



Humboldt County Budget Fiscal Year 2014-15



CHARTING A NEW COURSE

Board of Supervisors



Rex Bohn,
Chair
District 1

Estelle Fennell,
Vice-Chair
District 2

Mark Lovelace
District 3

Virginia Bass
District 4

Ryan Sundberg
District 5

Adopted
Budget
July 1,
2014



MISSION STATEMENT:

The County of Humboldt, through the dedication and excellence of its employees, is committed to serve the needs and concerns of the community and enhance the quality of life.

FOCUS:

To Promote a Safe, Healthy, Economically Vibrant Community

VALUE STATEMENT:

The Board of Supervisors wishes to promote an organizational environment in which staff and department heads are encouraged to explore innovative ways to align the County with current external realities, and are on the lookout for opportunities to improve our organization and the community.

FY 2014-15: Charting a New Course

Dear Board Members and Residents:

Welcome to Humboldt County's budget for Fiscal Year (FY) 2014-15. I would like to thank the community for their participation in the budget process, particularly the community budget meeting held in March. I would also like to thank our County department heads who generated ideas and proposed solutions on the County's FY 2014-15 budget and continue to be engaged in the budget development process.

The County's adopted budget totals \$305,541,663. The proposed budget for the General Fund, the fund that contains the County's discretionary dollars, is \$109,298,533 in expenditures and only \$106,544,182 in revenue. This means there is a General Fund total deficit for FY 2014-15 of \$2.7 million. Of this \$2.7 million, \$1.2 million is a structural deficit, and \$1.5 million is budgeted for contingencies. This is a slight improvement over FY 2013-14 which had an adopted total deficit of \$2.9 million. Again, the community and County departments engaged in discussions on how to remedy this structural deficit. These discussions need to continue. We cannot wait until the next budget year to address this long-term structural problem.

The County began to engage in systems review the last half of FY 2013-14 to help address the deficit. Systems review needs to continue in FY 2014-15. The proposed budget contains some one-time technology improvements that will lead to future cost savings. These are the kinds of things we need to continue to invest in and research and actively seek out in order to provide a more effective and efficient form of local government. County departments submitted over \$5.1 million in funding requests. Due to our limited financial resources, only \$624,291 of the requests are recommended to be funded— a sign that the need in our County departments is far greater than our ability to fund.

Our financial situation has changed. Expenses continue to grow at a rate greater than our discretionary revenue. We have seen significant increases in the costs of retirement and health insurance with no relief in sight. Difficult decisions lie before us, as the County needs to ask and determine what level of service we want to provide and at the same time, ask what can we afford to provide. These are difficult questions and even more difficult to answer.

In addition, the County has a number of facility issues such as a significant amount of deferred maintenance that continue to plague the County's coffers and buildings. It is time to find a more proactive and a less reactive solution to the management and care of our County facilities. A Facilities Taskforce, comprised of County staff, is beginning to meet and address these issues.

You will notice some changes in this year's budget document. The budget in brief is hopefully a bit more visually appealing and makes it easier to understand the nuts and bolts of the County's budget and the numbers associated with it. In addition, the proposed budget document is now designed for online viewing and you will notice some format changes. I encourage you to give us feedback on these changes and what you would like to see in the proposed budget document in future years.

Lastly, I would like to thank the staff in the County Administrative Office and Auditor-Controller's Office for their hard work and diligence in putting this budget together.

PHILLIP SMITH-HANES
County Administrative Officer

FY 2014-15: Charting a New Course

SPECIFIC GUIDELINES FY 2014-15 BUDGET

the Board's direction
to Departments

**\$200
thousand**
Direct billing of
Counsel time

POTENTIAL SOLUTIONS → Course corrections ←

**\$160
thousand**
Contribution of
Prop 172 funds
from Public Safety
depts.

**\$1.01
million**
New ongoing
discretionary
funding

**\$65
thousand**
Departmental
staffing changes to
reduce cost without
layoffs

**\$4.74
million**
Increase in employee
pension and
retirement costs over
6 years, starting in
FY 2013-14

**\$982.3
thousand**
Cost of updating
select County-
wide technology
systems

**\$28.7
million**
Unfunded
deferred
maintenance of
County
buildings

CHALLENGES AHEAD

→ Rough seas ←

**\$125
million**
Unfunded roads
deferred
maintenance

**\$2.98
million**
Unfunded Mandated
Services
(SB 90)

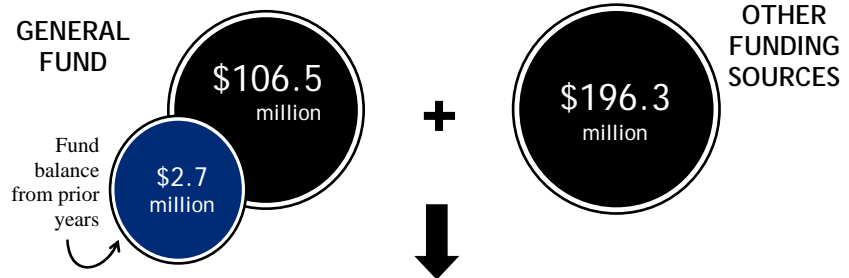
1
General Fund allocations will be allocated on a "status quo" basis, with the understanding that the rate of growth in discretionary spending needs to be reduced by \$2 million.

2
Requests for additional funding will only be considered by the Board if the investment shows potential to generate long-term savings to the General Fund.

3
Funding for positions frozen in previous years will only be approved if new, ongoing revenues are identified.

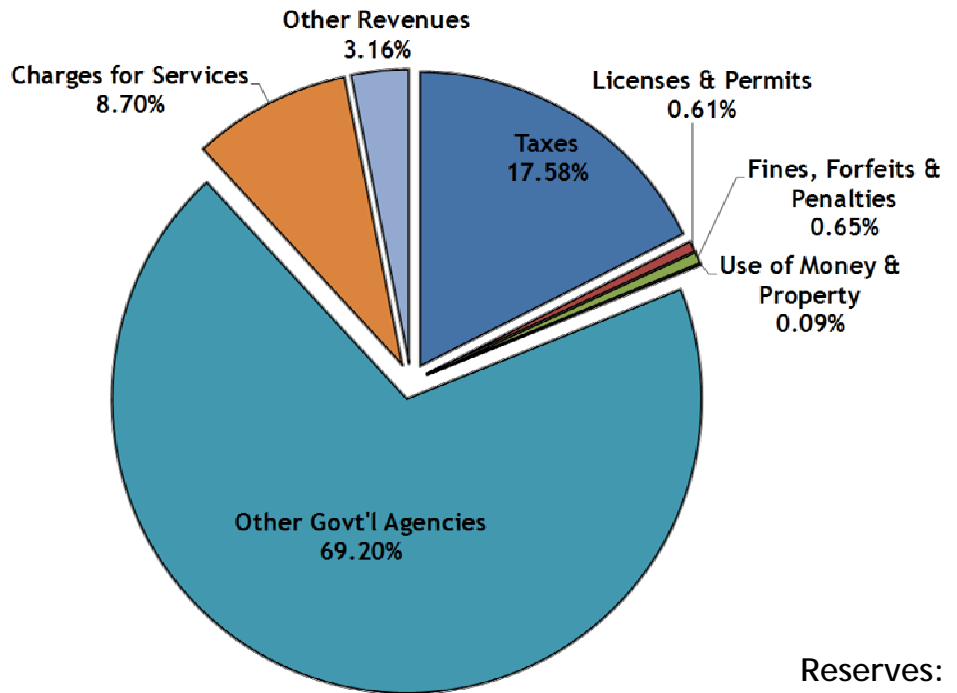


Total Revenue & Fund Balance needed: \$305.5 million

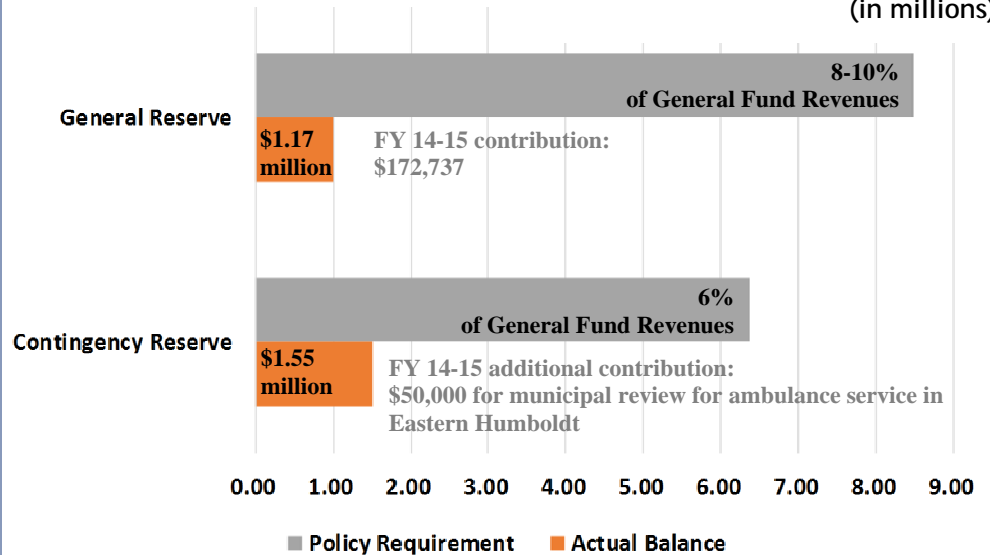


HOW DEPARTMENTS HAVE HELPED TO BALANCE THE BUDGET:

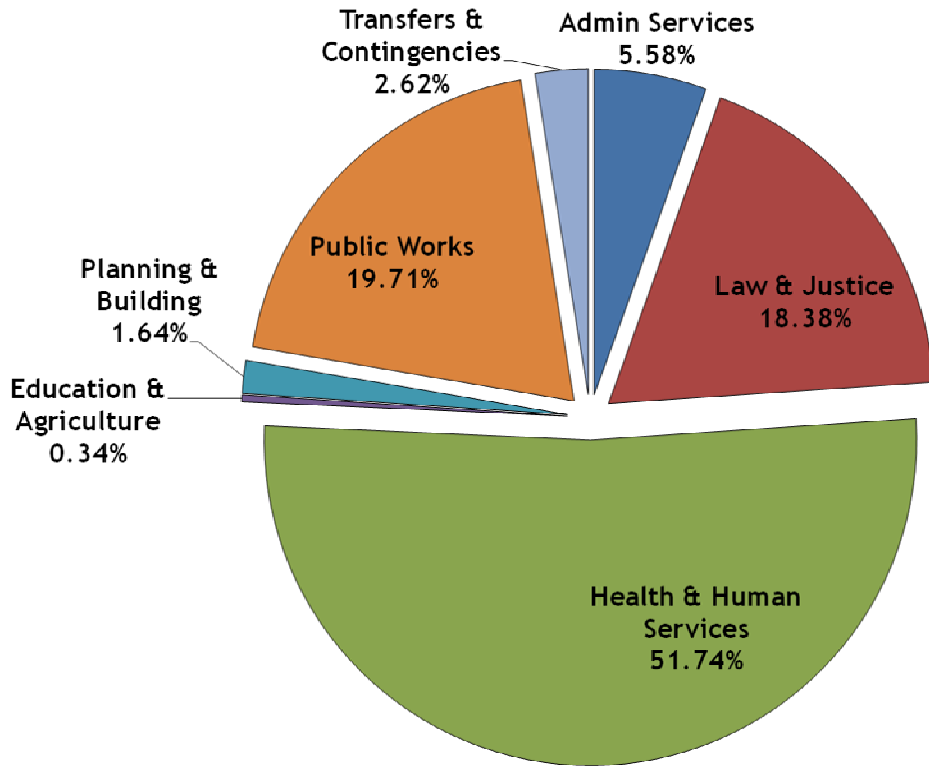
- ◆ \$159,050 in Proposition 172 funding utilization to offset increased insurance costs in public safety departments
- ◆ \$200,000 shift due to County Counsel not utilizing the A-87 cost allocation process but instead direct billing Health and Human Services
- ◆ \$45,000 in furlough savings from the County Administrative Office
- ◆ \$1,019,468 in additional discretionary revenue primarily due to the County's A-87 cost allocation charges
- ◆ \$20,000 revenue for providing Agriculture Commissioner services to Trinity County



Reserves:
Balance vs. Policy Requirements
(in millions)



Total Expenses: \$305.5 million



CHANGES FOR THE ADOPTED BUDGET:

The following requests, totaling \$624,291, were funded using one-time General Fund revenues:

- \$8,365 for Deferred Maintenance
- \$185,451 for upgrade of financial accounting software
- \$25,000 for security cameras for the jail
- \$30,000 for battery backup for the jail
- \$2,738 for BOS computers
- \$150,000 for ADA Compliance
- \$50,000 to Contingencies
- \$172,737 to General Reserves

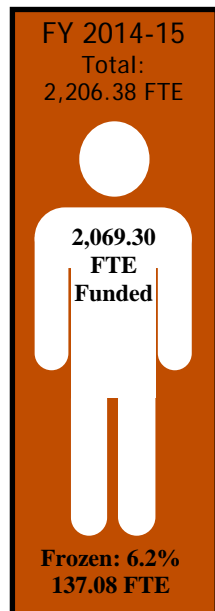
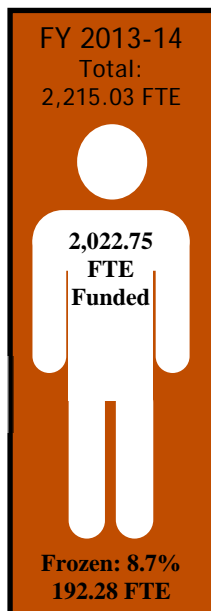
Personnel Allocations & Frozen Positions

48.6%

of all County expenses are personnel costs (\$148.2 million)

3.08% or \$4.4 million

Increase in salary and benefit costs from FY 2013-14 to FY 2014-15



The total number of positions will decrease from last year by 0.03%, while the number of frozen, unfunded positions will decrease by 28.7%.

The shift from frozen positions to unfrozen positions is a result of changes in the Department of Health & Human Services.

* FTE: Full time equivalent

THREE WAYS TO REVIEW THE BUDGET:

- ◆ Scan the QR code below
- ◆ Visit: humboldt.gov
- ◆ Visit the Clerk's office: 825 5th Street Eureka, Room 111





GENERAL FUND Revenue: \$106.5 million

Tax Revenue:
Property and Sales
(in millions)

MAJOR TYPES OF GENERAL FUND REVENUE

Property Tax

Property tax is imposed on real property and tangible personal property. Since the passage of California Proposition 13, the tax is based on 1% of the property's assessed value as inflated by the lesser of 2% or the state's inflation rate. The assessed value is either the 1975-76 assessed value, the current sales price or new construction value.

Sales Tax

The Statewide sales tax rate is currently 7.50%. The State keeps 6.5%, with 2.0625% of the 6.5% returning to the County for specific purposes:

- * 0.50% Prop 172 local public safety
- * 0.50% 1991 realignment
- * 1.0625% 2011 realignment

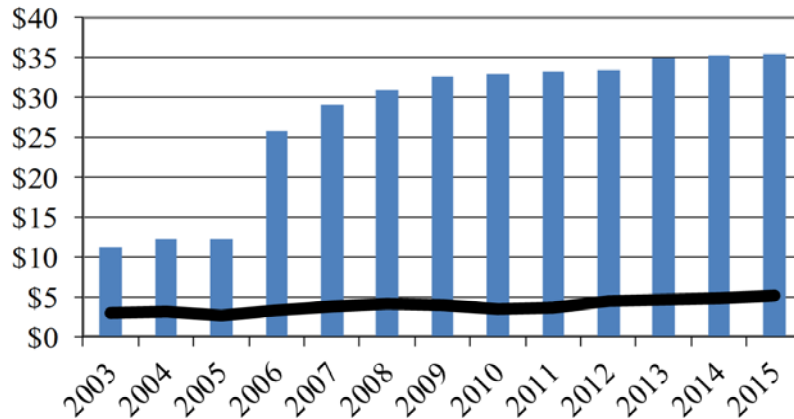
Local Governments are distributed the remaining 1% as follows:

- * 0.75% for general operations (for the County, this is sales in the unincorporated area), and
- * 0.25% goes to the County's transportation fund.

Licenses & Permit Fees

Fees are paid for necessary governmental permission to take an action. Examples include licenses to keep a dog or operate a business, permits for encroaching on public property, and marriage licenses.

Property Taxes Sales Taxes



\$40.6 million

Total Property & Sales Tax estimated for FY 2014-15

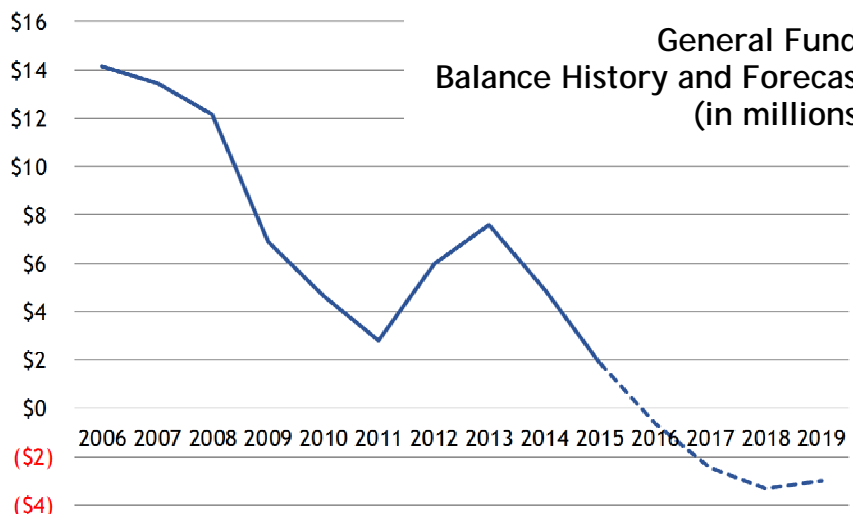
your property tax \$1



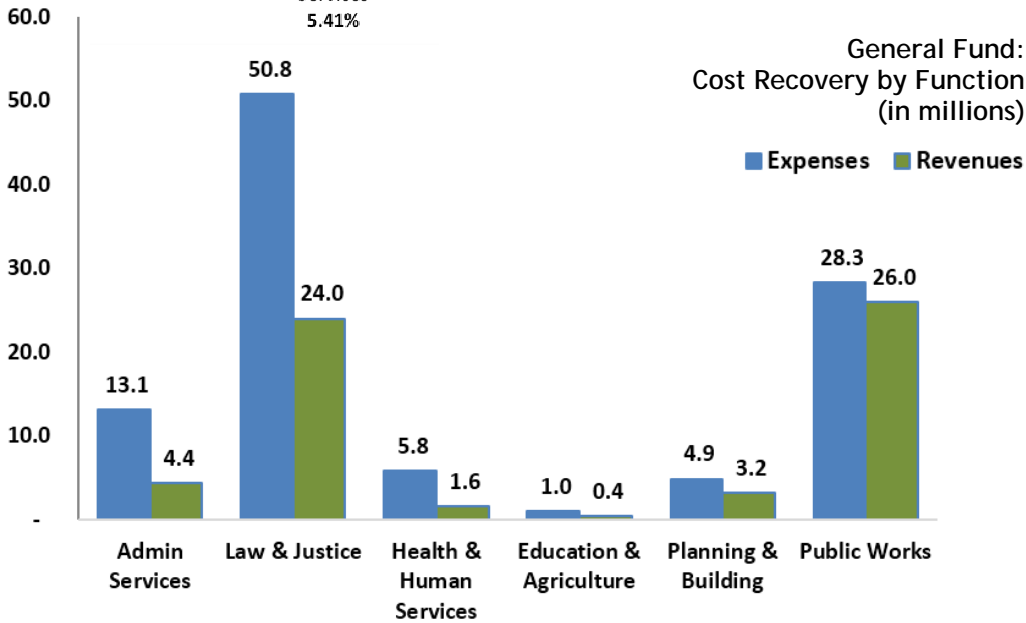
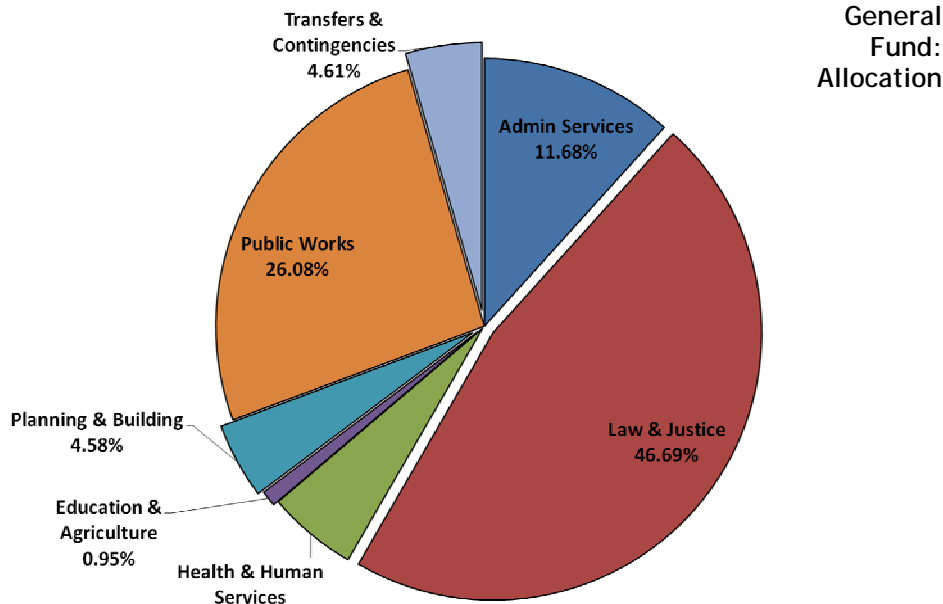
Schools 63.8¢
County General Fund 16.7¢
Special Districts 7.5¢
Redevelopment* 5.1¢
County Roads 2.2¢
Cities 2.9¢
County Library 1.8¢

*Redevelopment agencies have been dissolved, however this funding continues to pay down redevelopment debt

General Fund: Balance History and Forecast (in millions)



GENERAL FUND Expenses: \$109.3 million



ADDITIONAL FUNDING REQUESTS:

Navigating between investment & conservation of funds

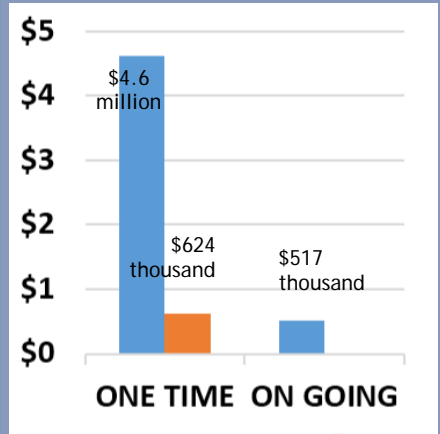
Each year during budget development, departments have an opportunity to present requests for additional money from the General Fund.

Requests typically come in two forms:

- One-time investments
- On-going obligations

As revenue growth becomes more unpredictable, matching the *type* of expense with the *longevity* of the funding source becomes more important.

Additional funding requests for FY 2014-15 are contrasted below with available funding for requests.



BOTTOM LINE

There are insufficient resources to continue indefinitely with existing service levels. The cost savings and new revenues identified for FY 2014-15 will avoid significant and drastic service cuts in FY 2015-16. However, continued efforts for sustainability must be continued to find long-term stability.





Budget Process: FLOW CHART & TIME LINE

Budget Preparation

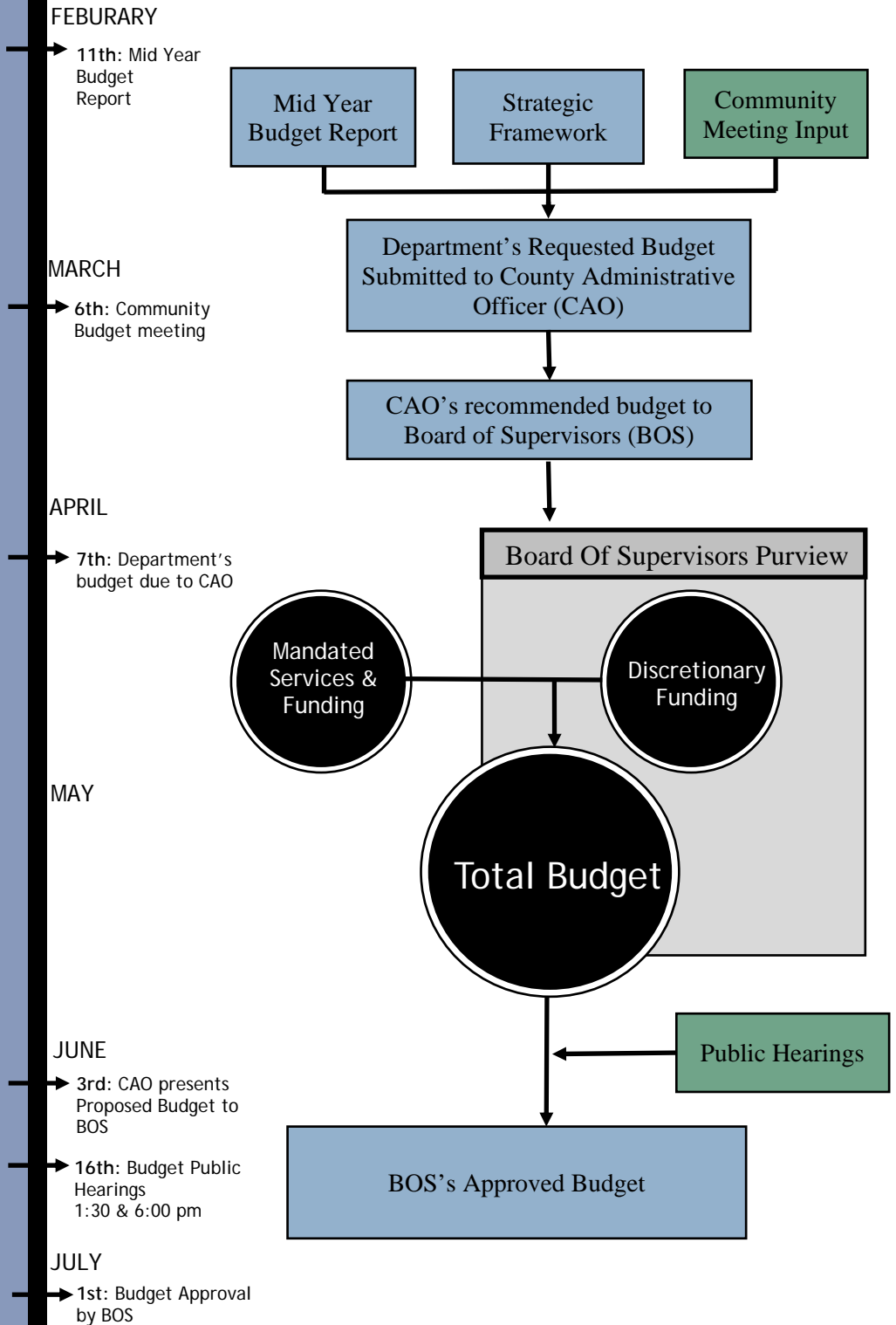
- ◆ Departments receive input from the Community, and the BOS about priorities for the new Fiscal Year.
- ◆ The CAO verifies department requests, compiles them into a cohesive County Budget and presents a recommendation to the Board.

Budget Review

- ◆ The Board is obligated to use a majority (64%) of the funds on specific programs.
- ◆ General Fund monies are under the discretion of the Board and are allocated based on the Strategic Framework (pg 9), and any other specific guidelines (pg 10) set by the Board.

Budget Approval

- ◆ Budget approval occurred at the July 1, 2014 Board of Supervisors meeting.



2014 STRATEGIC FRAMEWORK

The Strategic Framework acts as staff's guide from the Board of Supervisors for all County work.

→ PRIORITIES FOR NEW INITIATIVES ←

Provide our core services in ways that:

Match service availability with residents' needs

- Provide community-appropriate levels of service
- Support self reliance of citizens

Safeguard the public trust

- Manage our resources to ensure sustainability of services
- Invest in County employees
- Invite civic engagement and awareness of available

Make proactive decisions to:

Partner to promote quality services

- Foster transparent, accessible, welcoming and user friendly services
- Facilitate the establishment of local revenue sources to address local needs
- Seek outside funding sources to benefit Humboldt County needs
- Facilitate public/private partnerships to solve problems
- Build interjurisdictional and regional cooperation

Be an effective voice for our community in areas outside traditional mandates

- Advance local interests in natural resource discussions
- Engage in discussions of our regional economic future
- Engage new partners

In both core services and proactive decisions, seek to:
Engage and influence issues of statewide concern

CORE ROLES

- ◆ Enforce laws and regulations to protect residents
- ◆ Provide for and maintain infrastructure
- ◆ Create opportunities for improved safety and health
- ◆ Encourage new local enterprise and ensure Proper operation of markets
- ◆ Support business and workforce development
- ◆ Protect vulnerable populations

FIVE KEY GOALS FOR 2014

- ◆ Rebuilding reserve and contingency accounts.
- ◆ Downsizing the inventory of County properties (including raw land, buildings and fleet)
- ◆ Investing in increased internal capacity where this would minimize outside expenses.
- ◆ Efforts to consolidate or share services.
- ◆ Support travel, training and electronic meeting costs for staff and elected officials.



PUBLIC
WORKS:

McKay Tract
Community Forest

Establishment of a 1,000-acre community forest is proposed for timberland located southeast of Eureka near Myrtle town, Cutten, and Ridgewood Heights. State and federal funds are available to acquire a portion of the McKay Tract which is owned by Green Diamond Resource Company. The Trust for Public Land has worked with Green Diamond to facilitate the acquisition funds and develop the proposed project. On April 15, 2014, the Humboldt County Board of Supervisors decided to accept the grant funds for land acquisition and become the owner and manager of the community forest.

For more information on the McKay Forest, visit:

www.co.humboldt.ca.us/pubworks/mckayforest/

Or, to get on an e-mail list for periodic updates, send an email to:

mckayforest@co.humboldt.ca.us

COMMUNITY CONNECTIONS

The next section is less about the numbers and more about people, the beautiful place we live and the County's desire to serve.

→ MISSION STATEMENT ←

The County of Humboldt, through the dedication and excellence of its employees, is committed to serve the needs and concerns of the community and enhance the quality of life.

Over the next several pages you will read about a variety of services the County provides. The people who perform these services are your neighbors, friends and family members; fellow community members who value our communities and the connection we all have to them.

The County has a wide variety of services, and this collection of services doesn't scratch the surface. We hope to showcase services you are probably already aware of, but also bring to light some interesting or new programs.

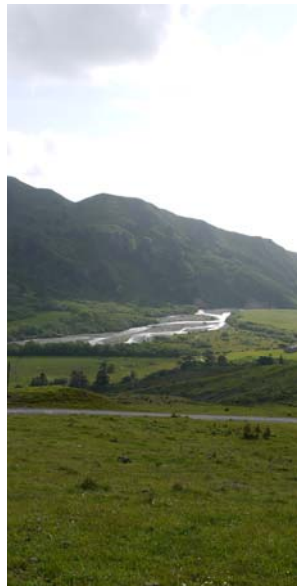
As this new section of the budget was developed, our hope was to inspire and educate— not just about our work— but about the great place we all live. Enjoy!



Keeping local waterways clean

Each year, the Department of Health and Human Services' Division of Environmental Health (DEH) responds to hundreds of complaints from the public and requests for assistance from other agencies. One such complaint came in February 2014 from the California Department of Fish & Wildlife regarding illegally dumped paint, solvent and demolition debris dumped within feet of the Eel River channel. More than 30 containers filled with paint, paint-related materials, construction compounds, cleaning supplies and other materials were found, some leaking onto the river bar.

A hazardous materials inspector mapped the location of the dump site and reported back to the California Department of Toxic Substances Control (DTSC), which agreed to contract to clean up the site. A storm was due to hit the North Coast that night, so materials needed to be cleaned up immediately to keep them out of the watershed. Staff were able to secure a commitment from DTSC to elevate the situation to urgent, and remained onsite to supervise the cleanup. The materials were removed before the storm hit, and damage to this important watershed was averted.



A hand up, not a hand out

“Rachel” was pregnant and homeless when she requested assistance from CalWORKs. She received temporary homeless assistance for two weeks and was able to find an apartment, and then used longer-term assistance to move in. When her daughter was 4 months old, Rachel voluntarily enrolled in the Welfare to Work program, which helps parents transition to independence. She was eager to find employment but needed help with job leads, child care, transportation and work clothing. Welfare to Work staffers helped her meet those needs and also worked with Rachel to update her resume and fine-tune her interview skills. Subsequently, Rachel was offered a full-time position at a local business, making \$11 an hour. Two months later, Rachel requested her CalWORKs cash assistance be stopped. She recently expressed gratitude to her Employment Training Worker, stating, “I could not have done it without your tips and help.”

Minority populations including African Americans, Hispanics, Native Americans, and certain segments of the nation's Asian/Pacific Islander population, are disproportionately represented as the accused in the criminal justice system and receive unequal access to public safety services in their communities. This results in increased crime and victimization in these communities and distrust of and a lack of collaboration with law enforcement and the criminal justice system in efforts to reduce crime and victimization. The District Attorney's Office, by developing collaborative outreach efforts through the Tribal Roundtable, the Unserved/Underserved Victim Advocacy & Outreach Program, and a partnership with First Five to provide a Community Services Officer fluent in Spanish, for outreach within the Hispanic Community, has created opportunities for minority populations to access law enforcement and criminal justice services. It has also created opportunities for the District Attorney's Office to learn about more effective ways to serve Humboldt County's minority populations, and it has enabled many within those minority populations to learn more about law enforcement, the criminal justice system and social services to assist those communities in reducing victimization and criminal activity. This leads to increased overall public participation in the criminal justice system, while increasing safety and justice within our communities.



HEALTH & HUMAN SERVICES:

Staying safe at home

“Randy” is an elderly gentleman who had been able to care for himself until recently, when chores, errands and attending to his personal care began getting more difficult for him to do independently. Randy didn’t want to tell anyone about his difficulties for fear he’d be removed from his home and placed in an out-of-home care facility. A concerned neighbor decided to call Adult Protective Services (APS) and APS referred Randy to In-Home Supportive Services (IHSS). Randy was eligible to hire a care provider, who happened to be one of Randy’s good friends. The care provider helps Randy clean his house, shop for groceries, run errands, do laundry and get to his medical appointments. These services have made it possible for Randy to remain safely in his own home.

For additional information about APS, call (707) 476-2100 or (866) 527-8614.

HUMBOLDT COUNTY LIBRARY: Making Libraries the Center of our Communities



Recently, the Humboldt County Library partnered with the Humboldt County Office of Education (HCOE) piloting a project to build a stronger connection between the library and local schools. The goal of the program is to increase literacy among school children and ensure local children have access to library cards.

The program provides Kindles and electronic books to nine first and second grade classrooms in nine Humboldt County elementary schools. Each teacher has the flexibility to use the Kindles within their lesson plans as they wish. As an introduction to the program, each student participating visited the library, obtained a library card, and essentially “checked out” the Kindle for the use in their classroom. While the teachers are responsible for the devices, issuing a particular device to each student creates a sense of ownership and responsibility.

For some students, this is the first time engaging with an electronic reading device. Introducing students to electronic devices is now an important part of education; starting in the third grade, state testing is performed on computers. For students without access to electronics at home, using the Kindles is a great introduction to virtual learning.

In addition to the field trips for the Kindle program, HCOE granted funds to local schools to increase field trips to the Eureka Main Library, and \$10,000 to purchase new printed library materials. In recent years, schools have eliminated or significantly reduced the number of school funded field trips—making trips to the County Library rare. Schools are able to use the stipends for transportation, and visits to other local resources— as long as the County Library is one of the visits.



ECONOMIC DEVELOPMENT: Prosperity!

→ THE MISSION OF PROSPERITY NETWORK ←

Grow, diversify and strengthen our economy while preserving and enhancing our quality of life.

Current Project:

Many local entrepreneurs have grown from tiny operations, to companies employing anywhere from dozens to hundreds of people. These companies have exported their products internationally and brought money into our local economy creating jobs, economic growth and increased prosperity.

Over time many of these companies have been purchased and moved out of the area. Companies like Yakima, Restoration Hardware, Gardener & Bloome, and Moonstone Mountaineering are no longer in Humboldt County but are still operating elsewhere.

For many entrepreneurs, the majority of their finances and security are tied to their businesses, so selling their business is fundamental to their ability to retire. As many business owners face retirement, there is the potential for a significant negative impact to the local economy—loss of jobs and tax base—if more companies either relocate out of the area or close down in the course of the owner's transition.

Through surveys and interviews with business owners, the Headwaters Fund found that 57% of those they talked to planned to retire in the next 5 to 10 years, but did not have a succession plan.

→ FOUNDERS GROVE ←
BUSINESS WORKSHOPS



Humboldt County Economic Development Team, in collaboration with the Headwaters Fund Board and the Workforce Investment Board, are starting a series of workshops under the name Founder's Grove. The first, an Introduction to Business Succession Planning, will network 60-100 business owners. They will learn about the buy/sell process and internal management transitions.

To learn more about the Prosperity Network visit:
www.northcoastprosperity.com

Six targets of opportunity were identified, demonstrating a combination of:

- Expanding opportunity: job and/or firm growth
- Growing quality: wage increases
- Improving competitiveness: strong and/or growing specialization compared to California as a whole
- Career potential: distribution of job opportunities across the occupational spectrum

Targets of Opportunity (in order of size):

- Diversified Health Care
- Building and Systems Construction and Maintenance
- Specialty Agriculture, Food, and Beverages
- Investment Support Services
- Management and Innovation Services
- Niche Manufacturing





REVENUE RECOVERY: Innovative Solutions

PURCHASING:

Doing business made easier

The Purchasing and Disposition Team of the County Administrative Office successfully developed a comprehensive Humboldt County Purchasing Policy adopted by the Board of Supervisors on March 18, 2014.

The new purchase policy includes the Local Vendor Preference Policy and encourages departments to seek bids from local vendors for all purchases.

The Purchasing Policy repealed related existing policies, some as old as 20 years, and incorporated those policies into one single document. Humboldt County now has a central resource document for procuring goods and services that ensures the County is in compliance with applicable Government Codes, Humboldt County Codes and Public Contract Codes.

The purpose of the County Administrative Office’s Revenue Recovery Program is to collect court ordered debt for the Superior Court of Humboldt County, delinquent fees owed to County departments and restitution owed to victims of crime. Monies collected are distributed to specific funds for various departments, programs and providers of service in the community. In addition, a portion of the collections are distributed to the State of California as required by law. Revenue Recovery remits collected victim restitution payments directly to victims of crime. As a comprehensive court collection program Revenue Recovery meets the criteria that allows for cost of collection offset as detailed in Penal Code Section 1463.007 that works to fund this program. With that being said the expedited entry of cases into the Revenue Recovery collection system is imperative to the success of debt collections.

Revenue Recovery has automated the process of receiving referrals from the Humboldt County Superior Court through its Sustain/RPCS interface for entry into Revenue Recovery’s collection system. When Revenue Recovery received notice that one of the fundamental creators of this automated referral process would be relocating out of state and that the division would need to do a full recruitment for the position, Revenue Recovery started looking at innovative and creative options that would allow the program to continue with the entry of new accounts through the use of this tool, allow time for recruitment and staff development in this area and minimize the backlog of new account entry as much as possible. Our innovative and creative solution was telecommuting. Revenue Recovery purchased a laptop allowing this individual to work from their home on a flexible schedule providing Revenue Recovery with data entry services, as well as being a resource for identifying issues with updates to distribution tables and the converter program as well as ensuring that entry processes were correct and well documented. All of which made the transition between team members as seamless as is possible.

→ EXPLORE YOUR OWN BACK YARD ←

Humboldt County Convention & Visitors Bureau

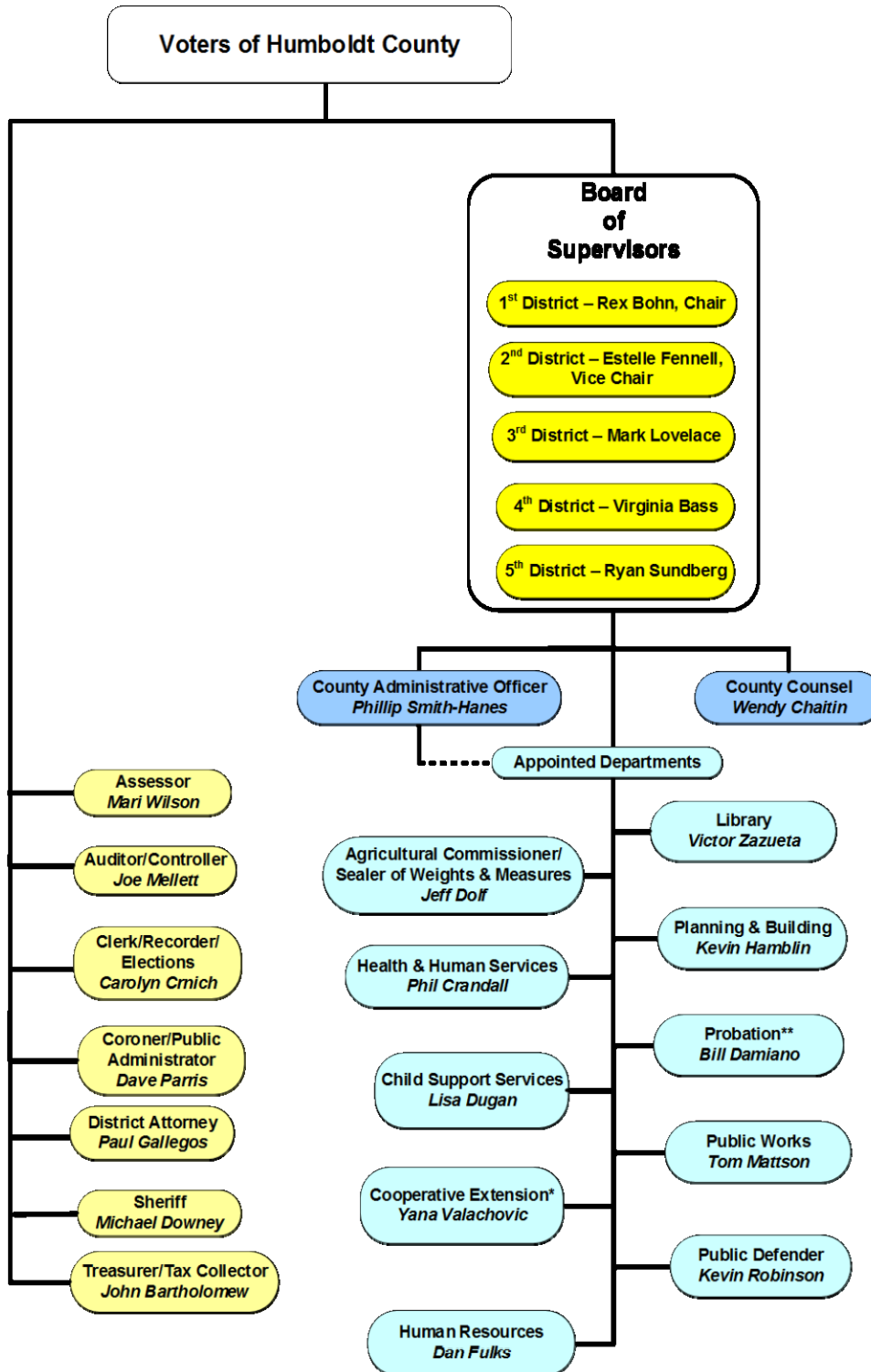
1034 2nd Street, Eureka
(800) 346-3482
www.redwoods.info/index.asp

Humboldt Made

www.humboldtmade.com/when-in-Humboldt



Organizational Chart of County Officials



* DEPARTMENT HEAD APPOINTED BY STATE
 ** DEPARTMENT HEAD APPOINTED BY COURTS



→ WAYS TO STAY INVOLVED ←

The County continues to face a structural deficit; for FY 2014-15 the deficit is \$2.7 million. Despite this deficit the need and demand for services has not waned. Local government's traditional approach to this situation is budget cuts and layoffs. Experience shows us this just doesn't work long-term. Reduced revenue is the new "norm" in government, and we need to find a better way to do business.

As the County continues to evolve with its fiscal situation, the community's opinion matters. We believe creativity and solutions exist at all levels of an organization and in the community we serve. To make the most of this opportunity, as always, we invite the community to take part in the government process.

The Board of Supervisors meets almost every Tuesday in the Board chambers (see: humboldt.gov or call (707) 476-2396 for more information) and each year the public is invited to participate in the budget process.

We hope to see you there!

NEW WEBSITE NOW ONLINE!!

Visit humboldt.gov to see the improved functionality!

Monthly County Newsletter—receive updates on what is new in County departments. Sign up at: humboldt.gov.

NextDoor – a neighborhood networking website where neighbors can meet. Those interested in joining their neighborhood's Nextdoor website can visit www.nextdoor.com to see if the website is available for their area (or click on the link from the County's homepage)

Open Humboldt – an online platform designed to engage citizens in a conversation that will harness their input on a variety of topics and important County issues. humboldt.gov

Annual Community Budget Meeting – an opportunity for Humboldt County residents to tell their elected representatives in their districts where tax money should be spent at the County level. Held annually in late February to early March.

Annual Proposed Budget Public Hearings – held on an annual basis, this year the Proposed Budget Public Hearings were held on June 16, 2014 at 1:30 p.m. and 6:00 p.m. in the Supervisors Chambers.

