



JUNE 3, 2025

CEO PROPOSED BUDGET FY 25-26

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CHIEF EXECUTIVE OFFICER
County of Mendocino

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Introduction

This Fiscal Year (FY) 2025-26 Proposed Budget Report contains the proposed budget summary, summaries of Measure P and Measure AI revenues and appropriations, and updates from County Offices and Departments. Attached are documents outlining Department Net County Cost (NCC), CEO recommended budget adjustments, Position allocation changes, Capital Improvement Plan (CIP) maintenance priorities, and other updates. At the end of the Budget Hearings to be held on June 3-4th, 2025, it is requested that the Board of Supervisors adopt the CEO's recommendations included in this document. The CEO and Auditor-Controller will make any revisions directed by the Board of Supervisors to the Proposed Budget, and the FY 2025-26 budget will be presented for formal adoption on June 24, 2025.

Budget Process Overview

Government Code § 29062 requires the Board of Supervisors to approve an Adopted Budget on or before June 30th of each year. In January, the Board of Supervisors directed staff to prepare a budget for the Board of Supervisors to adopt in June. This process included four public workshops to allow the Board of Supervisors additional input into the budget process prior to the development of the Proposed Budget. Once the Board of Supervisors considers the Proposed Budget and directs any changes, the budget will be presented for formal adoption by the Board of Supervisors on June 24th, which will provide the legal spending authority to the County for the new fiscal year. When the Auditor-Controller closes the books on the 2024-25 fiscal year and reports the final fund balance and reserve adjustments, the CEO will bring forward any additional adjustments that may be required as part of the FY 2025-26 1st Quarter review.

A recap of Mendocino County's Budget Process for the FY 2025-26 Proposed Budget: In February, budget instructions for FY 2025-26 were issued by the Executive Office Budget Team and distributed to County Departments at a Budget Kick-off Meeting. In this budget cycle, General Fund departments were asked to prepare a Zero-Base Budget (ZBB) projection. This method produced a budget proposal for core-level services and helped to identify deficiencies in the budget. Most Departments operate at a loss and require infusions of discretionary general fund dollars in order to maintain services. Primarily property tax, sales tax, and transient occupancy tax finance these infusions of revenue, referred to as Net County Cost or NCC. The pool from which the County provides these monies is limited and is annually adopted in the County's budget as Budget Unit 1000, known as Non-Departmental Revenue. An update on these funds is represented in Exhibit A of this document. Budget instructions included a process to request additional funding necessary to maintain current levels of service and a process to request funding for new expenses. Departments were required to provide detailed information related to requests for fixed assets, facility modifications, and additional staffing requests. This initially resulted in requests for funding of approximately \$106.1 million, which was approximately \$23.3 million greater than the discretionary revenue projections.

FY 2025-26 Budget Development Calendar Board Related Dates in Bold

- **January 7, 2025 – Resolution 25-001 regarding budgetary authority**
- January 2025 – Departments submit FY 2024-25 Mid-Year (2nd Quarter) Projections
- January 2025 – Departments submit Facility Modification and Vehicle Requests to Facilities and Fleet
- February 7, 2025 – FY 2026-25 Department Budget Kick Off Meeting
- **February 25, 2025 – FY 2024-25 Mid-Year (2nd Quarter) Budget Report**
- February – March 2025 – Deadlines for Departmental submissions, budget & grant narrative submissions; Executive Office Budget Conferences
- **March 11, 2025 – FY 2025-26 Budget Workshop**
- March 2025 – Department Budget Conferences
- **April 8, 2025 – Budget Workshop**
- **April 22, 2025 – Fee Hearing and Budget Workshop**
- **May 6, 2025 – FY 2024-25 3rd Quarter Report & FY 2025-26 Budget Workshop**
- May 24, 2025 – CEO Recommendations for draft Proposed Budget Published
- **June 3-4, 2025 – Final Budget Hearings for FY 2025-26**
- **June 24, 2025 – Final Budget Adopted for FY 2025-26**

Budget conferences with each department were held during the month of March. The Executive Office and the Auditor-Controller's Office staff met with representatives from each Department to review their budget requests, discuss their unique needs and concerns, and to review impacts and/or requests for additional funding. Many Department Heads were proactive and were able to identify solutions to support the preparation of a balanced FY 2025-26 budget.

At the conclusion of the budget conferences, the Executive Office Budget Team continued to analyze requests for additional funding by comparing requests to prior year funding levels and holding additional meetings with Department staff to develop a better understanding of their critical operational needs. After considering each Department's requests a list of proposed funding level changes was developed and is included in this report and attachments. The adjustments entitled "FY 25-26 CEO Recommended Budget Adjustments to Departments Submitted NCC General Fund Budget Units (Attachment B)" and "FY 25-26 CEO Recommended Budget Adjustments to Departments Submitted Non-General Fund Budget Units (Attachment C)" are based on impact statements, what each department entered in MUNIS, and recommendations from the CEO Budget Team.

The Proposed Budget presented for the Board of Supervisor's consideration is a balanced budget, as required by California Government Code § 29009, based on all currently available information. The budget is balanced in accordance with State code and built on non-departmental revenue projections of \$105,328,788.21, which includes Operating Transfers in and Reserve adjustments. Every year the County works to produce a budget that is balanced between the needs of the community and revenue reality. All decisions and policies are solely the responsibility of the Board of Supervisors. The Chief Executive Officer serves as the administrative officer designated by the Board of Supervisors to advise and administer the Board of Supervisors' direction in fulfilling the requirements of GC § 29009.

Total proposed Budget Unit 1000 (Non-departmental Revenue) available as of June 3, 2025, is \$105,328,788.21 with special fund allocations of: \$60,000 to Water Agency, \$4,578,810 to Transportation, \$2,205,887 to Library, \$3,923,000 to Fire Agencies from Measure P, \$505,000 from Measure D Fire Agency allocations, \$2,468,725 to Debt Service (COPs), \$280,983 to Information Technology Service Fund (ITSF), \$753,135 to Landfill Closure, and \$376,785 to Public Health/Mental Health Realignment, leaving \$90,176,463.21 for allocation to General Fund Departments for their Net County Cost (NCC) assignment. **As stated in Attachment A, the total proposed Net County Cost for General Fund Departments is \$90,176,463.21.** Consistent with prior Board accepted recommendations to balance the budget, it is recommended that \$3,298,283 be appropriated from the County Retirement Reserve, \$1,000,000 from the Mental Health Audit Reserve, \$1,000,000 from FY 2023-24 carry-forward, \$325,844 from the County Teeter Reserve, and \$533,610 from EOC PG&E funds.

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 five-year period 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.

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.

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

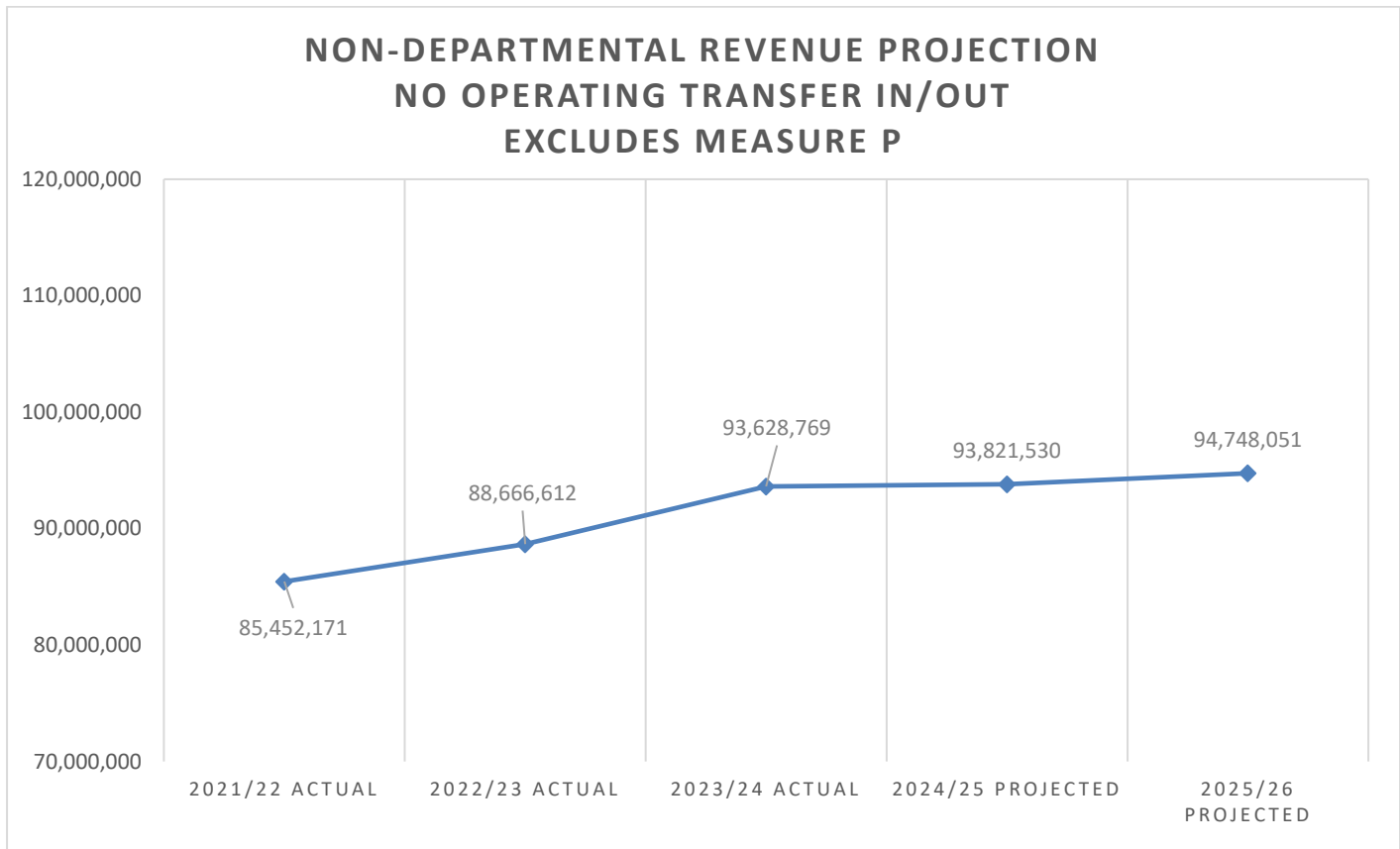
FY 2025-26 Proposed Budget Summary

Budget Unit 1000 Non-Departmental

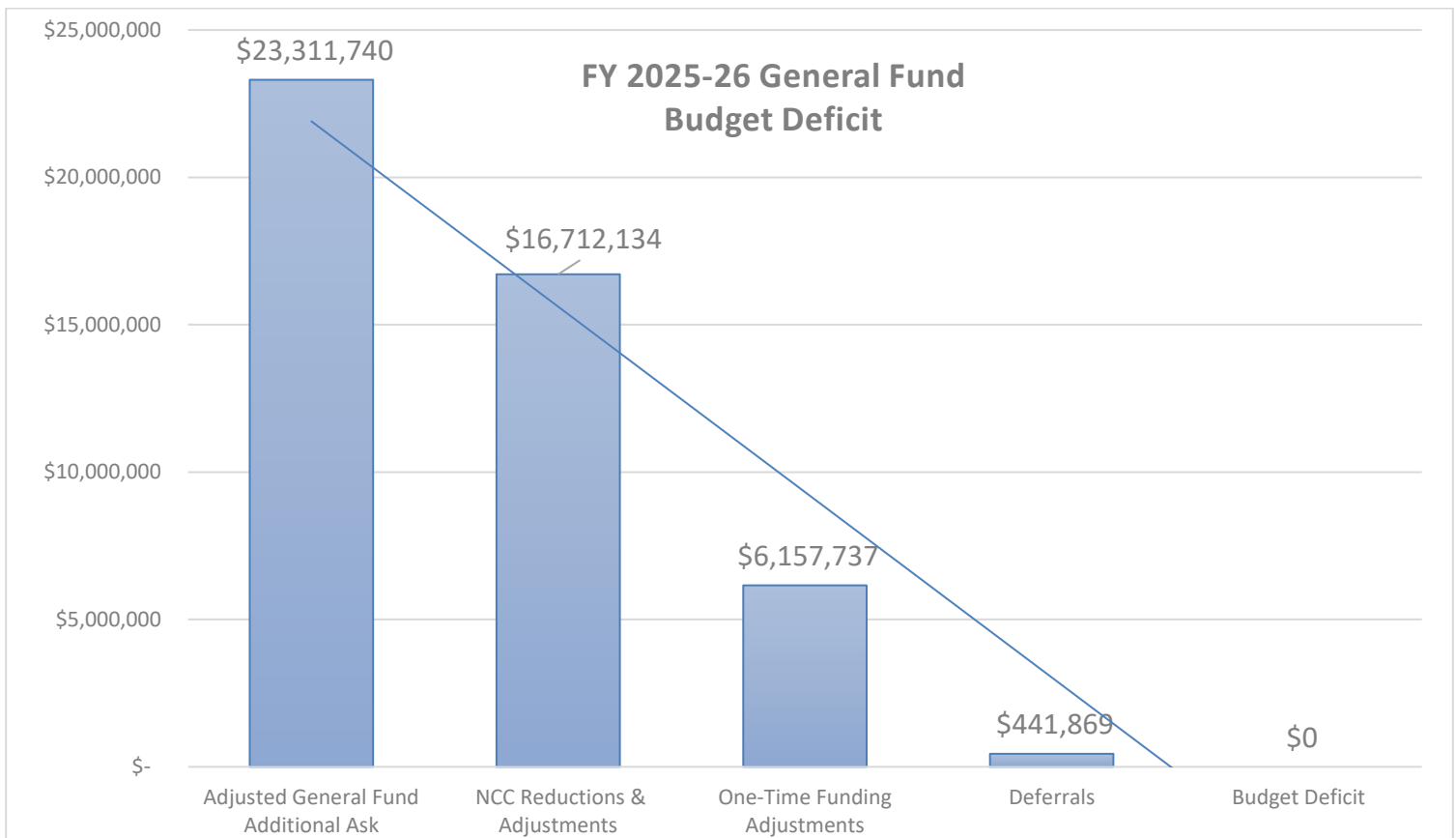
The projections for BU 1000 Non-Departmental, for FY 2025-26, are \$926,521 higher than projected for FY 2024-25. Details of the non-departmental budget can be found in the attached Exhibit A.

Budget Unit 1000 includes operating transfers of General Fund dollars to other funds. The FY 2025-26 Proposed Budget includes operating transfers to the Department of Transportation, Library, Debt Service Fund, Fire Agencies, Water Agency, Information Technology Service Fund (ITSF), Landfill Closure, and Public Health/Mental Health Realignment. These operating transfers are further detailed in Attachment G and other various charts included in this report.

The revenue graph below excludes operating transfers in and out, and Measure P revenue.



General Fund Budget Deficit



NCC Reappropriations and Adjustments

NCC Reappropriations & Adjustments are included in Attachment B - FY 2025-26 CEO Recommended Budget Adjustments to Dept. Submitted NCC – General Fund Budget Unit

NCC Reappropriations and Adjustments

- Department Adjustments \$5,541,415
- Turnover Projected Savings \$6,309,579
- Debt Service Adjustments \$2,164,980
- Voluntary Separation (VSIP) \$338,000
- Measure B for Naphcare \$50,000
- Medication-Assisted Treatment (MAT) funds \$100,000
- Designated Reserve Adjust \$(75,000)
- A87 Invoicing (Grants/Non-GF) \$750,000
- Opioid Settlement for Naphcare \$500,000
- PG&E Disaster Fund-Drought \$500,000
- Cannabis Business Tax \$445,000
- Property Tax Secured \$88,160
- **Total** **\$16,712,134**

Anticipated One-Time Funding need and use

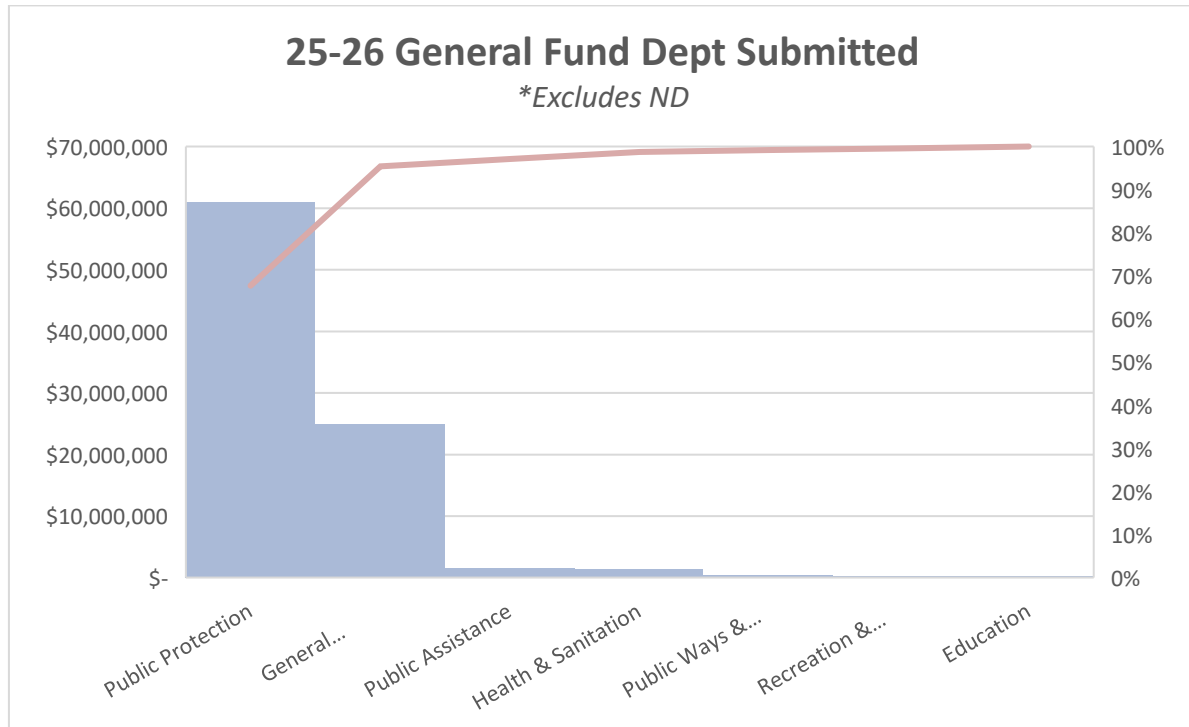
- Retirement Reserve \$3,298,283
 - For Pension Obligation Bonds
- FY 2023-24 Carryforward \$1,000,000
 - For Pension Obligation Bonds
- Mental Health Audit Reserve \$1,000,000
 - For Landfill (753k), Water (85k), IT Internal Service Fund (\$161k)
- Teeter Reserve \$325,844
 - For ITSF and Sheriff/Jail one-time technology expenses
- EOC PG&E Funds \$533,610
 - For Pension Obligation Bonds
- **Total** **\$6,157,737**

Deferrals

- Information Technology Service Fund (ITSF) Deferral \$441,869
- **Total** **\$441,869**

2025-26 Functional Area Ratios

Total General Funding included in the CEO Proposed Budget for County Departments and Offices is \$90,176,463. Of that, \$86,080,822 (95.46%) of County General Funding in the CEO Proposed Budget is allocated between Departments and Offices within Public Protection and General Government functional areas. The remaining \$4,095,641 (4.54%) is allocated between the remaining functional areas; Public Ways & Facilities, Health & Sanitation, Education, Recreation & Culture, and Public Assistance, all of which receive majority funding from other sources than General Fund.



FY 25-26 General Fund CEO Proposed by Functional Area - Excludes ND

Functional Area	25-26 Total CEO Proposed	% of Total
General Government	\$ 24,996,932	27.72%
Public Protection	\$ 61,083,890	67.74%
Public Ways & Facilities	\$ 406,708	0.45%
Health & Sanitation	\$ 1,461,189	1.62%
Public Assistance	\$ 1,525,753	1.69%
Education	\$ 346,705	0.38%
Recreation & Culture	\$ 355,286	0.39%
	\$ 90,176,463	100%

Detail on department budgets can be found in Attachment K - Schedule 1-8, 10-15, and Attachment L – Schedule 9.

<div>General Government</div> <div><ul style="list-style-type: none">• Assessor Clerk Recorder• Auditor• Board of Supervisors• County Counsel• Executive Office• Human Resources• Tax Collector</div>	<div>Public Protection</div> <div><ul style="list-style-type: none">• Agriculture• Animal Care and Control• Cannabis• Child Support• District Attorney• Planning and Building• Probation• Public/Alternate Defender• Sheriff - Coroner</div>	<div>Public Way & Facilities</div> <div><ul style="list-style-type: none">• Department of Transportation</div>	<div>Health & Sanitation</div> <div><ul style="list-style-type: none">• Behavioral Health• Public Health• Solid Waste (DOT)</div>	
		<div>Public Assistance</div> <div><ul style="list-style-type: none">• Social Services</div>	<div>Education</div> <div><ul style="list-style-type: none">• Farm Advisor• Library</div>	<div>Recreation & Culture</div> <div><ul style="list-style-type: none">• Museum</div>

Budget Year +1 FY26-27

In the Proposed Budget Report for FY24-25, the CEO Budget Team recommended the County research and adopt a Budget Year +1 model that would estimate expenses an additional year beyond the budget year. In budgeting for FY25-26, that means estimating the budget for FY26-27.

The goal of this +1 Budget model is to foster greater transparency and accountability in our financial management by allowing for more accurate forecasting to anticipate and mitigate potential fiscal challenges well in advance.

Based on FY25-26, the CEO Budget Team estimates that the Department Submitted General Fund Net County Cost (NCC) will net approximately \$105 million in FY 26-27, down from \$106 million in FY25-26. The \$105 million includes a 3% factor and a reduction of approximately \$4.4 million in Pension Obligation Bond General Fund expense. The 3% factor does not include potential impacts from upcoming labor negotiations.

Assuming Non-Department (ND) revenue increases at 3% (approximate average % revenue increase from FY19-20), ND revenue is estimated at \$98 million for FY 26-27. Above the line funding obligations in FY25-26 total \$15,152,325. Assuming no change in obligations, the available General Fund available for NCC financing is estimated at \$83 million.

The CEO Proposed NCC for FY25-26 is \$90,176,463, which incorporates the reappropriations and deferrals included on page 10. Factoring the same 3% factor, reductions in Pension Obligation Bond expenses, and reappropriations /deferrals from FY25-26, nets an estimated CEO adjusted NCC of \$99 million. Comparing this amount to estimated General Fund financing (\$99m – \$83m) leaves an estimated General Fund deficit of \$16 million for FY26-27.

Additional estimates and projections will be provided throughout FY25-26 as more information becomes available.

Measure P Summary

Measure P is a 0.25% countywide sales tax approved by Mendocino County voters in November 2022. The tax has been dedicated to supporting fire protection and emergency medical services (EMS) across the County. Revenue collection began in April 2023, with initial allocations to eligible fire and EMS agencies occurring in January 2024.

The table below shows revenue collected from Measure P starting in FY2022/23.

Revenue Description	2022/23 Actual	2023/24 Actual	2024/25 Projected	2025/26 Proposed
Measure P Sales Tax	1,240,888	4,864,339	3,714,217	3,923,000

Measure AI Summary - Cannabis Business Tax

Measure AI, approved by Mendocino County voters in November 2016, established a local cannabis business tax applicable to commercial cannabis operations in the unincorporated areas of the County. The tax applies to various cannabis business types—including cultivation, manufacturing, distribution, and retail—and is assessed either as a percentage of gross receipts or a fixed rate per square foot of cultivation area, depending on the business model. Tax revenues are deposited into the County's General Fund, providing discretionary revenue to support Countywide services. To guide the use of these funds, voters simultaneously approved Advisory Measure AJ, which recommended that revenues generated under Measure AI be prioritized for the following purposes:

- Funding local law enforcement and fire services;
- Supporting permitting and code enforcement related to cannabis operations;
- Enhancing mental health and other health and human services;
- Improving road infrastructure and public facilities.

Revenue Description	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/24 Actual	2024/25 Projected	2025/26 Proposed
Cannabis Tax Revenue	1,296,125	3,711,693	5,575,900	6,159,180	3,600,857	3,129,574	1,714,404	1,000,000	1,445,000

Per Board Direction, at the May 6th Budget Workshop staff presented the following allocation methodology for Measure AI revenues:

- 49% of the budgeted Cannabis Tax Revenue be applied to the Mendocino Cannabis Department
- 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 EMS for Ambulance Contracts with Long Valley and Anderson Valley - \$132,000
 - Cannabis Regulation Enforcement* - \$330,000
 - Roads (with excess revenue to be applied) - \$19,160
 - Allocation based on original \$1,000,000 budget for Cannabis Tax revenue.
- Actuals subject to change throughout the Fiscal Year which will impact total appropriations.

*Based on Projections from FY24/25 for Sheriff's Office Regular Hours, Code Enforcement, and County Counsel

State Budget Update

*The information and narrative below were taken from the Governor's May Budget Revision for FY2025-26.

On May 14, 2025, the Governor released his May Revision for budget year 2025-26. The Governor now projects budget year General Fund expenditures of \$226.4 billion, available resources of \$248.9 billion (prior year balance, revenues and transfers), and \$4.5 billion in the Special Fund for Economic Uncertainties (SFEU), the state's general budget reserve.

Across the prior year, current year, and budget year, General Fund revenues decreased by approximately \$5.2 billion as compared to the Governor's January Budget proposal. General Fund expenditures have also increased since January, most notably for health care services. The budget shortfall identified in the May Revision is approximately \$12 billion (includes an ending balance of \$4.5 billion in the SFEU). In addition, significant out year deficits were estimated at the Governor's January Budget and remain. However many of the solutions proposed in the May Revision result in larger impacts in the out years to reduce structural deficits.

The budget shortfall is driven by higher than anticipated expenditure increases, due mostly to recent health care expansions and lower revenue estimates in 2025-26 and future years related to dampened economic indicators as a result of federal policies. The May Revision reflects a revision in Big Three revenue (personal income, corporate, and sales taxes) estimates across the 2023-24 through 2025-26 fiscal years of a negative \$4.8 billion.

2024-25 and 2025-26 General Fund Summary

	January Budget		May Revision	
	2024-25	2025-26	2024-25	2025-26
Prior Year Balance	\$ 42,078	\$ 8,029	\$ 46,260	\$ 9,726
Revenues and Transfers	222,473	225,095	225,673	214,559
Total Resources	258,350	251,394	267,559	248,880
Non-Proposition 98 Exp.	146,998	144,290	147,933	145,629
Proposition 98 Exp.	85,053	84,602	85,305	80,747
Total Expenditures	232,051	228,892	233,238	226,376
Fund Balance	26,299	22,502	34,321	22,504
Encumbrances	18,001	18,001	18,001	18,001
Special Fund for Economic Uncertainties	8,298	4,501	16,320	4,503
Safety Net Reserve	-	-	-	-
Public School System Stabilization Account	1,157	1,533	-	-
Budget Stabilization Account	\$ 18,045	\$ 10,945	\$ 18,292	\$ 11,192

(Dollars in Millions)

**Governor's Budget and May Revision Proposed Solutions
(In Billions)**

May Revision Solutions	
Reductions	5
Revenues/Borrowing	5.3
Fund Shifts	1.7
Triggers	-0.5
Total Solutions:	\$12.0
*Triggers would delay future spending to be funded if revenues	

K-14 Education and Higher Education

- The May Revision reflects an overall decrease of approximately \$4.6 billion in Proposition 98 funding from the Governor's January Budget for the three-year period of 2023-24 to 2025-26. More specifically, the May Revision estimates the Proposition 98 guarantee for the 2023-24 through 2025-26 fiscal years at \$98.5 billion, \$118.9 billion, and \$114.6 billion, respectively. In the Governor's January Budget, the Proposition 98 guarantee for the 2023-24 to 2025-26 fiscal years were estimated to be \$98.5 billion, \$119.2 billion, and \$118.9 billion, respectively. The May Revision continues to appropriate the 2024-25 Proposition 98 Guarantee at \$117.6 billion, instead of the currently calculated level of \$118.9 billion. However, the difference between the appropriated level and the calculated level is reduced from Governor's January Budget from \$1.6 billion to \$1.3 billion.
- The May Revision proposes to defer \$1.8 billion in Local Control Funding Formula funding from June 2026 to July 2026, shifting costs from the 2025-26 fiscal year to the 2026-27 fiscal year.
- The May Revision proposes to revert unallocated General Fund dollars of \$177.5 million that was appropriated from a \$2 billion one-time General Fund allocation to the School Facility Program. Proposition 2 facilities funds will be available for fire-impacted LEAs to access, as needed.
- The May Revision includes a \$210.2 million one-time increase in Proposition 98 General Fund to fully fund Student Centered Funding Formula (SCFF) for California Community Colleges in 2024-25 and an ongoing increase of \$104.7 million to fully fund SCFF in 2025-26. In addition, the May Revision includes an ongoing increase of \$109.5 million to fund 2.35 percent enrollment growth (increased from 0.5 percent in January) in the SCFF in 2025-26.
- The May Revision includes a shift in the distribution of Transitional Kindergarten (TK) expansion funds between TK-12 schools and community colleges. Specifically, the May Revision shifts the full amount of funding for TK expansion to the TK-12 education side of the Proposition 98 budget, reducing resources for community colleges by \$492.4 million over the three-year budget window.
- The May Revision revises the ongoing General Fund base reductions for the University of California (UC) and the California State University (CSU) from 7.95 percent to three percent, lowering the UC reduction from \$396.6 million to \$129.7 million and the CSU reduction from \$375.2 to \$143.8 million.
- The May Revision includes estimated increases of \$94.7 million one-time General Fund in 2024-25 and \$228.7 million ongoing General Fund for the Cal Grant Program based on the latest estimates of enrollment of Cal Grant-eligible students.
- The May Revision includes a one-time General Fund increase of \$77 million in 2024-25 to support unanticipated caseload increases in the Middle Class Scholarship program.

Health

- The May Revision proposes to make the following changes to Medi-Cal eligibility, coverage, and benefits for undocumented Californians
 - Freeze enrollment for age 19 and over, beginning January 1, 2026, resulting in General Fund savings of \$86.5 million in 2025-26, increasing to \$3.3 billion by 2028-29.
 - \$100 monthly premiums for age 19 and over, beginning January 1, 2027, resulting in no General Fund savings in 2025-26, \$1.1 billion of General Fund savings beginning in 2026-27, increasing to \$2.1 billion by 2028-29.
 - Eliminate per visit payments to community clinics and instead pay fee-for-service rates for services provided to undocumented Californians, resulting in General Fund savings of \$452.5 million in 2025-26 and \$1.1 billion annually thereafter.
 - Reduce long-term care, dental, and in-home supportive services benefits, resulting in General Fund savings of \$491.8 million in 2025-26 and \$1.3 billion annually thereafter.
 - Implement a rebate aggregator to secure state rebates for drugs provided to undocumented Californians, resulting in General Fund savings of \$375 million in 2025-26 and \$512 million annually thereafter.
- The May Revision includes additional General Fund savings of \$1.1 billion in 2024-25, and decreased General Fund savings of \$200 million in 2025-26 and \$400 million in 2026-27 from the Managed Care Organization (MCO) Tax approved by the Legislature and approved by voters in November 2024 as Proposition 35. The May Revision \$804 million in 2024-25, \$2.8 billion in 2025-26, and \$2.4 billion in 2026-27 will be available for provider rate increases for primary care, specialty care, ground emergency medical transportation, and hospital outpatient procedures.
- The May Revision proposes to restore the asset limit of \$2,000 for an individual, and \$3,000 for a couple for seniors and persons with disabilities to qualify for Medi-Cal, resulting in General Fund savings for this proposal of \$94 million in 2025-26, \$540 million in 2026-27, and \$791 million annually thereafter.
- The May Revision proposes to eliminate Medi-Cal coverage for Glucagon-Like Peptide-1 (GLP-1) agonist drugs, such as Ozempic or Wegovy, for weight loss, beginning January 1, 2026. GLP-1 agonist drugs would continue to be covered for diabetes and obesity. The May Revision reflects General Fund savings for this proposal of \$85 million in 2025-26 and increasing to \$680 million annually by 2028-29.

Human Services

- The May Revision eliminates the In-Home Supportive Services (IHSS) Medi-Cal benefit for undocumented individuals age 19 and over, resulting in \$158.8 million General Fund savings.
- The May Revision caps IHSS provider overtime and travel hours at 50 hours per week beginning in 2025-26, resulting in \$707.5 million General Fund savings.
- The May Revision makes the Foster Care Tiered Rate Structure subject to a “trigger” based on the availability of General Fund in spring 2027.
- The May Revision makes the expansion of California Food Assistance Program to adults 55 and over, regardless of immigration status, subject to a “trigger” based on the availability of General Fund in spring 2027.

Resources, Environmental Protection, Energy, and Transportation

- The May Revision proposes trailer bill language intended to do the following: streamline permitting for the Delta Conveyance Project (DCP) by eliminating certain deadlines from existing State Water Project water right permits; specify that DWR has authority to issue bonds for the cost of DCP, which are to be repaid by participating water agencies; streamline judicial review of litigation; and, streamline authorization to acquire land that supports construction of DCP. The intended purposes of these statutory changes are to prevent delays and reduce costs.
- The May Revision proposes to extend the Cap-and-Trade program and rename the program to the “Cap-and-Invest” program. This proposal will include clear guiding principles that enable a stable and predictable price on carbon pollution to drive deeper investments in carbon reduction and clean technologies. In addition, it will include the following:
 - **California Climate Credit.** A continuation of the California Climate Credit, resulting in approximately \$60 billion available for utility bill credits to California residents over the duration of the extension.
 - **High-Speed Rail.** \$1 billion annually for the High-Speed Rail Project to establish a stable and predictable funding stream, which will enable the High-Speed Rail Authority to plan with greater certainty and deliver the project more efficiently.
 - **Department of Forestry and Fire Protection (CalFire) Operations Costs.** A shift of \$1.54 billion from the General Fund to the Greenhouse Gas Reduction Fund to support CalFire’s fire prevention, fire control, and resource management activities on an ongoing basis. This proposal also includes a General Fund backstop to protect CalFire’s operations in the event “Cap-and-Invest” auction proceeds fall below projected revenues.

Housing and Homelessness

- The May Revision contains no new funding for affordable housing or addressing homelessness.

General Government

- The May Revision withdraws the Governor’s January Budget proposal to provide \$60 million General Fund for CalCompetes Grant awards.

Workforce and Labor

- The May Revision includes a loan of \$400 million from the Labor and Workforce Development Fund to the General Fund.

Corrections, Public Safety, and the Judiciary

- The May Revision includes updated projections of California Department of Corrections and Rehabilitation (CDCR) average daily adult incarcerated population at 91,471 in 2024-25, 91,205 in 2025-26, 92,179 in 2027-28, and declining to 89,692 by June 2029. This reflects a slower ramp-up related to Proposition 36 compared to the fall projections. Reflecting this long-term decline, the May Revision includes the closure of one additional prison by October 2026, resulting in savings of roughly \$150 million annually.

Chief Executive Officer's Proposed Budget Actions & Recommendations

Listed below is an overview of recommendations and actions, presented for Board of Supervisors consideration in keeping with the priority direction the Board has provided during the FY 2025-26 Budget Workshops:

CEO Recommended Actions on the Proposed Budget:

The Executive Office recommends that the Board of Supervisors take action as follows:

Approve the FY 2025-26 Chief Executive Officer's Proposed Budget for the County of Mendocino, including:

- Approve the adjustments detailed in the CEO Recommended Budget Adjustments to Departments Submitted, as outlined in Attachment B-General Fund and Attachment C Non-General Fund;
- Approve the FY 2025-26 Department Funding Requests (Attachment A) directing the Auditor-Controller to return to the Board of Supervisors on June 24, 2025, with a formal resolution adopting the FY 2025-26 Mendocino County Budget based on the above direction;
- Approve amendments to the Position Allocation Table as listed in Attachment D, directing Human Resources to return to the Board of Supervisors on June 24, 2025, with an updated Position Allocation Table;
- Approve the funded fixed assets/vehicles, structural improvements, and projects as listed in Attachment F;
- Approve FY 2025-26 Enterprise Internal Service Fund department allocations listed in Attachment H;
- Approve FY 2025-26 Microwave Public Safety Radio Communications department allocations listed in Attachment I;
- Approve prioritization of Fiscal Year 2024-25 Carry Forward for deferred maintenance projects for FY 2025-26;
- Approve appropriation of \$3,298,283 in Designated Retirement Reserve for Fiscal Year 2025-26 Budget;
- Approve appropriation of \$1,000,000 in Designated Mental Health Audit Reserve for Fiscal Year 2025-26 Budget;
- Approve appropriation of \$1,000,000 in Fiscal Year 23-24 Carry Forward funding for Fiscal Year 2025-26 Budget;
- Approve appropriation of \$325,844 in Teeter Reserve for Fiscal Year 2025-26 Budget;
- Approve appropriation of \$533,610 in EOC PG&E funds for Fiscal Year 2025-26 Budget;
- Approve County Minimum Capitalization Threshold Resolution included in Attachment E;
- Accept the Fiscal Year 2025-26 Proposed Budget Report

General Fund - The primary operating fund of a government, used to finance most typical services such as public safety, administration, and public works.

Budget Deficit - The amount by which government expenditures exceed revenue over a specific period of time, leading to a shortfall that must be financed through borrowing or the use of reserve funds.

Non-Departmental Revenues - Revenues that are not directly generated by specific county departments but are collected at a county-wide level, such as general sales taxes, property taxes, and certain grants.

Net County Cost (NCC) - The total cost to the county for providing services after accounting for all revenues except for General Fund support. It represents the impact to the General Fund.

One-Time Funds - Funds that are not expected to recur on a regular basis, used typically for non-recurring expenditures. Examples include windfalls from legal settlements or one-off state or federal grants.

Operating Transfers In/Out - Transfers of money between different government funds as recorded in financial statements. Transfers in are added to a fund, while transfers out are deducted.

Actuals - The term used to describe the real financial figures recorded during a specified accounting period. Actuals represent the true amounts of revenue received or expenditures made, as opposed to budgeted figures or forecasts.

Property Tax In-Lieu of VLF (Vehicle License Fee) - Revenue received from the state as a replacement for vehicle license fees that local governments previously collected directly.

Sales Tax Revenue - Income earned by the government from sales tax, which is imposed on the sale of goods and services. It is a percentage of the price paid by the consumer at the point of sale.

Transient Occupancy Tax (TOT) - A tax charged to travelers when they rent accommodations in a hotel, inn, motel, vacation rental, etc., for a period of less than 30 days.

Measure P - A sales tax measure that was approved in November 2022 and introduced a 0.25% sales tax increase to fund fire prevention and emergency services across Mendocino County.

Teeter Plan - A method of property tax allocation that allows counties to receive the total amount of property taxes levied regardless of the actual collection rate, with the county assuming the risk for delinquent accounts.

Fiscal Sustainability - The ability to sustain current spending, tax, and other fiscal policies over the long term without risking fiscal crisis.

Fiscal Year (FY) - A one-year period used by governments for accounting and budget purposes, which varies between countries. In Mendocino County, the Fiscal Year is July 1st through June 30th.

Adjusted Budget - Refers to the budget amount that has been modified from the original approved budget to reflect changes such as additional allocations, reductions, or other adjustments during the fiscal year.

YTD (Year-to-Date) - The period starting from the beginning of the current fiscal year up to the current date, used for tracking financial progress and performance against the annual budget.

Projected Deficit - An estimate of the amount by which expenses are expected to exceed revenues by the end of the fiscal year based on current and forecasted operations.

Supplemental Roll Tax - Additional property taxes levied due to changes in property value not accounted for in the original tax roll, often resulting from construction or property sales.

Penalty & Cost on Delinquent Tax - Fees and charges applied to tax amounts that are paid late, intended to encourage timely payment of taxes.

Property Transfer Tax - A tax imposed by local governments on the transfer of property from one owner to another, based on the property's sale price.

Revenue Forecast - The estimated amount of money that will be received from various sources during a specified fiscal period. This is a critical component for budget planning and adjustments.

Capital Improvement Projects (CIP) - Long-term investment projects undertaken by the government to build, maintain, or improve its infrastructure assets, such as roads, bridges, schools, and government buildings.