roof	6,714
Demolish Fire Damaged Modular	Removal and remediation of the fire damaged Probation Modular at the Admin Center	63,279
Point Arena Microwave Upgrade - Communications	Relocation and upgrades to the Microwave Communications site at the Point Arena Air Force Base	650,028
Jail Building II HVAC unit 3 Replacement	HVAC unit replacement at the Jail Building 2	63,876
Off Site Parking Improvements prior to Jail Expansion Project	Parking improvements around General Services and Facilities to replace parking that will be displaced by the new Jail Building	533,919
DOT HVAC Replacement	HVAC unit replacement for the Ukiah Transportation engineering department	58,593
Campus West Fiber Optic Extensions to Sheriff's Office and GSA	Build-out of the fiber optic data network to General Services and Sheriff's Department buildings to replace the obsolete line that will be displaced by the new Jail Building	424,484
Public Health Rooms 189, 192 & 193 Water Damage Repairs	Remediation and repairs of water damage in the Ukiah Public Health building	79,568
Sheriff's Office Steps & walk	Replacement of the hazardous concrete walkways and step at to the Jail Transportation office	21,565
Covelo Airport Security Fencing	Installation of chain link fencing to better secure the Covelo Airport	149,443
Total Projects Completed:		2,175,109

MID-YEAR (2ND QUARTER) REVIEW BY BUDGET UNIT

Summary of General Fund Departments Projections by Budget Unit

This summary provides information on budget unit projections for end of year (EOY) FY 2021-22 and only includes those budget units that are projected to come in greater than \$100K, over their NCC assignment.

BU 1020 – Executive Office

The Executive Office budget unit anticipates being over budget by \$226,539, due to the increase in salaries and staffing needed to accommodate the management of the Payroll Unit and the needs of special projects assigned to the Executive Office.

BU 1610 – Buildings & Grounds (Facilities)

The Buildings & Grounds (Facilities) budget unit anticipates being over budget by \$239,530, due to salary increases, energy costs, increased travel & transportation costs, the Judicial Council of California charging \$90,000 over what was budgeted, and internal revenue estimates coming in lower than budgeted.

BU 2310 – Sheriff's Office

The Sheriff's Office budget unit anticipates being over budget by \$503,304, due to the new MOU's and the changes to premium pay types, longevity pay, and certain paid time.

BU 2810 – Cannabis Management

The Cannabis Management budget unit anticipates being over budget by \$662,000, due to shortfalls on Cannabis fee revenues.

BU 2860 – Animal Care

The Animal Care budget unit anticipates being over budget by \$329,737, due to the average monthly staffing costs are higher than budgeted and revenue estimated to be 61% of budgeted.

MID-YEAR RECOMMENDATION

Recommended Budget Adjustments

Please refer to Attachment A and B

CEO Recommended Actions

1. Accept the FY 2022-23 Mid-Year Budget Report as presented
2. Accept Exhibit A revenue adjustments
3. Approve FY 2022-23 Mid-Year Budget Net Zero Adjustments (Attachment A)
4. Direct Auditor-Controller-Treasurer-Tax Collector to collect supplemental taxes in FY 2022-23
5. Approve FY 2022-23 Mid-Year Fixed Asset Request for those projects which have been funded as presented in Attachment B
6. Create a new Fund and Organization named SUDT (Substance Use Disorder Treatment) for the transfer of funding from current Budget Unit 4012 to align funding and Organization Code with Behavioral Health Funding, and to keep funding from being swept into the General Fund balance at the end of year, to be effective July 1, 2023-Source of funding is Realignment and SABG (Substance Abuse Prevention & Treatment Block Grant) Federal funds