



COUNTY OF MENDOCINO

STATE OF CALIFORNIA

FY 2021-22

1ST QUARTER REPORT & ADJUSTMENTS

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and
Fiscal Team

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HWY 128
Courtesy of Visit Mendocino

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Attachments:

FY 2021-21 1 st Quarter Budget Net Zero Adjustments	Attachment A
FY 2021-22 1 st Quarter Departmental Funding Requests	Attachment B
FY 2021-22 1 st Quarter Fixed Asset Request	Attachment C

Purpose

With this document, we begin the Budget Reporting process to the Board of Supervisors for Fiscal Year (FY) 2021-22. The First Quarter Report covers the first quarter of the budget year, from July 1, 2021 through September 30, 2021, and provides detailed information projecting how the County budget status is likely to end on June 30, 2022. As with quarterly reports presented to the Board of Supervisors in the past, this report examines the Net County Cost (NCC) projections of departments across the County system. The NCC for a department is identified by taking the annual expenditures of a department and subtracting the annual revenues derived by that department. Most departments cannot operate or maintain services without infusions of discretionary general fund dollars. These infusions of revenue are financed primarily by property tax, sales tax, and transient occupancy tax revenues. The pool from which the County provides these monies is limited and is annually adopted in the County's budget as Budget Unit 1000. First quarter does not typically project additional funding from current fiscal year departmental projections. Funding for first quarter is from one-time carry forward money from the prior fiscal year. One-time funds are not to be used for ongoing expenses. Ongoing expenses should be allocated from identified revenue projections.

California Government Code § 29009 requires the County to produce a balanced budget and the quarterly reporting is an important step in the process of fulfilling this legal requirement of the County's financial management. Every year the County hopes to produce a budget that is balanced between the needs of our community and the revenue reality that is presented. 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.

Budget Goals & Priorities

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 guidelines, and goals and priorities include:

Budget Guidelines

- Maintain current levels of services
- Invest in County infrastructure
- Focus on financial sustainability and identify cost savings whenever possible

Goals & Priorities

- **Fiscal Stability**
 - Debt mitigation and elimination are a priority
 - New Jail additional costs unknown
 - Overall Facilities improvements – Roofs & HVAC
 - ADA transition plan
- **Financial Sustainability**
 - Maintain the reserve policy
 - One-time revenue is not to be used for on-going expenses
 - Cannabis Program sustainability

Budget Goals & Priorities - Continued

- **Organizational Development**
 - Investing in the Organization's future through the Leadership Initiative, succession planning, and recruitment and retention practices.
 - Identify and measure departmental performance metrics
 - Operational efficiencies
 - Employee salaries
 - Criminal Justice staffing for new mandated transparency reporting
 - (SO, DA, PD, PR, JH, JA)
 - Facility preventative maintenance
 - Strategic Planning
- **Investment in Roads**
- **Economic/Business Development**
 - Support new housing development
 - Broadband
 - Grant writer program
 - Use of solar
 - Small business support
- **Support for Emergency Services**
 - Staffing support for Local Emergency Medical Services (LEMSA)
 - Explore Emergency Medical Services (EMS) Joint Powers Authority (JPA)
- **Disaster Recovery and Resiliency**
 - Emergency preparedness
 - Emergency access routes
 - Continued pandemic support
 - Hazard mitigation
- **Local Homeless Issues**
 - Project HomeKey
- **Support Community Partners**
 - Fire districts
 - Fire safe awareness / forest management
 - Potter Valley Water Project
 - Climate Action Committee
 - County Service Area 3
 - Other Special Districts/Agencies

The Executive Office continues to focus on these goals and priorities in the administration of the Budget for FY 2021-22.

STATE AND FEDERAL WATCH LIST

State Budget Watch List

- Jan. 1 - Statutes take effect (Art. IV, Sec. 8 (c)).
- Jan. 3 - Legislature reconvenes (J.R. 51(a) (4)).
- Jan. 10 - Budget must be submitted by Governor (Art. IV, Sec. 12 (a)).
- Jan. 14 - Last day for policy committees to hear and report to fiscal Committees fiscal bills introduced in their house in 2021(J.R. 61(b) (1)).
- Jan. 21 - Last day for any committee to hear and report to the Floor bills introduced in their house in 2021(J.R. 61(b) (2)).
- Jan. 21 - Last day to submit bill requests to the Office of Legislative Counsel.
- Jan. 31 - Last day for each house to pass bills introduced in 2021 in their house (Art. IV, Sec. 10 (c)), (J.R. 61(b) (3)).
- Feb. 18 - Last day for bills to be introduced (J.R. 61(b) (4)), (J.R. 54(a)).
- Apr. 18 - Legislature reconvenes from Spring Recess (J.R. 51(b) (1)).
- Apr. 29 - Last day for policy committees to hear and report to fiscal Committees fiscal bills introduced in their house (J.R. 61(b) (5)).
- May 6 - Last day for policy committees to hear and report to the floor non-fiscal bills introduced in their house origin.
- May 13 - Last day for policy committees to meet prior to May 31(J.R. 61(b) (7)).
- May 20 - Last day for fiscal committees to hear and report to the Floor bills introduced in their house (J.R. 61 (b) (8)). Last day for fiscal committees to meet prior to May 31(J.R. 61 (b) (9)).
- May 27 - Last day for bills to be passed out of the house of origin (J.R. 61(b) (11))
- June 15 - Budget Bill must be passed by midnight.

Federal Budget Watch List

- October - Start of Federal FY 2022
- December 3 - Continuing resolution expires for remaining appropriation bills for FY 2021
- February 1st - Deadline for the President to submit FY 2022 Budget
- February - FY 2022 Congressional budget processes begins

EXECUTIVE SUMMARY

We are following the Board of Supervisors' fiscal management goals and directives, focusing on fiscal stability, financial sustainability and organizational development. As the general cost of providing the County's core services continues to rise, including the cost of salaries, benefits and pensions, public safety, and the unknown impacts of the COVID-19 Pandemic and other disasters, we must remain cautious in our approach to spending and look for innovative methods in providing core services, opportunities to reimagine the budget, now and into the future. Fiscal Year 2021-22 will continue to be a year of uncertainty.

The County's fiscal health requires building resiliency into the budget for support of our employees, strategic communication infrastructure, strengthening readiness, and emergency preparedness and mitigation, and the new norm of disasters. This county has had 5 disasters in the last twelve months; COVID-19, August Fire, Oak Fire, Drought, and Hopkins Fire. While all but three seem behind us, the impacts of these disasters and others since 2017 are still being worked by staff as the impacts on the economy and environment will last over decades.

EXECUTIVE SUMMARY - CONTINUED

This budget provides the foundation to work from as we strive to improve and move Mendocino County into the future.

The final carry forward amount from FY 2020-21 to be used as one-time expenditures for FY 2021-22 is \$4,477,855.

In previous years, the carry forward amounts were; FY 2019-20 was \$6,127,189, FY 2018-19 was \$5,440,285, FY 2017-18 was \$3,965,190, FY 2016-17 was \$6,404,171, FY 2015-16 was \$8,827,145, FY 2014-15 was \$11,734,766, FY 2013-14 was \$8,850,853, FY 2012-13 was \$6,798,242, and FY 2011-12 was \$2,976,286. We rely on departments to provide accurate quarterly budget information, which is the basis of developing the County's budget. We are aware numerous factors can affect this preliminary estimate of our year-end outcome, including unanticipated expenses, under-realized or over-realized revenues, vacancy factors, as well as other unforeseen circumstances. The Executive Office conducted Budget Manager Training Sessions in 2020-21 to provide departments with tools and best management practices when developing and managing their respective budgets. Those trainings have continued into this year with contract management training added to the courses. The majority of the projected carry forward is much closer to the budgeted amounts due to the Executive Office, the Auditor's Office and the Departments' careful estimation of expenditures and revenues and thoughtful oversight of the budget. As budget training continues, the goal is to improve estimation of future expenditures and revenues. The County will continue to experience increases in operating costs with the biggest impacts expected to be salary and benefit related costs and infrastructure. The 1st Quarter Report provides an overview of the current budget and recommended budget adjustments and use of one-time carryforward.

LOCAL ECONOMY

Mendocino County's first quarter economic performance has been affected by the continuing uncertainty of consumer spending, a lagging talent pipeline, limited connectivity, housing, and surges in COVID-19 cases.

Consumer Spending:

An important key to any economic recovery is consumers' attitudes. The more confident they are that things are improving, the more they're willing to spend. Local consumer confidence level is not yet at that desired point. However, we have seen an unprecedented increase in Transient Occupancy Tax revenue—52% year-over-year—due to the rush of visitors to the region. We anticipate that this growth trend will gradually flatten over time as air travel and travel abroad becomes more common. Consideration should be given to reinvest these funds into infrastructure so the county is better prepared to welcome visitors and support local businesses when it returns to normal levels of operation.

Talent Pipeline:

According to EMSI's most recent job posting analytics, between October 2019 and September 2020 there were 43,372 total job postings for Mendocino County, of which 12,183 were unique¹. While employers in Mendocino County most commonly cite the need for a bachelor's degree-education or higher for job qualifications, there continues to be a lack of jobs with incomes that can support households living in this area. Four of the most prominent occupations (retail, food services, health aides, food prep) on average pay below minimum wage, which contributes to outbound migration that, in turn, shrinks the talent pipeline.

¹ EMSI – Provided by West Company

LOCAL ECONOMY - CONTINUED

Housing Affordability:

The per capita income in Mendocino County is \$29,752 and median household income is \$53,841², factors that place the ability to own a home out of reach for many. The Housing Affordability Index, which measures the financial ability of a typical household to purchase an existing home in the area, shows Mendocino County is on the less affordable side. The index indicates home-buyers in Mendocino County need a minimum qualifying income of \$68,700. For renter households, median rent numbers can be translated to annual income requirements for affordability. In order not to be cost-burdened, a household should not pay more than 30 to 35 percent of its income towards rental costs. The median rent numbers reveals that households in Mendocino County would need to earn at least \$34,956 in annual income to afford a studio and at least \$80,892 for a four bedroom house, without being cost-burdened.

Limited Connectivity:

As we transition slowly into a post-pandemic environment the need for timely and relevant information will only continue to grow. Reliable connectivity will continue to be a key economic driver. When rural regions can easily access the internet, good connectivity can potentially enable greater e-commerce capabilities and improved quality of healthcare, among other benefits. On average, 16% of households across Mendocino County are without internet³ and in the unincorporated areas the percentage is even higher. Close attention should be paid to regional collaborations and new connectivity technologies on the horizon as livability standards will be dominated by the need for reliable, ubiquitous connections.

COVID-19 Surge:

The COVID-19 pandemic has driven radical shifts in demand, buying patterns, and perceived value across products. Business owners must pay attention to pandemic price spikes within their supply chain and manage inventory accordingly. As businesses emerge from the pandemic, more than 80 percent face critical skills gaps.⁴ In these new circumstances, consideration should be given to rapidly institute an new era of apprenticeship and internship programs that can be central to an organization's strategy for improving capabilities.

² ERSI Business Analyst 2020 – Provided by West Company

³ Business Analyst 2020 Data – Provided by West Company

⁴ McKinsey & Co. COVID Update Oct 2021 – Provided by West Company

DISCRETIONARY REVENUES

At the 1st Quarter Update, there is a limited amount of information regarding discretionary revenues. The bulk of discretionary revenue is property tax and the first distribution of property tax revenue is not scheduled until December 2021. More detailed information on all revenues from Budget Unit 1000 will be available as a part of the mid-year report.

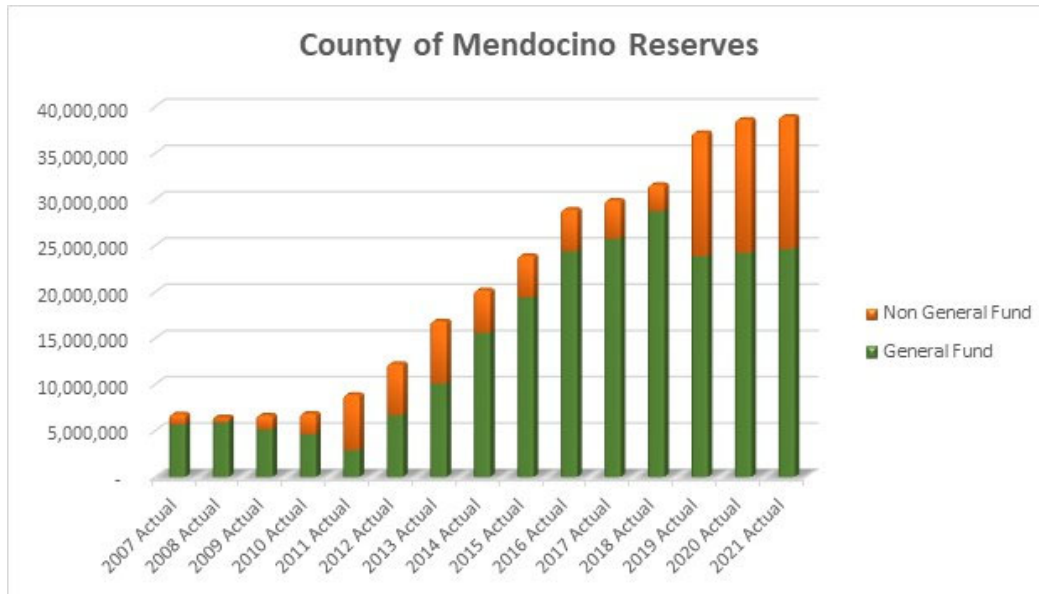
FY 2020-21 CLOSE OUT

The Board adopted the FY 2021-22 budget in a one-step process by holding budget Hearings and approving the final budget in June. Due to this timeline, the Budget was adopted prior to the final close out of the previous fiscal year. The Auditor/Controller in the past has utilized a 60-day accrual period and closes the previous year's books on August 31st. This year due to the Auditor/Controller retirement on September 4, 2021, closing the year took an additional 27 days. When the Board adopted the budget in June the final numbers for FY 2020-21 were estimated using each Department's 3rd Quarter projections. When the books were closed, the final fund balance was \$4,477,855, more than projected. This change was due in part to an increase in sales tax and transient occupancy tax. It is important to note significant effort is required to maximize savings to the General Fund at year-end.

RESERVE ACCOUNTS

In 2010, the County of Mendocino's general fund reserves were at \$4.6 million and non-general fund reserves were at \$2.2 million. At the close of Fiscal Year 2020-21, general fund reserves are at \$24.6 million and non-general fund reserves at \$14.3 million. This is an increase of over \$32 million in the last decade. With a heightened awareness, by departments, and active staff members, seeking alternate funding sources combined with the increasing health of County reserves, the County of Mendocino continues planning for future resilience.

The County of Mendocino's reserves continued to see moderate growth from FY 2019-20 to FY 2020-21. Should the Feasibility study find the Alternate Care Site acceptable for Mental Health Treatment Act goals, the General Reserves will be paid \$2,550,000, as was directed by the Board of Supervisors at the Third Quarter Report for FY 2020-21, on May 4, 2021.



STRATEGIC PLAN UPDATE

Mendocino County entered into an agreement with Sonoma-based Bischoff Consulting (Consultant B.J. Bischoff) in partnership with The HR Matrix (Consultant Gary Hochman) to facilitate the development of a five-year strategic plan for Mendocino County. The consultants are working with Project Manager Anne Molgaard and a Task Force comprised of six County employee leaders with knowledge of County government operations. County Supervisors McGourty and Haschak serve as Ex Officio members of the Task Force.

To inform the direction of the plan, the consultants have gathered input from all five Supervisors, the CEO, five County government leaders identified by the Task Force, six focus groups comprised of a total of 35 County employees, all Department Heads, and staff from the Executive Office. The current version of the plan draft consists of 17 goals under these four priority areas: (1) An Effective County Government Organization; (2) A Safe and Healthy County; (3) A Thriving Economy; and (4) A Prepared and Resilient County. The next steps in the planning process include administering a survey among all County employees to obtain input on priorities; conducting virtual focus groups of County residents from specific, targeted sectors and individual interviews with key stakeholders; and conducting three virtual town halls that each address a specific priority of the plan. The consultants expect to complete the project in January 2022.

The not-to-exceed contract cost for this work is \$75,000. Bischoff Consulting has billed the County \$28,188 for work performed from July 1 through September 30, 2021.

Recruitment Summary

Between July 1, 2021 and September 30, 2021, Human Resources received 268 staffing requests, conducted 129 recruitments, received and screened 1164 applications, conducted 69 examinations, and prepared 159 certifications. During this time period, the County hired 48 new employees and had 69 employment terminations.

As of September 30, 2021, there were 376 vacant positions, with active recruitments to fill 237 positions. Based on positions being actively recruited, the countywide recruitment rate 16.2%, while the overall vacancy rate is 25.6%. The majority of positions in the recruitment process are in Social Services (93), Sheriff's Department (27), and Public Health (18).

Wellness Program

To date, 618 employees have completed a Biometric Health Screening and 575 have completed a Health Risk Assessment. A total of 707 employees have engaged with the VirginPulse wellness portal.

County-Wide Training Program

The workforce development program saw the completion of 57 courses (363 training seats) between July 1, 2021 and September 30th, 2021 represented by the following training categories:

- Management & Supervisor Academy
 - Building Trust in High Performing Teams
 - The Art of Writing the Performance Evaluation
 - Performance Management
 - Leading with Effective Communication
- Professional Skills Development for Employees and Supervisors/Managers
 - Cultural Competency in the Workplace
 - Best Practices for Employee Documentation/Record Management (for Supervisors/Managers)
 - Using Emotional Intelligence for Workplace Success
 - Difficult Conversations
 - Mental Health, Substance Abuse & Suicide Prevention Awareness
- On Demand Learning
 - Technical Skills Courses (Adobe Acrobat, Email Management, Excel, Word & PowerPoint etc.)
 - Supervisor/Manager/Leadership Courses (Better Business Writing, Resolving Conflict, Employee Discipline, Meetings that Get Results, Successful Negotiation etc.)
 - Professional Skills Development Courses (Customer Service, Time Management, Mental Health, Health & Wellness, COVID-19, Anger Violence & Conflict in the Workplace etc.)

2021 Labor Chart – 1st Quarter

Bargaining Unit	Contract Status	Contract Start Date	Contract End Date*
Confidential	Current	7/1/2019	6/30/2022
Department Heads	Current	9/1/2019	8/31/2022
DSA	Current	7/1/2019	6/30/2022
Management	Current	10/1/2019	9/30/2022
MCLEMA	Current	7/1/2019	6/30/2022

MCPAA	Current	7/1/2019	6/30/2022
MCPEA	Current	10/1/2019	9/30/2022
SEIU	Current	7/1/2019	6/30/2022
Unrepresented**	Current	9/1/2019	8/31/2022

*All 8 bargaining units will begin negotiations next year – 2022

**Tied to Department Heads Bargaining Group

Acronym Definitions:

DSA – Deputy Sheriff's Association

MCLEMA – Mendocino County Law Enforcement Management Association

MCPAA – Mendocino County Public Attorneys Association

MCPEA – Mendocino County Probation Employees Association

SEIU 1021 – Service Employees' International Union, Local 1021

PROJECT HOMEKEY

In October 2021, County of Mendocino's Project Homekey site was recognized at a Soiree By The Bay event hosted by Enterprise Community Partners for our "incredible work to safely house our community's most marginalized families and individuals." Mendocino County received Project Homekey funds in the very first round of awardees at the height of the pandemic in August 2020, with the goal of providing desperately needed stable housing to households that are homeless or at-risk-of homelessness. By November, the County had purchased the former Best Western Inn in Ukiah and subsequently completed a partial remodel of the building to install kitchenettes, replace flooring, and make additional building modifications. The County entered into a 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. In April 2021, 37 households made up of 68 adults and children moved into the newly named Live Oak Apartments. The project is dedicated to supporting households in their own efforts to transform their lives and permanently recover from homelessness.

GENERAL SERVICES/INTERNAL SUPPORT UPDATE

Vehicle Replacement

Per the Board's direction, General Services and Executive Office Fiscal Team staff have been analyzing options associated with the County's vehicle replacement program. For the past several months, staff have been meeting with Enterprise Fleet Management (EFM) and their fleet management services team in order to consider and compare various fleet management models. EFM offers services including: Open End Leases, Maintenance Management Programs, Vehicle Performance Data Reporting, Fleet Planning Technology, and License, Title & Registration Services. In reviewing this lease program as an option, staff are analyzing fleet data including County vehicle fleet miles driven on average (by vehicle type, funding source and department), the average age of the County's fleet & projections associated with the draft replacement program model, and the economics associated with replacement timelines. Additionally, staff are preparing to present a cost benefit comparison of a County owned/maintained fleet v. a blend of leased fleet vehicles for Board consideration. It should be noted that regardless of the lease options being considered, the County will have various types of vehicles (i.e. public safety pursuit vehicles) that will likely be owned and maintained by the County, which will result in a lease/owned combined fleet administration model.

Below is a draft example of a fleet replacement schedule, based upon industry standards and in comparing our surrounding counties models. It is anticipated that staff will have additional information to present to the Board, including fiscal projections associated with vehicle replacement funding by funding source by the end of this calendar year in order to provide direction to departments and staff for the following FY budget cycle. It is our intent to also present the Board with information that includes a potential phased in approach to transitioning to the lease model as appropriate.

Vehicle Replacement - Continued

Draft Mendocino County Replacement Program		
Vehicle Type	Replacement Miles	Replacement Age
Mid-size Sedan / Hybrid	100,000	5
Full size Sedan	100,000	5
Police Cruiser/Pursuit	90,000	4
4X4, 1/2 & 1 ton pick up, Vans, SUV	90,000	7

Parks Administration

In August of 2021, the County's administrative services related to the Parks systems were transitioned from the Cultural Services Agency to the General Services/Central Services Division (Budget Unit 1160). Although there were funding adjustments and considerations made when parks were transitioned to the Cultural Services Agency in 2018, the Executive Office Fiscal Team advised that adjustments to the General Services/Central Services Division operating budget would occur later in the FY as needed. As a result, the General Services/Central Services Division operating budget will be projecting to come in over Net County Cost based on absorbing the parks administration salary and operational related expenses. As this Board is aware, the County kicked off the second phase of the Parks Needs Assessment in late August. At that time, the Board appointed an ad hoc committee (Supervisors Mulheren and McGourty). It is anticipated that staff and the ad hoc committee will be meeting throughout the next several months, with the results of the second phase of the needs assessment being presented to the Board for their review and consideration.

Energy Audit

In response to Board direction regarding reducing the County's carbon footprint and in order to develop a more energy efficient real property portfolio, General Services and Executive Office Fiscal Team staff have been working with an outside agency to perform an audit of most County owned facilities. This audit is being performed at no cost to the County and will result in an analysis on the County's facilities, including identifying potential energy retrofit projects or efficiency efforts that can be undertaken. Staff are at the final stages of this audit process and anticipate presenting the result to the Board late this calendar year. In addition to the energy audit and in an effort to follow the Board direction on a countywide plan to reduce greenhouse gas emissions. Staff have been working with Sonoma Clean Power on converting our County owned facilities from "CleanStart" service to "EverGreen" service or 100% clean power. The EverGreen plan from Sonoma Clean Power uses 100 percent local renewable power sources. Staff will have a fiscal overview regarding the impacts of this conversion for Board consideration during the presentation the energy audit results as well.

Facilities Planning and Assessments

The County is in the fourth year of its most recent Five Year Capital Improvement Plan (CIP). As previously reported, General Services/Facilities Division staff are in the process of engaging in many planning and strategic processes related to the County's owned and leased real property, including: Space Utilization Analysis, Five Year CIP (2017-2022), ADA Plan update, Facility Safety/Security Assessment, Energy Efficiency Analysis, Generator/Epower plan, Facility Condition Analysis, and the phase two Parks Needs Assessment. As noted in several critical funding project requests below, 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 anticipates presenting various funding models, along with the findings from the various planning tools referenced above.

CAPITAL IMPROVEMENT ADJUSTMENT REQUESTS

In the assessment processes to date, there are several capital improvement projects that either were included in the current CIP or have risen to the top of Facilities priority for funding due to the need to address life, health, safety and welfare of our employees and citizens that should be prioritized for funding. These requests are categorized as follows: Specific Critical Funding Priorities are projects that have been identified by departments as critical to meet compliance requirements or other needs, or are failed systems that need to be replaced. Prior Year Funding Priorities for both general fund and non-general fund facilities are CIP projects that are needed to replace building systems that are at or near the end of useful life and have previously been presented to the board as priorities. As the County's facilities and the systems and equipment that serve them continue to age, system failures will elevate specific projects to critical, and limit the County's resources available to plan and implement longer range improvements that can address cost efficiency and climate priorities.

Specific Critical Funding Priorities:	Needed	Recommended
Space Needs Assessment (prior Board direction/approval in FY 2020/21)	\$100,000	\$100,000
Administration Center Security Project Enhancements	\$50,000	\$50,000
Fort Bragg Justice Center HVAC Replacement (with Electric Heat Pump)	\$400,000	\$400,000
Known HVAC Replacements (Jail Building 2 & Department of Transportation)	\$75,000	\$75,000
Known Roof Repairs (Point Arena Air Force Base Roof Repairs)	\$125,000	\$125,000
Known Hazardous Tree Removal (Point Arena Vets Hall)	\$60,000	\$60,000
*Sheriff's Office & General Services Agency Campus Fiber Extensions	\$425,000	\$425,000
**Pre-trial Inmate Interview Location Feasibility	\$50,000	\$50,000
Board Chambers Seating Upgrade	\$90,000	\$90,000
Total	\$1,375,000	\$1,375,000
<i>*The County's IT Master Plan includes initiative #74 MCSO structured cabling for both internal and Outside Plant (OSP), including upgrading the OSP network to 10Gb capability</i>		
Prior Year Funding Priorities:		
Administration Center Roof (Final Phase)	\$2,500,000	\$2,500,000
Remote Generator Monitoring Phase 2	\$20,000	\$20,000
Fire Alarm Systems for High Risk Buildings (Courthouse Annex)	\$50,000	\$50,000
Priority Roof Replacement/Repair Agriculture Roof Replacement	\$190,000	\$190,000
ADA Improvements - Point Arena Veterans Hall - Restroom upgrades	\$15,000	\$15,000
Deferred Maintenance Project - Fort Bragg Vets Sidewalk Replacement	\$30,000	\$30,000
Deferred Maintenance Project - Museum Gutter Repairs	\$30,000	\$30,000
Administration Center Generator(s)	\$450,000	
Total:	\$3,285,000	\$2,835,000
Prior Year Funding Priorities Non-General Fund:		
Ukiah Library Roof	\$700,000	
Public Health Mental Health Roof Replacement	\$2,400,000	
DOT Ukiah Roof Admin Area	\$315,000	
DOT Ukiah Roof Shop Area	\$500,000	
DOT Fort Bragg Shop Roof & Electrical/New Building	\$500,000	
Child Support Roof	\$250,000	
Total:	\$4,665,000	

Campus Fiber Extension – Sheriff’s Office and General Service Agency

Included in the critical funding priority request above is \$425,000 for a project to provide new fiber links to several building sites that will have service interrupted with the construction of the new Jail Project. This project accelerates implementation of a long planned phase of the upgrade of the County’s data network. The recently completed fiber connection between the 911 building and the Sheriff’s Office Data room was the first phase, providing much greater band width than the original line that feeds through the facilities building and the Main Jail. However, the Main Jail, Jail Building 2 and the Jail Programs / Detectives building, as well as the General Services building are still fed by the old line that will be in the footprint of the new Jail Building 3. This project will provide connections for each of these buildings to the new 10 gig single mode fiber network standard.

Pre-Trial Conference

Included in the critical funding priority request above is funding related to Pre-trial Inmate Interview Location Feasibility study. This request is due to the California Supreme Court ruling in Humphrey and the fact most counties have already been operating some type of Pre-trial program for jail releases; the criminal justice partners, in conjunction with the executive office, have been working on implementing a Pre-trial program in Mendocino County the last several months. As we come closer to implementation, the Board of Supervisors has already taken some steps. Three new FTEs have been allocated to the Probation Department which are in the recruitment process. Next steps include signing an MOU with the Court. The state has identified some money to go directly to trial courts that can be passed through directly to departments implementing Pre-trial. This amount is approximately \$200,000 ongoing and \$206,000 for implementation needs in Mendocino County. Staff have been reviewing existing operational space available for Pre-trial officers at the jail, and determined that due to the very limited amount of space, an assessment needs to be completed. Preliminary findings indicate that the most viable option is to have Pre-trial officers at the jail who are allowed to move inmates to and from dedicated working space so as not to interfere with other jail operations and processes. The preliminary concepts include placing a modular building inside the secure jail fencing as the most practical and efficient way to proceed. Staff are analyzing potential funding sources, including the Pre-Trial implementation funding, however, that would be contingent upon CCP consideration and approval. The funding request below would allow staff to proceed with the feasibility assessment as quickly as possible with the results of the findings reported to the Board, along with clarification on the various funding sources should the project proceed.

Fiscal Year 2020-21 Key Completed Projects

Also of noteworthy reporting are Facilities completed projects for Fiscal Year 2020-21. These represent the capital projects completed. In addition, there are many maintenance projects that are completed via the County’s work orders system which are funded via the operating budget within Facilities BU 1610:

Title	Description	Cost/Estimate
Generator Interconnect Projects Six (6) locations	Provides provisions for supplemental generators at housing units and critical facilities	\$165,072
Sheriff’s Office Training Room Carpet Replacement	New flooring in the Donovan Room and Detectives Offices	\$55,192
911 Uninterrupted Power Supply System Replacement	Upgrade and replacement of the UPS for the 911 systems, Sheriff’s Office and communications servers	\$49,186
Remote Generator Monitoring System (Phase 1)	Install monitors for real time status of emergency generators throughout the county	\$21,179

Administration Center Roof Replacement Project Southeast Phase 2 & 3	Replaced the roofing system at Planning, Building and Environmental Health including 10 new HVAC units	\$1,887,411
Underground Fiber Cabling for Sheriff's Offices	Provides new high speed fiber cable link between the main fiber hub at 911 and the Sheriff's Office Complex	\$290,917
Mental Health Rooms 381 & 383 Water Damage Abatement	Completed abatement work for water damage at Mental Health rooms 381 - 383	\$28,262
Sanhedrin/Big Signal Peak Power Pole Replacement – Phase 1 of 3	Replaced one third (7) of the county owned power poles serving the Sanhedrin/Big Signal Peak microwave communications site	\$131,622
Main Jail Roof Replacement	Replaced the roofing system at the Main Jail including tapered insulation and three new HVAC units	\$966,207
Back-Up Power Provision for Administration Center	Installed quick connect provisions for supplemental generators at the Administration Center Electrical Panels	\$91,433
Department of Transportation - Video Security System - Laytonville	Installed video cameras and monitoring system for loss prevention at the Laytonville Road Yard	\$24,992
Department of Transportation - Video Security System - Point Arena	Installed video cameras and monitoring system for loss prevention at the Point Arena Road Yard	\$25,312
Point Arena Microwave Upgrade - Communications	Completed the build-out to relocate and upgrade the microwave communications facility at the Point Arena Air force Base	\$659,233
Main Jail East Gate Emergency Repairs	Repaired damage to the main jail yard gate to the parking lot	\$5,450
Public Health HVAC Unit 18 Replacement	Replacement of a failed HVAC unit at Public Health, Building 54	\$15,534
Mental Health HAVC Unit 22 Replacement	Replacement of a failed HVAC unit at Mental Health, Building 54	\$14,975
Underground Storage Tank Wells & Monitoring Fort Bragg& Willits Road Yards	Completed Closure of the Fort Bragg Road Yard UST site and continued monitoring at Willits Road Yard UST site	\$48,096
Covelo Road Yard UST Monitoring and Wells	At the direction of the North Coast Water Resources Control Board, initiated monitoring that had been previously recommended for closure	\$32,928
Sealing, Waterproofing & Painting at Spanish Mountain Repeater Site	Complete upgrade to the Spanish Mountain repeater site including waterproofing, new generator and electrical upgrades	\$176,288
Refresh APS Break Room V-2 South Yokayo	Replaced deteriorating breakroom cabinets at South Yokayo	\$17,865
Redwood Valley Water Damage Repairs	Completed Water damage mitigation and drying as a result of plumbing leak at residence located at 8207 East Road in Redwood Valley	\$11,900
	Total cost of projects completed in FY 2020	\$4,719,054

Electronic Mail Conversion Update

The IT Master Plan identified the recommended transition from the existing electronic mail platform to cloud based Office 365. The Board of Supervisors approved \$250,000 in phase I funding at FY 2020-21 mid-year. The Information Services Division, in conjunction with the Central Services Division, issued a Request for proposal (RFP) aimed toward procuring professional assistance with the conversion from GroupWise to Office 365. Information Services Division staff are finalizing contract negotiations and will bring a contract to the Board of Supervisors for approval in December.

Criminal Justice Software System Replacement Update

In February of 2020, the County's existing criminal justice software system vendor, Journal Technologies, announced the end-of-life for their JustWare case management system. Due to this, the County is required to find a new case management system for the County Justice Agencies. The replacement of this system was not originally included in the IT Master Plan proposed budget; however, this project was identified as a critical priority project. The Board of Supervisors approved \$1,000,000 in funding for estimated implementation, interfaces, maintenance and conversion fees during FY 2020-21 mid-year. The District Attorney's Office has entered into a contract with Karpel Solutions and is anticipated to go live with their new case management system, Prosecutor by Karpel, in early 2022. Contracts for Probation, Alternate Defender and Public Defender are in development and will be brought to the Board of Supervisors for approval at a later date.

Public Safety Communications Update**Public Safety Communications South Coast Loop and Pt Arena Radar**

The Point Arena microwave repairs and installation to replace the damaged Microwave equipment and finalize the south coast microwave loop are nearly completed. Remaining work to be completed is the finalizing of new Microwave system alarms and power system monitoring as well as relocating the equipment into weather resistant equipment cabinets that have been specified, approved and ordered.

Public Safety Communications Microwave Radio System MPLS Project Update

The new Nokia MPLS equipment installations at all County Communications sites have been successfully completed as of October 23, 2021. Saturday, October 30, 2021, all County Communications site Data services were cut over to the new MPLS system successfully.

Public Safety Communications Microwave Radio System Simulcast Repeater Upgrade Project Update

The Simulcast Repeater Upgrade Project is currently proceeding on schedule. Phase 1A system design has been completed. The vendor has ordered all materials and components to complete Phase 1A of the project, parts and materials are arriving currently for the installation to begin. Repeater installations are scheduled to begin early November pending arrivals of all materials and contractor availability. The funding required to finish this project (Phase 1B) has been approved by the Board of Supervisors and is anticipated to be received at first quarter budget. In preparation for receipt of the additional funding, Information Services Division staff have completed the phase 1B design and engineering process. Information Services Division staff are currently preparing the scopes of work, documents and schematic diagrams for the vendor proposals.

American Rescue Plan Act (ARPA)

The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021 and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds, which together make up the Coronavirus State and Local Fiscal Recover Funds (SLFRF) program. The program is intended to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses, while addressing systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations.

The allotment to Mendocino County is \$16,849,976, of which 50% was awarded on August 6, 2021. The remaining 50% will be awarded 12 months after the first allocation. The expenditure guidance is set forth by the Department of Treasury. The Department of Treasury has released the interim-final rule, but does not anticipate releasing the final rule until early 2022. According to the interim-final rule, funding may only be used to cover costs 1) to respond to the public health emergency or its negative economic impacts, 2) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers, 3) for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency, 4) or to make necessary investments in water, sewer, or broadband infrastructure. Eligible expenses must be obligated between March 3, 2021 and December 31, 2024, and projects must be completed by December 31, 2026. ARPA funding is designated for County core services, infrastructure, projects, and emergency funding, before other considerations and is to be appropriated using the final guidelines.

Drought

The Board of Supervisors, on April 20, 2021 declared a local state of emergency and noted conditions of extreme peril to the safety of persons and property have arisen due to drought conditions. A state of emergency was declared by Governor Newsom on May 10, 2021. Water hauling began in September and commenced in the beginning of October, with close to 1.3M gallons of water hauled. Grant funding was awarded through the Department of Water Resources Small Community Drought Relief Program, on September 21, 2021 allowing for water hauling for residential use. The State enacted the California Disaster Assistance Act (CDAA), on October 19, 2021 which will potentially open up additional funding. Discussions regarding long-term planning and projects are being held internally and with community partners.

Pacific Gas & Electric (PG&E) Disaster Settlement

The Board of Supervisors, on August 17, 2021, allocated part of the PG&E Disaster Settlement Funds. The Executive Office Fiscal Team, along with PRRM and County Counsel have been meeting weekly to help administer the PG&E Disaster Settlement funds. The internal team has been working diligently to create contracts for external agencies who were awarded funds. This is an extensive task, as it is anticipated over 50 unique contracts will need to be created. The funds awarded to internal departments are being appropriated during 1st Quarter, and can be found in attachment A of this report. All agencies will be required to provide documentation on expense to ensure proper use of funds. The Mendocino County Facilities and Information Services' PG&E funding request described as "Emergency Infrastructure Microwave Hardening – Phase 2 (Sanel)" in the amount of \$350,000 was intended to apply to urgent Microwave Site Hardening need at **numerous** public safety microwave communication sites (notably the Sanel site, as it is in a high fire area.

Hopkins Fire

The Hopkins Fire, which was the result of arson, started on Sunday, September 12, 2021, burned over 250 acres, and destroyed over 50 structures. The Mendocino County Health Officer and CEO/Director of Emergency Services, on September 16, 2021 issued a local health emergency and proclaimed the existence of a local emergency. The Prevention, Recovery, Resiliency, and Mitigation (PRRM) team, along with LACO Associates, and California Office of Emergency Services (CalOES) Watershed and Debris Flow Task Force, on September 29, 2021 visited the burn scar to conduct a preliminary assessment of potential hazards. The assessment identified several areas of concern regarding potential debris flows, slope instability, and watershed contamination. The PRRM team hosted a Local Assistance Center (LAC) for the Hopkins Fire Survivors on October 7, 2021. The State declared the fire an emergency on October 22, 2021 which enacted California Disaster Assistance Act (CDAA), and opens up potential funding. The PRRM team, LACO Associates, the California Conservation Corps (CCC), along with Russian River Keepers, on October 22, 2021 installed a little over 2,300 linear feet of straw wattles, and silt socks to mitigate the environmental impact related to 10 parcels adjacent to the Russian River. The California Department of Toxic Substances Control (DTSC) began household hazardous waste cleanup of the burn scar on November 2, 2021 and completed on November 4, 2021. The remaining debris removal process, will begin after DTSC has completed their work. Additionally, the U.S. Small Business Administration (SBA), on October 26, 2021 approved the County's request for a disaster declaration. The declaration allows residents impacted by the Hopkins Fire to apply for low interest disaster loans.

Grants

The PRRM team continues to implement on-going grants and resiliency mitigation projects. The team has secured over \$37M in funding since 2018, and a potential \$3.5M in additional funding is pending in grant applications. During 1st Quarter the team was able to continue progress on the below projects:

CAL FIRE - Ukiah Valley Fuels Reduction, Award Amount \$1,652,200: Mendocino County Resource Conservation District (MCRCD) and Mendocino Fire Safe Council (MCFSC) have continued shaded fuel breaks, community chipper days, and defensible space assistance.

CAL FIRE - Hazardous Tree Removal, Award Amount \$1,001,450: Mendocino County Resource Conservation District (MCRCD) has concluded the project, which resulted in a little over 700 hazardous trees felled from eligible properties in the 2017 Redwood Complex Fire footprint. Additionally, a Vermeer BC100XL Chipper was purchased to support fuels reduction activities primarily in Redwood Valley, and will be available for use on Mendocino County Fire Safe Council (MCFSC) projects outside Redwood Valley if there are no scheduling conflicts. The chipper is housed at the Redwood Valley-Calpella Fire Department.

Community Development Block Grant (CDBG) Disaster Recovery Multi Family Housing Program (DR-MHP), Award Amount \$6,591,778: This project allows for new construction/reconstruction, renovation/rehab of affordable multi-family housing. Project was awarded as the result of the Redwood Complex Fire. The Request for Proposal/Notice of Funding process has been completed and review of the developers' applicants are in the beginning stages.

Hazard Mitigation Grants Program (HMGP) - Ignition Resistant Construction Phase I, Award Amount \$304,089: The Redwood Complex Ignition Resistant Construction Project is a rebate program for property owners who install Class A roofs and vents. There are multiple phases to this project. The initial phase, which has begun, is planning and outreach to interested applicants.

Grants - Continued

Hazard Mitigation Grants Program (HMGP) and Department of Water Resources - Redwood Valley Water District Infrastructure Retrofit, Award Amount \$7,891,244: The project involves the design and construction of new and replacement water lines and service laterals, within the service area of the Redwood Valley County Water District, to improve the seismic resiliency of the water system. The planning and design phase of the project is complete, and the construction phase of the project is well under way. The project is anticipated to be complete by the end of calendar year 2021.

United States Department of Agriculture (USDA) – Emergency Operations Center Generator, Award Amount \$70,000: Funding for a generator located at the Sheriff's Office Emergency Operations Center to keep essential and core operations online and active during a Public Safety Power Shutoff (PSPS) event.

FY 2021-22 FUNDING NEEDS

Additional funding is recommended to be appropriated based on the Board of Supervisor's Budget Goals and Priorities. During the budget workshops and hearings, the Board discussed emerging issues around deferred maintenance and the Capital Improvements Plan, IT Master Plan/IT modernization, Jail Expansion project, Code Enforcement enhancement, and disaster recovery and resilience. In addition, this 1st Quarter review is also bringing critical funding needs forward, along with hazardous waste disposal expenses related to COVID-19, and reimbursing Pacific Gas & Electric (PG&E) Disaster settlement funds for drought related water transport expenses.

Funding for 1st Quarter is from one-time carry forward money from the prior fiscal year. One-time funds are not to be used for ongoing expenses. Ongoing expenses should be allocated from identified revenue projections. Several departments have identified ongoing needs in their departmental projections and requests for funding. As there is not a current projection for increased revenue, the County does not have an identified revenue source to allocate. These funding requests have been noted and it is recommended that they be addressed at the Mid-Year Report.

Use of Carry Forward

A total of \$4,477,855 from the FY 2020-21 carry forward is waiting to be appropriated for FY 2021-22 as one-time funding.

FIRST QUARTER RECOMMENDATIONS

Recommended Budget Adjustments and Journal Entries

All of the recommended adjustments are included in the Attachment A (department net zero).

CEO Recommended Actions

1. Accept the Fiscal Year 2021-22 First Quarter Report as presented
2. Approve the 1st Quarter Department Net Zero Adjustments (Attachment A)
3. Approve the One Time Carryforward Fund Balance from FY 2020-21 for the Funding needs for FY 2021-22 (Attachment B), with a formal resolution adopting the amended FY 21-22 Mendocino County Budget based on the above direction.
4. Approve the 1st Quarter Fixed Asset Request (Attachment C)
5. Direct that American Rescue Plan Act (ARPA) funding to be designated for County core services, infrastructure, projects, and emergency funding before other considerations and to be appropriated using the final guidelines.