



Humboldt County Budget Fiscal Year 2015-16



Searching for a Road to Financial Recovery

Board of Supervisors

Proposed
Budget
June 2,
2015



Rex Bohn,
District 1

Estelle Fennell,
Chair
District 2

Mark Lovelace
Vice Chair
District 3

Virginia Bass
District 4

Ryan Sundberg
District 5



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FY 2015-16: Searching for a Road to Financial Recovery

Dear Board Members and Residents:

Welcome to Humboldt County's budget for Fiscal Year (FY) 2015-16. I would like to thank the community for their participation in the live interactive community budget meeting held on February 28th. I would also like to thank our county department heads and staff for their participation in the budget process. And I would like to thank your Board for your leadership as the county continues to search for a road to financial recovery.

The proposed budget totals \$318,655,867. This is an increase of \$13.1 million over the prior year, due principally to \$8.9 million in public safety expense funded by Measure Z, and Health and Human Services costs for increased employee costs such as health insurance and retirement. The proposed budget for the General Fund, the fund that contains the county's discretionary dollars, is \$111,803,172 in revenue and \$114,883,535 in expenditures. This means there is a General Fund total deficit for FY 2015-16 of \$3.08 million. Of this \$3.08 million, \$1.48 million is a structural deficit, and the remaining balance is for one-time costs such as \$1.2 million for contingencies and \$400,000 for a contribution to the General Reserve as approved in the FY 2014-15 first-quarter and mid-year budget reports.

The road to financial recovery remains elusive. While we proposed a budget for FY 2013-14 that contained a General Fund deficit of \$2.9 million, restraint on the part of departments and unexpected positive revenue news resulted in an actual loss to fund balance of only \$800,000. Similarly, although we proposed a FY 2014-15 budget with a General Fund deficit of \$2.75 million (itself a small step in the right direction), current estimates point to a reduction in fund balance of only \$1.3 million by June 30, 2015.

Unfortunately, new costs for FY 2015-16 are leading to a recommended budget with another deficit of \$3.08 million. Given the positive results we have experienced over the past two years compared with our initial budget projections, I believe this recommendation better serves the community's needs than would a new round of service reductions. However, this remains an unsustainable budget picture and staff will continue to work to address it—including tackling rising retirement costs.

In FY 2014-15 the county began to chart a new course by engaging in systems review to help the budget deficit. There was a course adjustment early on in FY 2014-15 with the passing of the county's half-cent sales tax measure, Measure Z. While Measure Z is anticipated to bring in \$8.9 million in revenue for our community in FY 2015-16, it does not solve all of the county's problems. Measure Z was not designed to fill the structural gap in the county's General Fund. Measure Z was designed to provide funding for essential services such as Sheriff's deputies and prosecutors in the District Attorney's Office. You will see recommended expenditures that fulfill this promise throughout this budget proposal, with a complete listing in the Appendix.

The Board of Supervisors appointed a Citizens' Advisory Committee that has played an integral part in reviewing \$18.66 million in Measure Z funding requests.

FY 2015-16: Searching for a Road to Financial Recovery

The entire committee met nine times between February and May 2015. In early May 2015, the committee submitted their Measure Z funding recommendations of \$8.9 million to the County Administrative Office (CAO) for inclusion in the proposed budget. I want to personally thank the members of the committee for their time and dedication to this process. Each member of this committee served on a volunteer basis and dedicated numerous hours to this new and exciting endeavor. I would also like to thank CAO staff Elishia Hayes and Nicole Morrow for staffing these committee meetings. Because of all of these efforts, the FY 2015-16 proposed budget includes \$1.5 million for the District Attorney's Office, \$602,724 for Probation and \$3.4 million for the Sheriff. In addition, other local agencies will receive Measure Z funding: \$10,452 for Area 1 Agency on Aging; \$267,543 for K'ima:w Medical Center; \$400,000 for the Eureka Police Department; and \$2.6 million for rural fire.

While the county was able to pass Measure Z, it lost the ability to claim federal Title IV-E dollars for Probation's case management services, a loss of over \$700,000. The Citizens' Advisory Committee has recommended over \$600,000 in funding for Probation services, but this money is to restore services that have previously been cut. Probation faces an additional challenge of more than \$700,000 due to loss of Title IV-E funding. These funds support services that have not yet been reduced—Probation has backfilled this revenue loss with a trust fund that is now depleted. As noted in the third-quarter budget review, I do not believe it is possible to completely replace this \$700,000 loss with additional General Fund dollars. However, approximately \$575,000 is recommended through a combination of a \$300,000 reduction in General Fund Contingencies and a \$275,000 increase in deficit spending.

Beyond the recommendation to fund a portion of Probation's additional funding request the proposed budget includes other on-going funding requests for General Relief, Courts-County Contribution, Inmate Medical and UC Cooperative Extension. These additional funding requests, with the exception of Probation and UC Cooperative Extension, are state mandated and therefore we are not in a position to deny funding.

In closing, I would like to thank the staff of Management and Budget Team: Cheryl Dillingham, Amy Nilsen, Elishia Hayes and Sean Quincey for their hard work and perseverance in putting this FY 2015-16 proposed budget together. In addition, I would also like to thank the Auditor's Office for assisting with the budget development process and their continued cooperation with our budget efforts.



PHILLIP SMITH-HANES
County Administrative Officer



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**SPECIFIC GUIDELINES
FY 2015-16 BUDGET**

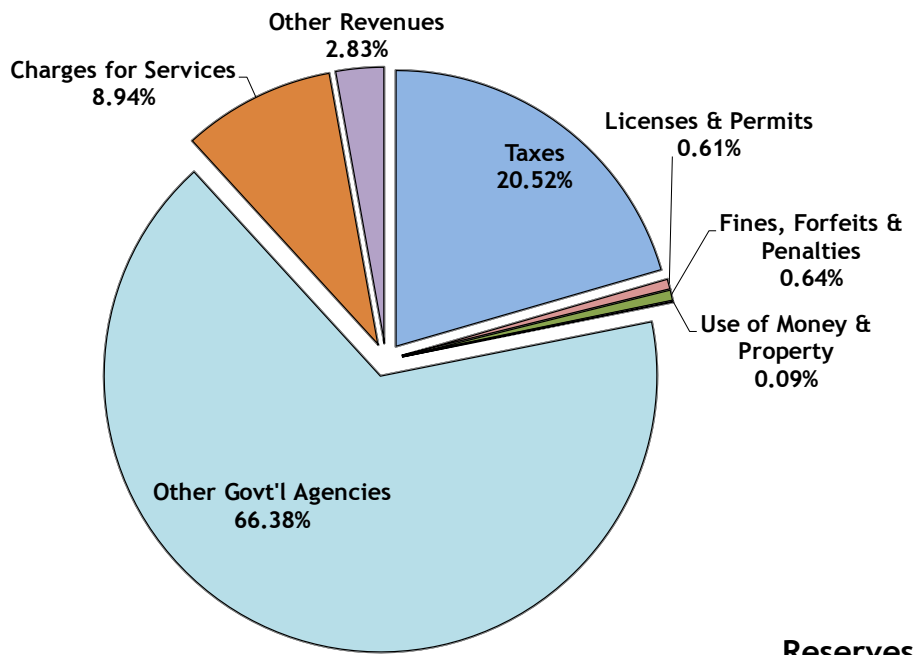
the Board's direction
to departments

1 General Fund allocations to be set distributing 98 percent of the revenue growth to departments based on FY 2014-15 General Fund allocations.

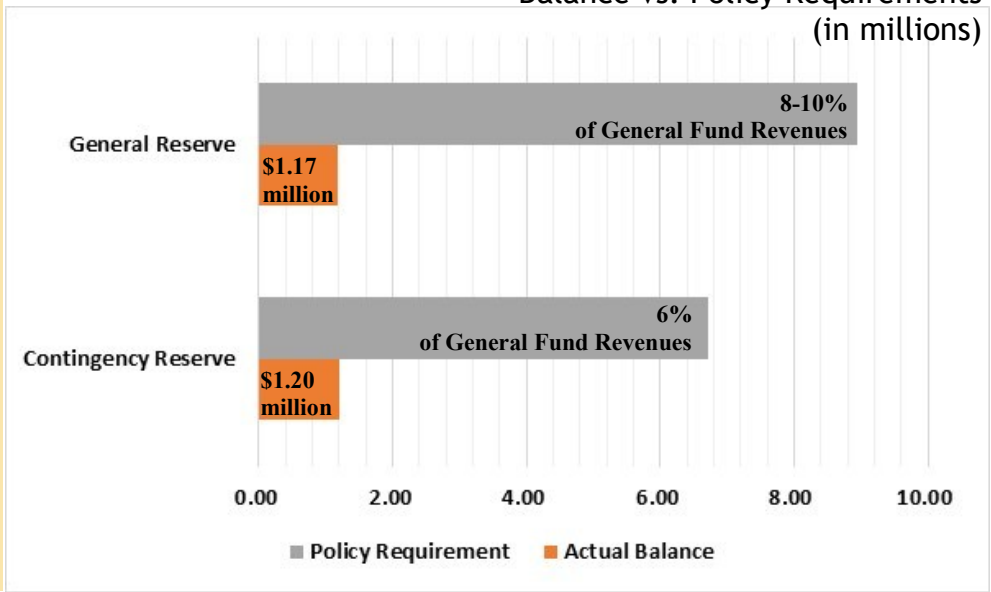
2 Requests for additional funding will be considered by the Board for one-time expenditures and to prevent the discontinuation of public safety services.

3 Discontinue the voluntary unpaid furlough program for all departments in FY 2015-16

**Total Revenue & Fund Balance needed:
\$318.6 million**



**Reserves:
Balance vs. Policy Requirements
(in millions)**



Total Expenses: \$318.6 million



MISSION STATEMENT:

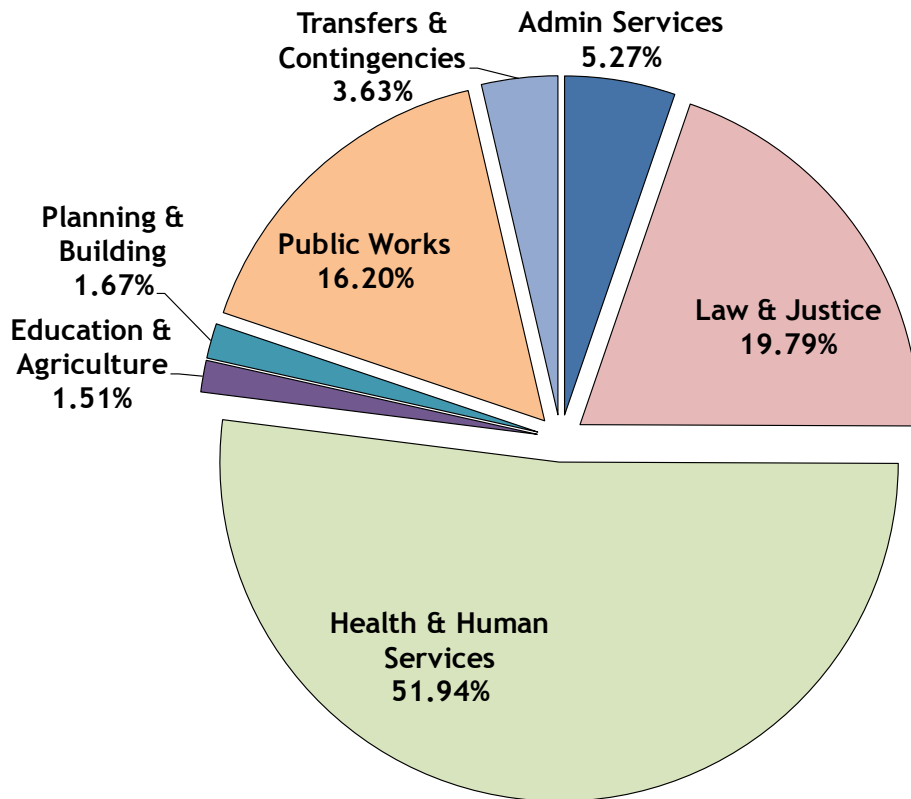
The County of Humboldt, through the dedication and excellence of its employees, is committed to serve the needs and concerns of the community and enhance the quality of life.

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.



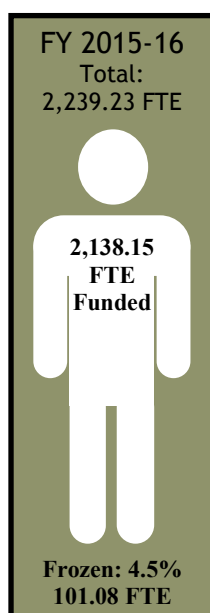
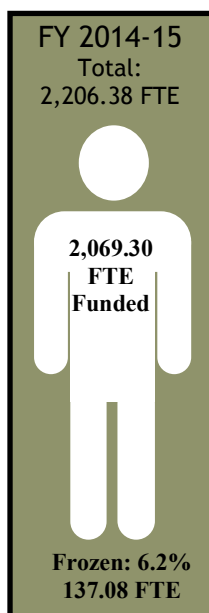
Personnel Allocations & Frozen Positions

48.2%

of all County expenses are personnel costs (\$153.6 million)

3.5% or \$5.2 million

increase in salary and benefit costs from adjusted FY 2014-15 to FY 2015-16



The total number of funded positions will increase from last year by 64.65 and the number of frozen, unfunded positions will decrease by 35 positions.

The shift from frozen positions to funded positions is a result of Measure Z funding in public safety departments.

* FTE: Full-time equivalent



FY 2015-16: Measure Z

Staying involved
is as easy as ...

1 Visit the Measure Z web page at Humboldt.gov.org/MeasureZ

2 Attend the public hearing on the FY 15-16 budget on June 8

3 Stream Board meetings live through the county's web site, or watch on Ch. 10 and 11, or Wave Cable Ch. 7 in Southern Humboldt

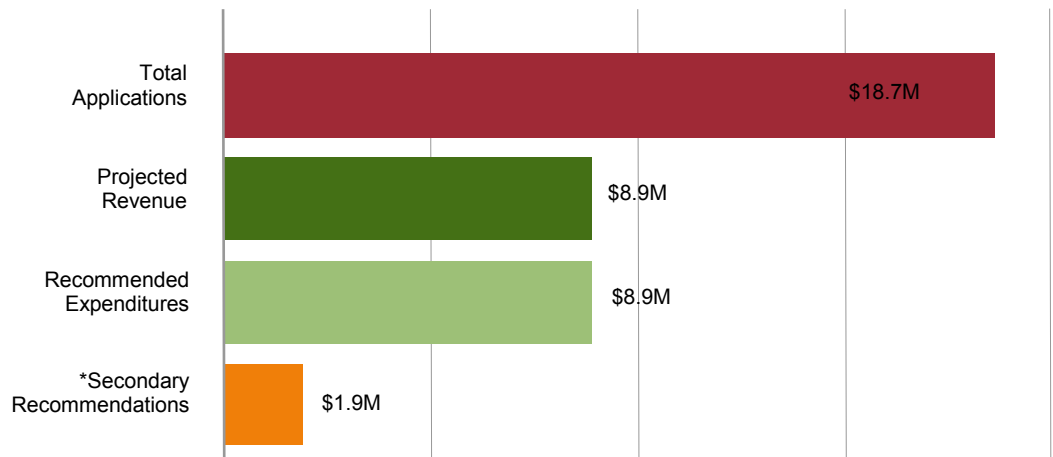
The Citizens' Advisory Committee on Measure Z Expenditures was created to make recommendations to the Board of Supervisors on how funds should be spent that are raised from Measure Z, the half-cent sales tax passed by voters in November 2014.

Over the course of four months, the committee convened seven meetings, two of which were public hearings, and reviewed 45 proposals that sought to improve essential services in Humboldt County. In total, the proposals sought nearly \$19 million in funding.

Obviously, we have many pressing needs in our community. However, Measure Z is expected to raise only \$8.9 million in FY 15-16, which means it will not be able to satisfy most of these needs.

It was the committee's job to review the submitted applications and choose which ones should be recommended for funding. The committee sorted the applications into categories by function (shown at right), and recommended projects (below, right) for funding. More detail on submitted applications can be found in the appendix.

Total Funding vs. Requests



*These requests are to be considered during the mid-year budget review, and will be recommended if there are sufficient funds available.

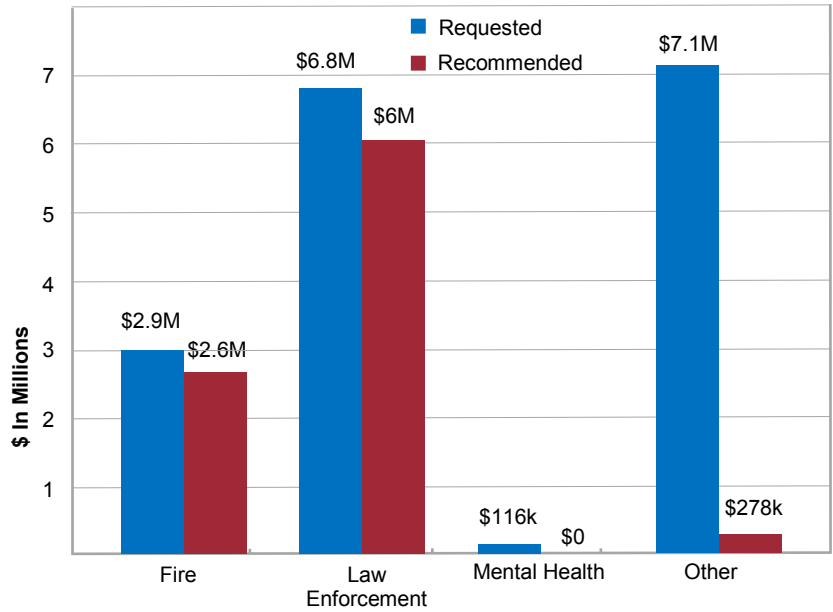
MEASURE Z TIMELINE

Nov '14	Dec '14	Jan '15	Feb '15
Voters pass Measure Z	Resolution passed establishing citizens' advisory committee. Application for members finalized.	Applications due Board appoints 9 committee members	Committee elects chair, vice chair, sets meeting schedule Interactive Community Budget Meetings

Measure Z Proposals

Funding Requests and Recommendations by Category (as sorted by committee)

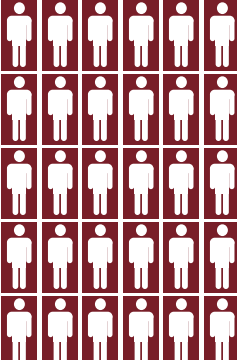
Category	No. of Requests	
	Submitted	Recommended
Fire	4	1
Law Enforcement	7	4
Mental Health	2	0
Other	33	2



Projects Recommended for Funding

Sheriff's Office
(Law Enforcement)


30
FTE's



\$3.5 Million

District Attorney
(Law Enforcement)


11
FTE's



\$1.5 Million

Probation
(Law Enforcement)


6
FTE's



\$600k


Eureka Police
(Law Enforcement)

2
FTEs, homeless services




\$400k

Area 1 Agency on Aging
(Other)



\$10k


Fire Chief's Association
(Fire)



Clothing, equipment, LAFCO planning fees

\$2.6 Million

Hoopa Valley Tribe
(Other)



Ambulance Service

\$268k*

*Must include formation of a benefit assessment district

FTE: Full-time equivalent

MEASURE Z TIMELINE

March '15	April '15	May '15	June '15
Applications for funds made available Committee receives 45 applications	Proposals sorted into categories Committee holds public hearings on proposals	Committee submits recommendations to CAO	CAO recommends budget to Board Public hearing on FY 15-16 budget



MAJOR TYPES OF GENERAL FUND REVENUE

Property Tax

Property tax is imposed on real property and tangible personal property. Since the passage of California's Proposition 13, the tax is based on 1 percent of the property's assessed value as inflated by the lesser of 2 percent 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 : Three sources

The statewide sales tax rate is currently 7.50 percent. The state keeps 6.5 percent, and 2.0625 percent of that amount returns to the county for specific purposes:

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

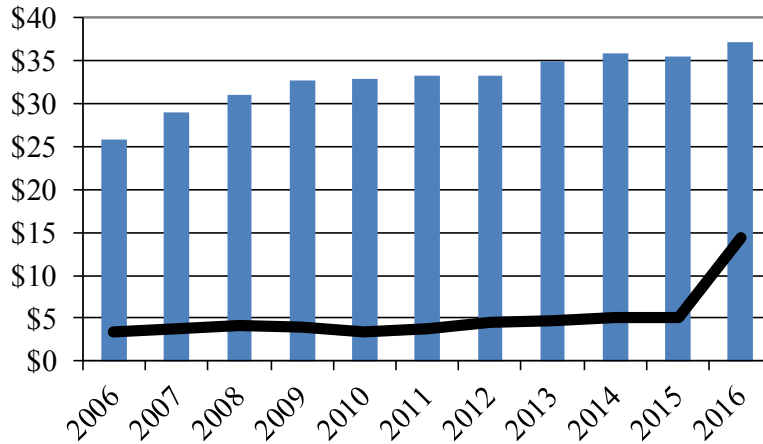
Local Governments receive 1 percent of the 7.50 percent as follows:

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

Humboldt County, as a result of the passing of Measure Z, created a local sales tax rate of 0.5 percent (a half-cent) countywide with revenues going to the county.

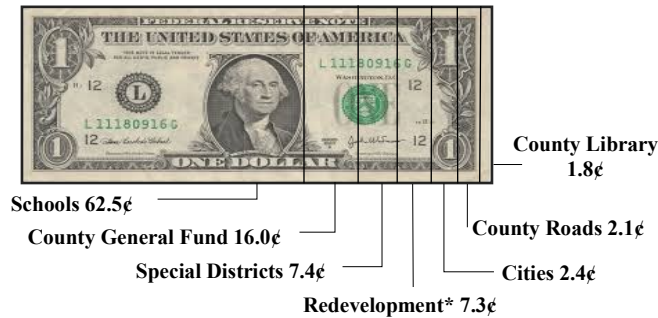
General Fund Revenue: \$111.8 million

Property Taxes Sales Taxes Tax Revenue: Property and Sales (in millions)



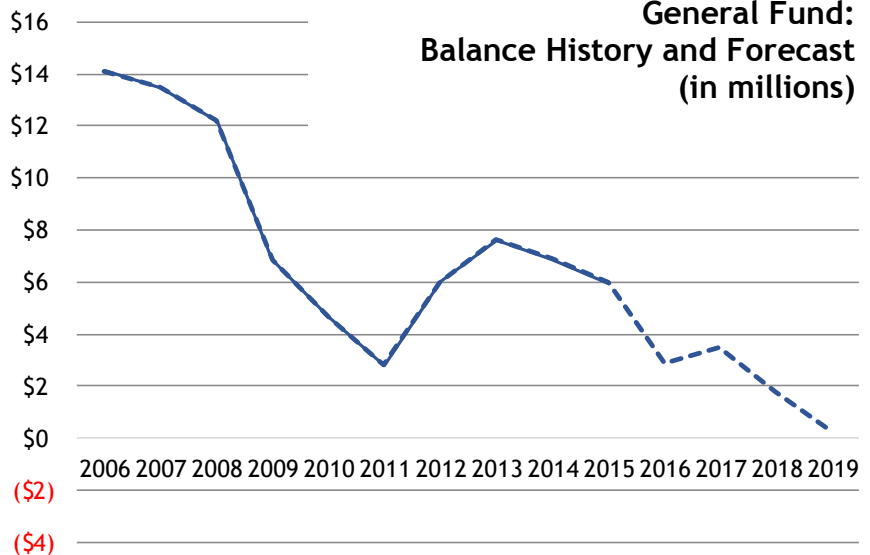
\$51.6 million
Total property & sales tax estimated for FY 2015-16

your property tax \$1

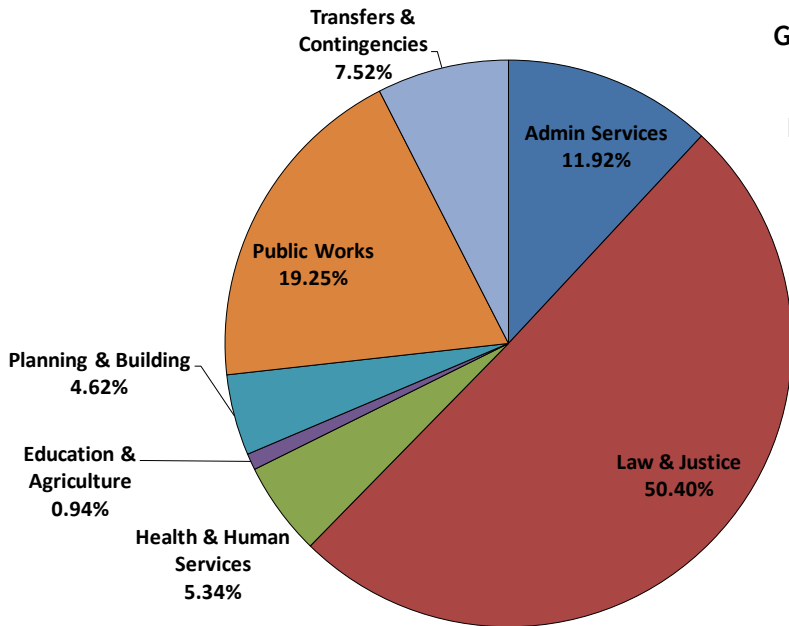


*Redevelopment agencies have been dissolved, however this funding continues to pay down redevelopment debt

General Fund: Balance History and Forecast (in millions)



General Fund Expenses: \$114.8 million



General Fund: Allocation to departments by functional groups

ADDITIONAL FUNDING REQUESTS:

An intersection between local needs and state mandates

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:

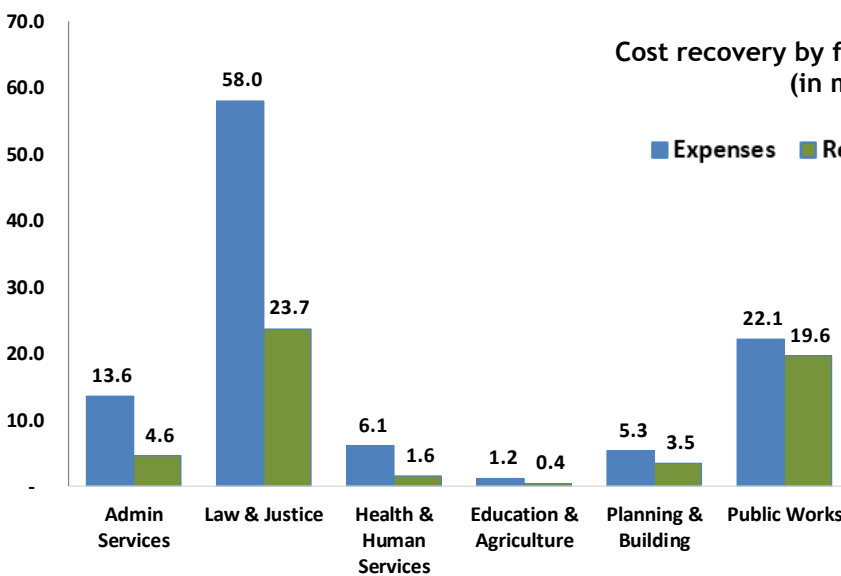
- One-time investments
- On-going obligations

The proposed budget for FY 2015-16 saw an increase in on-going funding requests from \$517,000 to \$3.8 million. Several of these on-going funding requests were for state mandated programs and therefore must be funded. In addition, this year saw the need to continue public safety services for Probation.

Recommended additional funding requests for FY 2015-16 are below.

- ◆ Elections \$325,868 (state mandate and one-time)
- ◆ General Relief \$159,699 (state mandate and on-going)
- ◆ Courts-County \$100,000 (state mandate and on-going)
- ◆ McKay Loan \$50,000 (one-time)
- ◆ UC Coop. Ext. \$2,818 (on-going)
- ◆ Probation \$575,000 (on-going)
- ◆ Inmate Medical \$89,957 (state mandate and on-going)

General Fund: Cost recovery by function (in millions)



THREE WAYS TO REVIEW THE BUDGET:

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





Budget Process: FLOW CHART & TIME LINE

Budget Preparation

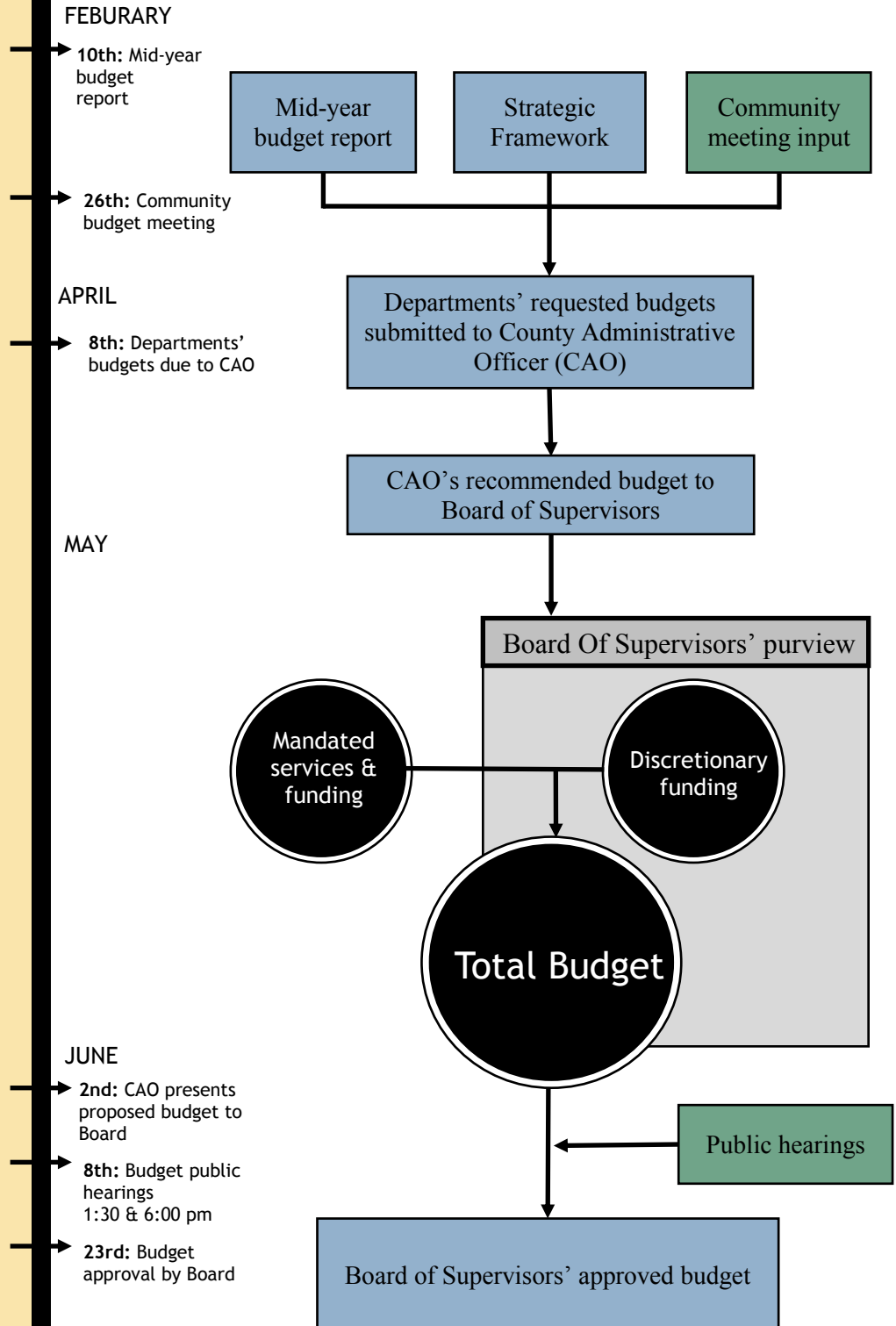
- ◆ Departments receive input from the community and the Board about priorities for the new fiscal year
- ◆ The CAO verifies department requests, compiles them into a cohesive County budget and presents a recommendation to the Board

Budget Review

- ◆ The Board is obligated to use a majority of the funds (64 percent) on specific programs
- ◆ General Fund monies are under the discretion of the Board and are allocated based on the Strategic Framework (pg 11), and any other specific guidelines set by the Board
- ◆ Upon presentation to the Board, the public has an opportunity to provide feedback

Budget Approval

- ◆ Budget approval is scheduled for June 23, 2015 Board of Supervisors meeting



2015 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
- Streamline county processes to facilitate new living-wage private sector jobs

Safeguard the public trust

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

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 inter-jurisdictional 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 and creation of private-sector jobs
- ◆ Protect vulnerable populations

SIX KEY GOALS FOR 2016

- ◆ Emphasizing public safety
- ◆ Rebuilding reserve and contingency accounts
- ◆ Streamlining the inventory of county properties through sale where appropriate
- ◆ Investing to generate long-term savings
- ◆ Reorganizing the provision of services
- ◆ Supporting travel, training and electronic meeting costs for staff and elected officials uuuuuuuujff



Health &
Human Services:

Employment Happens

The Department of Health & Human Services' Employment & Training Division (ETD) received the following note from a long-termed unemployed resident who worked with ETD staff through the Humboldt County Job Market:

"I was hired last Friday for a full-time position with benefits as a flooring installer for a local company. The job is going well so far, and the company really seems to have a great training program to develop my skills in the trade.

They started me at \$12 an hour, and I was told that I could double my wage in a year or more if I stick with the training program. I think this job and career are a good fit for me.

Thank you so much for the time you have taken to help me to understand myself and my needs better—you really helped me out of the rut I was in. I was at a bit of a loss as to what my next move should be, and you really helped to un-stick me....

Thank you, and thank you for being good at your job!"

COMMUNITY CONNECTIONS



Correctional Facility Offers 'Re-entry Fair' for Inmates

On December 18, 2014, general population inmates housed in the Humboldt County Correctional Facility were given an opportunity to meet with several community-based organizations from within the county. The concept of a "Re-entry Fair" is the same as a job fair. Inmates met with local organizations to gather information to improve their lifestyles, and to prepare themselves for re-entry to our communities.

Some of the topics discussed included transitional housing, veteran services, drug and alcohol treatment, parenting courses and college classes.

The program representatives went right in to all the facility's large housing units where inmates were able to meet one-on-one with them. Inmates gathered informational packets, and business cards for future reference.



These types of fairs are not uncommon, but a first for our facility. The Sheriff's Office's goal is to help lower recidivism within our community, and better prepare individuals prior to their release.

The Sheriff's Office would like to thank all the organizations who attended and look forward to working with them in the future.

Less About the Numbers ... More About the People

Health & Human Services: A Little Care Goes A Long Way

The Department of Health & Human Services' Adult Protective Services (APS) received a series of calls from neighbors and other concerned parties regarding a very elderly man described as "anti-social" and "unfriendly." Callers indicated he was increasingly unkempt, walking with a worsening limp and seemed to be losing weight. Numerous attempts to contact the man at his home were unsuccessful and left the assigned social worker with growing concern. The house and yard were in poor condition, the windows blocked out by heavy curtains and the yard overgrown. After several failed attempts to contact the resident, the social worker met a neighbor who indicated that the only time she saw him anymore was when he checked his mail in the afternoon shortly after it was delivered. The social worker timed her next visit to correspond with mail delivery and met the man at his mailbox. After some conversation and a bit of persistence, the client allowed the social worker inside.

APS connected the client with the necessary supports ... and now he is even considering attending Senior Lunch

He was slow to speak and hard to hear, but the social worker didn't find him unfriendly at all and instead learned that after losing his wife to cancer several years back, he had "lost his spirit." He had taken a bad fall several months prior, but hadn't gone to the doctor, explaining that he didn't have the energy anymore. His leg had healed but he continued to have lingering, sometimes severe pain in his hip and knee.

APS, a Social Services program, worked with both Public Health and Mental Health to connect the client

with necessary supports, and provided a referral to In-Home Supportive Services (IHSS) for help with day-to-day household chores. Work with a mental health clinician gave the client the support he needed to connect with a local senior resource center and he is now even considering attending Senior Lunch – although, with a wink and a smile, he describes his reason for attending as wanting to provide support for other people.

Health & Human Services: Agencies work together to clean up illegal dump site along the Eel River

In February 2015, the Department of Health & Human Services' Division of Environmental Health (DEH) received a call from the California Department of Fish & Wildlife about discarded paint, solvent and demolition debris illegally dumped along the Eel River in Ferndale. A DEH hazardous materials inspector went to the scene to investigate. Dumped within feet of the river were more than 30 containers filled with paint, paint-related materials, construction compounds and cleaning supplies. Some of the containers had been punctured with bullets and were leaking onto the river bar.

DEH Hazardous Materials Unit staffers were on-site to supervise the cleanup that occurred the next day just ahead of an incoming storm. Chemicals were packed and properly disposed of and the waste that leaked onto the ground was excavated so it no longer presented a threat and potential damage to the watershed was averted.

Public Works:

Ski Magnet for Beach Clean Up

With beaches located 10 minutes from the local college, pallet burning is a common occurrence. The bottles, cans, and an occasional burned couch, or other household items are a nuisance. The hardest part of trying to keep things clean is the burn piles, which are often full of pallet nails and metal hardware from the various things that were burned there.

The innovation that helped address this problem is a ski magnet. A magnet was taken from a decommissioned street sweeper and was mounted on skis so it would glide across the sand. The ski magnet can be pulled over burn piles to get the majority of the metal debris, which is collected and deposited in a recycling bin rather than a landfill. It can be pulled by hand, or ATV.





Public Works:

Rural Transportation & Access Partnership (RTAP)

The RTAP program was created to help rural communities overcome transportation challenges and improve access to goods, services, employment, education and/or recreation via all modes of safe transportation. RTAP is a matching program through county Public Works to help address unfunded transportation needs through community partnership. The type of projects eligible for the program could include street/road improvements, pedestrian and bicycle improvements, enhancement of sites for access to public or community transportation services.

RTAP begins with an application submitted by a community organization or resident/s.

For more information contact RoadsDispatch@co.humboldt.ca.us or call (707) 445-7205.

Child Support Program Outcomes, Services : Innovations & Achievements

Outcomes

The focus for the Department of Child Support Services (DCSS) is on creating more opportunity for parents to be involved in determining their child support amount. Data shows that when parents are involved in the process and agree to the amount of the order, it results in a more reliable income stream and greater financial stability for families. This also jump starts child support; when parents can agree on a support amount, the court process is avoided. The time it takes to obtain an order is shortened and child support starts flowing to families sooner.

Our energy focus this year is twofold: training staff in the requisite skills to assist parents in overcoming the obstacles to agreement during what is typically a time of conflict and stress, and creating a business process that includes greater parental involvement.

Innovations

Faced with the “silver tsunami,” or the retirement of a significant number of long-tenured staff, our department recognizes the need to attract and retain newer generations entering the workforce. The department was recognized by Alliance for Innovation for collaborative hiring techniques that have led to greater success in the recruitment and retention of new staff.

Achievements

DCSS is working to meet needs unique to our community. Partnering with Health and Human Services on the Mobile Engagement Vehicle has enabled staff to travel to remote communities to provide the full spectrum of child support services to those unable to make the trek in to the county seat. Our staff visits Orleans, Hoopa, Redway and Phillipsville monthly.



EXPLORE YOUR OWN



Humboldt County Convention & Visitors Bureau

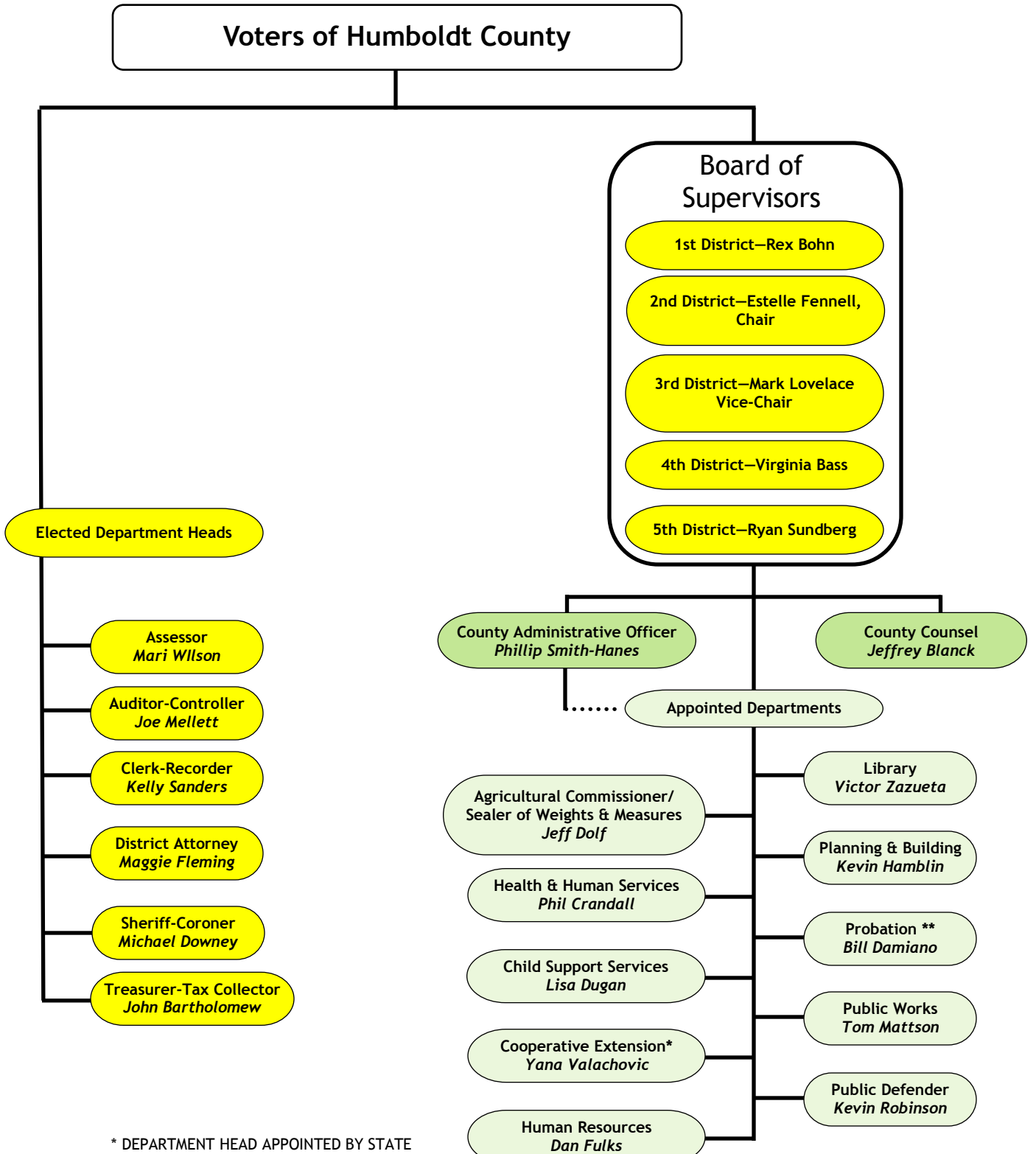
1034 2nd Street, Eureka
(800) 346-3482
www.redwoods.info

Humboldt Made

www.humboldtmade.com



County Organizational Chart



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



→ WAYS TO STAY INVOLVED ←

As the county continues to evolve with its fiscal situation, the community's opinion matters. The county continues to face a structural deficit; for FY 2015-16 the deficit is \$3.0 million. 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 Supervisors 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!

Visit humboldt.gov to see more information on the services the county provides.

Monthly County newsletter – receive updates on what is new in county departments. Sign up at: humboldt.gov/newsletter.

Nextdoor – a neighborhood networking website where neighbors can meet. Those interested in joining their neighborhood's Nextdoor website can visit nextdoor.com to see if their neighborhood is registered (or click the link on 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/OpenHumboldt

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 will be held on June 8, 2015 at 1:30 p.m. and 6 p.m. in the Supervisors chambers.

