



# COUNTY OF HUMBOLDT

For the meeting of: 2/4/2025

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File #: 25-133

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**To:** Board of Supervisors

**From:** County Administrative Office

**Agenda Section:** Departmental

**Vote Requirement:** 4/5th

**SUBJECT:**

Mid-Year Budget Review for Fiscal Year (FY) 2024-25, Budget Outlook for FY 2025-26 and Recommendations for Budget Adjustments (4/5 Vote Required)

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Receive and file a review of the current FY 2024-25 budget, including an update on the direction regarding reorganization that staff received from the Board on June 3, 2024, and the budget outlook for FY 2025-26; and
2. Direct the County Administrative Officer (CAO) to prepare the FY 2025-26 budget based on the following parameters:
  - a. Set General Fund allocations as status quo to FY 2024-25 including the FY 2024-25 Board-approved additional requests for General Fund appropriations (ARGFA); and
  - b. Approve the use of available fund balance in Fund 3250 - Employer Retirement contributions to smooth pension costs and salary increases in FY 2025-26; and
  - c. Deallocate FY 2025-26 unbudgeted positions; and
  - d. Suspend ARGFA submittals for FY 2025-26; and
  - e. Set the annual departmental contributions to Public Agency Retirement Services (PARS) to 2% of annual salaries; and
  - f. Approve a contribution to the Deferred Maintenance Trust Fund (3464) as determined by county policy; and
  - g. Approve the transfer from the Tax Loss Reserve of \$2 million for FY 2025-26, so long as the minimum reserve is retained; and
  - h. Approve a contribution to the General Reserve to meet county policy requirements; and
  - i. Approve Human Resources - Risk Management to increase the Self-Insured Retention (SIR) for liability insurance to \$300,000; and
  - j. Evaluate historical revenue estimates, with the Auditor-Controller, to ensure accuracy in the FY 2025-26 budget; and
  - k. Provide additional direction to staff on actions to close the FY 2025-26 projected General Fund budget deficit; and
3. Authorize the Auditor-Controller to create a General Fund Sub-Fund for Measure Z expenditures effective in FY 2025-26; and
4. Authorize the Auditor-Controller to create a General Fund Sub-Fund for Measure O expenditures effective in FY 2025-26; and
5. Authorize the Auditor-Controller to close funds, without an associated legal mandate, that have not had activity, except interest apportionment, in 3 years and transfer those funds to the appropriate budgeted fund; and
6. Approve an exception to the Budget Adjustment Policy to authorize the CAO to approve increases or decreases to intrafund transfer accounts for FY 2024-25; and
7. Approve the list of budget adjustments (Attachment 1) and authorize CAO staff to make any technical corrections necessary to effectuate the Board's direction (4/5 Vote Required); and

8. Direct staff to return at third quarter only if the budget parameters set forth for FY 2025-26 require substantial changes;  
and
9. Provide additional direction to staff as appropriate.

**STRATEGIC PLAN:**

The recommended actions support the following areas of the Board of Supervisors' Strategic Plan:

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

**DISCUSSION:**

Historically, the CAO undertakes a mid-year financial review each fiscal year. The mid-year review serves the dual purpose of monitoring the county's budget for the current fiscal year and providing staff, the Board and the public with a preview of the county's financial status going into the next budget year. As noted in the First Quarter Budget Report, the Auditor-Controller's Office is working with the county's outside auditors to complete the FY 2022-23 annual audit and will begin the FY 2023-24 annual audit soon. As a part of these processes, there may be additional transactions posted which could impact the numbers reported in this mid-year budget report.

This report has been divided into four key sections:

1. A review of the estimated financial condition of the General Fund and major revenue sources for FY 2024-25 and projected revenue for FY 2025-26;
2. An overview and budget outlook of the known factors which may affect the county's financial condition heading into FY 2025-26;
3. Policy decisions for the Board to consider in evaluating the county's current and projected financial conditions; and
4. A schedule for preparing the county's budget for FY 2025-26.

**Section 1: Review of Mid-Year Financial Condition for FY 2024-25 and Look Ahead to FY 2025-26****1100-General Fund**

The fund containing the majority of county programs is the General Fund. This fund is the source of discretionary money derived from local revenue sources, such as property tax and is available to be spent on local needs. Staff reported in the First Quarter Budget Report for FY 2024-25, the General Fund began FY 2024-25 with an estimated positive fund balance of \$42.8 million, which included \$5.8 million of Measure Z funding. As reported at that time, there was still work to be done by the Auditor-Controller to close FY 2023-24. As that work continues, fund balances may continue to change some. As of this mid-year budget report, the estimated FY 2023-24 ending fund balance for the General Fund is \$43.2 million, an increase of \$400,000 from what was reported at the First Quarter. The FY 2024-25 budget was adopted with a \$15.1 million structural deficit.

**Property Tax**

The main source of discretionary revenue for the county is property taxes. Annually, per Government Code Section 29100, the Board sets the tax rates for the secured roll for the County of Humboldt, school districts and special districts. On Oct. 1, 2024, the Board set the tax rate for FY 2024-25 at \$1 per \$100 of assessed value. Property tax continues to perform well. Due to the continued performance, staff estimated tax increases to be 3%, rather than the standard 2% that would normally be budgeted. Based on the initial tax receipts, the General Fund is estimated to receive an additional \$470,000 in discretionary property tax revenue in FY 2024-25.

**Bradley Burns Sales Tax**

The Bradley Burns Uniform Sales and Use Tax Law provides for a city/county rate of 1.25%. One-quarter percent of the levy is sent to the county-wide regional transportation fund and the balance or 1.0% supports local government general funds. Sales tax is allocated back to the jurisdiction (city or unincorporated county) where the sale was negotiated, or order taken (point of sale). As such, the Bradley Burns Sales and Use Tax received by the county is associated with sales that originate in the unincorporated areas of Humboldt County.

Bradley Burns Sales Tax revenue, which has been declining for Humboldt County, is expected to remain stable in the current year and anticipated that it will begin to make small increases in future years. Hinderliter, de Llamas & Associates (HdL), the county's sales tax consultant, provides quarterly sales tax reports and sales tax projections to staff on the Bradley Burns Sales Tax and the Measure Z Sales Tax. HdL has been in operation since 1983 and has a track record of providing reliable tax projections and reporting. HdL is projecting sales tax will be up \$77,219 from the original FY 2024-25 budget of \$5.4 million. County sales tax receipts are down 11.1% over the prior year for Quarter 3 (Q3), 2024. In comparison, the overall county is down by 5.2% and the state as a whole is down by 4.3%.

The early estimate by HdL for FY 2024-25 Bradley Burns sales tax revenue is \$5.6 million. An increase of \$200,000 over the current year budget. Due to actual receipts coming in lower, staff recommend budgeting revenue at \$5.4 million for FY 2025-26, stable to the current year budget.

#### Measure Z Sales Tax

Measure Z Sales Tax is collected on a different basis (destination or place of use vs. point of sale) than the county's Bradley Burns Sales Tax. Add-in or local, voter-approved district sales taxes like Measure Z are collected county-wide or district-wide, so the revenue is reflective of the whole county in the case of Measure Z, including the incorporated cities. HdL is projecting Measure Z will increase by \$368,906 from the original FY 2024-25 budget of \$13.0 to \$13.3 million. The preliminary projection for FY 2025-26 Measure Z Sales Tax revenue is \$13.0 million, reflecting a very minimal increase over prior year estimates and a small decrease from the revised projection for FY 2024-25 revenues of \$13.2 million.

On Jan. 23, 2024, your Board elected to accept Measure Z Advisory Committee recommendations to revise the Measure Z process to only allocate funds once per year through the budget process and establish a reserve in order to allow for flexibility in case revenues come in short. Measure Z is anticipated to end FY 2024-25 with a fund balance of \$2.6 million, of which \$864,000 is set aside for reserve, leaving \$1.8 million estimated to be remaining at the end of FY 2024-25, of which \$440,000 is anticipated additional revenue and expenditure savings in FY 2024-25. On Jan. 16, 2025, the Measure Z Committee met and released the FY 2025-26 Measure Z application. The committee will have \$1.3 million available to make recommendations to your Board in the FY 2025-26 Measure Z process as the current years additional revenue and expenditure savings of \$440,000 will not be available for allocation until FY 2026-27.

#### FY 2024-25 Estimated Fund Balance Measure Z

FY 2024-25 Beginning Fund Balance	6,762,799
Estimated Revenues	13,217,912
Estimated Expenditures	17,361,936
Estimated Other Financing Sources (Uses)	-
Estimated Use of Fund Balance	(4,144,024)
FY 2024-25 Estimated Ending Fund Balance	2,618,775
Established Reserve	(864,000)
FY 2024-25 Estimated Ending Available Fund Balance	1,754,775

#### Measure O Sales Taxes

Measure O is a 1-cent sales tax that your Board placed on the November 2024 ballot for Roads and Transportation. Measure O passed with 63% approval. The new local sales tax is anticipated to bring in \$24 million annually, with the first payments received by the county in July 2025. As reported at first quarter, in the coming months, staff will be developing the final processes for managing the funds. This is significant progress for the county's ability to maintain county road infrastructure and draw down additional state and federal funds.

Proposition 172 Revenue

Proposition 172 (Prop 172) public safety funds are allocated to counties based on the percentage of statewide tax (Bradley Burns) generated by their county for the prior calendar year. The allocation of FY 2024-25 is based on the calendar year 2023 sales tax receipts.

Prop 172 revenues have continued to decline. Revised projections as of Q2 2024 for FY 2024-25 for the county share of Prop 172 revenues are \$131,000 less than the budget of \$11.3 million. Looking forward to FY 2024-25, projections are anticipated to be relatively stable with just a slight increase from the current FY 2024-25 projections. Due to this, staff recommend maintaining the same budget for Prop 172 revenues in FY 2025-26.

Measure S

On Nov. 12, 2024, the Board approved the removal of the CPI increase from the previously approved 10% assessment of the Measure S Cannabis Excise taxes for cultivation year 2024, to be collected in 2025. These tax bills will go out in March, with first payments due in May and second payments due in October. Additionally, the Board approved the full suspension of Measure S taxes for cultivation year 2025, to be collected in tax year 2026. Due to the uncertainty of these taxes, staff have not been budgeting for revenue from this source. Due to the assessment on cultivation year 2024 and active payments plans, this could result in additional revenue in the FY 2024-25 or FY 2025-26 budgets; however, it is unknown how much will be collected and refunds are still being processed, therefore, staff will again recommend that no revenue be budgeted from this source in the FY 2025-26 budget.

Measure S Revenue (less refunds)	
FY 2016-17	178,377.00
FY 2017-18	7,126,998.91
FY 2018-19	11,864,065.73
FY 2019-20	10,788,367.63
FY 2020-21	18,128,665.92
FY 2021-22	3,274,091.31
FY 2022-23	420,439.25
FY 2023-24	751,409.22

Transient Occupancy Tax (TOT)

TOT revenues have continued to come in above budget after the passage of Measure J. As a new revenue source, staff recommend three years of receipts before projections can be more reliable. Measure J revenues began in January, 2023. FY 2022-23 revenues exceeded the prior year by 8%, or \$263,602. TOT revenues were budgeted at \$3 million for FY 2023-24, including the 2% increase for Measure J and exceeded that budget by \$2.4 million. Initial FY 2024-25 receipts do not indicate revenues as high as FY 2023-24, having received only \$1.5 million at this point in the year, where in FY

2023-24 \$2.5 million had been received, or 60% of revenues in the prior year. Given the fluctuation and this still being a new funding source, staff are estimating a conservative revenue projection for FY 2025-26, similar to the FY 2024-25 budget of \$3.4 million.

Before FY 2024-25 budget hearings on June 10, 2024, your Board elected to fund Humboldt County Visitor's Bureau for six months and the gateway communities for the year, adding McKinleyville and Loleta Chambers of Commerce from Measure J funds. Further, your Board directed staff to use the remaining funding to conduct an assessment of Humboldt County's travel and tourism assets, as well as, develop a marketing strategy moving forward. Staff released the Request for Proposals for this work in December, 2024, with proposals due on Jan. 22, 2025.

Additionally, your Board allocated \$30,000 to the Film Commission and \$150,000 to the Ink People from Measure J and set aside \$615,000 to be reconsidered if financial conditions improved. Your Board elected to only allocate funds through FY 2024-25 and reconsider these allocations for FY 2025-26. Staff will bring this back with the FY 2025-26 proposed budget for your Board to reconsider these allocations.

#### TOT Budgeted Expenditures - FY 2024-25

	Measure J	Base TOT
<b>HCVB</b>		\$ 145,590
<b>Gateway Communities:</b>		
So Hum Visitors Bureau		\$ 71,079
Garberville Chamber		\$ 130,786
Orick Chamber		\$ 34,118
Willow Creek Chamber		\$ 34,118
Arcata Chamber		\$ 28,432
Loleta Chamber	\$ 10,000	
McKinleyville Chamber	\$ 25,000	
<b>Ink People</b>	\$ 150,000	
<b>RREEL</b>	\$ 30,000	\$ 197,698
<b>Aviation</b>	\$ 45,000	
<b>Housing</b>	\$ 100,000	
<b>Economic Development:</b>		
Marketing Assessment Contract		\$ 50,000
Marketing Assessment Staff Time		\$ 145,590
Contract Management Staff Time	\$ 25,000	
<b>Contingency</b>	\$ 615,000	
<b>Total</b>	<b>\$ 1,000,000</b>	<b>\$ 837,410</b>

#### Estimated FY 2024-25 General Fund - Fund Balance

The FY 2024-25 Adopted Budget includes \$20.1 million in fund balance use, of which, \$5.0 million is attributed to Measure Z, and \$15.1 million is a structural deficit in the General Fund. Due to positive results in the FY 2023-24 ending fund balance at the First Quarter Budget Update, the Board approved a number of carryforward adjustments and three new one-time contributions:

- \$567,933 in carryforward budget adjustments for unspent allocations in FY 2023-24, of which \$438,292 is Measure Z.
- \$1,391,783 to Deferred Maintenance for suspended FY 2023-24 and FY 2024-25 contributions.
- \$3,000,000 to the General Reserve for suspended FY 2023-24 and FY 2024-25 contributions.
- \$571,714 to Economic Development for Redevelopment Dissolution correction in calculation for FY 2014-15 to FY 2024-25.

These contributions bring the General Fund adjusted fund balance use for FY 2024-25 to \$25.6 million. As identified by departmental mid-year reviews, General Fund net costs through June 30, 2025, show expenditures exceeding revenues by \$20.3 million instead of \$25.6 million, a \$5.2 million improvement over the adjusted budget. This improvement is in the structural budget deficit, reducing the estimated actual deficit to \$9.9 million, from \$15.1 million at the adopted budget.

FY 2024-25 Estimated Fund Balance 1100 - General Fund	
Beginning Fund Balance	43,208,593
Estimated Revenues	145,056,421
Estimated Expenditures	170,425,981
Estimated Other Financing Sources (Uses)	5,021,189
Estimated Use of Fund Balance	(20,348,371)
Estimated Ending Fund Balance	22,860,222
Estimated Measure Z Ending Fund Balance	(1,754,775)
Estimated Ending Available Fund Balance	21,105,447

This positive news is primarily due to the following:

- \$1.9 million in increased discretionary revenues including increases in property taxes, unbudgeted Measure S tax collections, utilities franchise taxes, TOT and interest revenue
- \$864,000 in anticipated expenditure savings in Measure Z reserve
- \$217,912 in anticipated increased Measure Z revenues
- \$224,949 in anticipated expenditure savings in Measure Z county department budgets
- \$615,000 anticipated expenditure savings in the TOT reserve
- \$1.5 million anticipated expenditure savings by county departments

Of the nearly \$22.9 million estimated to be available to fund FY 2024-25, \$1.8 million is Measure Z fund balance resulting in a remaining \$21.1 million in available General Fund to fund FY 2025-26.

**Department of Health and Human Services Funds (1110, 1160, 1170, 1175, 1180 & 1190)**

The Department of Health and Human Services (DHHS) is an integrated department providing prevention, intervention and targeted treatment services for Behavioral Health, Public Health and Social Services. DHHS operates its many programs as separate but connected budget units. Much of the funding comes from the state and federal government as reimbursable grants and other contract programs.

Budgeted revenues and expenditures are reported to remain on target through mid-year. DHHS is estimated to have ended FY 2023-24 with a fund balance of (\$14.6 million), an improvement from what was reported at first quarter of \$1.7 million as balances were finalized. As reported in the First Quarter Budget Report, the primary source of this negative fund balance is due to Fund 1160, Social Services Administration and Fund 1170, Behavioral Health.

DHHS anticipates that the year-end fund balance for the Social Services Administration Fund (1160) will improve from (\$13.1 million) to an estimated (\$7.4 million) due to receipt of prior year revenue and the department's work to manage expenditures. The Behavioral Health Fund (1170) has a large outstanding long-term receivable balance, \$17 million reported at first quarter and continues to experience ongoing issues receiving reimbursements for claims since the implementation of payment reform. Due to this, staff are unable to predict when these outstanding claims will be received. As the timeline is unknown, Behavioral Health anticipates a very small improvement in fund balance of \$273,870, with a large estimated negative fund balance of (\$26.3 million). In total, DHHS estimates an ending negative fund balance for FY 2024-25 of (\$8.6 million), an improvement of \$6.0 million over the prior year.

**FY 2024-25 Estimated Fund Balance  
DHHS**

Beginning Fund Balance	(14,572,168)
Estimated Revenues	307,310,981
Estimated Expenditures	307,717,843
Estimated Other Financing Sources (Uses)	684,302

**Fund Balance Adjustments**

Accounts Receivable received in FY 2024-25 - Social Services	5,716,421
Estimated Fund Balance Adjustments	<b>5,716,421</b>
Estimated Use of Fund Balance	5,993,861
Estimated Ending Fund Balance	<b>(8,578,306)</b>

**1120 - Economic Development Fund**

As reported at the First Quarter, the Economic Development Fund ended FY 2023-24 with a fund balance of \$1.2 million. As previously reported over the last year, staff have been working through a reconciliation of the various programs in the Economic Development Fund and anticipate a negative fund balance once all obligations are met. Staff estimate that the Economic Development Fund will end FY 2024-25 with a negative fund balance of (\$328,603). The Economic Development Director position has been vacant since the end of August which has allowed for salary savings and improvement in the fund balance.

Economic Development has provided significant support to the Board on various projects to support their districts and other Board priorities. Some examples of these projects include the Southern Humboldt Business Improvement District, Orick Community Planning Project, Samoa Enhanced Infrastructure Financing District (EIFD), Headwaters administration and Offshore Wind. These activities are either not reimbursable through grant funds or lack sufficient funding. Economic Development staff continue to search for funding opportunities that align with the Board's strategic plan.



**FY 2024-25 Estimated Fund Balance**  
**1120 - Economic Development**

Beginning Fund Balance	1,155,810
Estimated Revenues	3,902,350
Estimated Expenditures	5,386,763
Estimated Other Financing Sources (Uses)	-
Estimated Use of Fund Balance	(1,484,413)
Estimated Ending Fund Balance	(328,603)

### 1200 - Roads Fund

As reported at First Quarter, the ending fund balance for the Roads Fund in FY 2023-24 was (\$7.4 million). Staff report an anticipated small improvement of \$206,868 in FY 2024-25 for an estimated ending fund balance of (\$7.2 million). As previously reported, the Roads fund has struggled over the past decade and roadways continue to deteriorate, requiring substantial resources to maintain and repair failing infrastructure. In addition, recent storms have compounded the strain on the Roads Fund as staff work to recoup disaster assistance funding from state and federal agencies, a process that can span many fiscal years and is not guaranteed to be successful. The passage of Measure O will allow Public Works - Roads to begin working on a backlog of road maintenance in FY 2025-26 and help to provide ongoing, locally- controlled funding for road maintenance, as well as qualify for additional funding from state and federal sources.

**FY 2024-25 Estimated Fund Balance**  
**1200 - Roads**

Beginning Fund Balance	(7,410,965)
Estimated Revenues	45,416,999
Estimated Expenditures	45,210,131
Estimated Other Financing Sources (Uses)	-
Estimated Use of Fund Balance	206,868
Estimated Ending Fund Balance	(7,204,098)

### 1500 - Library Fund

As reported at the First Quarter, the Library Fund ended FY 2023-24 with a fund balance of \$1.1 million. Budgeted revenues and expenditures remain on target through mid-year with a slight improvement in revenue, primarily property tax, reducing fund balance use from \$535,047 in the adopted budget to \$414,964, a 22% decrease. The estimated ending fund balance for FY 2024-25 is \$703,212.

**FY 2024-25 Estimated Fund Balance**  
**1500 - County Library**

Beginning Fund Balance	1,118,176
Estimated Revenues	5,021,920
Estimated Expenditures	5,436,884
Estimated Other Financing Sources (Uses)	-
Estimated Use of Fund Balance	(414,964)
Estimated Ending Fund Balance	703,212

### 1720 - North Coast Resource Partnership Fund

As reported at the First Quarter, the North Coast Resource Partnership Fund ended FY 2023-24 with a fund balance of (\$584,024). Public Works' Natural Resources reports budgeted revenues and expenditures remain on target through mid-year with little change in fund balance. At First Quarter, staff reported sufficient long-term receivables to resolve the negative fund balance.

**FY 2024-25 Estimated Fund Balance**  
**1720 - Northcoast Resource Partnershi**

Beginning Fund Balance	(584,024)
Estimated Revenues	21,310,805
Estimated Expenditures	21,300,296
Estimated Other Financing Sources (Uses)	-
Estimated Use of Fund Balance	10,509
Estimated Ending Fund Balance	(573,515)

### Aviation Funds (3530, 3539)

As reported at the First Quarter, the Aviation Enterprise Fund (3530) and Aviation Capital Projects Fund (3539) ended FY 2023-24 with a combined negative fund balance of (\$3.9 million). The negative fund balance is attributed to outstanding reimbursements in Federal Aviation Administration (FAA) grant funding. Budgeted revenues and expenditures remain on target through mid-year, and staff anticipate that the Aviation Funds will end FY 2024-25 with an improvement in fund balance of \$1.2 million. The estimated ending fund balance for FY 2025-26 remains negative at (\$2.8 million).

**FY 2024-25 Estimated Fund Balance**  
**Aviation**

Beginning Fund Balance	(3,939,618)
Estimated Revenues	17,893,255
Estimated Expenditures	18,748,058
Estimated Other Financing Sources (Uses)	-

**Fund Balance Adjustments**

Prior Year Revenue Received or Anticipated to be Received in the Current Year	2,025,468
Estimated Fund Balance Adjustments	<b>2,025,468</b>
Estimated Use of Fund Balance	1,170,665
Estimated Ending Fund Balance	<u>(2,768,953)</u>

**Internal Service Funds**

The county has 14 Internal Service funds (ISF) that provide services to other county departments. The county's ISFs are comprised of the following: Motor Pool; Heavy Equipment; Risk Management (eight ISFs); Communications; Purchasing; Americans with Disabilities Act (ADA); and Information Technology. Based on mid-year submissions, staff anticipate that these funds will end FY 2024-25 with a year-end fund balance of \$20.2 million, a decrease of (\$1.8 million) from the previous year.

**FY 2024-25 Estimated Fund Balance**  
**Internal Service Funds**

Beginning Fund Balance	22,039,968
Estimated Revenues	71,631,487
Estimated Expenditures	73,949,967
Estimated Other Financing Sources (Uses)	472,000
Estimated Use of Fund Balance	(1,846,480)
Estimated Ending Fund Balance	<u>20,193,488</u>

The Purchasing Fund ended FY 2023-24 with a negative fund balance of (\$81,753). Staff completed a fund reconciliation and increased charges to account for this negative balance. Staff anticipate that this will return to the positive by the end of FY 2024-25. All ISF's are anticipated to end FY 2024-25 with positive fund balances. As part of the development of the ISF charges in FY 2025-26, as was done in FY 2024-25, staff will utilize fund balance to reduce charges for county departments where possible.

## **Section 2: Budget Outlook for FY 2025-26**

As your Board directs county staff to begin preparing a budget for next FY, consideration will be paid both to the position of county funds as of mid-year (the subject of the prior section of this report) and to the potential impacts of other factors, both internal and external. The primary factors to consider will be the proposed state budget, the economy and the need for long-range planning. This is especially important, given the county's structural budget deficit. It should also be noted that there is significant uncertainty with the new federal administration and large-scale disasters in Southern California which could be impactful to the state and the county.

### **The Proposed State Budget**

The Governor released the state's Proposed Budget for FY 2025-26 on Jan. 10, 2025. The real budget debate does not begin until late May after the "May Revise" is issued, reflecting state income tax receipts. Typically, a large percentage of the proposals from the January release are carried forward into the May Revise. At this point last year, the Governor was projecting a \$38 billion budget problem anticipated to persist through FY 2027-28 and proposed many large and impactful spending reductions. In contrast to last year, the Governor's January budget is a balanced budget citing improvement in revenues while maintaining some of the statewide cuts implemented in the prior year. It is unknown at this time the potential impacts of the Los Angeles wildfires, though the Governor has signed legislation to provide \$2.5 billion in state general funds to deal with response and recovery.

### **Expenditure Increases for FY 2025-26**

#### **Personnel Costs**

Salaries and benefits will continue to strain the county's operating budgets as the largest expense in the county budget. Despite no additional planned cost of living adjustments (COLA's) included in this projection, salaries and benefits are anticipated to increase 5.2%, or \$13.7 million, countywide over the FY 2024-25 adopted budget. The primary increases are in base salaries and health insurance. The General Funds' increase in salaries and benefits is more modest, anticipated to increase by 4.6% or by \$4 million. In contrast to the prior year, increases are minimal a result of equity adjustments and are instead more a result of increased tenure. The vacancy rate across the county reduced from 21.3% to 20.5%, while the General Fund saw even better improvement from 16.4% to 13.9%. A portion of this improvement in vacancy rate is due to the deallocation of unbudgeted positions in FY 2024-25. Additionally, countywide the average pay step improved by 12.6%, indicating employees are at a higher pay step in the range on average than they were last year. This could mean employees are being hired at higher steps or that employees are staying longer.

Health benefits are the most notable benefit increase in FY 2025-26. Health benefits are anticipated to increase by 15.4%, or \$4.5 million. For the General Fund, this increase amounts to \$1.7 million or nearly half of the increase in General Fund salaries and benefits. This shift is due to continued premium increases in the health insurance market.

One improvement in salaries and benefits is the stabilization of retirement costs. CalPERS returns were higher than anticipated in FY 2023-24 at 9.3%, after a dismal return in the prior year. The Public Employees' Pension Reform Act (PEPRA) is finally showing an impact in the normal pension rates for staff with very small reductions in both Safety and Miscellaneous normal rates. Due to a number of poor return years, the Unfunded Accrued Liability (UAL) has continued to rise, especially in Safety retirements. This is expected to peak between FY 2029-30 and FY 2030-31 assuming average returns. CalPERS is a pre-funded plan, meaning that changes to, or a failure to realize, any of the assumptions that underlie its targets for funding must be made up by adjusting employer contributions in future years. To minimize the increases in overall salary and benefits countywide, staff recommend your Board consider utilizing a portion of available fund balance in Fund 3250 - Employer Retirement Contributions to smooth the increase in this year. Without utilizing fund balance, in FY 2025-26, the cost for non-safety employees is anticipated to decrease by (1.61%) and for safety employees to increase by 2.24%. These increases are anticipated to cost an additional \$522,000 in the General Fund based on projections. Should your Board approve recommendations to reduce pension costs countywide by 40%, this would decrease the salary and benefits cost for departments by \$5.5 million.

Additionally, as your Board is aware, the county is currently in labor negotiations. Due to the ongoing status of these negotiations, it is recommended that your Board plan for a contingency to set aside fund balance in the coming year for this purpose. Staff recommend a contingency of \$5 million based on proposals that are currently being considered.

#### Insurance

Due to utilizing accumulated fund balance and adjustments in insurance, liability and workers compensation charges will be decreasing countywide. Charges for liability insurance for the county are projected to decrease by \$1.3 million or (10.9%) and workers compensation is anticipated to decrease by \$453,000 or (5.3%). Year after year, insurance costs have continued to rise at a level that does not keep pace with revenues, and staff initially anticipated that would be the case again. However, due to some improvements and work by Human Resources - Risk Management staff, fund balance is able to be used to decrease the impact of these charges in the coming year. In FY 2025-26, the General Fund is roughly 45% of insurance charges. Based on these percentages, the anticipated decrease in charges to the General Fund in FY 2025-26 is (\$808,861).

#### Jail Medical

Jail medical costs are a mandated expenditure for the county. The county contracts with Wellpath to provide medical and behavioral health services in the jail. The cost of providing medical services, similar to health insurance, has increased substantially in recent years. The contract with Wellpath is anticipated to include a 10% increase in the coming year, or \$400,000.

#### **Revenue Changes for the General Fund**

In summary of the revenue projections above, FY 2024-25 overall revenue is projected to be relatively

stable based on FY 2023-24 actuals. In FY 2025-26, property tax discretionary revenue is anticipated to increase by 2% over the estimated actual FY 2024-25 revenue, or \$1.1 million. Sales tax and Prop 172 sales tax have been relatively stable with minimal growth and is not anticipated to increase at \$5.4 million and \$11.3 million, respectively. As previously mentioned, due to Measure J, the TOT has still not stabilized in order to make accurate projections. For this reason, TOT is projected to remain the same in FY 2025-26 at \$3.4 million.

Measure Z sales tax is estimated to be \$13 million in FY 2025-26, similar to the other sales taxes, it is anticipated to stay relatively stable with minimal growth. Additionally, should the Board approve recommendations today, Measure Z will be moved to a separate fund for improved tracking in the coming year.

Cannabis Excise Tax remains difficult to predict as the impact of your Board's changes to the collections process are implemented, therefore, no revenue will be budgeted for this tax in the coming year.

### **Local and Tribal Consistency Funds (LATCF)**

Through the American Rescue Plan Act, the U.S. Department of the Treasury established the LATCF distributing funds to eligible revenue sharing counties and Tribal governments for use on any governmental purpose. This program is intended as a general revenue enhancement program intended to augment or stabilize revenues.

The county was awarded \$3.2 million in LATCF funds to be distributed in two separate tranches, one in Federal Fiscal Year (FFY) 2022 and one in FFY 2023. On Jan. 10, 2023, the Board allocated \$1 million of these funds to establish an Earthquake Recovery and Assistance Program to assist residents displaced as a result of the December, 2022 earthquake and subsequent aftershocks. Of the \$1 million, \$618,103 has been spent and \$250,000 remains obligated by contract. At this time, \$131,897 remains available from the earthquake allocation and \$2.2 million remains available unallocated. As these are one-time funds, staff recommends holding these funds as unallocated while staff and your Board continue to work to address the structural deficit.

### **General Fund Shortfall**

The chart below details the projected FY 2025-26 shortfall in the county's General Fund. There are a number of adjustments due to approved one-time expenditures in FY 2024-25. This projection includes recommendations presented today for your Board's consideration including contributions to Deferred Maintenance and the General Reserve and utilizing employer retirement contribution fund balance to smooth pension costs and reduce the impact of salary and benefit increases. As was relayed at the mid-year in FY 2022-23 and FY 2023-24, one-time funds (such as fund balance) are not a fiscally sustainable funding source for ongoing expenditures. Staff still recommend that your Board consider program reductions to address this ongoing deficit.

The estimated shortfall for FY 2025-26 is estimated to be \$20.9 million. Based on an estimated \$21.1 million of available fund balance for FY 2025-26, there will be enough funds to cover the General Fund shortfall, however this is anticipated to deplete the remaining fund balance. Since many departments' budgets are still not accounting for vacancies, the budgeted shortfall will likely be larger than this amount.

**General Fund Preliminary Estimated FY 2024-25 Shortfall**  
(in millions)

**FY 2024-25 Estimated Actuals Fund Balance Use** (20.35)

**Revenue Changes from Estimated FY 2024-25**

Property Tax Increase	1.11
<b>Total</b>	<b>1.11</b>

**Salary & Benefit Changes**

Salary Increases	(1.74)
Health Increases	(1.67)
Retirement Increases	(0.56)
Use of Fund 3250 balance to Reduce Retirement Costs	1.61
Other Benefit Increases	(0.06)
Labor Negotiations Contingency	(5.00)
<b>Total</b>	<b>(7.42)</b>

**Other Revenue/Expenditure Changes**

One Time FY 2024-25 - General Reserve	3.00
One Time FY 2024-25 - Deferred Maintenance	1.39
One Time FY 2024-25 - RDA Re-calculation	0.57
Measure Z Fund Balance Use	4.10
One Time FY 2025-26 - General Reserve	(3.00)
One Time FY 2025-26 - Deferred Maintenance	(0.70)
Liability and Property Insurance Decrease	0.60
Worker Comp Insurance Decrease	0.21
Jail Medical Cost Increases	(0.40)
<b>Total</b>	<b>5.77</b>

**Preliminary Estimated FY 2025-26 Shortfall** (20.89)

### **Section 3: Policy Considerations**

#### **Reorganization**

During the FY 2023-24 budget process your Board directed the CAO to return with an analysis of county department reorganizations to improve county efficiencies and look for cost-saving measures. On June 3, 2024, the CAO offered your Board a number of reorganization options for consideration

after a collaborative process with county department heads. During that process, the Board chose not to pursue many of the presented options but did move forward with a select few.

#### Information Technology (IT) Security Consolidation

Your Board directed staff to explore options for consolidating the county's IT security functions. To assess feasibility, staff engaged a consultant to collaborate on evaluating the integration of the County IT Security team, currently housed in the CAO-IT Division, with the DHHS' Information Services security team. While further details remain to be defined, the initial recommendations include:

1. Refining the Chief Information Security Officer role and classification; and
2. Establishing a structured formal training program for a countywide Information Security Division.

Staff will return to your Board with a comprehensive plan for consideration.

#### IT Advisory Committee

The IT Advisory Committee is in the final stages of planning and will be established and begin meeting in the coming months. This committee will be named the Change Advisory Board (CAB) and is intended to provide transparency, gather feedback and ensure proper communication and coordination regarding IT changes that could impact multiple departments. The CAB will allow departments to stay informed, plan ahead and voice any concerns or suggestions related to the timing and implementation of changes.

#### One-Stop Permitting (County Department Co-location)

Staff continue to look for locations that are suitable for co-location of Planning & Building, Environmental Health and Public Works-Land Use. During the year, a number of facilities have been considered, but none have met the needs of the programs. Staff will continue to search for a location for one-stop permitting.

#### Facilities and ADA Consolidation

Your Board directed the Facilities Master Plan Ad Hoc to review options for integrating ADA Compliance and Facilities Management and to provide recommendations. The Ad Hoc Committee is still working with staff to review potential options for integration and structure and will return with an update at a future date.

#### **FY 2024-25 Budget Adjustments**

The CAO during the Mid-Year Budget Report frequently brings forward budget adjustments on behalf of departments in order to decrease the number of individual items coming to the Board and provide time savings to departments. Contained in Attachment 1 are the supplemental budget and appropriation transfer requests submitted to the CAO.

#### One-Time Expenditures



The following one-time budget adjustments are offset by dedicated revenue sources. Those adjustments are as follows and can be found in Attachment 1:

- \$54,752 CAO - Communications (3521-151) - Funding for unanticipated invoices for the radio infrastructure projects, available from the Communications ISF fund balance.
- \$114,000 Child Support Services (1380-206) - Child Support Services located at 2420 6<sup>th</sup> Street in Eureka has received approval from the State Child Support office to begin remodeling the space they currently occupy, supported by an increase in State Child Support funding. This remodel would significantly reduce the space being used by Child Support Services, which will greatly reduce the annual cost for the program once the project is complete.
- \$23,632 Sheriff - Special Services (1100-221500) - In FY 2023-24 a fixed asset in the amount of \$23,632 was budgeted to upgrade a motor pool replacement vehicle from a gas to diesel engine. Due to supply chain issues the vehicle was not delivered before July 1, 2024 and the purchase request was rolled over. There are not enough funds in budget 1100-221500 to cover the cost of this vehicle upgrade. Requesting a carryforward of funds from last FY to cover these charges.
- \$30,129 Sheriff - Office of Emergency Services Homeland Security Grant (1100-274113) - On Dec. 11, 2023, a purchase order (PO) for radios to be paid for by the Homeland Security Grant for local fire agencies was issued. Due to supply chain issues, the PO was not filled in FY 2023-24 and was rolled over to FY 2024-25. A supplemental budget is needed in FY 2024-25 to complete this grant purchase.
- \$54,536 Sheriff - Animal Shelter (1100-278) - McKinleyville Animal Care Center invoices for February, March, April, May and June 2024 were all paid after July 1, 2024 and were not accrued back. The total of the five invoices is \$54,536. The Animal Shelter budget is tight and there is no room to cover these charges in FY 2024-25. Requesting a carryforward of funds from last FY to cover these charges.
- \$3,727,027 Advanced Planning - Department of Cannabis Control (DCC) Grant (1100-282701) - At the time of budget development DCC was undergoing an audit by the state and it was uncertain whether they were going to be funding the final 20% of the DCC grant. The remaining 20% in the amount of \$3,727,027 has been received and a supplemental budget is requested to expend the funds.
- \$55,969 Public Works - Roads (1200-888) - Funding available from the State Regional Surface Transportation Program-Local Use was higher than anticipated. A supplemental budget is necessary for an increase in interest expense on Finance Plan draws for the ADA Curb Ramp project.

- \$16,276 Public Health - Clinic Services (1175-422) - Updated projections estimate that the Public Health Clinic will generate less fee revenue than anticipated during the FY 2024-25 budget process. A reduction in spending for some services and supplies will help offset the imbalance, however, an additional \$16,276 in realignment funding is needed to supplement the budget.
- \$183,000 Public Health - Lab (1175-435) - Public Health is projected to receive Assembly Bill (AB) 102 Hero Grant funds for the period of 2024 to 2027. The AB 102 Hero Grant is anticipated to be \$365,344. During the FY 2024-25 budget process the receipt of Hero Grant funds were not anticipated.
- \$43,529 Public Health - COVID Workforce Development (1175-455011) - The Covid-19 Workforce Development (WFD) Allocation was previously due to end June 30, 2024, it has been extended to June 30, 2025. During the FY 2024-25 budget process the extension of the WFD allocation was not anticipated.
- \$14,361 Public Health - Housing Opportunities for Persons with AIDS (HOPWA) (1175-470) - There was an increase in the allocation for FY 2024-25 for HOPWA received after the county budget process was completed. This supplemental budget will allow for expenditure of the full award.
- \$100,778 Opioid Settlement Funds (1600-600) - Funding from Opioid Settlement fund available fund balance for one-time expenditures for Public Health carried forward from FY 2023-24 including funding to assist in preparing the Humboldt County's Community Health Assessment and/or Community Health Improvement Plan and the Live Well Humboldt Community Health Dashboard.
- \$26,331 Public Works - Transportation Services (1150-910) - Funding available in fund balance for tribal transportation to remote communities for a payment that was delayed in processing from the prior year.

#### Appropriation Transfers

In addition to the above supplemental budgets, appropriation transfers found in Attachment 1 are necessary to accurately reflect expenditures. Those adjustments are as follows:

- \$11,000 Sheriff - Special Services (1100-221500) - Funding from asset forfeiture budgeted in 1100-221001 is requested to retain a truck that would have been traded in. The reason for retaining this vehicle is due to a shortage of trucks when one is held for evidence or out of service for repairs.

- \$17,000 Public Health - Hazardous Materials (1175-411) - Environmental Health is funded through a combination of Fees, Permits and Public Health Realignment. This appropriation transfer is to account for increased fees collected from other county departments.

## **Recommendations**

### **Set Parameters to Guide FY 2025-26 Budget Preparation**

The Government Finance Officers Association (GFOA) recommends that governments should seek to replenish their fund balances within one to three years of use. The county has routinely budgeted to utilize General Fund balance year over year. Over the last several years, the budgeted General Fund deficit has grown and a larger reliance on fund balance has emerged. This is due to decreases in recurring, unrestricted revenue and increases in recurring expenditures. It is unlikely that revenues will recover to a point in which it will cover the structural budget deficit, so while staff will present options to utilize one-time revenues for the budget deficit, it is recommended that long-term cost reduction strategies are prioritized.

In collaboration with county departments and the Board, the deficit was reduced in FY 2024-25 for the first time in several years. In order to continue to make progress on the budget deficit, staff have recommended a number of parameters to guide the FY 2025-26 budget development process.

### **General Fund Allocations**

In order to make progress toward the structural deficit, staff recommend the Board consider directing the CAO to suspend ARGFA submittals for the FY 2025-26 budget season. Due to the increases in salary and benefits, this may be challenging for some departments. To make this smoother, it is recommended that ARGFAs that were awarded in FY 2024-25 be included in General Fund contributions for FY 2025-26.

FY 2025-26 Preliminary Estimated General Fund Contribution Increase By Department				
Budget Unit	Budget Name	FY 2024-25 Adopted ARGFA	Adjustment	Increase to Contribution
101	Board of Supervisors	94,811	(63,444)	31,367
111	Auditor Controller	114,460	63,444	177,904
113	Assessor	62,000		62,000
130	Personnel	149,310		149,310
140	Elections	181,341		181,341
162	Facilities	188,032		188,032
166	Public Works Land Use	87,070		87,070
168	County Surveyor	170,970		170,970
221	Sheriff	1,187,360		1,187,360
246	Conflict Counsel	54,162		54,162
703	Veterans Buildings	36,113		36,113
	<b>Total</b>	<b>2,325,629</b>	<b>-</b>	<b>2,325,629</b>

#### Fund 3250 - Employer Retirement Contributions

Due to prepayment of the UAL to CalPERS over the last several years, which has afforded the county a discount on the UAL contribution payment annually, the county has built a fund balance in the employer retirement contributions fund. Due to prepayment, this fund temporarily dips negative after payment is made and then over the year, the contributions are collected through payroll. As is standard with the ISF's, staff recommend maintaining a balance in this fund of at least two months of expenditures.

As reported, salary and benefits were anticipated to increase substantially in the coming year. In order to smooth this increase for county departments and to offset the suspension of ARGFA submittals, staff recommend your Board approve utilizing a portion of the available fund balance in Fund 3250 to reduce pension costs for departments by 40% in the coming year. This action will reduce salary and benefit increases to the county as a whole from 5.2% to 3.1%. In the General Fund, this will reduce the salary and benefit cost increase from 4.6% to 2.7%.

#### Deallocate FY 2025-26 Unbudgeted General Fund Positions

Implemented last year for the first time, deallocating unfunded positions was successful in improving tracking. In prior years, departments had utilized vacancies to balance their budgets. This has resulted in having substantial unbudgeted positions year after year. This was problematic for tracking and prevented a comprehensive review of salary and benefits in terms of the budget. In addition, the state passed AB 2561 which requires the county to present the status of vacancies and recruitment and retention efforts at a public hearing at least once per fiscal year and in the event that the agency has a bargaining unit with 20% or higher vacancy rate, additional reporting will be imposed. By deallocating unbudgeted positions, these positions will not count as vacancies when they are not able

to be filled.

#### Additional Request for General Fund Appropriations

As described above, recurring revenues and expenditures should be balanced. Due to the use of General Fund balance to close the budget deficit without additional allocations, the CAO recommends that ARGFAs are not accepted in the coming budget year. Under the current recommendations, fund balance is anticipated to be depleted in the FY 2025-26 budget, therefore, there is not additional room for expansion of General Fund expenditures in the coming year via ARGFAs.

#### PARS

On Sept. 15, 2015, the Board approved a Public Agency Retirement Services (PARS) Pension Rate Stabilization Program (PRSP) in order to begin addressing the county's mounting unfunded liability. Contributions to PARS will help to stabilize the contribution rates set by PERS. As the balance in the PARS trust grows and produces investment returns, those funds can be utilized to reduce the contribution rate increases, thereby reducing the effect of the contribution rate increase on the county and potentially preventing service reductions, or if sufficient funds are available for contribution increases, they can be utilized to pay down the UAL. The FY 2024-25 budget incorporated an annual departmental contribution to PARS equal to 2% of salaries budgeted at a total of \$3.3 million for all county departments. To date the county has contributed \$9.9 million to the PARS trust and as of the December statement, the trust has a market balance of \$13.3 million, earning \$3.4 million since the establishment of the trust. Through the Board's adopted Pension Funding Policy, the county has implemented a long-term funding strategy for pensions with an emphasis on financial sustainability. Allowing the PARS trust to continue to grow takes a proactive approach to preserve the county's funding of pensions in the long run, and staff recommend continuing PARS contributions at the 2% level.

#### Deferred Maintenance

At the presentation of the First Quarter Budget Update, staff recommended using one-time fund balance to make contributions to deferred maintenance and the General Reserve due to 2 years of not contributing. Given the one-time nature of fund balance and the continued degradation of county facilities, staff recommend resuming contributions in FY 2025-26 as a measure of investing one-time funds into purposes of improving the county's fiscal sustainability. CAO and Public Works staff continue to have quarterly meetings to review projects, identify opportunities to utilize deferred maintenance funds and work on a deferred maintenance plan.

The Board-adopted Deferred Maintenance Policy sets the annual Deferred Maintenance contribution based on 2% of the total deferred facility maintenance identified in the 2008 Facilities Master Plan, \$28.7 million, annually adjusted by CPI beginning in FY 2019-20. Staff estimate this will be roughly \$700,000.

#### Tax Loss Reserve

A Teeter plan requires counties to have 1% of all property taxes and assessments levied (Revenue and Taxation code 4703(a)) placed in a tax loss reserve fund, or Teeter fund. Any dollar amount over the 1% requirement can be credited to the county General Fund. For FY 2024-25, the Board approved transferring \$2 million to the General Fund from the Tax Loss Reserve fund. Based on the current estimated additional fund balance and financial conditions, staff recommends that \$2 million be transferred to the General Fund for FY 2025-26 if the minimum reserve is maintained.

#### General Reserve

The General Reserve policy has set a target funding level of 10% of the county's total General Fund expenditures, as averaged by the current and prior year adopted budgets with a goal of reaching the GFOA recommended level of 16%. For this current budget cycle, this target funding level of 10% is \$16.5 million. The Board made a substantial contribution with available one-time funds in FY 2024-25 in the amount of \$3 million. Once this transfer is complete, the balance of the General Reserve will be \$13.6 million which is below the minimum target policy level. It is recommended that your Board considering budgeting a contribution to the General Reserve in the amount of \$3 million to improve the county's fiscal sustainability. At current, the county's reserve is insufficient to maintain even one month's worth of county employee salaries and benefits should it be necessary.

#### Increase the Self-Insured Retention (SIR)

A "self-insured retention" (SIR) is similar to a deductible in a car insurance policy. It is a dollar amount specified in a liability insurance policy that the insured (in this case, the county) must pay out of pocket before the insurance company begins to cover a claim, essentially meaning the county takes on a portion of the risk by paying for smaller losses itself. It is a way for local governments to manage insurance costs by retaining some risk and only accessing the full policy coverage when claims exceed the SIR amount. Upon reviewing the county's liability paid claims for the last 5 years, it was shown that the county paid out on 121 claims. Of those claims, 99 were less than \$50,000; 14 claims were between \$50,000 and \$200,000 and eight claims were above the current SIR level of \$200,000. If the county continues the trend of 1.6 paid claims per year over \$200,000, increasing the SIR would cost the county \$160,000 per year but have the anticipated savings of \$725,000 which would net roughly \$565,000 in anticipated savings per year in premium savings.

The county previously had a \$500,000 SIR which is more in line with similar-sized counties in comparison to other government entities with a budget as large. Staff recommend increasing the SIR to realize the anticipated premium savings.

#### Revenue Estimates

Revenue projections are a critical piece of the budget process. In review of prior year revenue projections, staff have identified that revenue projections may have been overstated in some cases. This is a concern as it allows for budgeting of additional expenditures and increases fund balance use if the revenues are not realized to the extent anticipated. Staff recommend that the Board provide direction for the CAO and the Auditor-Controller, or designees, to work with departments on their

budgets that have not been meeting or overestimating revenue projections to ensure that realistic projections are included in the upcoming budget cycle.

### **Measure Z and Measure O Funds**

To improve tracking of Measure Z Public Safety Sales Tax and Measure O Roads/911 Emergency Response sales tax, staff recommend the Board authorize the Auditor-Controller to create General Fund Sub-Funds for each of these revenue streams. These would still be General Fund revenue streams, but this will allow for more efficient management and greater transparency of these voter-approved funding sources.

### **Close Inactive Funds**

As has previously been reported, the county maintains too many funds per the financial audits. The Auditor-Controller has been reviewing funds with departments and seeks Board direction to close funds that do not have an associated legal mandate and transfer any fund balances to the appropriate budgeted operating fund.

### **Exception to the Budget Adjustment Policy for FY 2024-25**

The Board-approved Budget Adjustment Policy requires that all increases or decreases to intrafund transfer accounts come before the Board for approval. Staff request an exception to the budget adjustment policy for the remainder of FY 2024-25 due to changes in accounting practices that have required many adjustments to these accounts in the current year and to reduce the number of budget adjustments coming to the Board for approval. Going forward these accounts should not be used as frequently; accounting practices should be stabilized and the policy will be updated, so this is a temporary delegation just for the current fiscal year.

## **Section 4: Budget & Fee Update Calendar**

The proposed calendar for county budget development (Attachment 2) provides for final adoption of the budget on June 24, 2025. The intent is to allow for adoption of the budget before the beginning of the next fiscal year.

The calendar for FY 2025-26 includes Measure Z Citizen's Advisory Committee Meetings for consideration of FY 2025-26 Measure Z applications.

### **SOURCE OF FUNDING:**

All county funds

### **FINANCIAL IMPACT:**

The financial impact of past, present and future actions or decisions are the topic of this staff report and presented throughout the report.

### **STAFFING IMPACT:**

All position and benefit funding decisions impact the budget and are therefore addressed throughout this staff report and are integral to the budget and fiscal management of the county.

**OTHER AGENCY INVOLVEMENT:**

None

**ALTERNATIVES TO STAFF RECOMMENDATIONS:**

Board discretion.

**ATTACHMENTS:**

1. FY 2024-25 Mid-Year Budget Adjustments
2. FY 2025-26 Budget Calendar with Measure Z

**PREVIOUS ACTION/REFERRAL:**

Meeting of: 12/17/2024

File No.: 24-1505